

neswar Airport was once declared as a Customs Airport for the purpose of import-export of goods meant for Mahanadi off-shore drilling project of Oil and Natural Gas, but subsequently this notification was rescinded. I, therefore, request the government to favourably consider the matter in view of the facts stated above and to issue necessary notification immediately appointing Bhubaneswar Airport as Customs Airport and Bhubaneswar City as Customs Warehousing Station.

13.31 hrs.

FINANCE BILL—*contd.*

[English]

MR. CHAIRMAN : The House shall now take up further consideration of the following motion moved by Shri Vishwanath Pratap Singh on the 24th April, 1986, namely:—

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

SHRI BEZAWADA PAPI REDDY (Ongole) : I oppose this Bill. I am sorry to say that. The Budget as defined in the dictionary is a privileged document for the government to bluff the nation every year. Accordingly, even for the blocking, there seems to be some discrepancy. According to the *Financial Express*, Sunday, April 27, 1986, there seems to be a lot of discrepancy in what is written in English version and Hindi version. I hope the Minister will reply to this or if he wants to have the difference, I don't mind sending out these details.

I am again sorry to say this. While hearing the reply of the Minister all the time, we are told that there are no funds. So, I am reminded of Mr. Karunanidhi. When he was the Chief Minister of Tamil Nadu, there was a representation made to him for some financial assistance. All he said was, I am all Karuna and I have no Nidhi. That is what is happening in the Centre also. They are all sympathetic, but they do not provide fund for all projects.

I should say there seems to be a lot of difference between VPS and JP in the Finance Ministry. VPS I mean Vishwanath Pratap Singh and JP (Janardhana Poojary). JP having come all the way from Andhra Pradesh, he did not have the courtesy to respect the host. I believe he went at a tangent criticising our Chief Minister, Rama Rao, as if it was his own pocket money that he was paying to Andhra Pradesh. He says, all the money has been provided and Rama Rao, Telugu Desam Party enjoys all the benefits. I am really sorry for Mr. Poojary; he does not have the elementary courtesy and decency. He seems to hit followed or guided by his own Congress colleagues who have nothing else to say than to complain against us.

About this loan mela, thanks to the Printers, Devil. There it was made loan meals. So, this melas have become meals. Wherever Mr. Poojary goes, he goes on distributing loan. I do not know how they are going to recover it, may be at this rate, the way the things are going, I am sorry to say, in the 21st century, when we all hope Rahul Gandhi would be the Prime Minister, I think the whole thing he has to do is to do debt servicing; there is nothing else which would be left in the job.

Even about anti-poverty measures also, I think, this is more pro-party matter; this has become pro-party matter, because we are told about Rs. 1026 has been the per capita distribution in U.P. whereas in Andhra, we have got only Rs. 350. This I think the Minister should check up; maybe it is because U.P. has 10 Ministers in the Cabinet; we have none in the Cabinet. There are no Ministers from Andhra Pradesh in the cabinet. The two Ministers who are there they are, I think, State Ministers, not Cabinet Ministers.

THE MINISTER OF FINANCE (SHRI VISWANATH PRATAP SINGH): These are strictly according to norms and not because so many are in the Cabinet from one state or another.

SHRI BEZAWADA PAPI REDDY : These are the figures I have got from The Hindu.

About the public sector, again it has totally failed us. We have started so many industries hoping that they would augment our income, but nothing has happened. They are still losing money. It is like a baby who is defined as a long limentary canal with loud voice at one end and with no responsibility at the other end. That is what is happening with the public sector. I do not know why the Indian Airlines should advertise about its activities when the people have no other go. Take for instance our Engineering Projects India Limited. It was once upon a time a prestigious company. Now it is in the red to the tune of Rs. 500 crores. I do not know how they managed to lose so much of money. Both the public sector companies seem to be vying with each other in improving their loss making capacity.

The other day, Mr. Vasant Sathe, was telling about the infrastructure that he had to provide for the other industries. That is how things are happening. Every Minister feels that his own Department is more important and we know how things are going. Yesterday's paper says that the price of steel has increased ten times during the last five years. How do you expect the industry and other people to survive if you go on increasing the prices at your will and pleasure?

Lastly, about education, I do not know where this 10+2+3 is going to end. By the time a boy comes out of the college, he is marching out minus everything.

About the raids, way back in 1978 when I was in America soon after Mr. Morarji Desai's visit there, wherever I went I was asked whether I believed in urine therapy. We were made to believe that we were the nation of urine consumers. After all, I do not hold any brief for the business community. Any way, people should have their image to represent their case or to discuss with the industrialists of other countries. Do you think a big industrialist in Japan would like to discuss with a person who has been branded by his Government as Sobhraj or somebody? That way the foreigners who want to join hands with us may have their own doubts about their coming forward in having any deals with us.

**SHRI VISHWANATH PRATAP SINGH :** In fact, in USA one respectable paper expressed the view that such economic disciplining was overdue.

**SHRI BEZAWADA PAPI REDDY :** Maybe; I donot bother about what the foreign papers say.

In the end let me quote what John Kennedy has said :

"If you make silent dissent, impossible if you are making violent dissent, inevitable."

**SHRI G.L. DOGRA (Udhampur) :** Sir, I am grateful to you for giving me the time. The Hon. Finance Minister deserves commendations for the policies that he has adopted since he assumed charge of this portfolio. He took a bold decision last year so far as the income-tax rates are concerned and got maximum collection. He is the one Finance Minister who thought that the main purpose of taxation is to collect money, and he is the one Finance Minister who is consulting all the people and is overruling his department which, for a number of years, did not allow the people to move on the right direction. He has reduced the rates of income-tax and got the maximum collection. This time also he has given us a long-term fiscal policy. He has been criticised also. I heard with attention the criticism regarding deficit financing which have been made by most of the Members on the other side. Here, two things were criticised. It is a long-term policy and Shri Somnath Chatterjee said that the Finance Minister has given a long lease to the multinationals, transnationals and whatever terminology he knew, he used all those terms.

The long-term financial policy is giving stability to our developmental policies. But he is not strictly sticking to that. Within that policy he has been responding to the situations from time to time. So many notifications have been issued since this policy was announced. Wherever the situation demanded, he has intervened according to his judgement. He has made changes in the rates of taxation and he has taken all those steps which were required to be taken. So, I



[Shri G. L. Dogra]

think this criticism is unjustified. I would call it totally malacious.

So far as the deficit financing is concerned, in a country where there have been unprecedented droughts, floods and other natural calamities, where our neighbours are compelling us to spend huge amounts on defence, I wonder how they object that he is resorting to deficit financing. When all those people who proclaim to be socialists and communists talk about deficit financing, are they not echoing the slogans of the capitalists and the imperialists? Which is the socialist country which has derived all its expenditure through taxation? How can they do this? I would say that if our Finance Ministry had not resorted to deficit financing, we would have seen so many times that notorious famine of Bengal which took place in the undivided India. Unless the money was spent on both productive and unproductive things which immediately required the money to be spent, how could we face these situations? It is very easy to indulge in slogan mongering. I would like to suggest to the Finance Minister that deficit financing is not a bad thing. Deficit financing is bad only from one point of view and that is in a laissez faire society, in a society which lives only on competition and where the money supply controls the rates of things. In that society probably the deficit financing may raise the prices. But in India we had administered prices. We are bound to be pressurised by those people who criticise and also under the pressure of circumstances we have to raise prices every six months so far as the foodgrains are concerned. The mean price level in India is mainly determined by the prices of foodgrains. Therefore, in respect of the price level, it is not deficit financing that is responsible for the rise in prices. Therefore, I would say that so far as Non-productive expenditure is concerned, we should try to cover it by taxation and by other means by which we are raising the revenue. So far as productive and developmental expenditure is concerned, we should not hesitate financing the projects and other things by means of deficit financing. Deficit financing is much better than raising loans, whether internal or external, if we can increase production. This is

the one thing which late Shri C. D. Deshmukh taught us and this is one thing which our Financing Minister also keeps in mind when he says that deficit financing should be proportionate to GNP. But I say, we should go a step further and we should finance every project which can add to our production. If we can increase the production, we should certainly do it. We should also finance the infrastructure particularly in backward and hilly areas. This is very essential and necessary. Otherwise you would not be able to develop this country; you can only develop certain pockets in the country but not the country as a whole.

Sir, in a democratic country even development is very essential and we should generate confidence amongst the common people in all parts of the country. You must enjoy the confidence of the common people living all over India. You do some thing for them. Even in respect of development in a backward area, nobody knows better than our Finance Minister the conditions prevailing in the hilly and backward areas. You need electricity to generate production all over the country. In the hilly areas, where you can have hydro-electric projects and that is the only main source of power available. Electricity and roads are very necessary for the development of the country if we want to develop this country as a whole. Therefore, without deficit financing you cannot do all these things.

One defect in the power planning is that the Centre undertakes very big projects and you need imported machinery and medium projects can be financed as well as constructed with the help of indigenous material. You can finance them with your own currency. So, why do you ignore the medium projects which can give you immediate results? You have left the medium projects to the States and the States are not making proper use of the opportunities available. You give them money, but they spend money in the manner they like. They are not following your plan. Therefore, I would say that as far as deficit financing is concerned, it is very necessary to monitor the implementation of the plan from time to time and also monitor your projects. You give the money to the States, but the monitoring of the projects is very important. Whatever stru-

cture you raise for monitoring, I would leave it to you, I do not want to say anything about that because people may agree or disagree.

Sir, I was talking about the natural calamities. Even in Jammu and Kashmir and Himachal Pradesh—I came today from Jammu, there have been very heavy rains and hailstorms, there have been floods, there are people who have been washed away and the cattle have been killed by rains and floods, The rivers are in spate and a lot of crops have been damaged, which were lying in the field. Even the fodder has been damaged. All that we have got to face. You please see that these people are given help.

In regard to development and self-reliance, I will only say one point. Self-reliance is very necessary and for self-reliance you have got to see that whatever we produce in the country, in any part of the country, come to the market and whatever people want they should get it and it should go to those people and it should reach there. This is very necessary. In respect of self-reliance, you have to pay more attention to agriculture. We are overproducing certain things—say paddy and wheat. But as far as oilseed is concerned, we have to see that this is properly organised. Agriculture can play a very important role in this respect. The genetic engineering can play an important role and the services of agriculture universities should also be fully utilised for the even development of agriculture. Our planning is defective from that point of view. Macro planning must be able to plan a large scale in a detailed manner and coordinate the things. It should plan what we should produce and whatever we require can be produced. That is not being done by the Planning Commission. The Hon. Finance Minister is also a member of the Planning Commission. I draw his attention to this aspect. I realise that he has many responsibilities on his shoulders. But he has to intervene to achieve proper planning. It is not a difficult thing. He should see that proper coordination and planning of the whole scheme is done; coordination of the various Departments, as well as of the State plans is very necessary.

So, I would again say that I must congratulate him because he has done a lot. I do not want to say that you have done nothing. You have done a lot. If you would not have resorted to deficit financing particularly, I would say that the people would have starved and the Bengal famine would have been repeated many a time in various parts of the country. But everywhere people are getting certain things. Only in cut off areas, as you know in your State and in my State, there are some problems, particularly in hilly areas and far-flung areas. In the definition of hilly areas, "the foothill areas" which are in worst condition are not included. I would only say that attention should be paid to the development of foothill areas also.

I request that attention should be paid to those points towards which I have drawn your attention to. I would say only one thing. In revising the rates of income-tax, he could have raised the exemption limit and brought down the rates of taxes. In this way, he would have collected much more money. I have discussed this point with those who were experts in this field. I have also studied it myself. I also know a bit of it, its implications.

With these words, I once again congratulate the Hon. Finance Minister and support the Finance Bill.

**KUMARI MAMATA BANERJEE**  
(Jadavpur) : Sir, I rise to support the Finance Bill moved by our Hon. Finance Minister, Shri Vishwanath Pratap Singh. I must congratulate our Government because our Government is determined to pursue its socio-economic goals without fear or favour. Those who continue to indulge in tax evasion or other economic offences will do so at their peril.

The task of the Finance Minister is not an easy one because India is one of the biggest democratic and developing countries in the world. So, the Finance Minister has to balance the various interests of the entire nation in the Budget. I must congratulate our Finance Minister because the announcement made by the Finance Minister regarding concession is very good. I welcome the

[Kumari Mamata Banerjee]

concessions for small scale sector. I also congratulate the Finance Minister because this is for the first time, our Finance Minister is giving a chance to the poorer sections of our society, because of the Indira Gandhi Housing Scheme. There is also a proposal to spend 65 per cent funds on poverty elimination programme which will benefit the poorest of the poor. They will get a chance, specially the rikshaw pullers, barbers, farmers, labours and all sections of the poor people through this poverty alleviation programme.

I would also like to thank our Finance Minister because while the rate of inflation in the world has gone up to 21 per cent, in our country, it has come down to 4.7 per cent. It is really an achievement and this credit should go to the Finance Minister. We should appreciate him.

I also congratulate our Government because steps have also been taken by the Government to eradicate blackmoney. Recently, the raids conducted by Government agencies against tax evaders have brought down tax evasion. Corrupt business people were caught on a large scale and it shows that the revenue collection has considerably increased. A Company like Bata India Ltd. admitted their fault and they have now deposited their money about Rs. 10 million to the Government exchequer. This credit should go to the Government. *(Interruptions)*. Opposition must oppose. But it must be constructive. It is very easy to criticise the Government but it is not so easy to fulfil the commitment to the people. We had, at the time of independence, only a few opportunists and industrialists. 75 per cent of the people were poor. Under the leadership of Mahatma Gandhi and Pandit Jawaharlal Nehru and Lal Bahadur Shastri and our great mother Shrimati Indira Gandhi, now we are having 35 per cent of the population below poverty line. We should realise that poverty is not the main problem. Illiteracy, inefficiency, additional resources and implementation are the main problems.

I know that when our young Prime Minister Shri Rajiv Gandhi is trying to change the whole pattern, the whole policy and to establish new policy and technology

and new modern methods inside the House and outside the House and inside and outside the country, some big conspiracy is hatched against these policies. We are determined to put down all such efforts. We should strengthen our Government. We should fight against poverty.

I would like to quote Mrs. Gandhi's words :

"We all have faith in new India. Let us put our shoulders to the wheel."

It is not only the duty of the ruling party to develop the country but it is the duty of all sections to develop our country.

Here I would also like to quote Mrs. Gandhi's words :

"No section of our vast and diverse population should feel forgotten. Their neglect is our collective loss."

It is our duty to develop our country. We should feel that India is our mother land and we should do something in favour of our people.

Government has provided irrigation, electricity, fertilisers, right to work, education and everything. We should realise that implementation is the main thing. It is the duty of the Central Government to look after all the things that the State Government is doing. I know in our State IRDP and IRDP NREP and so many other reprogrammes are there. Government is giving the money. But where is the money going? Government should look into this. It is a very serious matter.

MR. CHAIRMAN : But there is nobody to provoke.

SHRI ANANDA GOPAL MUKHOPADHYAY : Opposition friends have got nothing to say. That is why, they are absent from the House.

KUMARI MAMATA BANERJEE : I would like to raise a very important point. I am grateful to the Finance Minister because

he has already in his reply on 23rd April said that he is looking seriously into the Peerless General Finance and Investment Company Ltd with an authorised capital of about Rs. 2 crores, which has collected above Rs. 650 crores from the public, mostly rural poor and now mismanaging the funds. This has been corroborated by the Reserve Bank of India and the Department of Company Affairs. The ex-Finance Minister Mr. R. Venkataraman also wrote against their irregularities.

By now, you have got the unfortunate news through different newspapers concerning the verdict of the Hon'ble Calcutta high Court on 14th March, 1986 rejecting the stay order and other interim orders obtained by the company in 1979, against the notice served by the West Bengal Government to submit the plan and programme for winding up its business in pursuance of the provision of the Prize Chits and Money Circulation Schemes (Banning) Act, 1978.

14.00 hrs.

I would like to say to protect the interests of the 20 million depositors and 4000 employees, 4 lakh field workers and 2.65 lakhs certificate holders, it is the duty of the Government to look after these things. I know it is *sub-judice* and our government cannot intervene. But after the court decision our government should intervene in this matter very seriously. I know some members on the other side are trying to politically create some thing They are trying politically to get all the credit. Due to the action of the State Government of West Bengal the Peerless people are to-day on the roads. It is due to the implementation of the Prize Chits and Money Circulation Schemes (Banning) Act. Some CPM Members are signing a letter to the Prime Minister and are also meeting the Prime Minister to ask him to nationalise this company. Some MPs, especially, Mr. Somnath Chatterjee is now pleading the case in favour of the management. It is all because of money and these things are going on. I would like to say that this is in our interest and this is our commitment. I would like to give some suggestion regarding this because it is our duty to protect these people because unemployment is quite acute in our State. I have

seen the field workers how they struggle. Now they have got this opportunity. If they lose this opportunity, they will die and there is no other way. So with the present set up the Government should nationalise this Peerless company. Otherwise, if the Government nationalise it without the present set up, these field workers will be in their position and if they nationalise it with the present position, it will help the field workers and the certificate-holders. Otherwise, there is no way...

MR. CHAIRMAN : The Hon. Member's time is up.

KUMARI MAMATA BANERJEE : Please allow me two minutes more.

This is a very serious matter...

MR. CHAIRMAN : Yes, please continue.

KUMARI MAMATA BANERJEE : You can merge it with the LIC to continue the present set up. This is my suggestion.

I would like to say a word regarding the sick industries in my State. I will try to mention only one case. I have already stated so many times and I met Prime Minister also. I met Mr. Vishwanath Pratap Singh, Mr. Janardhana Poojary and also N. D. Tiwary. This unit is situated in my constituency. It has been closed now for well over 5 years. It is the Steel and Allied Products Ltd. which was the only concern which used to manufacture all sorts of cutter tools. It declared a lock out and subsequently it was closed since 2nd April, 1980. As a result thereof near about 2000 families have fallen in untold suffering and starvation. During the period of the last five years several workmen have died due to starvation. I met the Chief Minister so many times. But these people are interested to blame the Central Government. Otherwise they do not do anything. Just I was listening to the voice of these people. They were talking of Union Carbide this morning. We are also very much concerned over the matter. There are so factories closed in Bengal. We try to get them re-opened and I tried to meet the Chief



[Kumari Mamata Banerjee]

Minister. But he is not interested at all. Again you will be surprised to know. I must congratulate our Government. They are very much interested to hold the credit melas all over the country. In my State the CPM are getting all facilities from the banks for the IRDP, NREP, self-employment programmes, etc. and we are going to constitute credit camps in our constituency. But the CPM has given a letter to Mr. V. P. Singh not to hold it. What is the intention? What is their intent? They should protect the poor people. If they are not CPM people, they will not get any chance. These things should not go on. You will see that these credit camps should be held in West Bengal and they should not be stopped. If it is stopped, it will affect the interests of the poor people of West Bengal. Just I want to make one more request. Please allot some more money for self-employment scheme. According to the Reserve Bank of India, Rs. 25000/- have been allotted for the Self-Employment Programme. But I think it is not enough. Please increase the money from Rs. 2500/- to Rs. 50000/- Then, more unemployed youth will come forward and they will stand on their own.

With these words, I conclude.

[Translation]

SHRI JUJHAR SINGH (Jhalawar) : Mr. Chairman, Sir, I rise to support the Budget presented by the Hon. Finance Minister.

The Hon. Finance Minister had concluded his Budget speech in two hours and had discussed in detail almost all the aspects of our economy. I would not go into all the aspects. Major part of my constituency consists of the rural area. Therefore, I would like to express my views about that in brief.

The Finance Minister has allocated 50 per cent more funds for the poverty alleviation programmes. For this year a sum of Rs. 1851 crores has been provided whereas last year this allocation was of the order of Rs. 1239 crores. It is a welcome step.

In the villages, while thinking of removing poverty, we have to first of all take into account agriculture, then irrigation and lastly forests. I would like to draw the attention of the Hon. Finance Minister towards these things.

142 million hectares of land in the country has been assessed as cultivable. Even in this area, 85 million hectares come under D-grade land which means that major part of the land has lesser fertility and there is need to put a lot of efforts to restore its fertility. I feel that, at present, the anti-soil-erosion work in the case of cultivable land in the villages is not upto the mark and land use policy of the Government, at least in the case of Rajasthan, is not being properly followed. The land which was not to be used for farming has also been allotted. The eroded land which is not cultivable is being further eroded as a result of putting it under cultivation. This policy has resulted in large scale land erosion. In accordance with the figures available to me, approximately 12 thousand million tonnes of earth washes away every year which in terms of money results in loss of about Rs. 4500 crores to Rs. 7500 crores. We are suffering this huge loss due to soil erosion. I feel that the land which is available for cultivation should be fully utilised.

We have made much progress in the agricultural field, but even then our production as compared to countries like China, Japan and Korea is quite less. In those countries production is 6 tonnes per hectare whereas in our country it is 1.7 tonnes per hectare. Therefore, there is large scope to increase production in our country. Presently our production is not even 1/3rd of the production of other countries. Therefore, you should pay attention to this aspect and should put more efforts to increase the production in the fields.

Now I want to draw the attention of the House towards forests. In Rajasthan there is already large desert areas. At the time of merger of the princely States in 1950-51, there were forests in 9.1 per cent area of Rajasthan, whereas as per the national guidelines the percentage of forests should be 33.

After the formation of Rajasthan and after the scientific organisation of the forests it was expected that the forests in Rajasthan will be developed in a scientific way, but as I have submitted, in 1950-51 the area covered by the forests was 31,150 square kilometres on 21 per cent land, but in 1972-73 it was reduced to 11,294 square kms. in so far as forest cover is concerned, which comes to 3.3 per cent of the total area. In 1980-82 the forest area was reduced to 5972 square kms. which comes to 1.75 per cent of the total area. Whereas it was needed in our State that the efforts should be made to increase the forest area to about 33 per cent, it has come down from 9.1 per cent to 1.75 per cent only. This percentage too is further coming down. If you want to run the poverty alleviating programmes, then it is the forest area where the maximum employment opportunities can be created. Therefore, it is necessary that attention should be paid towards this.

There is no dearth of land in Rajasthan. A large portion of the land there is ravine area where plantation can be done quite conveniently, but the Forest Department is not taking this work seriously. I would request the Hon. Minister to take this matter seriously to see to it that programmes of the Government are implemented in the rural areas properly. Lot of allocation has been made, but that money is not being properly utilised. The funds are not utilised for the purpose for which these are allotted. In this connection I would request the Hon. Minister to ensure that the allotted funds are utilised in a proper way.

The forest policy which has been in vogue so far has not been able to attract the cooperation of the villagers because afforestation is being done in places which cause harassment to the villagers. My submission is that if the forest policy is implemented with the cooperation of the villagers we can save lot of money which is being spent on fencing and enclosure.

We have also been that the present plantation policy is quite expensive. In plantation there is an expenditure of about Rs. 800 to Rs. 1200 per head. If you seek the cooperation of the villagers, you can save the expen-

diture being incurred on fencing and enclosure.

14.12 hrs.

[MR. DEPUTY SPEAKER *in the chair*]

A lot of work has been done in respect of irrigation, but there is still much to be done in this field even now. Out of the total irrigation potential in our State, at present about 113 million hectares of land can be irrigated, but till now only 68 million hectares of land is being irrigated and even out of this potential for 30.5 million hectares has been created under major and minor irrigation schemes. Out of this created potential, water is not being utilised in 5.2 million hectares. Due to official inefficiency it has not been possible to irrigate even 5.2 million hectares. This area is more than the potential envisaged to be increased during the Seventh Five Year Plan. It is unutilised due to the inefficiency of the Department that inspite of so much allocation of funds by the Government, the potentials have not been properly utilised. Poverty cannot be eradicated in this manner. I would request that you should pay as much of attention on the proper utilisation of the allocated funds, on supervision and administrative efficiency as you pay to make available the resources.

There is the water-logging problem, but it would not have existed if proper water management had been there. 6.8 million hectares of land is losing its fertility due to the problems of water-logging and mismanagement and it is two-and a half times more than the area that you would get after the ceiling of land under the Land Ceiling Act. The areas suffering from this problem mostly have better quality soil and proper facilities for water supply—which are the twin factors responsible for increase in production. Yet you are tolerating the deterioration of these areas and on the other hand you are taking away the land of the farmers in the name of reforms. The amount of efforts that are being made to get the land for cultivation, should also be done for the implementation, only then it would have been more beneficial. Water logging, soil erosion and lack of administrative efficiency are some reasons for which agricultural production has been

[Shri Jujhar Singh]

decreasing. It is important to pay more attention to this.

I would congratulate the Hon. Finance Minister for having paid attention to all these aspects of development, including irrigation and other aspects, but the most important fact is that of implementation and administrative efficiency. If this is also given the same serious attention, then the people would get full benefits of your allocations. With these words, I would conclude and express my thanks to you for giving me so much of your time.

[English]

SHRI MURLI DEORA (Bombay South): Mr. Deputy Speaker Sir, I rise to support the Finance Bill moved by the Hon. Minister. Sir, immediately after presenting the budget proposals here, the Finance Minister himself took the trouble of going around the country, meeting different sections of people who were affected by the very budget. I would like to congratulate him for this task that he has taken and for coming out with the remedial solutions immediately after meeting them.

I remember when the Hon. Finance Minister went to Bombay and met hundreds of small scale industrialists and entrepreneurs in Bombay and around Maharashtra, they complained about the mad MODVAT tax system—it is not any more mad, earlier it was mad, now everybody is talking about Modified Value Added Tax System—I would like to remind the Finance Minister that it took three years for Europe, Germany and England to implement the system of value added tax and when their Government realised the cascading effects of tax on tax, it is really very good that the Finance Minister himself came out with this proposal.

Initially there were a lot of difficulties and I am glad and I should congratulate the Finance Minister for solving these difficulties and for streamlining the proposals. Now everyone around the country, the very people who were complaining about the Modified Value Added tax system are welcoming this. I would only urge the Finance Minister to

see that there is a proper coordination and liaisoning between the Central HQs. and the different States and different cities. Many times what happens is that the circulars and the new announcements which are decided at the central level do not reach in time at the implementation level. I hope he will take care of this.

The other point the Finance Minister rightly accepted is the withdrawal of 80 M proposal and this will really help the investment and also the big financing institutions like UTI etc. We had also recommended to the Finance Minister that the income tax exemption on purchasing of house—that was withdrawn. I am glad that the Finance Minister in his interim reply in this very House has agreed to give an exemption on the interest charged on the loan but I would request him that the ceiling of Rs. 5,000/- is not sufficient. In rural areas and especially in urban areas you cannot buy a house with an annual interest of Rs. 5,000/-, viz., for about Rs. 40,000/-. In Bombay you cannot even get a hutment for Rs. 40,000/-. So, this ceiling of Rs. 5,000/- is not sufficient. It must be increased to Rs. 10,000/- or Rs. 15,000/- because the cost of urban housing is going up. We must give a boost to urban housing.

Sir, we often talk of Plan resources and the Finance Minister has dealt with this point in a separate chapter. Our Seventh Plan target for public sector is Rs. 1,80,000 crores which it will be difficult to mop up. I want to make a suggestion. Today the national rate of savings is 23 per cent of the GNP which comes to over Rs. 50,000 crores every year. The banks are mobilising only Rs. 18,000 crores and shares and debentures another Rs. 3,000 crores. That means over Rs. 20,000 crores of savings are still lying untapped in our country. Out of this almost 48 per cent is in our rural areas. Government must do something to utilise this savings in a very effective manner for productive purposes. So, I suggest rural area people should be allowed to invest in debentures and shares and instead of levying tax twice, that is, one at the source and another at the man who owns the shares and debentures it should only be at source.

**SHRI VISHWANATH PRATAP SINGH:** When I went to U.S. I had inquired about this. Even under U.S. laws the dividend is fully taxed in the hands of the recipient.

**SHRI MURLI DEORA :** Sir, in our country not even 1 per cent of the population pays tax. In the rural areas they are ready to pay but they do not want to come under the tax net. It is very difficult for them to maintain the accounts books. Since 48 per cent of the national savings is in rural areas it will be a very good idea if you can avoid dual tax and increase the tax at the source.

Sir, while announcing the long range fiscal policy you had announced reduction in the import duty on project imports. This was done to give boost to new industries. Several small scale industries complained to you that what you reduced last year you have again increased this year.

**SHRI VISHWANATH PRATAP SINGH:** I reduced by 20 per cent and increased by 10 per cent. The indigenous capital goods industry was being hurt. So from 20 per cent I made it 10 per cent.

**SHRI MURLI DEORA :** I am not saying you allow freely but only in respect of project imports which have already been cleared after verification by the DGTD. We must protect our indigenous capital goods industry but those which have already been cleared by the DGTD from the indigenous angle in respect of them the same rate of duty should be charged. Sir, rupee has virtually devalued from 15 per cent to 25 per cent in the international market and those who had opened the letter of credit have to suffer by 25 per cent when they import from Japan and Germany. It is not much in US dollars, but as far as pound sterling, German Mark, etc. are concerned, they have to pay more.

**SHRI VISHWANATH PRATAP SINGH :** This will help our indigenous industries.

**SHRI MURLI DEORA :** But those who have already committed after your budget proposals of the 1st year, should not be penalised. What you can do is that if you

want to continue this increase in the import duty, then the concession should be given to those who have got the established letter of credit; those who have planned should not be allowed to suffer due to streamlining of the tax system. You deserve congratulations by everyone of this House for reducing the rate of tax and increasing the collections. Over 60 per cent more funds are provided for anti-poverty programmes. But I would like to draw the attention of the House that Mr. Singh is the only Finance Ministry in the history of our country who could think of the urban poor. We have IRDP, NREP, etc. programmes. All these big programmes are for the rural poor. But hardly there is any programme for the urban poor. One fourth of the urban population, about 175 million people, live in urban areas. There are 12 cities with a Population of over one million and by the end of the century, 1/3 of the population in our country will live in urban areas. Now, regarding the programmes you have for the poor I do not say that there should not be anti-poverty programme for the rural poor but at the same time, somebody who lives one mile way from Bombay City is entitled to the benefits of such programmes, but the moment he migrates to the City, he suddenly becomes the urban rich and he is not entitled to these benefits. Sir, when he migrates, his migration creates problem for the urban areas. I thank you for having realised the concept of urban poor. This is the first time that the Hon. Finance Minister has come out with a programme for the urban poor by way of giving assistance to 'rikshaw-pullers', cobblers', etc. But this is not enough. A lot more has to be given to these urban poor. Why not have employment guarantee for the poor in the urban areas? There should be many more programmes for the urban poor.

Sir, for the financing of the Central Plan, in 1985-86 about 66 per cent of the budgetary support was given and 34 per cent of the resources of public sector was given. But in the Seventh Plan, the target of 47 per cent of the budgetary support and 53 per cent of resources from the public enterprise will not come through. I would request the Finance Minister that he should cut his coat according to the cloth because what is estimated in the Seventh Plan period will not be realised. Sir, only 5 per cent of our economy or the industrial economic



[Shri Murli Deora]

development of our country depends on external assistance. But in the IDA loan or the soft loans which were available from the International Assistance in 1981, our share was nearly 40 per cent and in 1985, our share has come down to nearly 22 per cent and the big lending countries like America Saudi Arabia, etc. will not increase their contribution to the IDA Fund. We should try to see that our exports go up, our debt service ratio should come down now and if we do not mop up enough foreign exchange, our economy will suffer a lot. Thank you.

SHRI K. P. SINGH DEO (Dhenkanal) : Mr. Deputy-Speaker, Sir, first of all, I would like to thank you as well as the Minister of Parliamentary Affairs for giving me this opportunity to participate in the discussion on the Finance Bill. With the completion of the detailed consideration of the budgetary demands of some of the select Ministries, we have now taken up this Finance Bill for consideration in this House. But unfortunately we could not discuss more than 16 Ministries including the Human Resources Development Ministry which is one of the very important Ministries and for the first time, a separate Ministry for Human Resource Development was created. This Hon. House has nearly come to the end of all the financial business excepting the passing of the Finance Bill, which will give effect to the Budget proposals as required in our Rules and the Constitution, I would like to compliment the Finance Minister for his very bold, courageous, pragmatic as well as optimistic approach to the Budget proposals, as well as the other proposals he has put before us, which give the Indian fiscal system sanity and stability which is so necessary and urgently required for promoting growth and economic development. Perhaps he has been emboldened by the measures he had taken last year by the incentive system of taxation which while permitting economic growth has also expanded the base where taxes can be applicable and fiscal prudence demands incentives for expanding production, savings and investments and this has given impressive results; 23 per cent more in the combined income in the corporate taxes, 22 percent

more in additional customs and excise duties and overall 22.3 percent generation of Central Government's gross revenue. Apart from enriching the exchequer, it has also galvanised the economy.

It has also resulted, apart from the budget of last year, in the industrial production going up by 6.8 per cent, agricultural production going up by an additional 3 per cent, and the GNP going up from 4.5 per cent to 5 per cent as compared to 3.7 per cent in the earlier years, and of course, the lowest rate of inflation. The fortune favours the brave could not have been more truer than in this case.

This year also in the Annual Budget of 1986-87 the Finance Minister has increased the total plan allocation by over 20 per cent despite resource constraints but it has kept the deficit substantially lower. Outlays for anti-poverty programmes have been raised by 65 per cent; so is the allocation for infrastructure like coal, power, railways, petroleum, modernisation and increase in the efficiency of the communication which is the core subject.

This increase in the outlay for poverty alleviation programmes by 65 per cent while keeping with the socialist goal of poverty alleviation of the Government is a welcome feature for the weaker sections who are under-nourished and impoverished and who do not have enough to eat or it is not within their easy means. Therefore, all the wonderful slogans of the WHO and other United Nations agencies like Health for All by 2000 AD and other things can remain a distant mirage or dream unless we do something about it.

Again, the excise exemption schemes for small scale industry, substantial help to domestic production of edible oils and capital goods industry will go a long way not only for conserving foreign exchange, but also increased self-reliance and self-sufficiency in these sectors of indigenous oil production. In this context, the proposal of the Agricultural Ministry for extending dryland farming, encouraging oil seed production as well as pulses in the eastern and the North-eastern regions of India is extremely laudable.

Another welcome feature is the provision of higher share to States and Union Territories, steep increase in the transfer of resources to the States, small scale savings going up by 50 per cent, Central Plan assistance by 38 per cent and drought and flood relief to Rs. 772 crores.

I come from a State which is beset for the last two decades by drought, flood and cyclone, all the three natural calamities, either together or one after the other, in quick succession. Specially, ours is a State in which more than 41 per cent of the people belong to the Scheduled Castes and Scheduled Tribes and nearly 70 per cent live below the poverty line. It is a State which is paradoxically rich in mineral, forest and water wealth, of which we have yet to make full utilisation or full exploitation.

Regarding this 772 crores of rupees which has been given as drought and flood relief, I would like to mention something. I think the Prime Minister while visiting some of the drought affected areas, has mentioned that the annual dispensation towards natural calamities is more than a thousand crores of rupees and it is, more or less, not a planned expenditure. Neither does it help the economy at all and nor does it create permanent assets. This is something at which we shall have to look in totality because just merely giving doles and help does not help either the State or the people or the country.

We are happy to note that there is more stress on anti-poverty measures. We see a quantum jump in the NREP which has been increased from Rs 230 crores to Rs. 443 crores. It is nearly a quantum jump of 93 per cent, which will generate 300 million mandays. Likewise, RLEGP also gives 264 million mandays and in IRDP also we see a quantum jump from Rs. 280 crores to Rs. 428 crores. Housing for the backward communities rural water supply schemes, schemes for the Scheduled Castes and Scheduled Tribes, rickshaw pullers, cobblers, sweepers, porters and urban disadvantaged, all these schemes are laudable for which I must congratulate the Finance Minister.

I compliment the Finance Minister specially because on the 19th November of last year, if I remember correctly, in this very House he had come up with a scheme for subsidised foodgrains to certain weaker sections, taking advantage of the excellent performance of our hard working farmers and our scientists and also the policy of the Government to give a sustained boost to agriculture so as to achieve the twin objectives of self-reliance and self-sufficiency in food. This surplus of foodgrains was sought to be utilised for the impoverished, under-privileged, under-nourished and under-employed tribals as well as non-tribals through the Integrated Tribal Development Projects, the MADA projects, etc. It is also being extended to the acutely drought affected areas. Apart from making it available to them and accessible to them, it also goes a long way in improving their nutritional and health aspects thereby helping the Ministry of Health which is seeking to achieve the aim of 'health for all by 2000 AD'. But unless our people have an access to get food with proper nutritional value, it will only be a pious objective.

In agriculture and allied areas also there has been a quantum jump from Rs. 2207 crores to Rs. 2838 crores, which is about 29 per cent increase. This is primarily meant for areas with lopsided development, especially in the areas of green revolution.

I shall be failing in my duty if I do not mention that my State, i.e. Orissa is one of the States which has suffered in earlier stages because of lack of investments. Regional imbalance or lopsided development, as has been mentioned, is a fact with which we are living. It is only due to the massive Central assistance in the Sixth Plan that Orissa had done tremendously well and in fact it had achieved a growth rate of 6.1 per cent, which was better than the national average. And we are striving to bridge the gap, to remove the regional disparities, to remove the regional imbalances and bring up Orissa to the all-India level. Whether it is irrigation, where it is only 26 per cent as compared to 60 per cent in the all-India level, we need massive help from the Central Government and from the other international agencies who are willing to help the State Governments. The Government of India

[Shri K. P. Singh Deo]

should take an objective view and permit these agencies to come in and give aid, whether it is an irrigation project or whether it is a power project or whether it is an integrated project like the Hyundai Project of the South Korea which takes into consideration the MMTC's plans for exporting more iron-ore through Paradeep Port, deepening of Paradeep Port and the connection of the missing link between Daitari mines and the Banspani area of which only 33 kms. of that line has been completed from Daitari to Jagpura.

Sir, Defence has also been given an increased outlay of Rs. 8728 crores. Here, I would like to compliment both the young Minister for Defence Research as well as the Prime Minister. In fact what both of them during their interventions in replying to the debate said were sweet words to sour ears, because for a number of years, we have been raising this subject of better coordination between the three services, better interaction between the three services and at the same time, the Defence Plan should be dovetailed with the economic development, so that it becomes an integral part of the economic development, because there are a number of spin-offs, a number of civilian spin-offs, and a number of benefits accrue out of the defence spending and the defence expenditure. An American Professor, Prof. Emil Benoid from the University of Columbia, has done a study of 55 developing countries of the world, including India, where it has shown the definite impact of defence spending on the economic development of the country.

And as far as India's condition is concerned, it not only upgrades technology, it not only brings in more sophistication, but the fact is that 70,000 people from the defence forces retire at the age of 32 to 42, trained, highly motivated, highly disciplined and highly patriotic, the country still has not taken advantage of them for nation-building activities. These patriots and these dedicated people are just left to fend for themselves. So it is rather gratifying that the High Level Committee on Ex-servicemen's Report which had given about 68 recommendations of which, 51 have been

accepted by the Government—the Ministry of Defence—and the others are under contemplation. I will again congratulate him. I will compliment the Minister for Defence for readily agreeing to change the terms of reference of the Fourth Pay Commission to include pensioners. This has been a long-standing demand and a just demand that there should be same pension or equal pension for equal rank. This will see the light of the day when the Fourth Pay Commission gives its recommendations.

I would like also to compliment the Defence Ministry and the Prime Minister for having resolved the long pending question on the Helicopter Wing for the army. In fact what started of as an Army Aviation Cors, as you are aware the Air Force is the offshoot of the Army Aviation Cors, but the very fact is that in the Defence debate, the Prime Minister announced formation of the Helicopter Wing for the army, and this will give us more mobility more fire power and an integrated punch to the armed formations as well as our mechanised regiments. This will definitely add to the teeth, as well as the effectiveness of our Armed Forces.

It is in this regard that I would like once again to mention that the morale of the Armed Forces depends on how we look after our ex-Servicemen; and this is directly and proportionately related. Therefore, some of the important recommendations like finding a second career or a lateral induction of the 70,000 people, is important—70,000 trained, disciplined people, educated people, educated in skill, and educated in sophisticated technology.

Today, an infantry soldier probably handles equipment worth lakhs of rupees. Gone are the days when an ex-Serviceman was considered only as a Chowkidar. That Chowkidar syndrome is gone. Today, the infantry soldier is better than, or as good as any technical student passed out from any ITI or any of the other such technical institutions. So, efforts must be made to see that we can absorb these 70,000 ex-Servicemen who are being released from the Armed Forces, into Government service, whether in para-military forces, banks or any of the civil Ministries—even in the Defence Ministry.

In fact, I remember that our Vice President, when he was the Defence Minister had even passed orders since charity begins at home, it is our effort to take ex-Servicemen i. e., who are released, in the Defence production units and in the Defence Ministry.

Secondly, about their conditions of service. There is the colour service. I believe there is a committee which has given its report, that the colour service of the Defence personnel should be reduced, as it was before 1974, in which case after about seven years of colour service they would be fit, age-wise and physically, to get a second career. This will help you both in saving pensionary benefits, gratuities and other liabilities, which the State has to incur. There is also the question of re-settlement and rehabilitation of the ex-Servicemen, which primarily is the job of the State Governments.

In one of the Janvani programmes, the young Rajya Raksha Mantri, Shri Arun Singh did mention about the National Service. I remember that way back in 1972, I had moved a Constitution (Amendment) Bill for introduction of compulsory military service to all able-bodied men. In fact, I wanted that our girls also should get military training. Ultimately in 1982 I did manage to get an 'A' category for my Bill, but, unfortunately, I was inducted into the Council of Ministers, and my Bill fell through. I am told that there is a Bill coming up; and I want Government to give it its considered opinion; and they should go into it in depth and see that compulsory military training, maybe in the form of Territorial Army training to begin with, is there. Then it can be expanded. This will have a salutary effect on the discipline, morale and defence-awareness amongst our youth, and patriotic feelings amongst our youth—which will help the unity and integrity of the nation which our Prime Minister always keeps on emphasising. In fact, Armed Forces are one of the bastions for national unity and integrity. They are a shining example of national integrity. Therefore, our young people, like their counterparts in Soviet Union, Germany, America, U.K., Australia and Sweden should under go this service. In fact, in Israel the entire nation is composed of Territorials.

They have to undergo national training. It is there in Switzerland also. In fact, the Prime Minister of Switzerland was once stopped while he was going for military training. It is incumbent on every citizen in those countries, to go in for military training. So, this is one aspect I would like Government to take a look at, and also speedily implement.

The other one, on the ecological battalions which had been raised in 1983-84, this was started by our late Prime Minister, Shrimati Indira Gandhi. In fact, 100 per cent ex-servicemen of those localities... (*Interruptions*) This is the first ecological task force in the whole world and this was started in Shahjahanpur, in Dehra Dun; and the second one which is doing an excellent service in the desert of Rajasthan, along the Rajasthan Canal. So, I would like the government to look into this aspect and see that we plan to have more ecological battalions for the Shivaliks. One in Himachal Pradesh, one in Jammu and Kashmir as well as there are requests from Maharashtra Government, Goa Government, Andhra Pradesh Government, West Bengal Government and Orissa Government. This should also be looked into and given effect to.

While on infrastructure, I would like to come to two or three aspects. (1) The question of power. At the moment, Orissa is going through a power famine. We have gone through other famines for the last 20 years, but power famine is something new to us in Orissa. We were a surplus State; we were giving power to Bengal and other States as far back as 1980; and due to the rapid industrialisation and the industrial climate in Orissa and also some defects in designing in the thermal power in Talcher, which is the only thermal power plant—the rest are hydel—we are now short by about 400 MW. Talcher Super Thermal Power Plant is sitting on 39,000 million tonnes of coal right on the Pit-head. This was one of the six plants which had been cleared for the Sixth Plan, but mysteriously disappeared from the list of the 6th Plan. Today, we are not sure whether it will be completed by the 8th Plan. This Talcher Super Thermal Power Plant, would go a long way in reducing the power famine because it will take about 3-4 years;



[Shri K. P. Singh Deo]

and by the end of the 7th Plan, Talcher as well as IB Valley should be completed. IB Valley is also sitting on top of 57,000 million tonnes of coal, which is on the border of Madhya Pradesh and there it is 4 x 210 power plants, that is 840 whereas Talchar would be 1000 MW. One is being agreed to in principle to be done by NTPC and the other by the State Government. Now the State Government is short of funds even to complete its irrigation projects by Rs. 1600 crores. Beset with famine, beset with floods, beset with cyclones and at the same time having a large number of segments of population which is below the poverty line as well as SC tribes, the resource mobilization base is very very small. So, unless the Central Government comes in a big way for these two, the Orissa will not only slide back, but the regional imbalance and the regional inequality which the Central Government is committed to remove will again be made a dead letter.

The other important one is also, I have mentioned earlier, the Hyundai this is the integrated project. The Finance Minister, when he was the Commerce Minister, had come to the aid of the Orissa Government when the MMTC could not export ores. Today, South Koreans and the Japanese are interested in the iron ore from Orissa. Not only with this linkage between Daitari and Kaspani as well as development of Paradip Port there is an increase in iron ore export from 2 million tonnes to 6 million tonnes as projected by MMTC but it will shorten the distance between this area by 330 kms. Today, the iron ore has to go to 630 kms from Orissa via Bihar, via Bengal back to Orissa and to Paradip Port. This entire hinterland of Paradip Port comprising Madhya Pradesh, Bihar, Bengal and Orissa will get a nearer port by 300 kms. It will provide sustenance to 30,000 tribals in Keonjhar, Meyurbhanj and Midnapore districts plus give us the vital foreign exchange. I would not like to take the time of the House by giving details.

The intention of the Government and the Planning process can only be successful if all these laudable ideals are properly monitored and implementation is rightly

done. In this respect, I must compliment the Department of Personnel for re-training and re-orienting the civil servants right from the Central Government to the State Governments level. But still a lot remains to be done at the district level, specially with the public distribution system, which is one of the main means of reaching the consumer with the foodgrains and other essential commodities. This needs looking into and streamlining because it is only with the co-operation of the State Governments and the Centre that this can be done.

With this, I support the Finance Bill.

SHRI PIYUS TIRAKY (Alipurduara) : Our Finance Minister is a good man. He is Vishwanath Pratap Singh. But I fear that his *pratap* will not be able to manage the entire economy of our country, because I am going to tell him one by one certain things and he must be aware that these are the most difficult things he has to tackle every time.

You are inviting foreign loans. The other countries have got some interest of their own. They have political interest. When you take foreign loan or invite multinationals, you must think over it twice before you call multinationals for any help to this country.

Corruption in our country is from bottom to top and top to bottom. So, whatever development we have here, that is nullified by this corruption. All the energies of the Government must be put to eradicate corruption from this country. Unless you eradicate corruption, nothing will be done in this country, because it is a profit-orient society. Everybody is profit minded. With the result, poor are getting poorer and everybody is getting exploited by other.

If you are not ready to get the land reforms expedited, then our agriculture and economy will hamper very much.

You are levying more and more indirect taxes and they have increased to 60 per cent. This means that poor and innocent people have to bear the brunt of heavy indirect taxation. The middle men i.e. business men are not affected by this, because all the in-

direct taxes are passed on to the consumers and they have to bear it.

The difference in our trade with the world market is increasing day by day. Whatever finished goods we have here, we are unable to sell them in foreign countries. Unless we get foreign exchange, how can we run this country? So, this alarming deficit in trade must be bridged somehow or other.

The number of sick industries is going on increasing day by day. If you create one new unit, three or four units become sick. You must rectify this. Why is it that a number of big and small industries are becoming sick? Who are the people behind to get the industries sick and hamper the progress of the country?

There is the increase in the number of unemployed. Unless the human power is properly utilised, it will create law and order problem just as in Punjab and other States. The human power of our young people is misused and that is why the question of law and order arises.

15.00 hrs.

We call ourselves secular socialist democratic republic but in practice we are not at all secular. We think in terms of caste, creed, language and all these at the time of election and even in the case of employment also. So, we call ourselves secular but in practice we are not at all secular and not at all socialist. Our motivation and development work is purely not going on socialist lines but is actually going on capitalist lines. So, in literal meaning, we are not at all secular, not at all socialist. Perhaps we are democratic in some way. We are democratic just to exploit others. That democracy we have. No other democracy we have got.

As regards the black money, you have no account of it and you cannot touch the black money. Unless you account for this black money, our development will suffer and we cannot proceed further.

So many other points have been mentioned by other speakers. I just come to the

tea industry. Tea industry provides largest employment in our country but still it is neglected because here the poor people, especially the tribal people are employed. Even they have got no food. The Agriculture Minister has said that we have enough food in the stock but even the 6,000 tonnes of rice per month which they need, is not given to them. Except rice and wheat, no other essential commodity is given to the tea garden workers. For instance, kerosen sugar, edible oils and other essential commodities are which distributed all over India in all the villages, even in the urban areas, are also not distributed to the tea garden labourers. I do not understand why these things cannot be extended to them. So, I would request the Hon. Minister to please look into it because this is the only industry which is giving you the foreign exchange to the extent of Rs. 700 crores every year. So, please note that these people who are giving you the money, must be well looked after. You are talking about modernisation but they do not have even primary education. The education in tea gardens is even less than one per cent. So, to begin with, please make the primary education compulsory in tea gardens because this is a leading industry which is giving the country foreign exchange of Rs. 700 crores. So, I stress that their difficulties must be properly looked into. They should be properly fed with essential commodities which have been given to others. They should be provided education, health care and other facilities. They cannot get these things with their own money. So, They should be provided good quarters, water supply and other essential commodities.

My next point is about the North Bengal which is situated near Bhutan and Sikkim. It is the most sensitive area and the rivers originating from Bhutan and Sikkim are hilly rivers, their current is very speedy, and if this is not properly controlled, floods and erosion will be there. I am happy that you have taken up a scheme. This scheme should be implemented and the water can be properly used, and if the water is properly used, then North Bengal comprising 5 or 6 districts will be able to feed the entire Bengal. So, regarding that area, you should not say that no money is there, you can utilise the foreign money you are getting from tea gardens, the tea gardens earn money, you don't bring that money to Delhi or Calcutta, with that money

[Shri Piyus Tiraky]

you must set up small scale industries in that area of the tea garden and more employment opportunities should be provided to the increasing number of unemployed people in that area. In the forest area there should be some sort of cottage industry to give employment opportunities to the illiterate people. We are always speaking about the educated unemployed registered in the employment exchanges, but you should think of the illiterate people who are not registered in the employment exchanges. You should also think that if fire breaks out there out of discontent, you will not be able to control it. As I am telling you just now, these people are earning money for the tea estates and so, that money should go for development work. I would like you to provide a small scale industry for these people to make them earn more money for the country's development.

Finally, a word about Peerless workers. The demand is coming from all sides irrespective of parties that this Peerless Company must be nationalised. It is all right, but be careful about the four lakhs of field workers. It is they who have done a great work. The capital in the beginning was only Rs. 300 crores. But now, with their initiative and hard work it has increased to Rs. 600 crores. So, when the Company is nationalised, their work should be counted and their honour and dignity should be recognised because these are the people who have gone from house to house and worked for this Company to earn more money. Certainly they have not kept the money with them safely, but they have their money with you and you can put it in your development work also. So, I repeat that the work of four lakhs field workers must be counted whatever step you are going to take in future.

Just think of the common man. Instead of thinking about the big industry, you just get a minimum wage for the common man. What is the Government thinking on this? You have to think about his food, clothing, education, health care and everything. Just distribute the money. How much he gets and how far he lives with this when your money is devalued? Even the percentage

figure of the minimum wage is a wrong figure, but you know what is the earning of the average man. So, what is the Government doing about it? So, you must see that common people are more benefited in future. And then only we can say that in India all the people are happy and they gets at least the minimum living wages and they can live as human beings.

[Translation]

SHRI VIRDHI CHANDER JAIN (Barmer): Mr. Deputy Speaker, Sir, the budget presented by the Hon. Finance Minister for the year 1986-87 is a balanced budget, and the provisions made in it for the poorer sections are laudable indeed.

15.11 hrs.

[SHRI SHARAD DIGHE *in the Chair*]

Now the question arises that although we have become self-sufficient on the food front, and their was 14,60,00,000 tonnes of foodgrains production in 1984-85 yet in 1985-86, the total foodgrains production was only 15 crore tonnes and this is not a favourable indication. If such a situation continues, then we may no more remain self-sufficient in food production. Therefore, we must take some special steps in the field of irrigation. We are not paying enough attention to it.

Now I would like to say something about Rajasthan. Indira Gandhi Canal is not only the largest canal in Rajasthan, but it is one of the largest in the world. The policy of non-cooperation that the Centre is adopting in regard to this Canal shows that it would not be completed even in a period of 40 years. During Sixth Five Year Plan, enough provisions were made for this Canal by the Centre and an amount of Rs. 40 crores was also sanctioned in the form of special assistance, but in the Seventh Five Year Plan, only a sum of Rs. 250 crores has been provided. It was estimated that the total cost of the Indira Gandhi Canal including its lift Canals would be Rs. 1189 crores and on that basis it was decided that Rs. 50 crores would be provided annually. However, in view of the

escalation in prices, which varies between 4 to 5 per cent, an additional Rs. 1100 crores would have to be spent. This is the largest Canal in the world which would irrigate the desert areas and consequently would play an important role in the economy in general and in the field of agricultural production in particular. Hence, it is essential that Rs. 250 crores more should be provided for the purpose. Similarly, in the Eighth Five Year Plan so much amount should be provided that the Canal could be completed within the plan period. The present target is to complete the project by 1991. But the pace with which the work is progressing does not show that this target could be achieved. If it could be completed by the end of the Eighth Five Year Plan, then also it would be an important achievement and would play a significant role in the field of agricultural production.

The Desert Development Programme is an important achievement of the Seventh Five Year Plan. I had been making efforts in this connection for the last three years. I had presented this particular case in the consultative committee as well. Our Hon. Prime Minister was impressed and made provisions of Rs. 245 crores for it. I am implying that by changing the norms totally, the Central Government have undertaken a major development work which has been a source of great achievement for our area. However, the Hill areas have benefited more under the Area Development Programme. Rs. 870 crores has been allotted for this purpose which is much more than what they have provided for the development of the desert region. Although our population is only 2 crores as compared to their 4 crores, yet our area is also twice as large as theirs. From that point of view, if Rs. 500 crores were provided, then the achievement would have been greater.

Again, if the Centre could make provisions for the appointment of proper persons for the implementation of the programmes, than it would have been very beneficial. If the Central Government cannot make such arrangements, then it should direct the State Government of Rajasthan to do so, because lack of proper staff is an important reason underlying the failures in the implementation of the programmes. The funds cannot be

spent for the desired purpose and the progress that would have been there, is the wanted. This should also be taken into consideration while implementing the Desert Area Development Programmes. Similarly, the N.R.E.P. and the I.R.D.P. programmes have been of great use. Yet, there are some shortcomings. The subsidies given under these schemes have been misused and this should be taken into account. If interest free loans are given in place of subsidies, then it could be more beneficial to them and their financial position could become more sound.

In our country some states are developed, some are half-developed, and some like the State of Rajasthan are totally undeveloped. The matching grant formula under the I.R.D.P. scheme has been kept equal for all the states. Rajasthan and Maharashtra are to get the same 50 per cent share. If a state like Rajasthan is not granted more money for programmes like 'Removal of Poverty' under I.R.D.P. scheme, then it would never be possible to remove poverty from the State of Rajasthan. Therefore, I would request the Finance Minister that the Centre should provide 75 per cent of the amount and the State should contribute 25 per cent of it. Similarly, in the case of NREP, the Centre should contribute 75 per cent of the amount and the States should contribute 25 per cent. Only then such undeveloped States would be able to contribute their share, otherwise their financial prospects would be adversely affected to a great extent and they would not be able to pay that amount. Therefore it is essential to consider this issue from this point of view as well.

On this occasion, I would like to say something about the Public Sector also. Our plans about the Public Sector dependent on our economic policies. We have made plans of making profits. But the management does not have the capacity of earning those profits. The I.A.S. officers are appointed as Managing Directors or Chairman of the Public Sector Units and they are not conversant with that field of work. Therefore a special cadre must be formulated which would have people from the IAS as well as other services and a commission, similar to the Union Public Service Commis-



[Shri Chandulal Chandrakar]

sion should be set up for the purpose. This alone would ensure success in the Public Sector Units.

The manner in which our nationalised banks are functioning is not really helping the people. The poor have to face a lot of difficulties. They have to visit the banks again and again. It is important to pay due attention in this area also.

Lastly, I would conclude by saying that the five day week imposed by you is not at all conducive to our circumstances. If such a formula is adopted in the States as well, then the people would have to face great hardships. Pt. Jawaharlal Nehru had said 'Aaram Haraam Hai' and according to the present policy two days of every week are to be observed as holidays in addition to several religious and other holidays. Therefore, my suggestion is that this practice of five-days week should be discontinued. I would even suggest that the practice of keeping every second Saturday as a holiday should also not be there. Only Sundays should be enjoyed as holidays. We must work for the progress of our country and as holidays would hinder this work, so we must ensure that such provisions are not made and hurdles are not put in the progress of the country and the hardships of the people are not increased.

[English]

**SHRI CHANDULAL CHANDRAKAR**  
(Durg) : The date of presentation of the budget is not at all suitable to India because it was fixed during the British times according to their suitability. Now we must change because our country's economy still depends mostly on rains. We come to know all about the failure or success of monsoon by the end of October and if the Budget could be presented in the month of October or November, the money which allotted to go to the District Headquarters for developmental activities, it will reach by 15th of November or by the end of November and developmental works will continue till the end of June or 15th of June. Now what

happens is that the money which is allotted reaches the district headquarters by about 15th of April or end of April. Hardly they could utilise the money for a month. Then rain starts. Construction of roads, dams, canals, etc. stops due to rains. This subject was under consideration of the Government for a long time, but somehow or other it is being shelved. I would strongly appeal the Finance Minister that he should make a determined effort or I should say that they should do it. If he decides to do it, there will be no difficulties in spite of the fact that lot of difficulties may come during the course of proposed change. But if there is a will, he can certainly do it. He is a dynamic Finance Minister and he has done so many things. I think he will make this much-needed reform also and present the budget either in October or November.

Secondly, the Railway budget is presented separately because a huge investment in the railways. But now a days in the public sector undertakings we have invested about Rs. 45,000 to Rs. 50,000 crores and in the budget when we discuss this subject during the budget a proper discussion is not possible and concentrate particularly on public sector undertakings. But I must say one thing. I would suggest to the Finance Minister whether he would think of having a separate budget either within itself or separately for all the public sector undertakings so that we can discuss the details of different public sector undertakings for 2, 3 or 4 days. It is very essential these days because after all we have invested so much amount and if we increase the income from the public sector investment, it will not be necessary to tax the individual heavily. That is the idea of the Finance Minister also. And that is the idea of the Prime Minister also.

Then if a separate budget is presented, I should say that supposing they think of having a separate Ministry for public sector undertakings—I do not say that all the public sector units must be under one Ministry—but under that proposed Ministry effective coordination can take place. Now what happens is that there is no co-ordination either in the matter of recruitment or giving powers to the Managing Director or

in the matter of prices. So there should be proper co-ordination. Unless we make a co-ordination effort to improve the working of the public sector undertakings, it will be rather very difficult to make most of the public sector units profitable.

Then we have three sessions of Parliament—one in the month of July or August, then in November or December and then this Budget session. As all these budgets are presented in one session, it becomes rather difficult to discuss and you discuss only the financial aspects and not the policies and issues. If it is possible to present the Railway and the Public Sector Undertakings Budgets in the month of July, we can discuss them at that time and have a longer Session in the month of July. Now what happens is that in the months of January, February, March and April, the Members of Parliament and the MLAs are busy sitting in Parliament or in the Legislative Assemblies and they are not able to go and see the development activities that are taking place. In fact, the representatives should be free to visit all these areas their Constituencies, particularly in the months of December, January, February, March and April, and see what development activities are taking place. Not only Government officials but most of the representatives of the people, the MPs and the MLAs, are now busy in these months January to April sitting in Parliament or in Vidhan Sabha. At least in Parliament if the Railway Budget and the Public Undertakings Budget are presented in July, we could sit and discuss them in depth at that time; and the General Budget can be discussed in October or November whenever it is presented.

It is a good thing that our public undertakings are increasing in number every year. We are investing more and more money in them. That should be the policy and the objective of the Government, and that has to be appreciated by everybody. What we want is that there should be an industrial management pool to run them. What is happening today is that XYZ is asked to run this department or that public undertaking. Only those who are in the industrial management pool or in the Indian Economic Service have the requisite background to run these undertakings. Therefore, these two services should be improved. That is

why I proposed a separate Ministry, so that the industrial management pool and the Indian Economic Service could be improved. If you start now, it will take ten years before we can develop them fully. It is high time we developed these so that our public undertakings can be run properly and more efficiently.

The New Education Policy is now coming up very soon; I think, on 2nd, the Education Policy is being announced. The development activities must be combined with our education policy. For example, we have got about 5,000 Blocks and about 5,000 colleges about 70,000 high schools and all that. We must make the younger generation go to the rural areas for some time, at least once in a year, so that they know what are the activities that are taking place in the rural areas. As it is, those boys who have lived in cities never know the conditions of the people living in the rural areas. I am sure that the education policy which is going to be announced soon will take care of this aspect.

As you know, at the moment we have about 37 per cent of people living below the poverty line. When we will be reaching the 21st Century, I am sure it will come down to less than ten per cent. But so far as education is concerned, we are very much behind. When we reach the 21st Century, literacy in our country will be hardly 52 per cent or so. It is not a good state of affairs. So, I would request the Hon. Finance Minister and the Government to see that more money is allotted for Education so that when we reach the 21st Century, our illiterate people are not more than 15 or 20 per cent.

As you know, Madhya Pradesh is a huge State so far as area is concerned. But the irrigation facilities are very little, as also communication facilities. In the States Reorganization Commission Report three paragraphs were written about Madhya Pradesh—that Madhya Pradesh is the largest State and it will be the responsibility of the Central Government to see that communications were developed, railways were developed, roads were developed and tele-communications were developed.

[Shri Chandulal Chandrakar]

But after that, no care has been taken to improve the communication and other facilities in Madhya Pradesh. We talk so many things about Bastar which is one of the largest districts in our country. It is a tribal-dominated district. But there is no railway line. But to construct a railway line from Rajhara to Beladella, detail survey work has been completed. Everything has been prepared but money is not being allotted. I will request the Finance Minister that money should be sanctioned. At least a token grant should be given so that one may start the construction of the railway line.

About increasing the irrigation facilities in the district of Rajnandgaon there is hardly 2 per cent irrigation. There is a proposed site for dam called Mongra dam. If the construction work of that dam is taken up then not only Rajnand Gaon but also Bastar district will get benefited. I am sure the Finance Ministry will give sympathetic consideration to these problems of the tribals and provide irrigation, communication, a railway line and Mongra dam to Madhya Pradesh.

[Translation]

**SHRI ZAINUL BASHER (Ghazipur) :** Mr. Chairman, Sir, Now we have reached at the last stage of the budgetary process of this year. The main features of this Budget are the programmes for eradication of poverty. For the first time in the history of Budget in India, such a huge amount has been earmarked for poverty alleviation programmes. The Hon. Finance Minister has been congratulated by one all for this step. He has done hardwork for this purpose and has also displeased most of the people of the middle class of the society. Even at the cost of the displeasure of the middle class, he has allocated such a huge amount for poverty alleviation programmes. Now it should be the concern of the Minister of Finance, the Government and all of us to ensure the proper utilisation of the allocations made for the programmes of eradication of poverty and to achieve good results.

I would like to submit to the Hon. Minister of Finance through your good office

that for last two-to-three years neither anything has been said in the House nor outside the House as also no report has been submitted regarding the way of implementation and the progress made in the implementation of these programmes. There are so many lapses in the implementation of these programmes. The hard earned money of the people is being misappropriated and the Hon. Finance Minister has said nothing in the House neither last year nor this year regarding measures to be taken to check such misuse. I, therefore, request the Hon. Minister of Finance to inform the House regarding the measures to be taken by the Government to check such misuse. As I have said earlier that this allocation was made at the cost of the displeasure of majority of the middle class people, so it should be ensured that every penny of the allocation is spent for the upliftment of the poor. Hitherto the funds could not be fully utilised for these programmes. Therefore, we would like to know as to what steps Government has proposed to take or what policy Government has formulated to check such misappropriation. There is one main draw-back in the implementation of these programmes towards which I would like to draw the attention of Hon. Minister of Finance. The people's representatives have not been associated with the implementation of these programmes. The entire funds are allotted to the State Governments and through State Government it is sent to the districts. D.R.D.A., an organisation at the district level implements these programmes. In DRDA the majority of Members are the Government officers and the representation of the people's representatives is very less. At the Block level, Block Chairman is the representative of the people, but he is not the Member of DRDA. Mostly the District Boards do not work in the district. The voice of the people's representative is not needed at any level whether it may be district level, State level or the Central level.

Shri Chandrakar has just now said that people's representative should be entrusted with the monitoring of development works. But what would be the use of their supervision? Whenever we made any complaint to the State Government or to the Central Government, the matter for enquiry is ultimately referred to the same person against whom the complaint has been made and after a

lapse of four to five months time, a reply is received stating that the information of the complainant was wrong. The Hon. Minister of Finance is also aware of all these things. What is the solution of it? If it is not properly looked into, the allocation made would not be utilised properly for the right purpose.

**AN HON. MEMBER :** Give some suggestions.

**SHRI ZAINUL BASHER :** What suggestion can we give? Our Hon. Minister of Finance thinks about the whole country and he is aware of everything. The allocation should be utilised properly, only then the poor will be benefited, otherwise the money allocated by the Government will also be converted into black money. Although you are trying hard to trace out the black money, but it would be kept beyond your reach. On the one hand the Government is trying to trace out the black money and on the other hand its own money is being converted into black money. You should take steps to check such misuse of funds, only then people will be benefited. (*Interruptions*) The Hon. Minister himself knows everything.

Mr. Chairman, Sir, now-a-days Uttar Pradesh, Bihar and many other States are facing acute problem of drinking water. The drinking water is not available in the villages. All the wells have gone dry. Both the urban and the rural people are facing this problem of drinking water. The water levels in the tube-wells has gone down and now the water cannot be supplied from them. The condition in eastern Uttar Pradesh and also in Allahabad, the area of the Minister of Finance is very serious. Ghazipur, Mirzapur, Banaras, Jaunpur and many other districts are facing acute shortage of drinking water and the authorities are unable to make proper arrangement for supply of drinking water. Funds are not being made available at the level of district head-quarter. Yesterday we had been there and enquired from the district collector on phone who informed us that funds were not available under that particular head. Without funds, how could they make any arrangement. The funds will be granted to them, but by then the rainy season will start and by then the shortage of drinking water will also be

automatically over to a great extent. The Government machinery works only during the summer season to provide drinking water and for the remaining part of the year, it remains inert. I would therefore, request the Hon. Minister to look into this matter at his own level and ensure that the funds allocated for providing drinking water reach the concerned authorities.

During your tenure as the Commerce Minister at the Centre and also during your Chief Ministership... (*Interruptions*) ...

It is all right that State Governments make arrangement, but funds are provided by the Centre.

**THE MINISTER OF FINANCE (SHRI VISHWANATH PRATAP SINGH) :** The funds are provided to the State Governments in lump sum.

**SHRI ZAINUL BASHER :** That is the main problem. The State Governments are not doing it properly. You should do something. We, the Members of Parliament, can only approach you. You should do something. The Hon. Minister of Finance knows it very well.

Mr. Chairman, Sir, the Banaras city is famous not only for its religious places, civilization, art and culture, but it is also known for silk sarees. Now-a-day the price of silk has gone sky high. According to the policy of the Government, the price of silk should not be more than Rs. 450 per kg. But at present the price of silk is Rs. 700 per kg. in Banaras. As a result of it, thousands of silk handlooms have been closed down in Banaras resulting in unemployment of thousands of weavers. The silk is supplied to Banaras from Karnataka. The stock exchange of Karnataka is unique, because it manipulates in such a way that it does not allow the prices of silk to go down and instead the prices go on increasing. There is a shop of Karnataka stock exchange, where silk is sold on the prevailing market rate. There is only one solution to this problem and that is that whenever the price of silk go beyond Rs. 450 per kg., the same quality of silk which is used in Banaras Sarees should be imported from other countries.



[Shri Zainul Basher]

Sometimes the silk imported by the Central Silk Board is of different quality which can be used only in Powerlooms and not in Handlooms. I, therefore, request the Hon. Minister of Finance] to look into this matter, because at present it is necessary to import silk, otherwise its price will increase to Rs.840 to 900 per kg. within next two to three months. And it will adversely affect the weavers of Banaras and nearby districts and they will face starvation.

I would also like to draw the attention of Hon. Minister of Finance towards one more point. One of our friends Shri Jain from Rajasthan was talking about desert development programme. The desert development programme and hill development programme have been included in the Five Year Plan, but I would like to ask the Hon. Minister of Finance as to why the development programme for the most backward areas cannot be included in the Five Year Plan. I have been raising the issue of development programmes of eastern Uttar Pradesh and Bundelkhand region for the last several years through questions or in some other form. Every time I receive the reply from the Planning Commission that the Centre provides assistance to the State Government and it is the duty of the State Government. The Hon. Minister of Finance who had been the Chief Minister of the State, would agree with me that the development of any particular area of the State is not possible within the resources of the State until a special provision is made for this purpose. Until the Planning Commission includes the development programmes for the most backward areas like Hill development and desert development programmes in the Five Year Plan and the Centre directly make allocations for these backward areas, the development of these areas is not possible. Being the Former Minister in Uttar Pradesh, you are very much aware of the fact that the development of eastern Uttar Pradesh or Bundelkhand region is not possible within the resources of the State, because every part of the State has to be treated equally for development purpose irrespective of the fact whether a particular region is developed or underdeveloped. Therefore, it is necessary that the Planning

Commission should make arrangement for the inclusion of these programmes in Five Year Plan. The Uttar Pradesh Government has also recommended separate provision for the development of eastern Uttar Pradesh and Bundelkhand region like other hill areas. You know that these are drought-prone and flood-prone areas. Some times these areas are affected by the floods and sometimes by drought. You know that people of these areas had sacrificed and suffered a lot during the freedom struggle. They had dreamt of happiness and prosperity in their area when they were struggling for the freedom of the country. Therefore, I would like to draw the attention of the Hon. Minister of Finance and request him to chalk out separate programmes for the development of backward areas. With these words I conclude.

\*SHRI R. JEEVARATHINAM (Arakonam) : Mr. Chairman, in support of the Finance Bill, 1986, I would like to say a few words.

For the first time an Action Plan of the Ministry has been given as an annexure to the Annual Report of the Minister of Finance for 1985-86. For the period October 1985 to December 1985 one of the items in this Action Plan is 'Decisions on Black Money Report' I would like to know what decisions have been taken on the Black Money Report and how they are being implemented. Similarly, during the period January 1986 to March 1986 in order to computerise the provisions of Income-tax Act, the directives and orders of the Government on Income-tax and the Court cases in that regard, a Computer Terminal is to be established at Madras. Till today no such Computer Terminal has been set up in Madras. I want that the Computer Terminal should be set up soon at Madras.

In Britain it took three long years to implement the Modvat scheme. We should commend the competence of our Hon. Finance Minister who has ensured that within a period of six weeks this Modvat scheme is implemented effectively without any friction. I am really happy that under the Modvat

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\*The speech was originally delivered in Tamil.

scheme the motor car and lorry builders have been excise duty concession by our Hon. Finance Minister. It is also understood that this Modvat scheme will reduce excise duty evasion.

The Government has taken effective steps for curbing income-tax evasion. From 1.4.1985 to 31.12.1984 4940 searches had been conducted and assets valued at Rs.32.41 crores had been seized. This is a drop in the ocean. The income-tax evasion is the seed-bed for black money generation in the country. It is estimated that black money circulation in the country is of the order of Rs.30,000 crores. The Indian economy is held to ransom by the black money. The efforts of the Government for eliminating black money have not yielded substantial results. Therefore, I suggest that the searches and raids should be intensified. As on 31.3.1985, the outstanding value of income-tax demands beyond Rs. 10 lakhs is of the order of Rs. 1106.68 crores and their number is 1729. All these 1729 cases should be looked into expeditiously and the efforts not only to raise these demands but also to collect this sum of Rs. 1106.68 crores should be intensified.

In 1985 the anti-smuggling activities were also intensified. 21,655 searches and raids were conducted and assets worth Rs.36 crores were confiscated. 805 smugglers were also convicted. Sir, you will agree that our Government's anti-smuggling activities have not met with resounding success. The economy of the country is being battered by thousands of crores of rupees generated by smuggling activities. It is very necessary to intensify anti-smuggling activities. If necessary, services of Coast Guard fleet and the Indian Navy should be utilised for curbing smuggling activities.

I do not want the Hon. Finance Minister to misconstrue that I am finding fault with the working of the Ministry. But it is necessary to highlight that assets worth only Rs.21.62 crores were seized in 1905 searches conducted for reducing excise duty evasion. You will agree with me that excise duty evasions of the order of several hundreds of crores of rupees. Only 26 excise duty evaders have been brought to book. This is also a

very small number. Excise duty evasion is also one of the primary causes for growing black money. Effective steps must be taken to eradicate excise duty evasion.

The Life Insurance Corporation gives loans to public sector units, cooperative sector and to joint stock companies. During 1985 the LIC gave a loan of Rs.622 crores to joint stock companies in the private sector. But the LIC gave a loan of just Rs.86 crores for rural water supply schemes. It should be ensured that the LIC sanctions more loans to rural water supply schemes. Similarly, during 1985 the LIC gave a loan of Rs.37.20 crores during 1985 to sugar cooperatives. A majority of sugar cooperatives, which have been sanctioned such loans, are being exploited by the management. It is regrettable that the State Governments do not appoint competent and talented Special Officers to manage the sugar cooperatives which are under the sick list. The malpractices in these sugar cooperatives are multiplying day by day. I want that the Hon. Finance Minister should examine a scheme of constituting an Expert Committee to take over the management of the sugar cooperatives in the country. We cannot afford to lose public money in such sugar cooperatives. The arrears of loans from the sugar cooperatives to the LIC are to the tune of Rs.18.5 crores. This should also be recovered from them.

Out of 460 districts in the country, the LIC has its offices only in 380 districts. In 80 districts there is no LIC Office. I want that in all the districts of the country there should be LIC Office. The LIC should also have its own office building in each district. The educated unemployed in the country is assuming proportions. There are unemployed graduates; M.A. B. Com, B. Sc., M. Com. degree-holders are unemployed. The Hon. Finance Minister should formulate scheme to utilise the services of these young degree holders for procuring Life Insurance Business in rural areas. They should be given preliminary training in this matter. They should be given the stipulated commission by LIC. In one stroke we will be able to generate large scale employment among the unemployed graduates in the country. Similarly, thousands of crores of rupees are blocked in sick industrial units. need not say that

[Shri R. Jeevarathinam]

public money cannot be blocked in this manner. I request the Hon. Finance Minister to constitute an Expert Committee for large scale sick industrial units having individual investment of more than Rs. 5 crores. The Members of Parliament belonging to the area in which large scale sick units exist should be associated with such committees. The sick units which are viable for rehabilitation should be restored to normalcy. The sick units beyond such rehabilitation should be wound up. The public money blocked up in such units should be recovered by the auctioning of plant and machinery belonging to the sick units. I want the Hon. Finance Minister to ponder over this issue and do the needful.

The LIC should also come forward to sanction loans to policy-holders for their house-building activities. Presently, the rate of interest charged by the LIC is high. In view of the huge profits being earned by the LIC, the rate of interest for house-building loans should be reduced to 8 per cent. This will give a boost to house-building activities and the housing problem in the country would also get reduced. I also suggest that the wards of policy-holders with a policy of Rs. 1 lakh and above should be given loans for self-employment schemes. I want the Hon. Minister of Finance to look into this and do the needful.

Only in 332 districts 189 regional rural banks are there and the remaining 128 districts do not have any regional rural bank. In Tamil Nadu there are only 2 RRBs which have no branches throughout Tamil Nadu, excepting in those two districts. There should be RRB in all the districts of the country. There should be a branch in each Block Development Headquarters. Presently there are 11886 branches of RRBs catering to the credit needs of 5.5 lakh villages. The number of branches of RRBs should be substantially increased.

In Pallipattu which is in my parliamentary constituency of Arakkonam, I demand that a regional rural bank should be established. I have written a letter also in this regard to the Hon. Finance Minister. I request him to do the needful in this matter.

I am sure that our capable and talented Minister of Finance will look into the genuine requirements of people living in Southern States and he will give a better deal to them. I have every hope that under his dynamic leadership our fiscal policy would definitely get the fillip which is needed for economic growth in the country. With these words I conclude my speech.

SHRI JAI PRAKASH AGARWAL (Chandni Chowk): Mr. Chairman, Sir, I would like to convey my thanks to the Hon. Finance Minister for acceding to the demand of the small scale industries. Excise duties have either been removed from a number of raw materials or have been reduced. It has given them much relief. But I would like to suggest some more measures which, if conceded, would give more relief to the small scale industries.

Small scale industries have been exempted from payment of excise duty if they purchase some items direct from some manufacturer. They will also be benefited under MODVAT scheme. But there are very few persons in small scale industries who have means and money. These small factory owners do not have sufficient money and they have to face difficulty in purchasing raw materials. They run their business with small amount of money. So it is not possible for them to purchase goods direct from the manufacturers and take benefit from MODVAT scheme. They have to purchase goods worth Rs. 100, Rs. 500 and Rs. 1,000 from the open market as a result of which they do not get excise rebate. Excise is already levied on the goods which they purchase from the market with the result that the goods which they manufacture are somewhat costlier. Thus they have to face difficulty in selling their goods in comparison to other people.

Secondly, the small scale industries set up in non-conforming areas cannot get themselves registered as S.S.I. Since they cannot get themselves registered as S.S.I., they cannot get exemption in excise duty. Therefore, I would request that something should be done for them and steps be taken to remove their difficulties.

Thirdly, the limit of Rs. 10 lakhs for excise registration should be increased to Rs. 15 lakhs. Actually, factory owners are not afraid of paying excise duty, but they do not like the inspector rule, because due to Inspectors, Damocles' sword is always hanging over their heads. The Excise Inspectors harass them on the plea of various rules and regulations. Therefore, I hope that the limit of Rs. 10 lakhs will be increased to Rs. 15 lakhs.

Sir, I would like to draw your attention towards the plastic industry. Earlier, 15 per cent excise duty used to be levied on the raw materials of 16 varieties. Now this duty on 12 types of raw materials has been increased to 20 per cent, but at the same time duty on the remaining 4 types of raw materials has been increased to 25 per cent and the 4 types of raw materials are: (1) Urea Formal Dehyde. (2) Fenol Formal Dehyde. (3) Melomin Moulding Power and (4) Nylon Monlding Powder. The goods manufactured by utilising raw materials of these 4 types will naturally be costlier than the other goods manufactured by utilising the remaining 12 varieties of raw materials. Therefore, I would request that the duty on remaining four types of raw materials should be reduced to 20 per cent.

Sir, now I shall come to footwear industry. It is a matter of pleasure that the exemption limit on shoes costing Rs. 30 has been enhanced to cover shoes costing Rs. 45. But whereas earlier excise duty was not levied on footwear factory having 49 workers, now the same has been levied on them also with the result that the factory owners are facing great difficulty. Therefore, I would like that the exemption of excise duty to such factories may be restored.

Sir, those persons who purchase raw materials, do not get benefit of MODVAT scheme with the result that they are not entitled for excise rebate. Thus their products will become costlier and they will have to face difficulty in selling them. So attention should be paid in this direction.

Sir, a few points in regard to the black money should be kept in mind. You are

searching black money in the chests of the traders, but if you look to other things, you can lay hands on the black money easily. There are some big traders even in Delhi who are using black money under your very nose. You should apprehend them.

In old Delhi markets having as many as 100 shops are being constructed with the unaccounted money. This money is not shown in the income tax returns. The price of a shop is quoted as high as Rs. 3 to Rs. 5 lakhs and it does not figure anywhere. In this way the cost of a market is Rs.1 to Rs. 1.5 crores. Thus hundreds of markets have come up in old Delhi itself. There is nobody to check it.

16.00 hrs.

Similarly, exporters transfer quota of exporters transfer quota of export to other exporters directly. One exporter has to pay Rs. 10 to Rs. 50 per piece to another exporter and in this way quota of lakhs of pieces is transferred from one hand to another. In this way, black money of crores of rupees is generated which is no where entered in account books.

I hope that you will pay attention towards this also. Only then you will achieve success in unearthing black money.

16.01 hrs.

[SHRI SOMNATH RATH *in the Chair*]

[*English*]

SHRI SRIBALLAV PANIGRAHI (Deogarh): I rise to support the Finance Bill presented by the Hon. Finance Minister for 1986-87.

As you know, the Budget is not merely an annual statement of receipts and expenditure or catalogue of allocations in different heads, but, in fact, it reflects the economic thinking of the Government particularly for the years concerned. That way the budget proposals of the current year are just an extension of the economic philosophy enunciated by the Government and the Finance



[Shri Sriballav Panigrahi]

Minister in the last year's budget, the first budget of the present Government.

I congratulate the Government, particularly the Finance Minister for the proper management of our economy during the last more than one year. As a result of that, our GNP has recorded an increase of 4.5 per cent in the previous year. The rate of inflation and the wholesale price index was also contained at 3.4 per cent, as against 5.4 per cent in the previous year. In spite of natural calamities and adverse situations, our agricultural production has touched 150 million tonnes.

The growth in the industrial production was 7 per cent which was quite remarkable. On the revenue front the increase was 9 per cent. Again, 22 per cent extra has been the collection from direct taxes. In the coal sector we find that ten per cent more coal has been despatched. In thermal power we have got another extra 15 per cent generation as compared to the previous year's figure. So, all these go to show that our economy was managed properly and the country has moved forward.

In spite of all these good features, there are some disquieting features also. This year's budget proposals are the extension of the economic philosophy enunciated in the last year's budget. This year also the lower rate of individual and corporate tax has been continued. The relief given to the middle-class and the poor class is widely welcome. Lot of encouragement has been given to small-scale industry. This is another significant feature of this year's budget that more thrust has been given on anti-poverty programme in as much as the allocation has been 67 per cent over and above the previous year's allocation.

Now I will come to some problems that we are facing. We have rightly given lot of emphasis to the public sector, and we should continue to do so. But the performance of the public sector, by and large, is not good although last year we had invested in 221 public sector enterprises Rs. 42,811 crores.

And do you know the return we are getting from that? It is merely 4.95 per cent, even less than five per cent. It should be at least ten per cent. So, naturally, during the Seventh Plan projections, we have a programme that the public sector should be financed to the extent of 53 per cent out of its own funds. 53 per cent of its expenditure should be generated from the public sector themselves. But with this performance can we achieve this? Definitely not. Unless there is a remarkable change in the performance of public sector, our economy is deemed to failure. So, I will urge upon the Finance Minister and the Government as a whole that they should give utmost consideration to the reforms in streamlining the management of public sector. The Minister has sounded that austerity measures will be resorted to in the coming financial year, but what sort of measures will be taken have not been spelt out. I will say that tremendous misuse of public funds and government vehicles is going on. If you send somebody to a public school, you will find how many Government vehicles are carrying the children of government employees. Similarly, if you go to the market, you will find the same thing. The naked misuse of government vehicles, government property is going on day in and day out. Unless that is checked and the efficiency enhanced, how will our economy improve? We have invested thousands of crores of rupees in public sector and if the public sector managers behave like lords having no responsibility, then the situation will further worsen. Therefore, I call for stringent action in streamlining the public sector management.

Sir, as you know, energy is the most important infrastructural factor in our economy. It is the key to our economic prosperity. But we have a programme for self-sufficiency in the energy sector. One of the objectives of the Seventh Plan is self-sufficiency in the field of energy but are we going to achieve that objective? Definitely not. There will be a gap of about 10,000 MW of power by the end of this Plan period. I have serious reservations regarding the achievement of the target. Large number of States, particularly Orissa, are suffering from the shortage of power. No doubt, in every sphere Orissa is a poor State. It is trying to look up, trying to progress, but less than 50 per cent power

generation is there. What is required is about 700 MW to 800 MW of power but it is generation only 250 MW or 300 MW of power. I regret to say that although the Members from Orissa are repeatedly bringing it to the notice of the Government, no serious effort has so far been made to improve this miserable position in the power sector in Orissa. I would bring it to the notice of the Hon. Finance Minister, through you, Sir, that there is lot of scope for power generation in Orissa.

There are proposals for setting up two thermal plants. One is the super thermal plant at Talcher which is unnecessarily held up on the flimsy ground of environment and the other is the thermal plant at Ib Valley, and the world bank assistance is sought for the Talcher super thermal plants, and negotiations for funding the Ib thermal plant with foreign governments are going on, Italy etc. are coming forward to help in getting up this thermal plant. Technicalities should not stand in the way. I would appeal to the Finance Minister that he should come with all sympathy and finalise these things so that these two projects come up during the Seventh Plan itself.

Again, as you know, the aims and objectives of our Plan are the growth of the country with social justice and eradication of regional imbalances. As you know, it is a disquieting feature that with the advancement of our plans, plan after plan the regional imbalances instead of getting narrowed down or lessened, are widened. Therefore, I would request the Hon. Minister to look into this aspect to see how the regional imbalances can be lessened. And in respect of anti-poverty schemes to which we are giving a lot of thrust, the allocation has been increased by 66 per cent compared with previous year's allocation. And I congratulate the Government for their sincerity in alleviating poverty and reducing the sufferings of the down trodden people. But their programmes are not properly implemented because much remains to be improved. More than 50 per cent money is going down the drain. Unless that is properly monitored, how can these really achieve the desired results? That should be seen. One thing is that unless there is prohibition in force, I

find the situation may not improve because a lot of this money is finding its way to the liquor shops. This should be seriously viewed.

I would conclude by saying that the Hirakund Dam project is one of the pioneer river valley projects and it is a matter of great concern that it has developed multiple cracks. They require Rs. 7 crores for the repairs etc. That money is not released. What happened the other day in Sri Lanka and also some years before at Morvi in Gujarat? Dams collapsed at both these places and a horrible situation arose out of that. This should not be forgotten and top-most priority should be given to the repair of the Hirakund dam and also the canal system.

With these words, I support the Finance Bill and I request the Hon. Finance Minister to look into these aspects. He should have a pragmatic and sympathetic approach.

[*Translation*]

SHRI C. JANGA REDDY (Hanamkonda) : Mr. Chairman, Sir, I am the son of a farmer, so I have little knowledge about taxation. However, I would like to place some points before the Hon. Finance Minister. In our region, an industry by the name of A.P. Rayons Industries has been set up which manufactures yarn from wood and forests are denuded for the purpose. In our country there is no dearth of cotton, even then we fell trees for manufacturing yarn. This is our industrial policy. Although grain pulp is available in abundance in our country, yet we import it from other countries. It has resulted in the closure of A.P. Rayons factory. The Andhra Pradesh Government had to suffer a loss of Rs. 45 crores due to the closure of this factory. This loss has been caused due to the policy of the Rajiv Gandhi Government. In the reply, which has been given to me, it has been stated .

[*English*]

It was on 15th April 1986 :

"The company has reported that it has incurred a loss of Rs. 45 crores as on 30th June, 1985."

[*Translation*]

What is the reason for it? Earlier, the rate of grain pulp was Rs. 1300 per tonne. When, under the import policy rayon pulp was imported, it was given full exemption from import duty. As a result, it had to be sold at Rs. 600 to Rs. 700 per tonne. On the one hand you had to lose money and, on the other hand, your goods could not be sold. Why has this happened? It is due to the policy of the Government. It is due to the policy of the Government that the forests are being destroyed and the money is lost. Also, salary has to be paid to the labourers who sit idle at home. They agitate. It is due to this policy for the last 35 years that you have brought the country to such a stage. Public Undertakings are incurring loss. What is the reason of it? The Director of a public undertaking has such a grand car which is not available even to the Minister. The Managing Director of a undertaking spends money lavishly. Its lowest rank clerk lives in a flat. That is why the public undertaking suffers loss. The public undertakings should be run in profit. The public undertakings can undertake the manufacturing of secret items, but we can ask the private sector to manufacture other items.

Now I shall come to the issue of MRTP Act. The betel sellers are arrested. They do not get profit of a single paisa on a packet of cigarette. Whether it is Wazir Sultan Company or other cigarette manufacturing company or colgate, paste manufacturing company, all of them have monopoly in their field. They do not give dealership as well as commission to others. If a betel seller sells Pan-dabba in a hotel, he earns profit on it, but there is no profit on items being—produced by MRTP companies. These M.R.T.P. companies do not give dealership to others and do not give even commission to others. Even betels are not sold without cigarettes. The officials of the Department of Weights and Measures are arresting and harassing them. So I would like that there should be some check on the manufacturers also. Medium scale industries should not be allowed to manufacture those goods which are manufactured by small scale industries. Similarly heavy industries should not be allowed to manufacture goods being manufactured by medium

scale industries. They should not be granted licences to manufacture these items. What we see today is that Britannia Biscuit Company is manufacturing biscuits, whereas it is also being manufactured in the cottage industries. Hindustan Lever produces Life-buoy soap. At the same time soap is being produced in villages also. Therefore, I would like to say that licences for manufacturing such items should not be granted to medium and large scale industries, which could be manufactured by small scale industries.

So far as excise duty is concerned, exemption is given in it during the year at any point of time. In this connection Public Accounts Committee has recommended that a Rules Committee be constituted to look into the question of granting exemptions in excise duty. The authority of granting exemption vests with the Government. The proposal for levying excise duty on various items is brought before the Parliament, but when the question of granting exemptions arise, the Hon Minister grants his approval to what has been proposed by a clerk in a file. In this way exemption of crores of rupees is given with one stroke of pen. Therefore, the P.A.C. has recommended that a Parliamentary Committee should be formed which may examine as to which items should be granted exemptions. I would ask the Hon. Minister to look into this suggestion.

Besides this, I would like to raise one more point. Many Members in the House are agriculturists. The Government should formulate a policy with regard to raw cotton, jute, chillies. Now everytime we have to stage *Dharna* at your doorstep and also have to beg concessions. The farmer who produces jute is facing starvation today. You might have increased the price by Rs. 100 to Rs. 200 per tonne and in order to reduce it you have raised the excise duty on plastic. That is why I.D.B.I. is incurring losses. The companies have worked with the help of loan, but now the Industrial Development Bank is incurring loss. What I mean to say is that you should not issue licences to manufacture a man-made item which could be substituted by an agricultural produce. Otherwise, as a result of that you will face the same situation, which is happening with regard to cotton today, nobody is prepared

to buy it even at a rate of Rs.250. Recently, when I visited my place, a farmer came to me and told me that he was going to burn his cotton as it is being sold at a meagre price of Rs. 250 per quintal. Even Cotton Corporation is not prepared to purchase it. I would like to inform you that the cotton worth Rs. 175 crores has been burnt down during the last three months. Cotton Corporation has burnt it down in order to get compensation from the Insurance company. This has happened in Warangal. Therefore, I ask you to formulate a permanent policy for jute, cotton and chillies. After assessing the production of the country regarding these items you should consider about the need to import the same. The farmers work hard and bank upon you for getting due reward. At present we are importing sugar and other items. I wish that the money which you spend on import of these items, should be spent within the country to provide incentives to our own farmers. But I do not think you will act on this suggestion. If such a situation is allowed to continue, the same will happen with rice and wheat. Therefore I suggest you to formulate a permanent policy regarding agricultural produce so that farmers may be benefited. When farmers do not get benefit, they stage *Dharnas* in front of Parliament House. In order to avoid such a situation, you should give benefit to the farmers.

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

**SHRI RAM SINGH YADAV (Alwar) :**  
Mr. Chairman, Sir, I support the Finance Bill presented by the Hon. Finance Minister. I also thank him for forming a long term national fiscal policy. Apart from this, the laws and policies which he has formulated regarding assessment of income, direct taxes and Industrial production, will provide support to the national fiscal policy and stabilize it in future.

According to the theory of the Hon. Finance Minister, he wants to raise resources on a continuous basis. He also wants to create such an atmosphere in which revenue receipts of the Central Government and the State Governments may be fixed and there may not be wide fluctuations. I would like

to express my thanks to the Hon. Finance Minister for granting concessions and exemptions and specially which he has announced while presenting this Bill. These concessions are meant for the lower middle class people and the people who are engaged in industries. The entire society appreciate your step. At the time of granting these concessions, you have kept in the interests of the nation and the society. Another wise step taken by you is the announcement of presenting a permanent system of taxation before the nation. This will certainly help every citizen of the country to know about how much tax he has to pay. The long term taxation policy is a commendable policy in itself. One more thing which I want to say is that if you fix the expenditure to be incurred by the Central Government, the State Governments and the local bodies on a long term basis, then it will help. You should implement your Fiscal Policy in a better way.

I was going through the present Budget. The administrative expenditure of the Central Government has gone up to Rs. 52,800 crores and this is 25 per cent of the gross national income. If we include the expenditure of the State Governments, Local Bodies and that of the municipalities and Mayors in it, then the total administrative expenditure comes to about 30 to 40 per cent of G.N.P. This administrative expenditure is too much. It needs a thorough review and a policy should be formulated and it should be cut down. I thank you for stating in your Budget Speech, Part B, page 34, Serial No. 127 :—

“My next set of proposals relate to incentives for higher production of edible oils”.

I would request you to reduce the amount which you have been spending on the import of edible oils and sugar. Recently, you have announced a cut in the excise duty on Mustard oil from Rs. 1500 to Rs. 750. It has provided an incentive to the farmers and there has been an increase of Rs. 30 per quintal in the price of mustard which has benefited the farmers directly. I want you to formulate a long term price policy regarding agriculture produce, which may assure the farmers that during the next five years they



[Shri Ram Singh Yadav]

will get a particular price for Mustard or other oilseeds. Then they will certainly produce them.

Secondly, just now the Minister for Commerce has announced that he is going to extend Cash Compensatory Support Policy to Agricultural and Handicrafts Sectors .... (Interruptions).....I request you that you should see to it that the Cash Compensatory Support Scheme is extended to handicrafts and agricultural sectors, about which Mr. Shiv Shanker has made an announcement in the House on 1st April. You should also make a similar announcement about the items on which one will get benefit. Now, what steps are you going to take in regard to export the items, which are called cash crops which are perishable or which can not be stored for more than two months such as potatoes, onions which is produced in my area i.e., in Alwar and Gujarat, as also Banana, Cardamom and Ginger which are produced in the South. Will you also provide Cash Compensatory support on their export.

I would like to submit that the gap between import-export has gone up to Rs. 7000 crores and import has increased by 20% this year. Will you have a check on it. Unless we reduce our import, we would not be able to control the economy of our country.

I would also like to submit that in view of socialistic policy of our party you should reimpose the estate duty which you have abolished. Because it would check generation of black money. When someone leaves behind his property, it will come into your accounts and records. In this way you can stop the generation of black money.

With these words, I thank you for providing me an opportunity to speak. Hon. Minister has presented this budget honestly in the interest of the country and I hope that he will consider the suggestions given by me.

\*SHRI V. S. VIJAYARAGHAVAN (Palghat) : Mr. Chairman, I rise to support

\*The speech was originally delivered in Malayalam.

the Finance Bill. At the outset I congratulate the Hon. Finance Minister for giving more concessions in respect of excise duty.

Sir, agriculture is the back bone of India's economy. Although agricultural production has increased very much over the past one decade the per hectare yield is very low in our country. For example in 1983 the per hectare yield of wheat was 1848 Kilograms whereas the world average was 2144 Kilograms. In the same year Ireland had a per hectare production of 7292 Kilograms. Thus India has occupied only the 31st position among the wheat producing countries. Similarly, India is placed at 38th position with regard to production of rice. The per hectare yield of rice in India was 2025 KGs in 1983-84 whereas world average was 3004 KGs. South Korea came on top with 6364 KGs per hectare. What these figures show is that India is far behind other countries in respect of per hectare production. Therefore, necessary measures should be taken to raise the per hectare production in the country and take India to the forefront of those countries which are having the maximum productivity in respect of food-grains.

Having said this I come to some of the problems being faced by my State of Kerala. As you are aware Kerala is an industrially backward State and central investment there is negligible. The Centre should take immediate steps to raise the investment level in Kerala for its industrialisation. In this context I want to say that the HMT unit in Kerala should be expanded. It is learnt that Hindustan Machine Tools has a proposal to expand its units during the 7th Plan. I would request the Government to speed up the development of the HMT unit at Kalamassery in Kerala. Similarly, there is need for expansion of the ITI at Palghat so that this unit could manufacture electronic exchanges and telephone equipments. This must be done. Sir, Kerala has never got a defence production unit. There is a demand made by the Kerala Government to set up at least one such unit in the State during 7th Five Year Plan. I understand that the Defence Ministry has a proposal to set up a few ordnance factories during this plan period. I would request the Government to see that

one such unit is set up in Kerala. The Government has also taken a decision to set up a large integral coach factory during the 7th Plan. The Government of Kerala has demanded that a coach factory be set up in the State. I would request the Hon. Minister to give serious consideration to this demand and take steps to set up this factory at Palghat in Kerala.

Sir, there is a proposal to start oil exploration work off the Kerala coast in the 7th plan. But so far no concrete step has been taken in this regard. I would request the Government to make necessary allocations for starting this work at the earliest.

Sir, the Palghat district of Kerala is facing an unprecedented drought. Most of the taluqs are in the grip of drought. The situation is so serious that there is acute scarcity of drinking water in many places. There is extensive damage of crops and people have lost their only means of livelihood. Earlier 33 villages were declared as drought effected and now the number has gone upto 91. I would request the Government to provide fertilizer and seeds free of cost to the farmers whose second crop is totally destroyed. Similarly, those who have lost cash crop should be paid adequate compensation. I would also demand free ration for the agricultural workers. Some projects which were meant for providing irrigation in the district of Palghat were discontinued. For example the Kuriarkutty-Karapara project which was meant to irrigate the fields in drought prone areas of Palghat is hanging fire. This project should be implemented immediately. I would also like to request the Government to declare a moratorium on the agricultural loans in order to provide relief to the farmers.

The money allocated for drought measures in Palghat is quite inadequate. The demand was for 10.8 crores, whereas the amount given is only Rs. 16 lakhs. This amount is not sufficient to meet the serious drought situation prevailing there. Therefore, I would request the Government to release the full amount demanded by the Government of Kerala.

Sir, I have demanded on a number of occasions in this House that a central study team should be sent to Palghat to study the situation there and take necessary measures to provide relief to the people. I take this opportunity to reiterate that demand. A study team should be sent forthwith and follow up measures should be taken. I hope that the Central Government will take all steps necessary in this regard. I conclude by supporting the Bill once again.

[English]

THE MINISTER OF FINANCE (SHRI VISHWANATH PRATAP SINGH) : Sir, I thank the Hon. Members for their comments and valuable suggestions. I thank them for the support, specially what they have given for the changes made in favour of the small scale sector, for the firm action that the Government has taken against tax evasion and also for the open-budgeting that we have adopted. I am very much encouraged on these grounds by the support which the whole House has given. It will give me strength throughout the year to continue these policies and implement them. I am grateful to the House for the same. I have also heard with great interest critical comments and I take them in good spirit and that they are well motivated.

SHRI SOMNATH CHATTERJEE (Bolpur) : They were made in good spirit also.

SHRI VISHWANATH PRATAP SINGH : I accept that they were made in good spirit also. Certainly we have an open mind. Wherever we find they have merit we will not lose a moment to accept them and correct them.

Sir, where there is criticism which is not well-founded I will not comment or take the time of the House on that. I think time will be the real answer to that.

SHRI SOMNATH CHATTERJEE : To those for which you have no answer.

SHRI VISHWANATH PRATAP SINGH : Time will answer and in a very short time. The answer will be there and, as such, I will not touch them.

[Shri Vishwanath Pratap Singh]

Sir, I am particularly thankful to Madhav Reddi ji. He gave the fullest support in respect of open budgeting. In fact, this year we have made a conscious effort to unveil some of the mysteries I do not say we have totally made open-of budget making. I feel the functioning of the Government should be as transparent as possible. When it is peoples 'resources and peoples' resources have to be utilised on the people then curtain of the Finance Ministry should not fall in-between except where it may have speculative effect on the market. There prudence says you must have some but otherwise I feel there should be more and more sharing of knowledge. The intention behind is not only that people know the truth but also be actively involved in the decision making process in a meaningful way. This is precisely what we have been able to achieve in some measure positively after the budget was presented in the post-budget discussions and interaction. I do feel there is a sense of participation. There is not only a sense of participation but also a feeling that people have a say in final decision making of the Government.

Sir, I had a series of talks with representatives of the urban poor, rikshaw pullers, municipal sweepers, railway porters, etc. Perhaps they had entered the Finance Ministry for the first time. When we sat together and I must tell you how pleased I was. Well I need not have to ring the bell because they knew what they wanted and what was the problem. Some of the very problem that they brought many a time we had not heard of those problems. That was one interaction which I must say was very enlightening. We did make some of the changes. The municipal representatives said that if we want to do something else will you not give us a loan? His question was very pointed. Why are you giving loan only for the job I am doing. I did not have the answer but his question was there and immediately we said we will make it for others also. If you want it we will make it.

Similarly in respect of small scale sector we had face to face talk across the country and it was the result of this inter-action that many changes could be made and not only

the Government changed but, I may tell you, it is to the credit of the small scale sector and their representatives...they also changed their position. All were demanding exemption limit above 20 lakhs and they said: 'give us Rs. 30 lakhs Rs. 50 lakhs and STI-68 should remain' and for that exemption I pleaded with them that we have made a major reform in this country. We have brought the international classification system of Excise Duty, Customs Duty, in line with the international system of harmonisation, very few countries have done this in the world, they have done total harmonisation like this. At the same time carrying on a 'x' classification or STI-68 would be carrying a dead body mummified. Do you want that? I must compliment the sense of the small scale people. They said: 'No, when you have made this reform, we will cooperate' and they gave us higher demands and this 15 lakh exemption limit was not enough, some dictate from the Finance Ministry. It was jointly decided. So, it not only has the authority but has also its acceptance and support and much value than certain decisions which would have come from the Finance Ministry, as announced. Now, I know the whole backing of the small scale sector and the decisions which we have come across. So, they also changed their demands. They don't go on to any scale. So, further with this experience, we have also decided that from every working day from 3.30 to 4.30 p. m. my door will be open for any one to walk in without any appointment, when he has any general problem which affects the whole section of the people.

AN. HON. MEMBER : Door means your office...?

SHRI NARAYAN CHAUBEY : There are so many doors.

SHRI VISHWANATH PRATAP SINGH : Certainly not the Parliament House. I am sure not the room in which I am not. Therefore, if we could, it is my personal thought that I have to carry it that and when pre-budget discussions we have with the industrialists with the agriculturists, with the labour, with the economists, why not have one day discussion, that is, pre-budget discussion in the Winter Session of Parliament?

Why not the Members of Parliament come and give their expression as to what the coming budget for the next year could be? If this would be feasible, I do not know. But certainly I would support such a thing that we could have discussions so that the feed-back could go from the august body of the House which will give me strength for the formulation of policies and direction in which we would have prior feed-back from the political system, the highest political body in the country.

**SHRI NARAYAN CHAUBEY** (Midnapore) : Will you allow the debate after the discussion ?

**SHRI VISHWANATH PRATAP SINGH** : There is no perfection on this earth. So, the debate will always be there.

**SHRI NARAYAN CHAUBEY** : Did you call those with whom you talked by issuing circulars or what is the machinery through which you called them ?

**SHRI VISHWANATH PRATAP SINGH** : I assure you that there were very wide representations. It was not partisan or that sort of thing and there was no complaint on that.

**SHRI NARAYAN CHAUBEY** : We never knew that you were meeting them. Had we known that, we would have sent our people also.

**SHRI VISHWANATH PRATAP SINGH** : With the labour representatives, separately we had detailed discussions on union matters and we have inter-acted and no complaint has come of this nature in the meeting when I met all the labour representatives of all the parties.

**SHRI K.S. RAO** (Machilipatnam) : Do you expect middle-men ?

**SHRI VISHWANATH PRATAP SINGH** : What I want to convey is that to wisdom is not only in one Finance Minister or one group of people...

**SHRI SAIFUDDIN CHOWDHARY** : That is a revealing statement.

**SHRI VISHWANATH PRATAP SINGH** : Yes, I accept it. That is the true democratic process because collective wisdom is the essence of the democracy.

**AN HON. MEMBER** : Including the Congress-I party.

**SHRI VISHWANATH PRATAP SINGH** : There is basically something. The day we reject the value of collective wisdom, we would not have a democratic process. In this system, the concerns of the national economy are far larger than the ego of any Finance Minister. At the same time, it is far too sacrosanct to be sacrificed at the altar of the vested interests. Neither personal pride nor ill-founded greed shall be allowed to come in the path of the national development. These shall be the guiding principles which I want to put before you and would certainly be encouraged by the guidance which the House would give in the light of the various steps that we would take upon.

Now, during the debate on the Finance Bill, of course, we will make some debating points. We do make it. But apart from that, economy is a thing where you cannot divide on partisan lines. State boundaries perhaps you can make, country boundaries you can make, but this is one organic whole, the economy of the country. We are facing many problems. It is very clear that all of us by consensus have to address ourselves as citizens of this country and try to evolve a consensus on this side and that side together. There are many things; it is not there is divergence of opinion on all issues. On some of the issues we have common approach on both the sides. Only then, I suppose, we will be able to grapple with these issues. Unless the political backing over certain economic measures is not there, that measure cannot succeed, however good it may be. And it is in this all humble sense that I want to share some of the problems and perceptions that we are facing today and how we can get over it.

**MODVAT** for some time, remember, was really called **MADVAT** in the first week of



(Shri Vishwanath Pratap Singh)

March and many of the editorials or the write-ups came that it was really MADVAT. I myself had apprehensions, because I had mentioned it. But I saw there was no other way. I had balanced it what were my stakes. One way was to have the hesitancy for a decade on this issue, that the country is not yet prepared for it, accounting systems are not prepared for exemptions in the small scale sector the people are not yet prepared, accounting is not yet computerised etc. There are hosts of things. We shall wait, prepare ourselves and then do it. I was very clear; one was we would not have MODVAT and the other was to go ahead with it with a clear mind to remove anomalies. I was very clear that for quite some time, I will be heavily criticised and in fact, I had braved myself for one full year, because many countries where its introduction was done, people warned me, that they had taken a lot of time to settle. I said all right. I praised myself to be criticised for 365 days and I told myself that if that was the price to be paid, it was a very small price to be paid in respect of the change of economy that would have taken years to come. If for one year, the Finance Minister is criticised, it is a small price. When it comes to national interest it is not a question of saving your skin. If you shy away from that, you can never serve national goals. Even if the patient is angry or abusing the doctor, if the doctor loses his nerves, he cannot treat the patient. So, he has to go ahead with it. But because of your kindness and your support, instead of 365 days of criticism, I suppose 60 days was enough. Within two months—you remember from the first of week of March to the last week of April—if you see at it much of the problem is solved and we have covered a lot of ground. Whatever be the risk, the doors are open and by the end of the year, it will be an established factor. And I have even the courage to say that I look ahead in the next year to cover the remaining items under MODVAT and for this we will open the dialogue right away for the next year to prepare the remaining areas. So instead of only 38 Chapters, by next year it can be extended to all the chapters.

Dagaji has made a point about the decisions from Delhi to be communicated to the

field formations. It can be expedited. Officers have been taking meetings and I will continue this process of interaction with people. However, regarding the other method, i.e. by telex or by some other faster method, I will look into this aspect so that we can communicate much faster.

One other aspect that we have tried to emphasise is regarding the small scale sector. It is not only the reliefs. But the hallmark of change is trust which is far better than all the reliefs that I may list into pages. We have said that for a turn over of Rs. 50 lakhs, it will be totally on self-assessment basis. Among the three important factors, one is trust, the other is simplification and the third is loosening of control. So, about trust I have said that upto Rs. 50 lakhs turnover it is totally on trust, i.e. on self-assessment basis. As regards simplification, the acknowledgement due receipt of the registered letter for purposes of excise will be deemed to be the excise licence. We have announced that and I could not think of any further simplification of getting rid of red tape.

Dagaji has made a point about Inspector Raj and some other Hon. Members also said about it. Well, inspectors are part of my set up and a lot of results have also come in and I will not share the view of total condemnation of every one. But in the small scale sector, we have said that the inspector will visit the small scale unit once in a year only. So, if there is any daily irritation or weekly irritation of putting spokes in the work and all that, I think it is also cleared and so it is also taken care of.

One point was made by an Hon. Member that small scale sector cannot buy direct from the manufacturers and how they will get the benefit of MODVAT. We have made provisions on many items. We will have it assumed that this much has been paid on a proforma basis. So, for the benefit of the small scale sector we have made that provision, for quite a number of items which are important for the small scale sector.

We have seen that this trust we placed on the tax-payer is already working. When we said that upto rupees one lakh of return, we would not scrutinise the tax returns, we have

got quite a bit of expansion in the personal income tax and in fact this expansion is 43 per cent more in the personal income tax as compared to previous years.

Some people charged me particularly and the Government in general that the Government does not trust the industrialists or the tax-payer. They also charged that on that count sometimes I am doing wrong to the Government. What more proof of our trust on the tax-payer will they want? Upto rupees one lakh we take it on his word. That means the value of his word is now upto rupees one lakh and the word of the small scale sector's entrepreneur is of Rs 50 lakhs. But perhaps for those who level this charge that there is no trust between the Government and the industrialists, small people are not tax-payers. For them, they do not exist: the small scale sector, or those who have got a return of upto Rs. 1 lakh. For them, only big ones exist. Only if you show something, the trust will be proved. But if it means that I should trust the tax evader, I must confess my inability to show that trust to the tax evaders. I cannot extend the trust which I have shown to those who file these returns, to the tax evaders.

One point was made; and quite a bit of it came in the Press, viz. that due to MODVAT some prices have gone up. Well, not due to MODVAT. On certain items, of course, we had levied conscious duties i.e. on passenger cars, on TV, refrigerators and airconditioners. When there is a conscious duty levied, prices will go up. I have no apologies for it, because it is a conscious decision to tap resources from those who can afford it. But where there were anomalies, we are removing them.

One instance came, and that came quite prominently in the papers in the beginning, viz. about Telco trucks. It was considered that prices would go down, but they have gone up. Well, I asked: how is it an anomaly? They have gone up by 2 per cent. But just before the Budget, Ashok Leyland for their 'Comet' had hiked up the price by Rs 6723/-; and Telco, for 1210 AC-142 had hiked up their prices, before Budget, by Rs. 9036/-.

Now, those companies hiked up prices before Budget, by Rs. 9,000; what justification do they have to come and say that the 2 per cent hike is there on account of duties? I will not agree with them. (Interruptions) If they can bring down their pre-Budget hike, I can bring my duty. But if they hike by Rs. 9,000, and if there is 2 per cent rise because of me, I find no justification in their charge; and so, I will not agree—I am saying this because I do not believe in mincing words—that because of me, this had happened. (Interruptions)

But what about pre-MODVAT hike of Rs. 9,000? Now they have Rs. 3,000 hike, whereas it is only one-third of it after MODVAT. They say, this is the culprit, and the Rs. 9,000 hike is not the culprit.

Somehow it has come in the debate: Mr. Madhav Reddi has raised it, as also the other Members. It is regarding the raids, and about some of the changes in searches and survey rules. Among some Members, and also in the Press I saw an impression that the Government has retracted from searching houses, and that everybody is now safe in the residential houses. May I say that this is totally a misnomer? (Interruptions) No; they are not safe at all. If anybody has any false sense of relief on that point, I want to dispel it because the powers which we had regarding search in the previous years have not been diluted. We were adding more to our powers on surveys. On Excise and Customs, we have got all powers. In the Income tax law, we had only search power. That we have retained. Not one word has been diluted. We have added to that survey power, survey powers in respect of business houses and residences.

About survey, there was an apprehension that it might be misused. Inspectors and lower level formations might enter houses and cause problems. So, only to that extent we said: 'All right; we do not extend the powers'. But still we have got more powers this year. The search power remains, and survey power on business premises has got extended. So, there is an extension of powers, and not reduction of powers.

Some people say these are methods of terrorism. If I look like a terrorist, what can

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I do? Somewhere I do want to strike terror. I know I do not want to mince words. In the hearts of tax evaders, I want to strike terror. There is no mincing of words about it.

17.00 hrs.

What is really happening is that we have no animus against any individual—I assure you—nor we have any target as such. In fact, it has been an exposure of a system which is something and which has happened across the board. I have never from my own words ever said that all industrialists are tax evaders; I have said never said that. But they themselves have said that this has been happening and this is the system. I have not said it. They have themselves said; they have said, this is the system. What can we do?

17.01 hrs.

[MR. DEPUTY SPEAKER *In the Chair*]

But then if this is the system, even then we have taken a reformist view. After all, law is law; law is not the pocket of Mr. Finance Minister; even Mr. Finance Minister is under the law; he cannot pocket it—sometimes uses, sometimes not uses. So, it is even above all. So, that is a different thing; that will operate; nobody can put a full stop. But even then we have taken a reformist view. All right, if there was a system, this is the general thing that was happening. We said, all right, you come and pay the tax; we will not charge any penalty; we will not penalise you. You pay the tax. The same view we are taking on excise duty and other arrears. So, here there is a genuine desire and whatever may be said in the Press, I totally do not say that it is correct or not correct—but I have also told the people who are in the industry, “look here, you should also try to build your image” and see that, yes the people feel that here are people who are contributing to national economy. There are many people who are doing it. I have never said, [we have painted] them with one brush, but it, does not mean that one has to go through the report on black money to know that black money exists in India. You go and ask anyone in a village. Even a child will say, there is black money. Now, if that is the case, there is a genuine case for all to

make efforts; not only I have to catch but also make general effort to get out of it and have a reform and have an image that people do not challenge your credibility; and if there is a general belief like that, then there must be some basis about it.

How, a report has come; let me take the figures from the Report itself. What the figure is really nobody knows; it is something like Rs. 40,000 crores. Now, if Rs. 40,000 crores is the black money, un-taxed money, on the other side; there are people, poor people, for them, I say, there are no resources. What credibility do I have? I said, that were our resources. One can ask. “You are in the Government. Can’t this Government get those resources which were ours, which ought to have come to us as scape and floating about?” Who is asking? So, people, who are in the industry have to answer this. Here is a section of people. It is not some one’s share they are asking; they are asking for their own share. This would have come to public Treasury, would have come as anti-poverty programme or investment in public or irrigation projects or road or hospital; and it is very clear that island of prosperity cannot be built by deprivation of the original share of the masses. It will not remain stable; and they say, there should not be any publicity. All right — we have said so—when we go to the court, we will publicise it, but publicity cannot be suppressed but public wrath cannot be suppressed and there will come a time when the public wrath will reach a place where they will receive their due. These are basic economic dynamics which cannot be peppered by some of the newspapers and other editorials. I am not saying all the newspapers I must acknowledge that many of the newspapers have supported this action of the Government.

Shri Somnath Chatterjee is a very senior Member I have always respected him. Even in the Fifth Lok Sabha he was there. He said that this Budget is not for the poor and the common man. Well, I do not say that by this Budget all the problems of the poor man will be solved. It is a big path we have to go. Somnathji compared BE with RE. The comparison is done from BE to BE. That is the standard that is adopted everywhere. That is the standard measure also.

**SHRI SOMNATH CHATTERJEE :**  
Otherwise I am correct.

**SHRI VISHWANATH PRATAP SINGH:**  
It is not that facts are wrong. The fact is that the normal comparison is done from BE to BE. And when we say that there is 65 per cent rise in the allocations as compared to last Year's, that is correct. I do not want to go into the whole budget debate. Since it has been pointed out by such a senior Member, I think, it is time to remind him of that again.

Miss Mamta Banerjee said that for the SC & STs there was the Indra Awas Yojna and for that we had allocated Rs. 125 crores. Of course, that is meant for the urban poor; for the municipals sweepers and porters there is the accident insurance scheme. Again for the poor in the rural side, the social security scheme has been extended to 100 districts more. Now 200 districts will be covered.

Shri Janga Reddy, Shri Ram Singh Yadav and many other Members talked about the farmers. The Agriculture Minister is coming with the long term agricultural prices policy. The crop insurance we are extending to fruits. We have to do it cautiously because last year's crop insurance has cost us about Rs. 100 crores. We have to do it cautiously. So we will have to come with a scheme which works on a long term basis, not short-term and then we say that it is not workable. We are going into that.

If we look to the workers, on the provident fund we have raised the interest. Standard deduction is meant for the fixed income group. In fact, I met the trade union leaders and they suggested that the exemption limit from the income tax should be raised to Rs. 25,000. Presently it is Rs. 18,000 per annum income. By raising this standard deduction by Rs. 10,000 the overall exemption has gone upto Rs. 28,000—Rs. 3000 more than what was asked.

Let it not be forgotten that it is this Government that gave the workers the *part pasu* rights with the secured debts. We have put it on the first ranking from the fourth ranking that it was. For the first time it was this Government that brought the stock option scheme—one optional and one compulsory. Any new capital issue by any private firm, its 5 per cent has to be offered to the employees. It is done by this Government.

When it come to protecting the real wages of the workers; last year, we raised the DA for public sector from Rs. 1.30 to Rs. 1.65 per point. Bonus, which was a long issue, which was for many years for the working people, we raised the limit to Rs. 1,600 and eligibility up to Rs. 2,500. So, let it not be said in a strain that the poor people, the working class has not been cared. I tell you, this package that has been packaged within two years, we will have to find out a similar package within such a short time. I will not go into much detail. We have gone to the whole terrain and the whole budget.

At this moment, while many things have been said, forebedings have been predicted about future. I do not say that we do not have to attend to things here but let us see the strength of our economy. Our foodgrain stocks are ample. industrial growth has picked up. Last figure that came was about seven per cent. Infrastructural performance has improved. The resilience of the Indian economy has been shown. While many economies and the stronger economies in the developed countries were in recession, at that very time, the Indian economy has shown growth. So, these are factors which should not run down our country all the time.

Now I come to the inflation rate. When we introduced the budget last year, it was mentioned that the deficit too large, it is yet to unfold itself, and by the time we will reach the end of the year, it will be doubled. Instead of becoming double, it has become half of the previous year. The figure 'two' was correct. Only you wanted the multiplier, it has become the divider. The figure 'two' is absolutely correct. So, in



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in spite of that I say from 1950-51 to 1984-85, on constant prices, the real income, after discounting for inflation, has doubled. That is the economic truth. And if you see this, many people compare with Hong Kong, Taiwan, and one foreign journalist, when I was abroad, mentioned this: "Why does not India adopt a policy of growth like some of the countries?" They mentioned; I need not mention. I said, "You put two conditions and then compare India: That the burden of defence of the country should be on the resources of that country and that there should be true democracy. You put these two tests and then compare the performance of India whether any country comes on it. With foreign forces stationed on the soil of the country, that burden you have passed on, or given up your independence of protecting yourself and then you say I have got growth and development."

If we see the performance of our economy, between 1981-85, the annual average growth rate of the world economy was 2.37 per cent, of developing countries 2.19 per cent of India 5 per cent. So, this is the comparison and what the Government and the people have jointly done.

The other thing that comes is it is an annual feature. I think no debate on the budget or the Finance Bill would have passed through this House without discussing deficit and saying it is too large. I think it is an annual feature like *Ramlila samvad*. When it comes from one side, this is passed, and the answer is given. But it is time to look what we should be looking for.

Why are we worried about deficit? Because it will increase money supply and, therefore, exert a pressure on prices. Had this element not been there of the pressure on prices, nobody would have bothered about deficit. It is because we have this. Now, apart from budget deficit which goes to the money supply is RBI holdings on long-term securities, of RBI's net foreign exchange reserve, of RBI's credit to commercial and development banks and RBI's net monetary liability. All these various factors

are there. Now, by controlling these and a combination of these, we can still control the money supply and its impact on prices. It is, therefore, last year with the tight money supply and in spite of the deficit which was being decried, the rate of money growth was only 17 per cent. It could be checked and we could manage the economy in a sound way. And then, we should know what to compare with. We should compare our deficit of this year to previous year and if it has grown, we say that too large a deficit has grown. But comparison of the deficit of this year to previous year is valid if the economy is the same. But this year's economy is not the same as of the last year. So, this comparison is not valid. What should deficit be compared with is the total GDP as a percentage or as a percentage of total money supply. That is the valid comparison and if we compare that, then the deficit in 1979-80 which was Rs. 2427 crores was a larger deficit than of 1985-86 which was Rs. 4,490 crores. That Rs. 2,427 crores was a larger deficit than Rs 4,490 crores because if we compare in GDP terms that amount of Rs. 2,427 crores was 2.3 per cent of the GDP as a deficit while the amount of Rs. 4,490 crores in 1985-86 is only 1.9 per cent of the GDP and as a percentage of M-3 the deficit of 1979-80 which in monetary terms look small was 6.1 per cent of M-3, while in 1985-86 in larger monetary terms the deficit is only 4.4 per cent of M-3. So, the impact of this on inflation which numerically looks so larger a deficit is smaller than the earlier deficit. So, this is the true economic relationship we will be showing and the percentages we shall be looking for rather than very crude form of this year's deficit, and then you compare one with the other because even the village tailor has got this commonsense that when the child will grow, the coat will grow, when the economy will grow, the deficit size will also grow. So, in order that it should also fit he also tucks in some cloth in the arms and so on and say, 'Next year I will expand it'. So, this is the relationship and we should know what to compare with what:

SHRI C. MADHAV REDDI: Do you mean to say that it should not have patches?

**SHRI VISHWANATH PRATAP SINGH :** No. By this I am not saying that, by any cause I do not want to give the impression that the Government should be negligent about it or just take a very rosy picture and go on printing money, that is not what I am saying. But I am just trying to correct the perspective of comparisons and economic valuations and the further effect of seriousness of the matter, taking this to have the control of deficit, what we are doing internally is we are trying it for the first time to have monetary targets, of money supply, of net RBI credit to Government and also what credit the banks have given to States etc. and we have set targets internally. In fact it will be coming to Cabinet every month for review. It will be a very tight review. So, the Government is aware of it and this is the first time we are experimenting to keep a tight control over the economy. So we are doing it and we are adopting from next year the economic definition of deficit. The budgetary deficit that we present, in fact, does not give the full picture, we draw from the Reserve Bank plus the budgetary deficit, that is the true deficit. So, from next year, this curtain also, we will be removing and presenting the true economic deficit of the country. So, here we can share. There is no question of hiding a fact which we are facing.

Now, on the long-term fiscal policy much has been said and perhaps Shri Somnathji said, you have bound yourself that you are not going to raise the taxes. And other Members also from the opposite Benches said, because you cannot raise taxes, you cannot increase borrowings, you increase prices. So, now you are bound yourself so much that you would not have any flexibility. So, first I will read out the text itself, how much we are bound. If you see para 5.19 that says. "The rates of corporate taxation will not be reduced further". That is the long-term fiscal policy. I am quoting the text. I do not know how it is read. Some-how, there is a bias in it. I mean, if the spectacles are coloured, that is a different thing. I am just quoting this to show the bias and how it is presented. I read it again for your benefit.

"The rate of corporate taxes will not be reduced further."

**SHRI SOMNATH CHATTERJEE :** Direct Taxes chapter, you read.

**SHRI VISHWANATH PRATAP SINGH :** All right. I am coming to direct taxes. Corporate taxation is direct taxes. Now coming to personal income-tax, here we have said, in para 5.4 :

"Government intends to keep the present rate schedules of tax on personal income and wealth unchanged for a minimum period of..."

But on corporate tax, we have said, we have not reduced it further. But on this we will keep it unchanged.

**SHRI BASUDEB ACHARIA :** It should be increased.

**SHRI VISHWANATH PRATAP SINGH :** Yes, I hold my ground. Here, I want the debate to be sharper and sharper, focussing precisely.

**SHRI SOMNATH CHATTERJEE :** But in corporate...

**SHRI VISHWANATH PRATAP SINGH :** That I will come. I will answer each point. Now, what has happened? We reduced the taxation on personal income-tax. And on personal income-tax compared to last year, there has been a rise of 43 per cent. Have you ever heard a rise of personal income tax to the tune of 43 per cent? Do you want the rate or do you want the tax?

**SHRI SOMNATH CHATTERJEE :** Both.

**SHRI VISHWANATH PRATAP SINGH :** I want the tax. Do you want the rate? I have got my tax.

**SHRI SOMNATH CHATTERJEE :** Without increasing the rate, how long will you carry on? Is it one-time recovery?

**SHRI VISHWANATH PRATAP SINGH :** I have increased my base already. Now, on this base, my expansion will go from year to year. My field has been increased. My crop will come larger and larger.

**SHRI V. KISHORE CHANDRA S. DEO :** Out of this 43 per cent, how much is due to voluntary disclosure ?

**SHRI VISHWANATH PRATAP SINGH :** I do not know. Let me take it to the more serious side of the thing. Of course, this is point-to-point answer. You are concerned about it. You are concerned about it...because you feel that the resource gap we have, will not be able to fulfil. Therefore, it is a bondage. Therefore, there is a substance in your objection, which I see, any way, this is not a constraint. It is because, we have any-way got more and by this process, we have got more. But what is the solution for all the problems that we are facing ? Your solution is, you increase this, we will solve the problem. And what is the solution ? Now, the base 1985-86, if you see the revised estimate, from direct taxes, we have got Rs. 5,515 crores. Say, we raise the tax by 10 per cent. We forget the long-term fiscal policy, as has been suggested, it is scrapped. This has been suggested. We will rise it by 10 per cent. What we will get more—Rs. 550 crores. Rs. 550 crores—say Rs. 200 crores on personal tax and Rs. 300 crores on corporate tax, broadly. Out of Rs. 200 crores personal income tax, 85 per cent goes to States. Rs. 30 crores will be left here.

**SHRI SOMNATH CHATTERJEE :** States will get it.

**SHRI VISHWANATH PRATAP SINGH :** You will get it but you are dealing with deficit of the Central Budget which we are debating. So, I am coming to that issue.

**SHRI SOMNATH CHATTERJEE :** Under the Constitution.

**SHRI VISHWANATH PRATAP SINGH :** Yes, under the Constitution. It is good. I do not grudge it. I will sweat more to get it for the States because they are not separate. They are part of the country. (*Interruptions*). But I am coming to the economic issue of the Central Budget which we are debating.

My friends have suggested, scrap the long-term fiscal policy. You increase by 10 per cent, you will get Rs. 550 crores. Out of this Rs. 200 crores personal tax, Rs. 30 crores we will get which we put here. Out of Rs. 350 crores we get on the corporate side, 50 per cent is paid by the public sector and out of Rs. 350 crores, half of it would be Rs. 175 crores. Rs. 175 crores plus Rs. 30 crores would be Rs. 205 crores. Rs. 205 crores is the worth of their suggestion to meet a deficit of Rs. 4,000 crores. So, their advice is not even worth say half, not even worth 1/10th. So, let us not have such solutions which are neither here nor there. Let us address ourselves more seriously rather than go in for catch words which the public will have impression that this has happened and that has happened.

**SHRI SOMNATH CHATTERJEE :** This calculation is really MADVAT !

**SHRI VISHWANATH PRATAP SINGH :** Somnathji, even what we have given to the States, you raised the point. Now, the budget estimates for 1985-86 was Rs. 1,338 crores. As States share, we have been able to give Rs. 1,846 crores, that is, Rs. 508 crores more to the States.

We will make an effort and give because what is Centre and State, after all ? It is one whole. Tell me one investment of the State which will not benefit the country. Tell me one beneficiary.

**SHRI SOMNATH CHATTERJEE :** That is the attitude which we want you to take.

**SHRI VISHWANATH PRATAP SINGH :** There is not one beneficiary of Central expenditure who does not belong to some State. In fact, the Constitutional

division is for certain functions. Central Government—Defence, Communication, Railways, etc., States—Education, Agriculture etc. Both are important. No one is less important than the other. In fact, it is not a problem of resources with the States. In the Sixth Plan, in almost every State, it goes to the credit of the Chief Ministers that they not only fulfilled but over-fulfilled the targets. Exceptions I am leaving out which Mamataji can deal with. I am not dealing with exceptions. Every one fulfilled, not only fulfilled, but over-filled the targets of additional resource mobilisation in the Sixth Plan.

SHRI SOMNATH CHATTERJEE : And India benefited.

SHRI VISHWANATH PRATAP SINGH : There is no dearth of resources in the States. The problem is erosion of States' resources which is taken away by Electricity Boards, State Transport etc etc. If that is true...

SHRI SOMNATH CHATTERJEE : DTC.

SHRI VISHWANATH PRATAP SINGH : Then let us search our hearts. Do we want to under-write the mismanagement of the States where the resources go and to take it to carve it out from our defence and our public sector infrastructural investments and curb them down and then support what is being wasted? We have to give real, honest, answer to this and that is how we should pose the State-Centre issues. In fact, the formula by which transfers take place has been fairly constant. If we take the total revenues of the States and Centre, on the total revenues, the State revenues have gone up in the years and the Central revenues as a proportion has come down and it has maintained the present formula, somewhere about 30-33 per cent transfers have taken place. Let us be fair to it. So let us be fair because I am concerned as this projects such a demaging picture which strikes at the fabric of the perception of our national unity when we pose the question in this format and in this formulation.

About indirect taxes the point has been made. We have in our long-term fiscal policy said that as a proportion of the GDP we will increase the proportion with regard to direct taxes. This year's realisation has improved and the percentage is higher than that of last year's. So far as indirect taxes are concerned, it is not unusual for any developing country. The base of direct taxes is small. Agriculture is out. Self-employed people—how much are there in the tax net? And when the income itself is low, what we get is small and many developing countries have this problem. Then indirect taxes have grown in proportion because when industry grows, you put excise duty. When it comes to customs, it is not only revenue earned; we have the objects of protecting the indigenous industry and when we use customs duty for that purpose, if you say that in proportion to direct taxes, they have gone up, then it is not only revenue to revenue you are comparing but there are other purposes also like indirect taxation which you take care of. Of course, on food and fertilisers and many other things we do spend and on that expenditure said there is progressivity in the system. That is what we are looking for in the total system—whether it is progressive. So on the expenditure side we do take care to see that the system is progressive.

Mr. Ram Singh Yadhav mentioned about the expenditure. I think he made a very important point so far as Finance Ministry is concerned. This is where I would like a debate in the Parliament because there are many difficult areas where our political perceptions have to be clarified and also the political support. If you see the Budget at a glance, we have attempted to give a four year phasing upto 1990 of every Ministry—the expenditure on the Plans. But not only the plan side but we have to take a long term view of the non-plan side also because I do not quite feel very easy with this nomenclature of plan and non-plan. In fact everything should be plan; non-plan cannot be unplan. In fact when expenditure on Defence is there, it cannot be an unplan expenditure. We can have a nomenclature of developmental obligatory subsidy, something like that. That could have been a better heading. But anyway it has come by convention. In this area now subsidies are essential. In a way there is a group of people to whom the



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present system does not deliver the resources. If the whole system was just, then resources would have flowed to those people who work at the lowest level. Therefore, it is necessary to take the resources from one place and deliver it directly there. That is why the rationale of subsidy is there. But, at the same time, the rate at which subsidy is growing now is a thing to be seen. For the last three years it has grown at the rate of 40 per cent. And if the same rate of growth is maintained, then in five years we would have spent Rs. 40,000 crores which is equivalent to 2 annual budgets of the Centre and which is equivalent to the cost of one primary school and one tubewell in every village of this country. So, while it is necessary to maintain the subsidy, at the same time, when subsidy starts cutting into investments, core investments, then there will be a time as less, if core investments do not take place now five years later perhaps because of shortage of power, because of shortage of irrigation, because of shortage of transport and communications, the whole price spiral will go up and the poor may have to pay more. So, where to strike the balance? We will need both. Where to strike the balance? There will always be a debate on both sides, and it is here that I will seek the indulgence of the House for guidance and also support—here the balance is to be struck and within these limits this has to be done.

I concede, a lot of overheads in the various Corporations and expenditures have to be slashed, and I assure you that we will do our best to slash those expenditures that are there. No one should pay that; nor should we pass it on to the people.

**SHRI PRIYA RANJAN DAS MANSI** (Howrah) : The Chairman and executives of the public sector undertakings are wasting money like anything.

**SHRI VISHWANATH PRATAP SINGH** : Mr. Indrajit Gupta yesterday asked a question...

**SHRI SOMNATH CHATTERJEE** : The DVC Chairman draws Rs. 8000/- every

month as travelling allowance. I have written to the Prime Minister on this.

**SHRI VISHWANATH PRATAP SINGH** : There is no question of supporting overheads which are not justified.

**KUMARI MAMATA BANERJEE** : The DPE Chairman is wasting money, not DVC Chairman. *(Interruptions)*

**SHRI VISHWANATH PRATAP SINGH** : You have got a direct hot-line—there is a direct hot-line.

For instance, yesterday, Mr. Indrajit Gupta raised a very straight question and a very valid question that, for Pay Commission, we had not provided in the Budget; he asked, "What are you going to do about it?". Yes, we did not provide because we had no idea what dimension it will come to. But the question he raised is valid. Now, you say : "Do not raise indirect taxes; that is inflationary". All the debate is here. Then you say; "Do not raise administered prices". I will not do it. Okay. Then you say : "Do not raise the deficit; do not raise loans". "Yet, pay the Pay Commission thing". How?

**SHRI NARAYAN CHAUBEY** : You say.

**SHRI VISHWANATH PRATAP SINGH** : You tell me. Let us address ourselves more seriously to the issue.

[*Translation*]

**SHRI NARAYAN CHAUBEY** : You are '*VISHWA PRATAP*' (the glory of whole world)

[*English*]

**SHRI VISHWANATH PRATAP SINGH** : It is all right. I am ready to carry the burden. I will share it. I do not fight shy of it. But let us apply our minds to them. These are problems where we have to put our heads together. I am putting it before

you. This is the problem. I will come to this also.

Another area was balance of payments; it was raised by various Members, Mr. Murli Deora and also Mr. Chintamani Panigrahi raised this issue...

**SHRI BASUDEB ACHARIA :** It was raised from both sides of the House.

**SHRI VISHWANATH PRATAP SINGH :** This is a very important issue—on balance of payments. Here I must reemphasize that self-reliance and import substitution has to be the hub of our economy, and any liberalisation has to sub-serve the purpose of substitution. It has been the strength of our economy. That is why in this Mr. Murli Deora asked me. In capital goods, we did, in project imports to protect our capital goods industry, raised the customs duties. It was 65 per cent earlier for project imports. We brought it down to 45 per cent. It was too deep a cut, we felt; and we brought it back to 55 per cent. Individual items, we can look into; that I can see where is the weakness. And for this purpose what we have done in bulk items of our imports is this. Mr. Manoj Pandey and Mr Yadav mentioned about our policy on edible oil. Now the strategy we have adopted, I am sure, it may cause some problem for two-three years but after two-three years this country has to get out of the problem of import worth thousands of crores of edible oil. It will give the farmer livelihood and economic freedom to the country. Look to the changes in the sugar policy; Last year what was the position when we were debating sugar prices? For the farmer we assured sugarcane prices and hiked it up. We announced another hike for two years. So by rational changes it is not that bad as was last year. So on bulk item of imports we are taking into and on exports we have to make a major thrust.

The other area is of foreign loans. Here I want to make it clear that we may undergo any suffering but we shall not walk into a debt trap. It is very easy to take IMF loan and manage the economy. Perhaps I can do it and you will say, "A very good Finance

Minister. There is no tax. There is no administered price rise."

**SHRI BASUDEB ACHARIA :** That is what you did.

**SHRI VISHWANATH PRATAP SINGH :** We have used them knowing very well. Today because we do not have a debt India could stand up in the international forum and say we resist the conditionality that is being increased by the world Bank...

**SHRI SOMNATH CHATTERJEE :** You are supporting us now.

**SHRI VISHWANATH PRATAP SINGH :** It is the national government that has to take. In this debate in Washington I took this position when for African countries in the transfer of funds the conditionalities of the World Bank and IMF were sought to be increased. I asked a very frank and blunt question. I said when a national Government adopts a wrong policy in a democracy the people take care of it when elections come. Even when there is not a democracy some day or the other people do take account when the Government follows a wrong policy. In U. S. if a doctor gives a wrong advice there is a big law to take compensation or if a doctor gives a wrong medicine there is a big compensation. In the Development Board itself I said if you give wrong advice and it goes wrong who is accountable? I am asking a moral question and a political accountability question. I want an answer. I did not get any answer. But the Managing Director of IMF, who is from France, did say that policy acceptance is the prerogative of the national government, at least officially on record it had to be confessed because they cannot be uniform.

The same way they were putting that the Committee takes cognizance or recognised that foreign private investments are conducive to development. I put the words 'and public investment'. Well that was quite a shock there. So in compromise they had to drop the word 'important'. This is one thing which is dangerous. The developing world should be united and on this more economic coordination and trade and solidarity of the developing world is very very necessary.

[Shri Vishwanath Pratap Singh]

I will not go into the smaller points. We have answered those on many an occasion. About sick units as DFIR is coming I am skipping all the points. I want to make some announcements. Prof. Dandavate is not here. He mentioned about French coffee which is mixed with coffee and chicory. It is not from France. He recommended exemption and that I have a cup of coffee and then see whether it is good or not.

MR. DEPUTY SPEAKER : Have you tasted ?

SHRI VISHWANATH PRATAP SINGH : Anyway I have not tasted it but we have decided to give small scale exemption to it. This French Coffee is mixture of chicory and coffee powder. There is a small sector in this.

I had announced in my Budget Speech the increase in the rate of interest on Public Fund to 12 per cent per annum from 1st April, 1986. I propose to make certain further liberalisations in the scheme to induce large savings. The limit of subscriptions in a year is being raised from Rs. 40,000 to Rs. 60,000. Public Provident Fund facility is now available only to individuals and HUF. I propose to throw it open to all categories of persons. At present a subscriber is entitled to make only four withdrawals from 6th to 15th years. I propose to permit one withdrawal per year during this period. Presently the family of the subscriber is put to hardship in cases where the subscriber dies without making any nomination as production of succession certificates, etc. is time consuming. I propose to make provision for payment of balance upto Rs. 1 lakh in such cases to the legal heirs on the basis of affidavits.

Mohair top and yarn have now been fully exempted from excise duty. Mr. Indrajit Gupta had raised a point regarding duty on spectacles. I may inform the house that the spectacle frames are exempted from duty. I am informed that he was not properly informed. So, Sir, I have tried to answer the general points as well as specific points. Once again, I thank the Hon. Members and

look forward to their continued indulgence and support.

KUMARI MAMATA BANERJEE : What about the Peerless matter ?

SHRI VISHWANATH PRATAP SINGH : You have mentioned that. We will have a meeting.

MR. DEPUTY SPEAKER : The question is :

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

*The motion was adopted*

MR. DEPUTY SPEAKER : We will now take up Clause by Clause consideration of the Bill. Clause 2.

The question is :

“That Clause 2 stand part of the Bill”

*The motion was adopted*

Clause 2 was added to the Bill

Clauses 3 to 5 were added to the Bill.

Clauses 6—Amendment of section 24

Amendment made

“Page 5, after line 23, insert—

“Provided that nothing in this sub-section shall apply to the allowance of a deduction under clause (vi) of sub-section (1) of an amount not exceeding five thousand rupees in respect of the property of the nature referred to in sub-clause (i) of clause (a) of sub-section 2 of Section 23.(14)

(Shri Vishwanath Pratap Singh)

MR. DEPUTY SPEAKER : The question is :

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

*The motion was adopted.*

Clause 6, as amended was added to the Bill.

Clause 7—Amendment of section 32A

Amendment made

"Page 5, line 45, for "No deduction", substitute—

"Subject to the provisions of clause (ii) of sub-section (3), no deduction". (15)

(Shri Vishwanath Pratap Singh)

MR. DEPUY 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.

Clause 8—Insertion of new section 32 AB

Amendments made

Page 6, lines 7 and 8, for "ship, aircraft, machinery or plant", substitute "new ship, new aircraft, new machinery or plant". (16)

Page, 6 lines 9 and 10, for "a scheme to be framed by the Central Government (hereafter in this section referred to as the scheme)", substitute "a scheme (hereafter in this section referred to as the scheme) to be framed by the Central Government, or if the assessee is carrying on the business of growing and manu-

facturing tea in India, to be approved in this behalf by the Tea Board". (17)

Page 6, for lines 17-19, substitute—

"2. For the purposes of this section.

(i) "eligible business or profession" shall mean business or profession, other than "—" (18)

Page 6, line 20, for "(F)" substitute "(a)". (19)

Page 6, line 23, for "(c)", substitute "(b)" (20)

Page 6, after line 26 insert—

(ii) "new ship" or "new aircraft" or "new machinery or plant" shall have the same meanings as in the Explanation to clause (vi) of sub-section (1) of section 32. (21)

Page 6, for lines 27 to 32, substitute

"(3) The profits of eligible business or profession of an assessee for the purposes of sub-section (1) shall,

(a) in a case where separate accounts in respect of such eligible business or profession are maintained, be an amount arrived at after deducting an amount equal to the depreciation computed in accordance with the provision of sub section (1) of section 32 from the amounts of profits computed in accordance with the requirements of Parts II and III of the Sixth Schedule to the Companies Act, 1956 as increased by an amount equal to the depreciation. If any, debited in the audited



[Shri Vishwanath Pratap Singh]

Profit and Loss Account  
and

- (b) in a case where such separate accounts are not maintained or are not available be such amount which bears to the total profits of the business or profession of the assessee after allowing depreciation in accordance with the provisions, of sub-section (1) of section 32, the same proportion as the total sales turnover or gross receipts of the eligible business or profession bear to the total sales, turn-over or gross receipts of the business or profession carried on by the assessee". (22)

Page 6, line 42 omit "Where the assessee is a person, other than a Company or a co-operative society". (23)

Page 6, after line 47, insert—

'Provided that in a case where the assessee is required by or under any other law to get his accounts audited it shall be sufficient compliance with the provision of this sub-section if such assessee gets the accounts of such business or profession audited under such law and furnishes the report of the audit as required under such other law and a further report in the form prescribed under this sub-section". (24)

Page 7, for lines 35,36 and 37 substitute—

- (10) No deduction shall be allowed under this section in the case of an assessee who has claimed the deduction allowable under section 33 AB.

Explanation—In this section,—

- (a) "computers" does not include calculating machines and calculating devices;

- (b) "Development Bank" means—

(i) in the case of an assessee carrying on business of growing and manufacturing tea in India, the National Bank for Agriculture and Rural Development established under section 3 of the National Bank for Agriculture and Rural Development Act, 1981;

61 of 1981

18 of 1964

- (ii) in the case of other assesseees, the Industrial Development Bank of India established under the Industrial Development Bank of India Act, 1964, and includes such bank or institution as may be specified in the scheme in this behalf. (25)

...Shri Vishwanath Pratap Singh

MR. DEPUTY SPEAKER : The question is :

"That clause 8, as amended, stand part of the Bill."

*The motion was adopted.*

Clause 8, as amended, was added to the Bill.

Clause 9 to 16 were added to the Bill.

Clause 17—Amendment of section 80 GG

Amendment made

Page 9, after 11, insert

- (b) in the proviso, in clause (ii), for the words, brackets and figures "under clause (i) or, as the case may be, clause (ii) of sub-section

(2)", the words, brackets, figures and letters "under sub-clause (i) of clause (a) or, as the case may be, clause (b), of sub-section (2)" shall be substituted. (26)

Page 9, line 12, for "(b)", substitute "(c)". (27).

—Shri Vishwanath Pratap Singh

MR. DEPUTY SPEAKER : The question is :

"That clause 17, as amended, stand part of the Bill."

*The motion was adopted.*

Clause 17, as amended, was added to the Bill.

Clause 18 to 20 were added to the Bill.

Clause 21, Omission of Section 80 M

Amendment made

Page 9, for lines 35 and 36, substitute—

Substitution of new section for section 80M 21. For section 80M of the Income-tax Act, the following section shall be substituted, with effect from the 1st day of April, 1987, namely :-

Deduction in respect of certain inter-corporate dividends. "80M. Where the gross total income of an assessee, being a domestic company, includes any income by way of dividends from a domestic company, there shall be allowed, in computing the total income of the assessee, a deduction from such income by way of dividends of an amount equal to sixty per cent of such income." (28)

—Shri Vishwanath Pratap Singh

MR. DEPUTY SPEAKER : The question is :

"That Clause 21, as amended, stand part of the Bill."

*The motion was adopted.*

Clause 21, as amended, was added to the Bill.

Clause 22 was added to the Bill.

Clause 23, Amendment of Section 80 T

Amendments made

Page 9, line 47, after "or any rights in buildings or lands", insert "or gold, bullion or jewellery". (29)

Page 9, after line 50, insert—

"(iii) the second proviso shall be omitted." (30)

—Shri Vishwanath Pratap Singh

MR. DEPUTY SPEAKER : The question is :

"That clause 23, as amended, stand part of the Bill."

*The motion was adopted.*

Clause 23, as amended, was added to the Bill.

Clause 24 to 26 were added to the Bill.

Clause 27—Insertion of new Section 133 B

Amendments made

Page 10, line 27, omit "relating to any person". (31)

Page 10, for lines 33-40, substitute—

"at which a business or profession is carried on, whether such place be the principal place or not of such business or profession, and require any proprietor, employee or any other person who may at that time and place be attending in any manner to, or helping in, the carrying on of such business or profession to furnish such information as may be prescribed.

[Shri Vishwanath Pratap Singh]

(2) An Income-tax authority may enter any place of business or profession referred to in sub-section (1) only during the hours at which such place is open for the conduct of business or profession. (32)

—Shri Vishwanath Pratap Singh

MR. DEPUTY SPEAKER : The question is :

“That Clause 27, as amended, stand part of the Bill.”

*The motion was adopted.*

Clause 27, as amended, was added to the Bill.

Clauses 28 to 32 were added to the Bill.

Clause 33—Amendment of Section 269C

Amendment made

Page 11, for lines 33-36, substitute—

Insertion of new section 269RR “33. In the Income-tax Act, after section 269R, the following section shall be inserted with effect from the 1st day of October, 1986, namely :-

Chapter not to apply where transfer of immovable property made after a certain date. “269RR. The provisions of this Chapter shall not apply to or in relation to the transfer of any immovable property made after the 30th day of September, 1986.” (33)

—Shri Vishwanath Pratap Singh

MR. DEPUTY SPEAKER : The question is :

“That Clause 33, as amended, stand part of the Bill.”

*The motion was adopted.*

Clause 33, as amended, was added to the Bill.

Clause 34—Insertion of New Chapter XXC

Amendment made

Page 16, line 16 for “or”, substitute “and” (34)

—Shri Vishwanath Pratap Singh

MR. DEPUTY SPEAKER : The question is :

“That Clause 34, as amended, stand part of the Bill.”

*The motion was adopted.*

Clause 34, as amended, was added to the Bill.

Clause 35 to 38 were added to the Bill.

Clause 39—Consequential amendments

Amendments made

Page 17, omit lines 31, 32 and 33. (35)

Page 17, line 34, for “(d)”, substitute “(b)” (36)

Page 17, line 38 for “clause (xxiv) and (xxv)” substitute “clause (xxiv)” (37)

Page 17, for line 39, substitute—

(c) in section 197,—

(i) in sub-section (1), in clause (a), the figures and letters “194B, 194BB” shall be omitted.

(ii) sub-section (3) shall be omitted. (38)

Page 17, line 40, for “(f)”, substitute “(d)”. (39)

—Shri Vishwanath Pratap Singh

MR. DEPUTY SPEAKER : The question is ;

"That Clause 39, as amended, stand part of the Bill."

*The motion was adopted.*

Clause 39, as amended was added to the Bill.

Clause 40 to 56 were added to the Bill.

The First Schedule and the Second Schedule were added to the Bill.

### THIRD SCHEDULE

#### Amendments made

Page 38 for lines 18 and 19 substitute—

(a) in NOTE 2, for clauses (b) and (c) the following clauses shall be substituted, namely :-  
" (b) Ethyl alcohol;

(c) Methane or propane (Chapter 27)". (40)

Page 38, for lines 30 and 31, substitute—  
(14) in Chapter 30,—

(a) in the NOTES,—

(i) in NOTE 2, in sub-clause (b) of clause (i) after the words "suitable for such uses", the words, "put up in measured does or in packings for retail sale or for use in hospital" shall be inserted;

(ii) in NOTE 6 for the words "with an added diluent" the words "with pharmaceutical necessities such as added diluent" shall be substituted;

(b) in sub-heading Nos. 3003 19, 3004.00 3005.20 and 3005.90 for the entry in column (4) the entry "15%" shall be substituted; (41)

Page 39 for line 31 substitute—

(a) in NOTE 5, in clause (i) for the words and figures "Products of Chapter 15 and 34", the words and figures "Products of Chapter 15 and heading No. 34.02" shall be substituted; (42)

(b) in sub-heading No. 3401.20 for the entry in column (4) the entry "20%" shall be substituted;

Page 39, line 32 for "(b)" substitute "(c)" (43).

Page 39, line 33, for "c", substitute "(d)". (44)

Page 39, line 34, for "(d)" substitute "(e)". (45)

Page 39, line 35 for "e", substitute "(f)". (46)

Page 39, line 37, for "(f)", substitute "(g)" (47)

Page 40, line 20, omit "4002.00,".(48)

Page 41, after line 32, insert—(49)

"(f) in heading No. 52.09, in column (3), for the words, brackets and figures "CONTAINING (i) COTTON, AND (ii) POLYESTER STAPLE FIBRE (WHETHER OR NOT CONTAINING POLYESTER FILAMENT YARN BUT NOT ANY OTHER TEXTILE MATERIAL", the words, brackets and figures, "CONTAINING (i) COTTON AND (ii) POLYESTER STAPLE FIBRE OR POLYESTER FILAMENT YARN, OR BOTH (NOT CONTAINING ANY OTHER TEXTILE MATERIAL)" shall be substituted;

Page 41, line 51, for "5504.21," substitute "5502.00, 5504.21"; (50)



Page 41, after line 59, insert—

- (b) in heading No. 55.12, in column (3), for the words, brackets and figures "CONTAINING (I) COTTON, (II) POLYESTER STAPLE FIBRE, (III) RAMIE OR ANY ONE OR MORE OF ARTIFICIAL STAPLE FIBRES" the words, brackets and figures "CONTAINING (I) POLYESTER STAPLE FIBRE AND (II) ANY ONE OR MORE OF THE FOLLOWING FIBRES, NAMELY, COTTON, RAMIE, AND ARTIFICIAL STAPLE FIBRES" shall be substituted; (51)

Page 42, for lines 12-15, substitute—

- (b) in heading Nos. 59.03, in column (3), the brackets, word and figures "(Chapter 52)" shall be omitted;
- (c) in sub-heading No. 5903.19, for the entry in column (4), the entry "30% plus Rs. 6 per square metre plus the duty for the time-being leviable on base fabrics, if not already paid" shall be substituted;
- (d) after sub-heading No. 5903.19 and the entries relating thereto, in column (3), in the portion occurring before sub-heading No. 5903.21, the brackets, words and figures "(Chapter 54 or Chapter 55)" shall be omitted.
- (e) in sub-heading No. 5903.29, for the entry in column (4), the entry "30% plus Rs. 7.50 per square metre plus the duty for the time-being leviable on base fabrics, if not already paid" shall be substituted; (52)

Page 42, line 16 for "(d)" substitute "(f)" (53)

Page 42, line 18, for "(e)" substitute "(g)" (54)

Page 44, omit line 15. (55)

Page 44, line 16, for "(s)" substitute "(r)" (56)

Page 44 line 17, for "(t)" substitute "(s)". (57)

Page 46, after line 18, insert— (58)

- (6) in Chapter 27, for heading No. 27.07, the following heading shall be substituted, namely :—

"27.07 OILS AND OTHER PRODUCTS OF THE DISTILLATION OF HIGH TEMPERATURE COAL TAR; SIMILAR PRODUCTS IN WHICH THE WEIGHT OF THE AROMATIC CONSTITUENTS EXCEEDS THAT OF THE NON-AROMATIC CONSTITUENTS

2707.10 — Benzole	Rs. 2750 per kilolitre at 15°C
2707.20 — Tolbule	Rs. 2750 per kilolitre at 15°C
2707.30 — Xylole	Rs. 2750 per kilolitre at 15°C
2707.40 — Naphthalene	12%
2707.50 — Phenols	15%
2707.60 — Creosote oils	Rs. 200 per kilolitre at 15°C
2707.90 — Other	Rs. 2750 per kilolitre at 15°C.

Page 46, line 19, for "(6)" substitute "(7)". (59)

Page 46, line 21, for "(7)" substitute "(8)". (60)

Page 46, line 37, for "(8)" substitute  
"(9)" (61)

Page 46, line 41, for "(9)" substitute  
"(10)" (62)

Page 47, for lines 8 and 9 substitute—  
(11) in Chapter 40,—

- (a) for heading No. 40.01, the following heading shall be substituted, namely :

"40.01 4001.00 NATURAL RUBBER, BALATA, 15% GUTTA PERCHA, GUA-YULE, CHICLE AND SIMILAR NATURAL GUMS IN PRIMARY FORMS OR IN PLATES, SHEETS OR STRIPS

- (b) for sub-heading No. 4009.93 the following sub-heading shall be substituted, namely :

"4009.92—Designed to perform the function of conveying air, gas or liquid. (63) 30%"

Page 47, line 10, for "(11)" substitute "(12)" (64)

Page 47, line 19, for "(12)" substitute "(13)" (65)

Page 48, line 13, for "(13)" substitute "(14)" (66)

Page 48, line 15, for "(14)" substitute "(15)" (67)

Page 48, line 43, for "(15)" substitute "(16)" (68)

Page 49, line 27, for "(16)" substitute "(17)" (69)

Page 49, line 29, for "(17)" substitute "(18)" (70)

Page 50, line 7, for "(18)" substitute "(19)" (71)

Page 50, line 17, for "(19)" substitute "(20)" (72)

Page 50, line 24, for "(20)" substitute "(21)" (73)

Page 50, line 42, for "(21)" substitute "(22)" (74)

Page 51, line 11, for "(22)" substitute "(23)" (75)

Page 51, line 40, for "(23)" substitute "(24)" (76)

(Shri Vishwanath Pratap Singh)

MR. DEPUTY SPEAKER : The question is :

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

*The motion was adopted*

The Third Schedule, as amended, was added to the Bill.

#### FOURTH SCHEDULE

##### Amendments made

Page 52, lines 21, 23 and 22, substitute—

- (3) in sub-heading Nos. 5206.31, 5206.32, 5206.33, 5206.34, 5206.35, 5206.36, 5206.37, 5206.38, 5206.39 and 5206.90, for the entry in column (4) the entry "10 per cent plus Rs. 5 per square metre" shall be substituted;

- (4) in heading No. 52.09, in column (3), for the words, brackets and figures, "CONTAINING (i) COTTON, AND (ii) POLYESTER STAPLE FIBRE (WHETHER OR NOT CONTAINING POLYESTER FILAMENT YARN BUT NOT ANY OTHER TEXTILE MATERIAL)" the words, brackets and figures "CONTAINING (i) COTTON AND (ii) POLYESTER STAPLE FIBRE OR POLYESTER FILAMENT YARN, OR

BOTH (NOT CONTAINING ANY OTHER TEXTILE MATERIAL)" shall be substituted;

- (5) in sub-heading Nos. 5209.11, 5209.21 and 5210.10, for the entry in column (4), the entry "10 per cent plus Rs. 5 per square metre" shall be substituted; (77)

Page 52, line 24, for "(4)" substitute "(6)" (78)

Page 52, lines 26 and 27, substitute

- (7) in sub-heading Nos. 5508.10, 5508.20, 5508.30, 5508.40, 5508.50 and 5511.11 for the entry in column (4) the entry "10 per cent plus Rs. 5 per square metre" shall be substituted;

- (8) In heading No. 55.12, in column (3) for the words, brackets and figures "CONTAINING (i) COTTON, (ii) POLYESTER STABLE FIBRE AND (iii) RAMIE OR ANY ONE OR MORE OF ARTIFICIAL STAPLE FIBRES" the words, brackets and figures "CONTAINING (i) POLYESTER STAPLE FIBRE AND (ii) ANY ONE OR MORE OF THE FOLLOWING FIBRES NAMELY, COTTON, RAMIE, AND ARTIFICIAL STAPLE FIBRES" shall be substituted;

- (9) In sub-heading No. 5512.11, for the entry in column (4) the entry "10 per cent plus Rs. 5 per square metre" shall be substituted; (79)

Page 52, line 28, for "(6)" substitute "(10)" (80)

Page 52, line 30, for "(7)" substitute "(11)" (81)

(Shri Vishwanath Pratap Singh)

18.00 hrs

MR. DEPUTY SPEAKER : The question is :

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

*The Motion was adopted.*

The Fourth Schedule, as amended was added to the Bill.

#### FIFTH SCHEDULE

MR. DEPUTY SPEAKER : The question is :

"That the Fifth Schedule stand part of the Bill."

*The Motion was adopted.*

The Fifth Schedule was added to the Bill

MR. DEPUTY SPEAKER : The question is :

"That Clause 1, Enacting Formula and the Title stand part of the Bill."

*The Motion was adopted.*

Clause 1, Enacting Formula and the Title were added to the Bill.

MR. DEPUTY SPEAKER : The Minister .

SHRI VISHWANATH PRATAP SINGH : I beg to move :

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

SHRI C. MADHAV REDDI : I want only one clarification : The Minister has not told us what the position is, regarding Consignment Tax.

SHRI SOMNATH CHATTERJEE : We appreciate the theoretical expostulations of the Finance Minister about his concern for the States, and for equal development. There are two things : one is about the Consign-

ment Tax on which all the Chief Ministers have arrived at a consensus, at a meeting called by the Prime Minister, as you are aware. But the question is about bringing in a Bill to give effect to that consensus.

The second point is about freight equalization. Government has taken a decision to phase out freight equalization on the basis of the Pandey Committee's report. What action has been taken on this ?

SHRI VISHWANATH PRATAP SINGH : About Consignment Tax, I had written to the Chief Minister, that the power of exempting any commodity should rest with the Centre. The rationale behind this was that the national economy is one. There may be some basic raw materials available in one State, and going to another State. If each basic raw material available in various States starts getting a different burden, it will affect the overall economy. So, the right of exempting should rest with the Centre, e. g. on raw materials like iron ore, petroleum products, cotton etc. Here, the right of exempting should remain with the Centre.

The reply I have got from some of the Chief Ministers was in the negative; they said; 'No; this matter was earlier discussed and a consensus was arrived at, and a change should not be made.' But we believe that in the overall interest of national economy, this is necessary I think there was a dialogue, there is a dialogue at that point. I would try to pursue the dialogue further,

MR. DEPUTY SPEAKER : The question is :

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

*The Motion was adopted.*

## HALF-AN-HOUR DISCUSSION

[*English*]

### Irrigation Projects Awaiting Clearance

MR. DEPUTY SPEAKER : We now take up the Half-an-hour Discussion. Shri C. P. Thakur.

SHRI C. P. THAKUR (Patna) : I thank the Speaker for allowing a Half-an-hour discussion on such a vital and ever topical subject viz. pending irrigation projects in respect of different States. This topic is so important that some aspects of water resources can be discussed in each Session of Parliament, i. e. every time.

A few months ago, we were discussing flood. It was flood time. At the moment, we are discussing drought. Drought has affected many States. Now, in between, there is the time for agriculture and cultivation. Every farmer wants to have the requisite amount of water for proper agriculture.

I also think the Hon. Member Shri Sriram Murty Bhattam on whose question this discussion arose. The importance of this subject can be gauged by the amount of response it evoked in the Parliament that day. On the same day, there were three questions connected with Water Resource Department. This was the first one; the second was about the Ganga Cauvery Project and the third was about the modernisation of the Sone Canal. Now, the third question could not be taken up because the Hon. Member was not present in the House. But the spirit behind all the questions is how we should supply requisite amount of water to our farmers. In the reply given by the Hon. Minister it was stated that there were 50 projects awaiting clearance from the Central Government though cleared by the Central Water Commission. In the footnote it is mentioned that those projects would be cleared by the Planning Commission after considering among other things various aspects including forest conservation, environment and availability of resources etc. That shows that there is no clear