

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

SHRI JASWANT SINGH.

[English]

ENACTING FORMULA AMENDMENT  
MADE

Page 1, line 1,-

for 'Forty -third' substitute 'Forty-fourth' (Shri Paban Singh Ghatowar)

MR. CHAIRMAN: The question is:

'That the Enacting Formula, as amended, stand part of the Bill.'

*The motion was adopted.*

*The Enacting formula, as amended, was added to the Bill.*

MR. CHAIRMAN: The question is:

'That the long Title stand part of the Bill.'

*The Motion was adopted.*

*The long Title was add to the Bill.*

SHRI PABAB SINGH GHATOWAR; Sir, I beg to move:

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

MR. CHAIRMAN: The question is:

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

*The Motion was Adopted.*

16.30 hrs

GENERAL BUDGET 1993-94 GEN-  
ERAL DISCUSSION

MR. CHAIRMAN: Now, we will take up the general discussion on the Budget (General) for 1993-94. The time allotted for this discussion is 8 hours.

SHRI JASWANT SINGH (Chittorgarh): Mr. Chairman Sir, as always it is with some inhibition that I rise to comment on the Budget presented to parliament by the hon. the Finance Minister I want to say that the hon. the Finance Minister, a very distinguished economist, a great patriot and a man of very varied experience-but now some of my inhibition has lessened on account of the fact that form bein a technocrat. the hon. The Finance Minister now face us in his new garb ad incarnation as a political. Therefore, he has to accustom himself to the somewhat less restrained rhetoric of the politician as he claims to be, from the rather high exalted surrounding in which he has been accustomed to live all these years.

This is a very unusual debate we are hang. The hon. the Finance Minister presented the Budget to parliament on 27th of February. Today it is late afternoon of the 20th of April. I do not reelect as to when last the Indian parliament has had such a hiatus between the presentation of the Budget and its discussion. Of course, in a very rare sense the gap between the presentation and the discussion is a comment on the management of parliamentary time by the Treasury Benches. But it has a side-effect, a side consquor and that is consequence is even if it is a limited period, for that limited period, parliament and the nation has a chance to actually examine the Budget against the stated aims and objectives and what it has, in fact, achieved across the country throughout he meansures and through the steps that the hon. the Finance Minister has advocated in the Budget.

The hon. the Finance Minister, in the Budget of 1993-94, is presenting his third Budget. I would like to put it to him that with due regard that he must now accept full responsibility for whatever this Budget does or fails to do or what it costs. There are no alibis now which the Finance Minister can fall back upon. He has in

his earlier two Budgets taken recourse to in a politicians style of placing the blame for whatever was happening in the country on earlier Budgets. This being his third attempt now, there are no alibis to be taken. Against what stated objectives -not so much of the Budget of 1993-94 but of the total management of the economy, are we to judge his Budget, I submit, Sir, even though the hon. the Finance Minister and his Budget speech is silent in this regard, I feel that the stated objectives of the management of our economy though not exhaustively but briefly certainly have to have sustained economic growth for the country, self-reliance of the nation, alleviation of poverty, thereafter alleviation of disparities, creation of nation wealth so that India as a nation acquires its rightful place in the comity of nations.

These, I submit, would be amongst the objectives of the Management of our economy, from which objectives, must flow the purpose of the Budget proper.

So, this government, when it came into power and was voted into office, not because they wanted to but rather because they could not avoid to do so, chose to adopt a reform package which was very largely the reform package that my party had been advocating for very long time.

This Government has been in office for a duration lasting three Budgets and I had on earlier occasions submitted to the hon. the Finance Minister that we must judge his reform package against the reality and some of the aspects of that reality are that deregulation and liberalization we have always advocated in the BJP, is a very welcome step. But that deregulation and liberalization will deliver only if it is managed by an effective political arrangement. If it is managed efficiently and by a Government whose performance marked by compassion and caring and, above all, by a Government that is not corrupt. To all revert later but I do have to submit that if I were to set these yardsticks which must accompany a process of economic liberalisation and deregulation and reduce eco-

nomics reform, then I am afraid I have to fault this Government because it will fail, it has failed.

Also important which again is the responsibility of the Government, is the inculcation, starting with the Government itself, of a work ethic through an example of exemplary efficient function of the Government. If the Government itself fails to reflect a work ethic, nationally that work ethic fails to reflect a work ethic is absent, then you do cripple the economic liberalisation programme. The Government, in its own discharge of responsibility, fails to demonstrate the required sense of public duty. Therefore, when that sense of public responsibility is absent in the Government, then a major step like economic reform cannot succeed.

Another aspect of this reform programme is because this is a discussion on the Budget General and not so much on the Finance Bill is the constant plea that the Government has been making about globalisation.

I will not take too much time. But I do wish to quote about the perils of globalisation and the dangers of offering globalisation as a panacea for the ills that afflict Indian economy or the state of the totality of the rural India.

Examples cited are, of course, Latin America. The consequence of such reform in Latin America is also now being very painfully displayed in Sahelian Africa. Despite some recovery in the Northern region of Mexico, largely because it borders the United States of America, it is therefore beneficiary of the North American free trade Area, the entire Latin American experience as a whole continues as that of serious social disruption, by now impacting on generation of the unemployed and stunting of a generation of children as UNICEF brings out. The first paragraph of the report of the Executive Secretary Get Rosenthal's overview of the economy of Latin America and the Caribbean reads as follows:-

'However, the region's recovery of the path

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to development still remains and elusive goal. The burden of the debt overhead and the transfer of resources is still excessive...'

I would request you to mark the unacany similarity between the observations that are being made by the Executive secretary of the UNICF about Latin America and the caribbean and some tihen observations that are made by reputed economists about the state of the Indian economy.

I further quote:

'Investment processes are taken a long time to renew themselves: the pruchaaing power of broad segments of the population is depressed; fiscal structures remain fragile and the degrees of freedom for economic policy are limited. Stagnation, inflation and the severe cumulative deterioration in living conduits bear witness to the difficulty with which the processes of structural change are advancing the time they will require in order to crystalise, the magnitude of obstacles they sill face. These problems are exacerbated by an insufficenrun of foreign capital, a weakness in the market for major exports and trade restrictions...@

There is one more sentence. I quote:

'In Africa, the structure of self-sufficient peasant agriculture has been systematically eroded but misguide poleax of internaitzation and globalization of agriculture pursued now over a decease and half...'

I will revert to the consequence sot eh neglect or the consequence of falsely conceived liberalisation f agriculture in a amount. But I have found it necessary to refer to the offering of globalisation as a panacea for our hills and to quote from some of the reports relating to the other parts of the globe which too, in their stage when they were at the stage at which we are now, had been offered the same panacea.

There is the other aspect which is about the reformed the citizen or the reform and rural India. I ask two or there simple questions of the hon. the Finance Minister. Has the reform package, after the three Budgets, created even one single additional job anywhere across the country? Has even one additional job been crated? In the total fugue of the unemployed that we have, buy the statistics provided by the Government itself, this is very telling comment. Is there nay reevognisable, tangible benefit in the social security sector in rural India? Has there been any improvement in then situation of drinking -wander? Has there been any implement in health, education or vein in the basic infrastructural area like roads? I do reflect on these when I comment on the aspect of reform. After all, being a therefor, it must not be just for the metropolitan India. Reform must be undertaken not because it is an exercise that is fashionable and that meets with the approval of the seminaries in the capital cities like Delhi but is an essential step hat has to be taken for the benefit of 80 per cent of Indians and hat 80 per cent of Indians stool live, continues to live in the villages of India. There are then the aspects of the Budget which are the continuing issues. There is an aspect that we have consitenly been emphasizing , that is about economic sovereignty. I recognise that the Government of Indian is a major borrower today from the World bank and the Internaion Monetary Fund.

The hon. the Finance Minister tests our credibility. He tests our credibility when he suggests that in arranging the finances that he has, through either the World Bank or the International Monetary Fund, none of them have applied any conditionality on the country. It will be difficult for me to believe that hay prudent lender would lend Moines without first examining the credibility of the borrower and thereafter upon the borrower imposing such conditions as the lender thinks are necessaries for the safety of his capital. This is a continuing debate and I do believe whatever the necessity of the Word Bank, IMF borrowing, they have eroded the aspects of our economic sovereignty and that

aspect of economic sovereignty is an aspect that we question so far as total economic reform programme is concerned.

There is no denying the fact that debts servicing ratio of our country today hovers between 29 to 31 per cent depending on which statistics you believe. Our debt servicing ratios are around 29 to 31 per cent. It is a very serious ratio. If that is a serious ratio, the consequence is really crippling on the abilities of the future generations of India to assert economic sovereignty. And that is an aspect about the management of the economy by the present Government that I considered it my duty to point out.

There is this aspect of the Dinked proposal and I will be reverting to the Dinked proposal within a minute when we examine the totality of the agricultural sector. But so far as economy sovereignty is concerned, the Government's the continued assertion that by accepting the Dinked proposals, the country's economic sovereignty is not going to be affected in any sense whatsoever is really a very unconvincing way you go about this process of Globalisation. Globalisation, yes. Integrating the Indian economy with the rest of the global systems, yes. But not at the cost of the economic sovereignty of the land, economic sovereignty of the future generations of India.

I have had occasion to point out in my brief comment at the very beginning, I had stated that the economic reform programme will not work if some of the necessary inputs are absent. And amongst inputs, what was the subscription to the economic reform programme by the States of the union. It is all very well for the Union Finance Minister to form an opinion and direct and dictate certain requirements nationwide. But unless and until there is subscription by the States of the union to that reform programme, it will not work. And I am afraid, the Government, despite three Budgets that it has presented has not gone about the task of creating with the States of the union a consensus of view on the economic reform programme. And because of the absence of that

consensus, a large part of this economic reform programme remains on paper.

The other aspect which I have and which I had on earlier occasion also mentioned, it is no good simply reforming the economy through the dictates from the hon. the Finance Minister's wonderful office unless simultaneously the bureaucracy that he heads, that bureaucracy were also reformed.

There is the third aspect which I think is a crucial aspect that unless corruption is rooted out from the systems that it today pervades in the country, economic reform programme will not work. Because if corruption is rampant as it is - for the citizens, what is there in the economic reforms programme if the citizen is unable to buy his railway ticket without paying a bribe, if the citizen is unable to get a telephone connection, if the farmer in rural India is unable to get a power connection for his tubule without having to pay bribe or an exorbitant continuing bribes to the officials, to that salaried worker, to that harassed urban citizen of India, this reform programme is merely so much of paper work because his quality of life has not improved; he is not benefited, be it a bus service, be it the railways, be it a farmer who has to stand in the middle of the night to irrigate his fields and it is only then that power will come and then also without any certainty and on that power he will have to pay bribe to the inspectors of the State Electricity Boards or other Electricity Boards. Therefore, the reform package will not work unless corruption is eliminated, and it is no good citing corruption of patwaris or tehsildars or thunders. If the fountain-head of corruption's is the government and from the fountain-head itself if the corruption spreads down then the hon. the Finance Minister is well-advised to reflect again on the very adventurous path on which is setting the nation because the reform package by itself will not work for so long as we continue to leave the matter of Boors unsettled, for so long as we have and continue to have issues like the Banking and Securities transactions scandal, for so long as corruption corrodes the very soul of India. Then,



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Sir, I am afraid, the economic reform programme will not work. And I would like to caution the hon. the Finance Minister that there do come times in the life of Antoine, quite unpredictably, unknowingly and without warning when there is a total accumulation of national anger, and then the national angst wakes up, it reverts the whole system. I am very glad that India is not Italy. I am very happy that we do not aspire to be Italy. But Italy has currently shown something. And I would not be surprised if in the near or distant future, the sheer collective discontent of India rose up in anger and all these economic reform programmes or the procedures and methods that we adopt here and everything that we go through in these wonderful surroundings - these Houses of Parliament - they will be washed away.

Sir, I have some other difficulties with the Budget of 1993-94, about the approach and assumptions that the hon. the Finance Minister has made. The two features of the Budget of 1993-94 are the major reductions in the Excise and Custom Duty rates, with which we have a difference, in the order in which they should have come about because, the B.J.P., has been of the view that external liberalization must follow internal liberalization and not precede it. There I have a difficulty and difference with the hon. the Finance Minister is precisely on this point because the reduction in the Excise and Custom Duty has been brought about simultaneously by this government.

The third thing that the Government has done as a strategic major step of the reform of the economy or management of the economy is to introduce a unified exchange rate system. It is quite remarkable that the Hon the Finance Minister despite reducing the rates of Excise and Custom Duties, and quite steeply at that has projected an actual decline in the amount of deficit. I have attempted to analyze how has this been achieved that despite major reductions simultaneously in Customs and Excise, the

deficit is also to be contained. This is based on a number of assumptions and I wish to spend a little time on these assumptions because haven't forbid should any of these assumptions go wrong, then I feel that the deficit, and with all the high regard that I have for the capabilities of the hon. the Finance Minister, would not then be managed. It would increase significantly and this, I apprehend, would fuel the inflationary pressure in the economy. I am not listing all the assumptions. But broadly, there are three assumptions that the hon. Finance Minister has made. His first assumption is that on account of the measures that he has taken, there would be a steep increase in the level of industrial activity principally arising out of lowering of the excise and the customs duty levies. Now we have here admittedly less than two months. But we have these two months or so in which to examine the validity of assumption one.

The second assumption is that the consequence of the unified exchange rate mechanism would lead to a substantial growth in exports of the country. And the exports of the country, would, in turn, generate enough inflow of foreign exchange thus offsetting the increased requirements for imports. There would be increased imports which, in turn, are the consequence of lowering of customs duty. It is a very intricate mechanism that the hon. Finance Minister has worked out. But it is very delicately balanced - the exchange rate mechanism system leading to higher export thus balancing the inflow of higher imports hence leaving us with a plus on the foreign exchange front. The assumption that exports would grow is an assumption with which I have some serious difficulty. I will examine that in a moment.

The third, which is an unseated assumption and which leaves me with great concern, is the assumption that international oil prices will remain static, that the international oil prices will not fluctuate and will, therefore, not bring in avoidable hiccups in the management of the economy that the hon. Finance Minister is planning.

About exports, such a budget discussion cannot be an elaborate exercise in detail to examine every possible aspect. So, I have necessarily to cover each of points that I am making with as much brevity as I can. So far as exports are concerned, apart from the unified exchange rate, there are no other direct measures that the government has adopted for boosting exports. This is very critical to the entire strategy of the budget. It is critical for the hon. Finance Minister as indeed for all of us that exports grow. I would be happy if the hon. Finance Minister corrected me on this score. I am ready to believe that the dollar value of exports has not increased in recent years. I am left with some doubts and apprehension that the unified exchange rate system by itself will not ensure a growth in exports in dollar terms. In rupee terms, perhaps, yes, but in dollar terms, no.

About second assumption, I put export as a principal assumption, principal requirement. The second is about growth in industry. The hon. Finance Minister knows that as a consequence of his first two budgets, there was actually if not a recessionary effect, certainly an effect of stagnation in critically strategic industries of the country like steel, cement, petro-chemical, automobile industry which are the great dynamo of the economic growth of the country.

#### 17.00Hs

It is not just the corporate results that tell us this, but it is the loss of take off these various concerns and if steel is depressed, if cement is depressed and if petroleum products are depressed in production, then the assumption made by the hon. Finance Minister, that his measures would lead to industrial growth, are questionable assumptions.

I think the question of oil imports and the possible impact that it could have on our balance of payments position is the strategic shortcoming of the Budget. I do not know whether the hon. Finance Minister has based his assumption on

empirical input or he has merely gambled that given the situation that international oil prices are fluctuating between 18 dollars and 20 dollars a barrel, for the last one and a half years or so after the Gulf War, if the international oil prices are fluctuating around that margin, they will continue to fluctuate and therefore, let me gamble. If he is gambling, then that assumption is a strategic shortcoming of this Budget. It does not wish to dwell too long on these assumptions and I am sure that the hon. Finance Minister would reply to these when he comes to answering these points. I thought these were the three very important and critical assumptions of the Budget and unless the hon. Finance Minister answers to our conviction, we will have difficulty in supporting his measures.

There is one other aspect to which I must very briefly refer and that is, the Budget - 1993-94 and the security of India. I am here referring to the assumptions made by the hon. Finance Minister in the provisions that he has made for the Ministry of Defence. In total, the Ministry of Defence has been allocated roughly Rs. 19,180 crores which is very broadly broken up as the revenue component of around Rs. 13,000 crores and capital component of Rs. 6,000 crores. This is quite aside from the track because this is not a discussion on the Demands of Grants on the Ministry of Defence. So, I will not go into any detailed examination of it. I submit that Rs. 19,180 crores which is the allocation for the Ministry of Defence by the Government of India runs counter to the trend that has been witnessed globally. It is not just in Asia but global trend. If we get a chance to discuss the Demands for Grants for the Ministry of Defence, then I will prove that India is an exception where the global expenditure has been going up and in our vicinity, Defence expenditure has gone up. India is the only aberration to that global trend but that aside Rs. 19,180 crores does not even meet our basic requirements. It does not provide for even the essentials. There is no provision in the Defence Budget, for example for the routine rise in administered prices that the Government itself has brought forward. Example is rise in railway fare.

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sir. or the rise that has been brought about or is likely will to be brought about in the near future in petroleum the products, oil and lubricants. Even this has not been provided in the allocation of the Ministry of our Defence. There are three or four other aspects to which the Government is totally silent on and which are of serious consequence, that is, the security requirements of the nation. Firstly, I refer to the rupee-ruble compromise that has been effected and I am calling this rupee-ruble compromise as a consequence of what was signed when President Yeltsin was here recently. Again, I may not go into a detail analysis of what the consequence of the rupee-ruble compromise on the Ministry of Defence is. But, I submit, Sir, that the actual liability to the Ministry of Finance of the rupee-ruble compromise is around Rs. 2500 crores and these Rs. 2500 crores are out of the capital expenditure of the Ministry of Defence and that there is no provision in the Budget for this additional requirement of money.

Further, the Union Finance Minister has brought about unification of the exchange rate. In the allocation made to the Ministry of Defence there is no provision for the consequences of this unified exchange rate. I submit, Sir, that the Defence Budget alone - I am not here examining the totalities of all other budgets - will go up on account of the unified exchange rate by my calculation by a minim of Rs. 1100 crores to Rs. 1200 crores in the current year. That makes the uncovered, UN-provided requirement of the Ministry of Defenses around Rs. 3600 crores.

Thirdly, the future acquisitions of the Ministry of Defence - mere again I am not going into the detailed examination - will have to be against hard currency with cost escalation combined with a decline in the rupee value.

I submit, Sir, that the consequence of these three factors could result into the cost escalation around ten times what we have contemplated. There is again no provision for this in the Union

Finance Minister's Budget for 1993-94 and the consequence of this, I submit with due regard, would be an impaired security.

If you take the security of the nation today, you are in fact compromising the future: you are reducing the Budget and thus affecting the armed forces. This one observation ought to suffice since this is an observation which cannot be refuted.

So far as Indian armed forces are concerned, the inflow of capital equipment is down. Lesser and lesser capital equipment's, military hard-ware is coming into the country. While on account of the capital budget and on account of repayment that we have to make, the Defence Budget is theoretically higher. This is the crippling, double-jointed point in which the Government has placed. The Ministry of Defence through its management of economy - and if it is where it is placed - I charge that this is one of the main serious consequence that the three budgets of this Government has caused to happen to the nation.

I have spoken earlier about the Budget and the farmer and agricultural sector. Sir, for this the allocation has been increased from roughly Rs. 2099 crores to Rs. 2436 crores. At that level it is an enhancement of just under 20 per cent but as the percentage of the total budgetary figures in regard to the agricultural sector it has gone down from 4.2 per cent to 3.8 per cent. The hon. Minister of Agriculture is here. It is for him to reflect whether any nation like India with 80 per cent of our population depending on agriculture as their livelihood can afford this reduction?

I have cited only two specific examples because those I think are critical to the total examination of the Budget. Just one more observation of a very serious import, if only the Government would address itself to it. I submit, Sir, that so far as the agriculture sector is concerned, capital formation in the agriculture sector is consistently on the downward graph. When I submit that capital formation is vital to the

farmer, I am sure, hon. the Agriculture Minister would understand what I am saying. It is not enough Sir, for the Government to stand up and say that the farmer is able to meet his daily requirements. You are not doing justice to 80 per cent of your countrymen, if that is what you argue. If you permit, if you encourage capital formation in every other field of national activity and yet if in the agriculture sector, through your own statistics, capital formation is on the downward graph, it is a matter of most serious concern and it is an aspect that we ought to reflect upon and take remedial measures very quickly.

17.12 hrs

[MR. DEPUTY-Speaker the chair]

I had said that I will be reverting back to Dunked proposals when I speak on the agriculture sector. How is the farmer today place? I do not have to establish my credentials as a farmer, but I do submit to you that today, the farmer of our country is in fact in a triple blind, like the Defence Ministry. All his inputs are higher. His power is higher. His agriculture revenue rates are higher. His water cess is higher. His fertilizers, you have made higher. For all that what his produce can get is lower. I will just come to this. I also produce a little bit of *kanak*, *kanak* has fallen below Rs. 400 from where I come. I am a seller today of *kanak*.

THE MINISTER OF AGRICULTURE (SHRI BALRAM JAKHAR): It is a thing of the past.

[English]

SHRI JASWANT SINGH: It is not a thing of the past. I am saying this of today. I came back and I had collected wheat from my own field and it left it because I have a little more saying power than perhaps others in my village.

[Translation]

You try to keep it for 15 days as I have done.

That makes a looped of differences. Shri Jakharji, you should agree with me that the wheat prices has fallen to Rs. 400. You can say in the House that you are ready to purchase my wheat at the rate of Rs. 450 per quintal. I do not want to get involve into that controversy.....(Interruptions)

[English]

please examine what I am saying. The point that I am making is this.

[Translation]

You have cornered the farmers from all sides. You have increased the input cost of farmers, be it water charges, electricity charges or fertilizer prices. But the prices of their produces have fallen. The prices of food grains sold at fair price shops have been increased for which my reined Shri Madden Lal Khurana would raise objection everyday. We may have differences over it. It is not understood as to why the prices of food grain items sold in urban area at fair price shop have been increased. What kind of policy it is? It is an illusive policy with which no one is satisfied except the Government. When I talk about the wheat.

[English]

When I talk, here I talk in reference to the Dunked Propose. Till today, we had occasion to talk about Dunked proposals. We have objected to the wholesale adoption of the Dundee proposals. The Union Commerce Minister had gone in public made statements outside the Parliament to say that Dunkel Proposals are actually beneficial to the country. Hon. the Agriculture Minister has also said so statement which was attended by considerable heat and controversy within the Parliament. He had also advocated that the Dunkel, Proposals are beneficial to the country.

[Translation]

You say that you have not done that. It is

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good if you have not accepted that. We welcome your opposition to Dunkel proposals. Sir, what kind of proposal it is? A farmer who grows seeds in his fields but cannot use them without appalling royalty to United States of America. You cannot make the people understand this point.

SHRI BALRAM JAKHAR: This is a great illusion. There can be no greater illusion than this that farmers cannot use what they produce in their own land. There can be no bigger mistake than this in the world. I do not agree.

SHRI NITISH KUMAR (Barh): It is also not clear whether you will accept it. One thing is certain that you always speak in a general way. Without accepting this, you go on accepting all the remaining thing. You took recourse to import and withdrew subsidy.

SHRI BALRAM JAKHAR: There is no remedy for making useless talks.

SHRI JASWANT SINGH: Mr. Deputy Speaker, Sir, through you, I would like to tell Shri Jakher that we can hold a discussion on it afterwards also. I do not say that the Government is hampering the interests of farmers deliberately. There may be some gap between what you say and what I understand. I would like to take up the Dunkel proposal. If the farmers in Kamataka are going to launch an agitation or if there is any fear among the farmers all over the country, it is not without reason. where is a smoke, there is fire. Today the farmers of the country are starving due to the wrong policies of the Government. Therefore, I make a brief submission on the Dunkel proposal in terms of economic sovereignty. My views were related to non-formation of capital in agricultural sector.

[English]

There are four questions that will use as a kind of litmus paper test for examining the Budget 1993-94. Will this Budget keep prices

stable? I have one very easy way to find this out. What has this Budget (1993-94) done to prices between its presentation and the 20th of April? I don't think this is even open to dispute. The prices have gone up. I concede to the hon. the Finance Minister that the rate of inflation has declined. The rates of inflation has declined to around 7 per cent. It is the rate that has declined but the prices have not declined; and this kind of playing with the words the rate of inflation falls of 7 per cent does not mean that the inflation proper has fallen to 7 per cent. and that is my point.

My first point is will this Budget deep the prices stable?

(Interruptions)

[Translation]

As has been rightly said by hon. Shri Lal K. Advani that the situation is equal to body temperature of a person suffering from fever. His temperature rose unto 102 which is 4 degrees above normal. when the temperature rises to 103 degrees, it is said that the rate of growth of temperature has been 1/4 only, but the fact remains that fever did not remit.

[English]

The second criterion that has been applied to the examination of this Budget is this. Will this Budget create additional jobs in the country? There is one very simple yardstick to apply. I have asked a question to the hon. Finance Minister. This is your third Budget. How many jobs have your first two Budgets created?

SHRI LAL KADVANI (Gandhi Nagar): Don't recall the manifesto of the congress Party?

SHRI JASWANT SINGH: I am not reminding them about that. I said, this is their third Budget. We have gone beyond. Now, there is no alibi. How many jobs will this Budget create? The only way to give answer to this is by

examining how many jobs you have actually created by the first two Budgets.

My third point has a very direct consequence to all of India. Will the Budget make the rupee stable? I am led to some very serious worries. Soon after the exchange rate mechanism was unified, the country was informed that the rupee has stabilized against the dollar at Rs. 30 or Rs., 32. I think it was Rs. 32. This was put across to us a measure of the success or the effectiveness of the Government because of the steps they had been taken. I put it to you in all seriousness .....that this was not so much a measure of the success of the economic management resulting in the stability of the rupee as a consequence of the direct intervention of the RBI in providing the necessary support to the rupee in the early weeks of the transformation and our movement into a unified exchange rate mechanism.

Therefore, unless this is answered satisfactorily by the Union Finance Minister I for one will not be convinced that my third question about the validity of the Budget for 1993-94 against the stability of the rupee is in the affirmative.

What is my fourth question? My fourth question relates to growth. Will this Budget for 1993-94 result in growth? I am afraid am not convinced. No rapid growth has been demonstrated. If I am not convinced about this fourth question, then, I am afraid, I am not in a position to lend my support to this Budget of 1993-94.

As against this what has the BJP recommended? For the farmer the BJP's first recommendation is development of agriculture, horticulture, agriculture service stations, agro-based industries to receive a boost through financial and techno-economic assistance, and encouraging growth of exports through agro-industries. The second recommendation directly relating to farmers is, to have special concessions including income-tax and excise rebates for

Industry to be located in rural areas, special developmental programmes of pisciculture and poultry farming. As against this, what has this Government done? I have compared earlier about the farmer and the agricultural sector.

The BJP and the citizen. As against the Government, the BJP is very clear and is categorical so far as ordinary citizen of India is concerned, who is crippled on account of the rising prices and the corruption attendant on living. The BJP has clearly said that we will raise the exemption limit of personal income-tax to Rs.50,000.

We will rationalise the tax rates at 40 per cent without any surcharge combined with a stable and simple tax regime.

I am afraid, I cannot accept what the Government has done because the Government has not done what we are standing up for or recommending.

What about the BJP and industry? I do not want to take the time of the House by reading lengthy proposals that we have highlighted. But we have said, so far as the BJP and the industry is concerned, that corporate taxes should be reduced from 51.75 per cent to 45 per cent and most importantly, the BJP has categorically stated that double taxation of dividend income will be phased out.

Investment allowance in selected basis for capital intensive industries such as steel, cement, fertilizers, petro-chemicals and infrastructure facilities like power transport, etc. will be provided. Also tax rebates in selected job intensive industries to generate employment especially for women, Scheduled Castes and Tribes and other weaker sections of the society, will be provided.

We included that, Sir, as a part of the BJP's programme for Industry and other segments because we wanted to understand what the Government is doing about it as against what we

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will be doing.

Under 'BJP and Governmental expenditure', the BJP has clearly said that so far as the borrowing power of the Government is concerned, we will make such changes as are necessary to make it mandatory upon the Government to come to the Parliament so as to enable it to borrow beyond a certain ceiling. The Government's profligate borrowing for the past many decades has brought the nation to where it is. To prevent that, the BJP has categorically stated what it has.

So far as curtailing of wasteful expenditure of the Government is concerned, we, as BJP, will address ourselves very purposefully by way of administrative reforms, etc. But it is a matter of great concern to me that the Union Budget of 1993-94, while it voices its concern about rise in Governmental expenditure, has not addressed itself to any significant direct measure of curtailing Governmental expenditure. Sir, you had witnessed that for the presentation of Budget 1992-93, the Government engaged in some kind of cosmetic activity and the Prime Minister with some fanfare announced that he will reduce two additional Secretaries and five Joint Secretaries so that the Governmental expenditure comes down. These are cosmetics and are in fact an insult to the intelligence of India. It is not cosmetics that are the answer, it is huge monolith called 'the Government' and the enormous wasteful expenditure that it engages in, unless that is curbed, the kind of budgetary problems and deficit that we are faced with, will not be curtailed.

There are three or four additional points that I wish to make before I conclude. One is recommendation about housing. I believe that the housing sector, Sir, and housing is a very essential need. Secondly, the construction industry in India is the largest unorganized industry. The Government, therefore, must address itself to housing as a need and construction as an indus-

try. To do that, I recommend to the Government two or three essential points. First is an immediate scrapping of urban land ceiling laws. The second one is encouragement for industrial relocation. These industries that are currently trapped within urban conglomerates, causing environmental pollution, and unable to move out to specified areas, this reducing urban loads, reducing environment pollution cannot do so because the moment they shift, the land that they have gets classified as non-industrial and gets acquired as urban land. By combining industrial re-location with meaningful housing and slum re-location, you will immediately encourage housing construction and you will reduce pressure on living space environmentally healthy living space within urban conglomerate.

I have difficulties, Sir, with my second suggestion about social security. In a nation like India, no matter how you look at it, you can argue that India is not a poor country or it is a poor country. But without doubts, it is a country of the poor. And whatever fudged statistics that we give, almost 40 per cent of our countrymen have not got the spending power, have not enough money in their pocket, to be able to eat 1800 calories a day.

Then every other exercise that we do is an exercise in irrelevance. Therefore, it is my conviction that there has to be a social security system that is inspired by compassion and caring and that is governed by efficiency; by commitments and by total incorruptibility. About the details of such a social security system, the BJP has outlined that and I do not wish to take the time of the House. Here, I wish to make a mention—it could easily have been said on the occasion when the previous Bill was taken up in the House. But, I would like to give it a different connotation. I am aggrieved that a very good friend of mine, a great patriot, a great citizen and a Member of this House is today a sad man because one of his children has been charged under TADA. I am very sorry that such a thing has happened. I tried to get in touch with my colleague, Shri Sunil Dutt, this morning. But this ailment is really reflective of a larger deeper



malaise—just as in politics the malaise is of black money, so also in the film world the malaise is of black money. To eliminate black money from the film world, declare films as an industry. Secondly, set up a commercial Film Finance Corporation, with just a seed capital of around Rs. 100 crores. You will immediately free a large source of employment and a very great source of entertainment to a very large mass of Indians; you will free it of the corrupting influence of black money. Where is this black money coming from? This black money is coming from smugglers. You will not just be freeing it of black money, you will be breaking the nexus between film industry and smugglers. It is a very small step but the step could have a synergetic, many larger consequences there is then a parochial point that I wish to make.

The hon. Finance Minister was very generous and I am sure my good friend, of course, would not mind when I point this out. He was very generous to the North Eastern States. He said that if any industry is put up in the hill areas and also in the North Eastern States, he will grant them tax exemptions for so many years etc, etc. I am very glad. I am very glad for him; I am very glad for the hills and I am very glad for the North Eastern territories and for all those that will benefit as a consequence. What Lower is the Government's anger against the deserts and our border districts? I come from the desert.. We have equally great difficulties. We have done no wrong to this Government.

[*Translation*]

SHRI MOHAN SINGH (Deoria): The Uttrakhand region of U.P. is also there.

SHRI JASWANT SINGH: Funds should also be allocated for the Uttrakhand. But what were the wrongs committed by people in the desert. We too have problems. There is no drinking water. (*Interruptions*)

[*English*]

Any way, the point has been made. I must

conclude now.

SHRI RUPCHANDPAL (Hooghly): Before you conclude, would you please add that just in the two previous speeches made by you on the Budget, you had welcomed what goes in the name of liberalization and reforms: Today, what is the reaction of yourself and your party? Are you repentant? (*Interruptions*).

SHRI JASWANT SINGH: It is a valid query. My difficulty is that if I have to answer him, I will have to go through my entire speech all over again and the you will not permit. I am not repentant.

MR. DEPUTY SPEAKER: Better you ask him to read your speech.

SHRI JASWANT SINGH: But, I will answer this query. If you go through what I have said, I am sure, you will be satisfied.

The BJP, in its endeavor and mindful of its responsibility presented what it called an alternative budget, on the 23rd of February this year. The ruling party, through the agency of the Union Finance Minister, presented their budget on the 27th of February. I commend the hon. Finance Minister for following the example set by the BJP. I also commend him for following our basic thrust and accepting the priorities set buy us and for even adopting some of the figures that the BJP had advocated. but you will accent. Mr. Deputy Speaker, Sir,

[*Translation*]

"Copying also needs intelligence."

[*English*]

SHRI LOKANATH CHOUDHURY: That is the crime they have committed.

SHRI JASWANT SINGH: Sir, hon. Finance Minister perhaps had access to some of our papers but not to all of them and so he adopted

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only some of the measures that we had recommended not all.

SHRILOKANATH CHOUDHURY: But the basic ones.

SHRI JASWANT SINGH: I am not going into the basics or non-basics.

[*Translation*]

"Copying also requires intelligence, but he did not apply his entire intelligence."

[*English*]

He is still in a position to remedy the error. I request the hon. the Finance Minister to accept our logic, our economic logic. I request him to accept the BJP's thrust. I request him to accept as irrefutable our recommendations. Even if he were to do so now, he would be rectifying many grave errors that his budget of 1993-94 contains.

[*Translation*]

Now he is left with half his intelligence. If he accepts our suggestion he will get our support.

[*English*]

Otherwise I must state very categorically that we will oppose the Government's economy programme as we oppose their political philosophy, and we will oppose it to its logical conclusion.

DR. DEBI PROSAD PAL (Calcutta North-West): Mr. Deputy Speaker, Sir, I rise to support the Budget which has been presented by the Finance Minister for the year 1993-94.

Mr. Jaswant Singh has said that the Finance Minister has presented three Budgets in succession and he finds in the Budgets a alibi, I am very sorry to say that Dutch remarks are

unwarranted. If the three Budgets are considered in their proper perspective, the Budget for the year 1993 reveals a dynamic approach to the problem which the present Government had occasion to take up when it took office in June, 1991.

A Budget is not merely an accounting exercise, it reflects certain basic economic policy and approach, on the basis of which the programme is to be implemented. Now, what was the first Budget which was presented by the Finance Minister? When the Government took up the office, it is now almost an accepted position that the entire economy was completely in shambles. The price inflation stood at more than seventeen per cent in August, 1991 and the balance of payments position was in such a precarious condition that it could hardly meet even a fortnight's requirements of our foreign exchange. That was the position when the Government came into power.

The first Budget, therefore, has to take some short-term measures to tide over the impending economic crisis. That crisis was, to some extent, tided over. The balance of payments position also improved. In 1992-93 when the Finance Minister presented the Budget, as we have pointed out at that time, the twin pillars of that Budget for 1992-93 were fiscal discipline and structural reforms. We had to undergo a certain fiscal discipline in order that the Budget deficits may be substantially reduced.

What was the position when the present Government took over in June, 1991? The Budget deficit was 8.5 per cent of G.D.P. It is because of the fiscal discipline that was introduced because of the new industrial policy, the trade policy that the Government could meet, to some extent, this economic crisis, with unmanageable speed.

The third Budget, that is the present Budget, as the Finance Minister himself has pointed out, has left behind us the sense of economic crisis. In this Budget we are now placing the economy

on its path of revival. That is clear when we find that the industrial growth has increased from one per cent to four per cent; when we find that the rate of inflation has been lowered down from double-digit figure of 17 per cent to 6.5 per cent.

Our balance of payment position has been substantially increased. Now our foreign exchange balance is Rs. 15,000 crores of more. This is the position in which the economy has been placed. We can say that once the crisis, we have left behind us, the Government now, in the present Budget, is focusing attention upon the growth forces. This Budget, therefore, has to be viewed in the light of what has taken place earlier, since June, 1991. What is the achievement of the Government at a point of economic crisis which was unprecedented in the history of our country since independence? Now the Government is posing the policy of economic consolidation when the earlier two attempted to correct the economic imbalances. Now the present Budget is one official consolidation.

In spite of our fiscal discipline introduced in various spheres, our central plan outlay has increased to Rs. 63,900 crores. That there is an increase of 34 per cent of the plan outlay that has been increased, although we have reduced our Budgetary deficit from Rs. 7,000-odd crores to Rs. 4,000 crores in the present Budget.

But still, our capital outlay has been substantially increased. The central assistance to the States has been increased. Under the present Budget the central assistance to the States have been fixed at Rs. 18,010 crores. Even in the earlier Budget, in spite of our fiscal discipline, we have kept this at Rs. 16,110 crores.

This is the position. The States are being completely unaffected by the budgetary deficit that the Central Government is trying to tide over. The present Budget accepts the Raja Chellaiah Committee's report in substance that if the economy has to be put upon a growth-oriented process, it has to be tackled from different angles to integrate the different pro-

cesses.

In matters of taxation policy, the Finance Minister has accepted Raja Chellaiah Committee's Report in substance, namely that there shall be a moderate rate of taxation with a broad base. At the same time, there should be rigid compliance of the taxation laws so that the cost of evading taxes will be much more than the cost of payment of regular taxes. Now, that has been the policy and the Finance Minister has also, in his Budget speech, pointed out that the growth of the economy, both in the industrial sector and also in the agricultural sector, is one of the prime considerations of the present Budget. That is why, in some of the areas which required immediate attention, the Finance Minister has given tax holiday for setting industries in the north eastern region, Dadra Nagar and Haveli, Pondicherry and other areas. To boost up the industrial development in these areas, tax holiday has been given by the hon. Finance Minister for five years.

Then, infrastructural growth one of the key factors the power industry. Having regard to the present crisis in the power industry, the Finance Minister has given tax holiday for five years to the power sector and wherever power industry has to be set up, for the first five years there will be a complete tax holiday. In the field of pollution control and for environmental protection, 100 per cent depreciation has been allowed for the plant and machinery which are to be used for tough environmental protection and pollution control.

Sir, the Finance Minister has also been conscious of the development of universities and technological institutes. These institutes cannot be developed unless adequate assistance is given from the industrial sector, and therefore, contributions to the universities and technological institutes will be 100 per cent deductions in the computation of income. The Finance Minister has also given weighted deductions that is, 25 per cent if the industry comes forward to contribute out of their profit to certain research

[Dr. Debi Prosad Pal]

programmes which are related to the industry, This is one of the major areas where the relief was necessary to encourage research.

Sir, the finance Ministers is fully conscious of agriculture because agriculture is one of our ministry if Indian economy. The rural agriculturists have been given a competitive market price so that they can harvest the traits of their efforts. In the agricultural sector, very often agriculturists suffer when there is no free movement of the agricultural produce to the market. To remove such difficulty freedom has been given for the free movement of agricultural produce from one part of the country to another part of the country. Then, agro-industries have been taken adequate care and more than 36 per cent increase has been given in the agricultural sector for the development of agro-industries. Even financing in the agricultural sector through NABARD has been accelerated and the NABARD will be responsible for re-financing in the agricultural sector.

In our economic development, human factor is one of the important things, and for human resources development, namely for education, sanitation, health, literacy and drinking water, budgetary allocation has been substantially increased than what it has been earlier.

Therefore, both the agricultural sector and the industrial sector has been adequately taken care of. As a result of the unites I can and the irregular practices, the Government has learnt that there should be much more vigilance upon the banking activities in the economy. To boost up the economy, the Finance Minister has tried to improve the investment of the sector in the economy. He has accepted the recommendation of Narasimhan Committee report and there will be a proper supervision by setting up a separate board of the Reserve Bank of India to supervise the banking operations in this country. It is not only There shall also be transparency in the transaction of banking so that the irregu-

larities detected in the security scam, it can be adequately safeguarded. The credit facilities have been increased so that the statutory liquidity ratio has been reduced from 36 per cent to 25 per cent so that the bankers can have adequate funds for the purpose of deployment in the economy. The rate of interest also has been reduced from 18 per cent to 17 per cent in order that there can be availability of finance for deployment in our economy.

So the Budget has taken care of the manifold problems A Budget cannot by itself develop an economy. It can create an atmosphere, a climate in which the industry and the agricultural sector can respond to the measures introduced by the Budgetary policy. It all depend upon how the public will respond, how the industry will respond. We have to create a climate in which the industry grows. One of the essential requirements is free convertibility of the foreign exchange.

SHRI HARI KISHORE SINGH (Sheohar): I am on a point of order. The hon. Member is the Chairman of the Standing Committee on the Ministry of Finance and his observations are very important. So, it proper for him to make his observations now before giving his report? He is the Chairman of the Standing Committee on Finance.

SHRI ANIL BASU: (Aurangabad) What would the Members of the Committee do if he comes with such observations in the House before the report is presented?

SHRI MANORANJAN BHAKTA (Andaman Nicobar Island): There is no point of order. It is a point of disorder.

SHRI ANIL BASU: The rules are amended and new Committees are formed.

SHRI PETER G. MARBANIANG (Shillong): When a Member is in the midst of his speech and is coming out with pertinent points to the hon. House, is it proper for somebody to stand up and

to disturb him?

(*Interruptions*)

SHRI ANIL BASU : He is casting aspersions on the hon. Member who has raised the point of order. How can it be? (*Interruptions*).

[*English*]

PROF. K.V. THOMAS (Ernakulam): You have already given the ruling.

MR. DEPUTY-SPEAKER : Mr. Petre, you have made your point very clear. The ruling is, the committee has not at all started functioning.

[*Translation*]

SHRI ANIL BASU : He has been nominated by the Speaker to perform the function of the Chairman of the Standing Committee on Finance. How can he speak here before giving the report?

SHRI NITHISH KUMAR : I am also a Chairman of a Committee. That is way I am asking this question.. (*Interruptions*) The Committee system has been implemented. After the implementation of the Committee system- - - (*Interruptions*)

SHRI MANORANJAN BHAKTA : It has no relevance.

[*English*]

SHRI ANIL BASU : He has been nominated by the Speaker. You have not given your ruling.

SHRI MANORANJAN BHAKTA : Once you have given the ruling, the same cannot be challenged.

MR. DEPUTY SPEAKER : The hon. Member, Dr. Debi Prosad Pal is speaking in the capacity as a Member of this House.

[*Translation*]

SHRI ANIL BASU : But he is also Chairman of the Committee on Finance.

MR. DEPUTY-SPEAKER : But the Committee is not sitting, is not discussing the matter yet. They have not yet started discussing the matter.

SHRI NITHISH KUMAR : Please give me an opportunity to make my point. It is a fundamental question. If an hon. Member is a Chairman of a departmentally related standing committee and he wants to say come thing during the discussion on a demand related to the department prior to the presentation of the report- - it will be a fundamental question...

(*Interruptions*)

(*Interruptions*)

17.57 hrs.

MR. DEPUTY SPEAKER : I have already given a ruling.

[MR. SEEAKER *in the Chair*]

[*Translation*]

SHRI NITHISH KUMAR : Mr. Deputy Speaker, Sir, we want your ruling on this. They do not want to go into the merit of the case that was raised by the hon. Member. If there is any Chairman of the Standing Committee of the concerned Ministry, the demands related to the concerned Ministry...

SHRI NITHISH KUMAR : Mr. Speaker, Sir a point of order was raised as to how an hon member who is the Chairman of the departmentally related committee of Finance can express his view. He has raised an issue of point of propriety that since he is the Chairman of the concerned committee, if he expresses his view, the Committee will be prejudiced. Under such a situation, is it proper for him to speak in his capacity as the Chairman? Since this issue has

[Sh. Nitish Kumar]

been raised prior to the submission of the report and you have introduced a new system. I also seek your guidance whether I can express my views in this House on such an occasion or not.

The hon. Deputy Speaker said that he was speaking in his capacity as an hon Member of the House. He is a Chairman in his capacity as the Member of the House. Under such a circumstance, we solicit your directions. MR SPEAKER: There are two things which I want to bring to the notice of this House. One as per the rules, we had decided that the general discussion on the Budget will take place and then the House will be adjourned and then the Committees will take up the discussion on the Demands and prepare the reports and those reports will be presented to the House.

18.00 hrs.

This year, as it happens to be the first year, we did go into a recess. But before we adjourned, the general discussion on the Budget could not take place. We are discussion the Budget and the general principles contained in the Budget. What is really important is that the report has to be prepared and presented to the House after the general discussion has taken place. Now, adjourning the House for this purpose helps to prepare the report and present there report to there House. But by not adjourning the House, it does not create an difficulties as such. This year happens to be the first year. So we shall have to overcome this technical difficulty and then we have to consider as to how to prepare the report and five that report to the House. I think the House would agree with me when I way what after the general discussion, the Committees will prepare the report and give the report to the House. But if they want to circulate the documents which are also already given to the members and if they want to make use of some portion to make the report when the Budget is also being discussed, there should not be any difficulty. As far as adjourning the House is concerned, this year, it

may not be possible and is not necessary also. That is one point.

As far as the Chairman taking part in the Debate is concerned, well, I would like to give a considered view on this. I would not generally like to despond. As far as the hon. Deputy-Speaker's ruling is concerted, it stands for the time being. But we will evolve a method as to how to deal with it. We will consider it. Because this is going to be a long-term issue, we should not take any hasty decision.

At present, the ruling given by the hon. Deputy-Speaker should be taken as binding on us.

*(Interruptions)*

MR. SPEAKER: I had come only to give some clarification's on the points raised by you.

*(Interruptions)*

18.02 hrs.

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

SHRI ANIL BASU: Mr. Deputy-Speaker, Sir, It is now six of the Clock. Without the consent of the House, how can the discussion continue? The time is already over. *(Interruptions)*

SHRI NITHISH KUMAR: An unauthorised sitting is going -on. After six of the Clock, It is an unauthorised sitting today. *(Interruptions)*

DR. DEBIPROSAD PAL: Rose to speak.

MR. DEPUTY-SPEAKER: Dr. Debi Prosad Pal, you can continue your speech tomorrow.

MR. DEPUTY-SPEAKER: Shall we extend the time of the House for two minutes?

SOME HON. MEMBERS: Yes.

MR. DEPUTY-SPEAKER: All right. We extend the time the House for two minutes.