

SHRI BRAJAKISHORA TRIPATHY (Pun)  
The following items may kindly be included in the week's agenda -

(1) To discuss the necessity of special Central assistance to Orissa to help the victims of the acute drought affected people of the state

(2) to discuss the need for immediate commissioning of a 3000 line C DOT exchange at Pun in Orissa

MR CHAIRMAN the House stands adjourned for Lunch. We shall meet again at 2.40 p.m.

1336 hrs

*The Lok Sabha Then Adjourned for Lunch till Forty Minutes past Fourteen of the Clock*

14.48 hrs

*The Lok Sabha re assembled after Lunch at forty eight minutes past Fourteen of the clock*

(MR DEPUTY SPEAKER in the Chair)

GENERAL BUDGET-GENERAL DISCUSSION—Contd

MR DEPUTY-SPEAKER Now we will take up further General discussion on the Budget. Shri Nirmal Kanti Chatterjee

GENERAL BUDGET, 1993-94  
GENERAL DISCUSSION - Contd

SHRI NIRMAL KANTI CHATTERJEE (Dumdum) Sir, we have been told with great applause that we have turned the chord. This is the kind of statement which is made that in the shortest possible memory of our country it has been done. Let us remind ourselves what is it that put us on the chord, whether we have been able to turn that chord, it is only very recent history in the course of last five to seven years. We had been importing luxury and other goods when we

are unable to pay via our exports. Therefore, we having a deficit balance of trade which accumulated to such proportion that we felt that we are unable to move in any direction. That was the origin of the whole crisis. This is the story of the entire 80s.

THE MINISTER OF STATE OF THE MINISTRY OF STEEL (SHRI SANTHOSH MOHAN DEV) That also was in your friendly party's time.

SHRI NIRMAL KANTI CHATTERJEE Not exactly. Thought the 80s, the Central Government was saying that we were having an unfavorable balance of trade to the tune of 8,000 crores to Rs. 10,000 crores. And it from such proportions that we arrived at a situation when we cannot repay the debt without indulging in further borrowing. What is the situation now? We are once again, excepting the one year when we tried to compress our exports, in the range of Rs. 10,000 crore of deficit in the balance of trade and it requires very little common sense to understand that so long as you are having an import surplus you have to borrow in order to meet them or you have to have income in other forms which you repay with. Is this turning the corner? The same factors which led us to this kind of treble have been accentuated in the course of last year. What is the additional problem is that during the latter part of 80s, we are claiming that we having a high growth rate. At least, that was associated with this kind of a deficit in the balance of trade. Today even that scenario does not exist and it is this situation which has been created by International Monetary Fund, by the multi-national through World Bank.

They are trying to see that we are tide down to this condition. Their structures arise from that. We should have extricated ourselves from that kind of helplessness. Instead, last year's economic position is that we are once again in that debt trap and hook of IMF that has held us has led to do what we have done in the course of this Budget. They do not want that we have a favorable balance of trade despite all our talk of

expansion on export. They are interested in the fact that the surplus commodities should be present on this side. therefore, the restrictions are these. I have got copies of World Bank reports, which say you have to reduce custom duty levels. I will not go into quotations. The reduction in customs duty, the level they want us to pay, we are doing the same thing this year. This is a very clear situation. They have been able to catch us with this kind of a problem. They do not want us to get away from that. Therefore, their instructions are, you change your FERA rules, you depend either on our borrowing or subject our multi nationals to get into your country and allow investment by them and or allow our products to be sold in your country.

These are the three lines that they are adopting and we are pledging them on each of this account. We have reduced these customs duties so that whatever is produced elsewhere can have a market in our country. We have changed our FERA so that not only our goods will flow about funds will also flow so that we can be kept in bondage, the fact is our industries are affected and so much so we have been subservient even to the foreign banks. I mentioned it elsewhere. We have discovered that foreign banks, compared to our Public sector Banks, are generating a very high rate of return. Do you know why? We know which kind of deference our financial bureaucrats have towards these foreign banks. The foreign banks are not forced—like our Indian public sector Banks—to have a requirement of reserves which is comparable with our Public Sector Banks. We have a requirement which is called the Statutory Liquidity Ratio. We have to be instruments of the Government of India at low rate of interest of relatively low rate of interest to the extent of 40 per cent; 35 per cent of deposit. 36 per cent of our deposit; 38 per cent of our deposit. what do you want from the foreign banks It is only 15 per cent of their deposits should be held in these low-yielding instruments of the Government of India

THE MINISTER OF FINANCE (SHRI MANMOHAN SINGH) Regarding SLR, it is

common to both. You are comparing with the priority sectors. 15 per cent is the priority sector lending. But those are the same.

SHRI NIRMAL CHATTERJEE: I am sorry. He is very much right. I stand corrected. The point is 40 per cent of our lending should go to priority sectors. That is what is desired of the Public Sector India Banks. For them, it is only 15 per cent. Almost by definition, priority-sector lending not only makes available funds but also it is given lower rate of return. We talk of level-ground in terms of compression. Here, the ground is not only not level but it is in favour of the foreign banks. Our Reserve Bank of India Governor and others advise people that we should go soft on the foreign banks because they occupy a rather crucial place because of our situation. This is how we have hooked ourselves to the avices of the International Monetary Fund, the World Bank and to the Multinationals of those who have funds.

Sir, we have also introduced de-licensing. Where should we say these things? The finance Minister and the commerce Minister say as per the last year's regulations, the white goods would not be de-licensed. They say very correctly so. They say: We do not want our resources to flow into channels of production of white goods.'

14.58 hrs

[SHRI SHARAD DIGHE *in the Chair*]

This year, that promise has also been forgotten. Production of white goods has been de-licensed. We know that with the liberalisation of FERA and de-licensing of this, foreign funds would be flowing into these areas to keep our own domestic Production. It is misdirecting our resources also.

Sir, we have been to led about the de-licensing we have been told this theory that Customs duties, in terms of Regain-Margaret Theater, should be reduced. Let me give you this

[Sh Nirmal Kanti Chatterjee]

figure What are the advisers doing? In the United States since 1980 even regarding non-tariff barriers it is said they have increased by 40 per cent

What is the import duty level? Let me quote this figure As of January 27, the duty on steel ingots in the United States is 109 per cent Can you imagine what it is It is a very uncivilized figure It is 109 per cent They are raising the barriers in their own country and advising us - not advising us but pressuring us forcing us to do this , It is because you are indebted to them, it is because of our deficit in balance of trade we have to get out of the debt Through more imports will we get out on it?

15 00 hrs

This is kind of thesis that Dr Manmohan Singh is Propounding before us Not only that On February 1, about non-tariff arrears the Americans have decided that no big will be allowed by the European countries in the American market, in certain areas This is a kind of vested chunk that they are imposing What are you doing? (*Interruptions*)

SHRI MANMOHAN SINGH Why are we to fight the EEC battle?

SHRI NIRMAL KANTI CHATTERJEE That is what I am coming to now Your advisers, your real controllers are behaving in one way and they want you to behave in another manner That is a bitter truth That is a bitter bill which they try to sugar-coat with the experience of China Whenever, from this side, we refer to that objections they try to sugar-coat it by saying that China are also doing I, therefore, draw the attention of the House to what exactly the Chinese experience is, where exactly China differs from us? Firstly, they have a growth rate which is as high as 12 per cent per annum Second, they have a saving rate which well above 30 per cent within the economy Third, in terms of international trade,

they now occupy a high position in the world community (*Interruptions*)

You don't have small population despite all your efforts for population control They have a foreign exchange reserve of 50 billion dollars compared to five billion dollars of ours They have an export surplus every year including in the last year of five billion dollars which is the total reserve that you have got within our country This is the scenario They have a surplus as distinct from the import, they have an exchange rate of 50 billion as compared to five billion and they have a very high growth rate

PROF P J KURIEN (MAVELIKARA) Do you know this favorable position has come to China after they liberalised?

SHRI NIRMAL KANTI CHATTERJEE That is exactly what is not the truth They never had come to IMF

SHRI MANMOHAN SINGH That is also not true

(*Interruptions*)

SHRI NIRMAL KANTI CHATTERJEE They has devaluation They did not have to go to International Monetary Fund In fact, when I went to China, I suggested on the basis of their prices, Perhaps, your currency requires devaluation and as such there are talks What are you trying to achieve through that? This about the first point about the problem that led us to this crisis In the course of last year we have merely been instead of turning it into the corner we have entered, it appears, into a corner

The second point is an astounding one, that is, we were having a deficit in our Budget every Year

when you talk of deficit as an inflationary factor, when you say that this percolates into a deficit in the balance of trade, this year, against the deficit, can you imagine that our Finance Minister- to a lesser extent in the last year- has

sacrificed the resources? Whoever has sanity, will he, in the situation of a deficit in the Budget, sacrifice the resources?

In Part A, he has come to the conclusion that the Budget deficit would be Rs. 3,033 crore. How much he has sacrificed? He has sacrificed Rs. 5,087 crore in terms of revenue collections. In part I, when he comes to the conclusion, he takes credit for market borrowing of Rs. 3,670 crore plus foreign borrowing of Rs. 6,819 crore, small savings Rs. 5,500 crore and disinvestment Rs. 3,500 crore. He has already sacrificed Rs. 5,087 crore. This figure of Rs. 4,000 crore which is mentioned here, there is a trick in that He assumed that some of the of the sacrifices that he is making, he will cover up.

So, given the crisis of a fiscal deficit or a revenue deficit or a budget, is any Minister expected to sacrifice a resource of Rs. 5,087 crore. He could have written of the budget deficit He did not do that. Why? Somebody else is dictating the sacrifices. He has reduced the custom duties, he has reduced the excise duties. We are also demanding for the same. But he is not satisfying the people of this country., By reducing the excise duties he is satisfying somebody else. He has reduced the excise duties because the foreigners want to have a market where they can through their own investment and sell their goods.

I submit that not only what he has sacrificed but also the entire budget deficit and the disinvestment of shares which are taking place in a tardy fashion, in a scandalous fashion could have been avoided. Let us add to that and here lies the difference also. Apparently, the entire House seems to be in agreement about the task that there should be a narrowing down of deficits every where, external as well as internal. The real difference is covered up by this apparent agreement

When we talk all these things, what we mean is that let more resources be raised rather than expenditure are cut. The Government should

not be a dominant economic element in the economy. We are also in favour of wasteful expenditure, only our definition differs. What he considers as wasteful public sector investment, we do not consider it so I ask them a question. Can you tell us how much income tax the brokers pay? The answer is they do not know.

Can there be an estimate as to how much they should pay? In fact how much they pay? There is a provision in the last year's Budget of Pre-emptive tax. The small scale traders have been told that we do not want to bother you if you have an income of Rs. 5 lakh; then we estimate that you have an income of Rs. 35,000 in a year and is Rs. 35,000 is your income, then the exemption limit is Rs. 28,000 and you pay tax on the residual Rs. 7,000 at 20 percent and please give us without submitting any returns only Rs. 1,400, if your transactions are less than Rs. 5 lakh. This was the Budget proposal.

If, for the small fry he suggests this, what is the scam transaction? It is Rs. 12 lakh crores. compared to Rs. 5 lakh turn over of a small trader, the transaction in year that took place in the shirt market is Rs. 12 lakh crores. I am not disclosing a secret; the Janakiraman Committee has estimated this. If the same rule are applied, even at 20 per cent rate of return you could get 20 per cent. We should imagine they should get 40 per cent.

SHRI MANMOHAN SINGH: It is a money lost.

SHRI NIRMAL KANTI CHATTERJEE: Who have lost it? You have lost; not there brokers. You are losing not only once; but twice losing tax and losing the money in the banking sector and you are forking out from your own money from the Budget also.

Just note the figure; it is Rs. 3,360 crore. If you assume that out of several thousands of brokers, only some twenty brokers are having this kind of transactions, then at 40 per cent rate it will be Rs. 6,720 crore. If you could collect it;

[Sh Nirmal Kanti Chatterjee]

forget about other sectors, this, plus those five thousand that you have sacrificed, your enter deficit would have been wiped out this, our Finance Minister, refuses to do. He is an honest person. But he does not have the elbow room. He is hooked to the IMF and the World Bank Organisations

Added to that, what the experience told us even in the previous year is that you restrict the imports. This is the alternative path that we are suggesting here exists an alternative route whereby if you compose your imports if you do not permit the luxury goods to be imported, if you really collect all that can be collected, if you are not senous on the poor, but on the rich and if you do not sacrifice this Rs 5000 crore of your last year's collections or estimated collections for this year, all the deficits are wiped out. That is the alternative route that we are suggesting

I now move on to another point. All these are on the basis of the statistic that have been provided. I shall come at the end on the quality of statistics

What is the Centre State relations? Are you trying to help the States? Here is the figure that they have given in this glance. They say that on the year 1993-94 the net resources transferred is Rs 49566 crore. Last year the revised estimates were Rs 47863 crore. The claim is that they are paying an additional resource of Rs 1703 crore

Now look at the receipts budget. There is a small item which we are expected to ignore. That is on page 7. This comes under the heading 'tax relief' the interest collected to the States in the year-revised estimate was Rs 7 725 crore. In the current year it is Rs 9,737 crore. The deductions have increased by Rs 2,012 crore. He has given more here- Rs 1,700 crore. He has taken away Rs 2 000 crore. This is the measure of his assistance to the States

There is an additional problem. The claim from that side is that some social sector, some rural sectors have been provided for in a larger way in this budget than in the past. I have already mentioned elsewhere this to the Finance Minister. There is a minor catch. What is that catch? He will provide employment according to their capacity to one crore of people. Through what? Rozgar Yojana. How? In such rural programmes, in social sectors, usually Central assistance has to be matched by the States. You have chosen this area, You have deprived the State of resources. Now you want to appear benevolent by providing precisely in both sectors which are in the Concurrent List of the Constitution so that they will fail and you will be able to save. That would be the story of your employment. This is how you want that I am quoting your figures

SHRI MANMOHANSINGH You are quoting partial figures

SHRI NIRMAL KANTI CHATTERJEE these are your comprehensive statements. This is the net resources flow

SHRI MANMOHAN SINGH If you allow for all the money that flows to the state plan out of the Centrally-sponsored programmes, you would find a very large positive net transfer even after interests taken

SHRI NIRMAL KANTI CHATTERJEE That is precisely what I am objecting to. He says that I will give to the States in these areas this much. There is only one condition. The States have to provide something matching and the States resources have been sucked out. In west Bengal budget what has happened this time is something unique in the budgetary history. They had to provide for two different sizes of plans and expenditure contingent upon what you are going to get from the centre. So, this is the story of Central assistance to States

On this account also, if you want our support we must tell him, we are sorry we are unable to support this budget. One of the central

things in the budget here is that what is the economics for that matter Against what? The whole Nehru concept of public sector group The Government expenditure will not function as a keeper of law and order, it will not only expand in the areas of roads etc but it will also have a public sector economic activity-industrial activity This is precisely against the wishes of the International Monetary Fund and the World bank. This is precisely what goes against the concept of the market economy We know that in the market people are not equal Tata and the agriculture labor are not on an equal footing in the market

And therefore we want that independent and apart from market there has to be social objectives and in favour of which the Government has to act That was the justification of the public sector What are you doing to the public sector? You are eliminating the public sector one-by one You are reducing your expenditure on the public sector from year to year And, additionally because of the modern technology, in many areas the scale of output is such that perhaps either there will be monopoly producer or it will be a case of bipolar or tripolar Because of the level of technology that the human civilisation is arrived at there will be not more than two or three companies If that is the situation if monopoly cannot be avoided in a particular area of production who should own that monopoly public sector or private sector? The Minister has opted for the private sector He says that in such areas it is the public sector which must retreat and it should be handed over to the private sector He talks of socialism also and this is the measure of socialism

SHRI MANMOHAN SINGH When did I say this?

SHRI NIRMAL KANTI CHATTERJEE Now he says that the public sector enterprise is ailing We are prepared to agree this because we know why they are ailing Perhaps the finance Minister does not want us to know They are ailing not because they are in the public sector

they are ailing because in many areas as in the case of public sector banks you have allowed the foreign sector banks that kind of unequal competition is there

We want a few simple things We want that the mis-management of public sector must be avoided For achieving that why don't you permit workers participation in management? We have said that the mis-management of public sector including the public sector banks should not be hidden under the crept It should be made transparent They are introducing secrecy clause I would like to know whether the Finance Minister would agree to do that Instead of providing Rs 5000 crores to meet the bad debts of banks would the Finance Minister make an inquiry into it as to who has given large scale loans which have resulted into bad debts? Who are the recipient of money? Even the chose committee appointed by the Reserve Bank of India has observed that just before repayment the Chairman of banks were in the habit of giving large loans to individuals knowing that they will never be repaid and in the meantime he would be leaving that job So, instead of providing from the Budget Rs 5000 crores don't talk of capital adequacy norms This is a mis-nimer The Government should have inquired into the bonds exactly as attempts have been made to get from Harshad Mehta whatever his assets were But it will never do that

We also want competition But the competition should be allowed on a leveled ground

SHRI MANMOHAN SINGH We can hand over all the sick units in west Bengal to

SHRI NIRMAL KANTI CHATTERJEE And deny them all funds and endow them with all the debts that your previous mis-management has resulted into

This is what has happened and this is what they do

Sir I will now come to the price The take

credit for this. Our comrade spoke yesterday and indicated as to why the consumer Price Index moves on a different line with the wholesale price Index I will not go into that He has put it quite ably Apart from that, as he also admits in privets, he know that now, the average growth of even the Wholesale Price Index is around two digits Then, a second point also has to be made I think he will be generous enough to concede that a good deal of even import surplus That is the crisis where their economic policies in the past have led us and there present situation have been hooked by the multinationals It is preventing him from solving the problems If he tries to control the imports then the prices rise if he allows the deficit to grow in the international transaction, then stat he is able to control a little bit of rise in prices inside the country This is the dilemma into which his policies have led us into He is trying to achieve this with rise in prices, because a part of the rise in prices is his own gift If you cut the subsidy prices will rise many hon Members have mentioned about the administered price Then, you control the foodgrains in one way You say, this is the issue price and the public distribution system would be ratified In the Railway Budget you have imposed a higher rate of freight on foodgrains This is the way you are managing

sir I should also mention something about the question of unemployment As we know and as he admits also, the private sector in the course of the last 10 years did not expand employment excepting in the small scale sector It is the public sector which has indicated a positive rate of growth of employment He is bringing a situation where even the public sector will fail to so that and therefore unemployment, in the years to come in the urban areas would be intensified with the cynicism of the approach of BRAC You give funds to dismiss the employees What do you expect from it? Do you think they will consume that amount or do you want those amounts to be invested in small scale enterprises so that they can have an income flowing from their Dearness amount? Are you creating a condition for the small scale sector so

that those people who receive these voluntary retirement funds can profitable employ it? You are not doing that also

Sir sometimes they take pride for the achievement in industrial production It is amazing I talked to the Deputy chairman of the Planning Commission the other day because I was there with him in the Rajya Sabha at that time You say, you have a record production of foodgrains and you are not ashamed to utter that word Do you know that the target which you are trying to achieve this 180 million tonnes, is the target of the Sixth Five Year Plan? For all these years you have failed to achieve that target and now you say that you are arriving at a records production of foodgrains

SHRI MANMOHAN SINGH what about food production in west Bengal?

SHRI NIRMAL KANTI CATTERJEE thanks to your non-cooperation and success of the Left Front Ministry they have proceed much more than that of the past

SHRI MANMOHAN SINGH What about procurement?

SHRI NIRMAL KANTI CHATTERJEE I am not discussing the production I am discussing the production Your achievement is in terms of production

On the basis of the figures of revised estimates I want to know whether it is special consideration to the budgetary advanced If you compare the actual with revised estimates, you feel astonished Even today even for this year, I do not know whether this is true that when the closer will take place on 25th of April the Figures that have been given by the revised estimate would all the disproved and the budgetary deficit would be higher than postulated in the revised estimate More importantly the collection in 1992—I have compared that independently whatever was postulated to be collected in the revised estimates have been proved to be not

true in the actuals both for 1990-91 and 1991-92.

What is the alternative, I have indicated incidentally. You collect resources and hand cover to public sector through workers' participation in management, workers democracy. You spend more rather than spend less from government and you will be able to handle that.

There is one least cost method which we have repeatedly said by which can add to your output, you can add to your income, you add to employment of the people. The least cost method is to have land reforms in there country-side. without spending almost anything, you can generate employment, you and generate income and you can generate output as no other means would provide.

The budget and the economic policy has to be assessed by what it is doing to the people. The promise of El Dared in the distant future is the promise for all of us when we are dead not of today. Therefore, were are not in a position to support this Budget

[English]

MR. CHAIRMAN: Now we take up Private Members' Business.

SHRI SHYAM BIHAR, MISRA.

15.34 hrs

COMMITTEE ON PRIVATE MEMBERS' BILLS AND RESOLUTIONS  
NINETEENTH REPORT

[Translation]

SHRI SHYAM BIHARI MISRA (Bihaur): I beg to move: 'That this House do agree with the Nineteenth report of the Committee on Private Members' Bills and Resolutions presented to

the House on the 21st April 1993'.

[English]

MR. CHAIRMAN: the question is:

'that this House do agree with the Nineteenth report of the Committee on Private Members' Bills and resolutions presented to the House on the 21st April, 1993'

*The motion was adopted.*

[English]

MR. CHAIRMAN: Now, Bills to be introduced.

SHRI D. VENKATESWARA RAO - not present.

SHRI VISHWESHWAR BHAGAT - Not Present.

SHRI VENKATESWARA D. RAO - Not present.

REPRESENTATION OF THE PEOPLE  
(AMENDMENT) BILL : Published in the  
Gazette of India extraordinary part II, Section 2  
dated 23.4.93

(Insertion of new Section 10 B, etc.)

SHRI K.P. UNNIKRIISHNAN (Badagara): I beg to move for leave to introduce a Bill further to amend the Representation of the People Act, 1951.

MR. CHAIRMAN: The question is :

'That leave be granted to introduce a Bill further to amend the representation of the People Act, 1951.'

*The motion was adopted.*

Shri K.P. Unnikrishnan: I introduce the Bill.