

[Shri Bhogendra Jha]

[Translation]

Mr. Deputy Speaker, kindly give your ruling on it.

[English]

MR. DEPUTY SPEAKER: Everybody has taken note of it.

[English]

GENERAL BUDGET 1994-95—  
GENERAL DISCUSSION—Contd.

MR. DEPUTY SPEAKER: The House will now take up further discussion on the Budget (General) for 1994-95. Prof. K. Venkatagiri Gowda.

PROF. K. VENKATAGIRI GOWDA (Bangalore South): Mr. Deputy-Speaker, Sir. I rise to speak on the Union Budget for this year presented by the Finance Minister Dr. Manmohan Singh on the 20th February, 1994. This Budget is historic. This is historic in the sense that it opens new vistas of macro-economic management of the economy. This is the fourth Budget of Dr. Manmohan Singh. I am sure he is going to present two more Budgets during the Tenth Lok Sabha. In doing so he will be equalling, if not excelling, the distinguished record set by Sir C.D. Deshmukh in the early fifties when he presented six Budgets to the Parliament.

The Budget has evoked many varied reactions. Some say, it is pro-inflationary or pro-cyclical, others say it is not so. Prices have risen now, they are only seasonal and they are bound to come down to the single digit level. Some say it is pro-growth, others say it is anti-poor. So some of these reactions are

scientific, some are ideological and some are blatantly idiosyncratic. India is a democracy where everybody has got the right to express his or her opinion on the Budget. It is not done in order to make comments on these opinions or reactions. When Dr. Manmohan Singh assumed office as the Finance Minister in 1991, he inherited a hopeless economic mess. Inflation was raging at 17.5 per cent. The fiscal deficit was 8.4 per cent of GDP. The exports were sluggish. The imports were surging. The payment deficit was of the order of 3 per cent of the GDP. The external debt and the internal debt were rising. There was poverty in the country. According to the UNDP Report, there are 42 crores of people who are poor in the country, of them 25 crores of people are extraordinarily poor wallowing dust, dirt and destitution. This was the inheritance of Dr. Manmohan Singh. But he has been able to weather the storm and place the economy on the road to progress, on the road to economic growth. When this scenario was there, Dr. Manmohan Singh made good with the assistance of his Cabinet colleagues and Prime Minister to adopt new economic reform measures and they are on the way. It is hoped that the economic reform measures will be successful in course of time.

The Budget is a mixture of excitement, expectations and apprehensions. It is excitement because it attempts to rationalise and simplify the Indian tax structure based on the Chelliah Report so as to make it pro-growth. The Income-tax exemption limit has been raised from Rs. 30,000 to Rs. 35,000. The taxpayers are left with more disposable income which they can consume or invest. In either case aggregate demand rises to ward off the ongoing recession in the economy. The Corporate tax rate was reduced from 51.5 per cent to 40 per cent. This will leave the Corporations with more resour-

es for technological upgradation and modernisation of industries at the same time the lending rate was reduced 15 per cent to 14 per cent, by one per cent. This will enable the Corporations and Companies to borrow more and spend more on investment. This will also enable the consumers to borrow more and spend more on consumption. These are necessary to ward off the ongoing recession. At the same time the Finance Minister has reduced the Customs Duty. This will promote the import-intensive exports. This will help to bridge the balance of payments' gap. He has also reduced the excise duties in order to make goods cheaper. Last year, the excise duties were reduced and he wanted the industries to pass them on to the consumers in the form of lower prices. When they did not do it, he had said that the concessions would be withdrawn. Then they obliged. This year also he has reduced the excise duties in an attempt to reduce the market price of goods. This is done in order to raise the demand for goods. This will help to remedy the ongoing recession in the economy.

It is expected that unemployment would be mitigated; it is expected that poverty would come down; it is expected that the rate of economic growth will rise from the present level of 3.5 per cent to 5.5 per cent. At the same time, there are also several apprehensions. One of the main apprehensions is that the balance of payment crisis would increase the prices. The inflation which was 3 per cent in 1991, now it is 5 per cent. The apprehension is that now the deficit may rise again because of domestic inflation. The other apprehension is the danger of inflation. The inflation was 17.5 per cent in 1990-91. Thanks to the competent economic management of the economy by Dr. Manmohan Singh. The rate of inflation came down to 7.5 per cent in August; but

since then, it has begun to rise, and at present it is 10.52 per cent. This was due to several factors. Before the Budget, there was a rise in sugar prices; there was a rise in wheat prices; there was a rise in the price of LPG cylinder. Again there is a rise in the railway fare and freight charges; it has a castigating effect on inflation. The apprehension is that it may rise further. But the Finance Minister says that the rise in the inflation rate is due to seasonal factors which are only temporary; and when these factors become weak, the inflation rate would revert back to the single digit zone. Let us hope that it will do so and the Finance Minister will be proved right.

The budget deficit is of the order of Rs. 6000 crores. The fiscal deficit is of the order of Rs. 55,000 crores; and these two deficits will certainly push up the inflation rate. But the Finance Minister says that because of growth in the economy, the tax yield will increase and it will help reduce the fiscal deficit and the budget deficit. It is hoped that he will be proved right.

The balance of payment deficit has come down to .5 per cent. It was 3 per cent 2½ years ago. It is hoped that export would rise and import would come down. When he took over as Finance Minister, the foreign exchange reserves were 1.1 billion dollars enough to meet two week import; but now they have risen 15 billion dollars. The Government is contemplating investment of these reserves in foreign government securities and commercial bank assets; and at the same time, the Government should also use these two reserves to repay high cost of external debt for if the foreign exchange reserves remain at this level, they contribute to monetary expansion, which is inflationary. To reduce the monetary expansion, it is

[Prof. K. Venkatagiri Gowda]

15.00 hrs.

necessary to reduce the holding of foreign exchange reserve to a reasonable level.

There is black money in the country; it is of the order of Rs. 1,70,000 crores. Many politicians and bureaucrats and industrialists accumulate vast sums of black money and black assets. They are un-accounted money on which no tax is paid; and this black money is fuelling inflation and defying restrictive fiscal and monetary policies. The Reserve Bank of India may raise the lending rate in order to curb borrowing and spending and reducing inflation. But the borrowers avoid going to the banks and they go to the parallel economy to borrow and spend with the result that despite the rise in the lending rate, spending will not fall and the rate of inflation continues unabated.

The defence budget should be stepped up. It is true that in this budget, defence spending has been raised from Rs. 21,000 crores to Rs. 23,000 crores; but owing to rising inflation, there is a fall in the real defence expenditure. India is within the ring of five surrounded by hostile neighbours. Pakistan is sore with India on the Kashmir issue. China is sore with India on the border issue; Nepal is sore with India on the issue of immigration of Indian nationals to that country. Bangladesh is sore with India on the Chakma refugees and sharing of Ganga water. Sri Lanka is sore with India on the LTTE issue. The only country which is friendly with India is Maldives. But even in the event of war between India and Pakistan, the ethnic consideration may make Maldives side with Pakistan. It is, therefore, necessary for India to be prepared for any eventuality in the event of war especially between her and any of its neighbours.

Now there is no clear nuclear policy in India. Pakistan has become a nuclear power. It is utilising it to its nuclear potential. At the same time, China has become a great nuclear power, but India has not yet placed itself on the road to nuclear proliferation.

India has refused rightly to sign the NPT, unless this NPT covers Asian regions including Pakistan and China. Therefore, India should make efforts to produce nuclear bombs, not to attack Pakistan or China but in self-defence because in the early 50s Churchill propounded the doctrine of defence through deterrence. If India has got nuclear weapons, other countries will not have the courage to attack India. It is, therefore, necessary for India to draw a clear nuclear policy and produce nuclear bombs, keeps them ready so that they may be launched on any country which makes efforts to attack it. Therefore, it is necessary for India to increase its defence expenditure and also produce nuclear bombs so that India may be safe in the context of hostile neighbours.

Now there is a question of subsidy on fertilizers. The World Bank and the IMF are against subsidies. I do not know why? The American farmers are getting subsidies on farm output. European countries are also giving subsidies to their farmers but these two institutions are against Indian Government giving subsidy to Indian farmers.

Suppose the fertilizer subsidy is withdrawn, the fertilizer prices rise. When these rise the research finding show that when the fertilizer prices rise the demand for fertilizer and the input falls, with the result yield falls. When farm yield falls,

farm export falls and at the same time the food prices rise. When the food prices rise there will be rise in wages and rise in wages generates two inflations—demand pulls and cost push. Therefore, it is necessary for India to continue fertilizer subsidy for some more time.

India is not yet a market economy but is on the road to it. So, before India becomes full fledged market economy, it is necessary for the Indian Government to give subsidy to farmers. Now the point is the Indian economy has built in to it two crises—the inflationary crisis and the balance of payment crisis. These two crises were gifts made by Nehru to India in 1956 when he launched the Second Five Year Plan. We hope that next Budget will cure the inflation crisis; will cure the payments crisis; will support economic growth; will reduce poverty; and will generate employment so that India may become a heaven; India may become a happy country to live in.

I hope that Shri Manmohan Singh will devise the next Budget in order to remedy inflation, remedy payment deficit; in order to remove poverty and generation employment. I hope he will do it next time.

KUMARI MAMATA BANERJEE (Calcutta South): Sir, I rise to support the Union Budget 1994-95 and I must congratulate the Finance Ministry for their excellent performance.

Sir, it is a most unique feature that Dr. Manmohan Singh has presented the Union Budget for four successive years. The Union Budget of 1994-95 therefore, presents a coherence, continuation and an approach to an economic goal which was outlined by the Finance Minister in June 1991, when the Prime Minister, Shri P.V. Narasimha Rao, Leader of the Congress Party assumed the charge of the Government.

When the present Government took over the administration the country was on the throes of grim economic crisis and you know, the Finance Minister had to address himself to these challenges by bold and decisive steps to retrace the situation and the economy showed speedy signs of recovery with the result that our foreign exchange reserves showed substantial increase and the rate of inflation was brought down within a reasonable level. In 1991, the inflation was about 17 per cent. But within the hat dropping of the Finance Ministry and the officials it came down to 7 per cent.

But now the inflation rate has gone up to about 10.5 per cent. So, I request the Government to look into this and ensure that the inflation rate does not go up again. When it had come down in the year 1992-93 to seven per cent, how has it gone up again to 10.5 per cent? The Government has to look into this matter.

Coming to price rise, there is price rise. If we go to the market we find that in every market there is a different type of price rise; specially the prices of sugar, wheat, rice, edible oils, vegetables, all essential commodities have risen. I know that there is an Essential Commodities Act. But I do not know why there is no unanimous policy. In some States some prices have risen. In Delhi also it is so.

In our State last week the price of sugar was Rs. 10 per kg. but this week it has gone up to Rs. 15. I do not know the reason. I request the Government to look into the matter seriously because if the prices rise, it is the common people that will suffer. That is why the Government should control the price rise immediately so that the common people do not suffer.

The Government must convene a meeting of the Chief Ministers and other

[Kumari Mamata Banerjee]

Ministers who are concerned with this subject and take some concrete steps so that the prices do not go up. Because, it is a fact that before the presentation of the Budget the prices of LPG, petrol and other things were increased and again the prices should not increase.

It is also a fact that in the Budget the Plan assistance from the Centre to the States has been increased from Rs. 18,010 crore to Rs. 19,304 crore in spite of the fiscal deficit being estimated at six per cent of the GDP. The outlays for the State Plans have been increased by 13 per cent, from Rs. 41,251 crore to Rs. 46,582 crore.

It is also a fact that the Central Government is giving maximum importance to rural development and rural areas. Forty per cent of the Budget provision is given for Rural Development Programmes. That is very welcome. I must welcome it. At the same time, the Government have been given Rs. 1200 crore for the Employment Assurance Scheme for the unemployed youth and the Government have also increased the funds for Jawahar Rozgar Yojana from Rs. 3855 crore to Rs. 5,500 crore. But I request the Government to see what is happening in our country now-a-days. It is a fact that our friends in the Opposition will criticise the Government because they are not in power. Simply just for the sake of criticising they criticise the Government, to politicise issues.

15.09 hrs.

[SHRIMATI SANTOSH CHOWDHARY *in the Chair*]

Normally what happens now-a-days is whatever the Government gives, 50 per

cent of the funds—I do not know whether they are being spent in the district for development works or due to the proper monitoring system or due to corruption or whatever it is—are not properly utilised. The funds are misused like anything.

Take, for example, the Jawahar Rozgar Yojana. As the Central Government is assisting the State Governments, the Government has to see whether those funds are being properly utilised or not. In my State I have seen—it is reported—that funds to the tune of Rs. 80 lakh allocated to a project were missing. There is no information as to whether the money has gone. It is reported that in North 24 Paraganas District of West Bengal in a place called Bashirhat the District Magistrate himself had written a letter to the Chief Minister that there was no trace of those funds. That is going on. (*Interruptions*)

If I am wrong, they can bring a privilege motion against me. But if I am not wrong the Government must look into the matter. I am not politicising the matter. The fact remains that the funds meant for Rural Development should be utilised properly because, the Government is giving funds for NREP, RLEGP, DRDP, for Self-employment Schemes Programme, for the Employment Assurance Programme, for Indira Awas Yojana, for Jawahar Rozgar Yojana and the Nehru Rozgar Yojana.

I am telling you, if I am not wrong, fifty per cent of the funds is either misused or there is no trace of that money. I have asked a specific question, whether these funds in some areas have been utilised properly or not. The reply was very horrible. The Ministers do not give the reply. That is the problem. But I know what is happening. I request the hon. Minister to see that there must be some audit report and see that the State

Government is a monitoring agency. They will monitor the matter. But it does not mean that the Government money should be misused. This is not the money from any individual and this is the public money. In every area, the State Government is misusing the money like anything. The Government should view this matter very seriously and see that a proper monitoring system is evolved.

Madam, I want to raise one important issue regarding the Chit Funds. I think, the Minister should take a serious note of it. Madam, you may remember that when the Security Scam had taken place, I had seen in this House that the Opposition friends had shouted like anything. I had also condemned these things because this was due to the failure of the banking system. We have to think over it because this is the public money.

I am telling you about West Bengal that—I do not know about other States—more than a sum of Rs. 1,000 crore has gone. What has it gone? Some non-banking financial investment companies like Janpriya, like Favourite Investment Company, have taken money from the rural people, from the rickshaw pullers, from the agricultural farmers, and from the workers and now there is no trace of this money. What our State Government has done is that they had arrested three or four people after 10 or 15 years when the money has reached more than a sum of Rs. 1,000 crore. Now, I want the Minister to institute either a CBI Inquiry or a Commission of Inquiry in this regard because a sum of Rs. 1,000 crore is not a matter of joke. Why has the State Government reacted earlier? Even I can show you the letters written to the RBI also. Madam, you will appreciate that in our country, the unemployment problem is increasing day by day. The unemployed youth do not have any opportunity to get

a job. Now the unemployed youth have got some scope in these investment companies. They worked as agents. They have started their work. They collected the money. Now they are not getting the money from the investment companies. They are not returning the money to the borrowers. Now what has happened? Two or three unemployed youth had committed suicide because they did not get any justice. One unemployed youth, who was an agent, had written a letter to me saying that he had written a letter to the RBI on 19.4.90, to the Chief Minister of West Bengal, and to all the financial institutions but they have not yet reacted. After four years were over, the money which he has got back is only Rs. 1,000. Madam, where will the rickshaw pullers get the money? They had deposited all their money in these investment companies. There must be some guidelines from the Government in this regard. Whenever a chit fund company issues their advertisement in the newspaper, from the beginning the Government should see whether this company is a genuine one or not and the Government should set up a Cell for this purpose. Why should the people suffer? They are not responsible for this. They are just crying. They are not getting the justice. Only you can arrest three or four people. But what is the result? Will all the people get back their money? They do not get back their money.

I must say that some politicians and one portion of the administration are totally backing the chit fund companies. I demand that there must be some Commission of Inquiry in this regard. When the money of the people is involved, why can there not be either a CBI Inquiry or a Commission of Inquiry on this matter? The people should get justice and they should not cry in the roads. Otherwise, one day the people will revolt.

[Kumari Mamata Banerjee]

I know that in West Bengal this is happening. So, my request to the Government would be that they should look into the matter seriously and let us be informed in this House about the situation. I have already written a letter to our Finance Minister regarding this Chit Fund and I have got the reply that the matter is being looked into. I do not want the matter only to be looked into, I want proper result, so that the people get the money in proper time...*(Interruptions)*. Government is doing nothing because they are also getting money. I am telling this to you, Madam, and if I am wrong, they can bring a privilege motion against me. Can they deny the fact that one Herona Investment Company has sponsored a State Government programme? I am mentioning the programme also. It is Haldia Festival. Who inaugurated that programme? The hon. Chief Minister and the hon. Governor of West Bengal inaugurated that programme. If I am wrong, they can contradict it. But I am not wrong. What I am saying is true and I am saying it from the reports.

MR. CHAIRMAN: Please wind up now.

KUMARI MAMATA BANERJEE: Madam, it is a big scam.

MR. CHAIRMAN: But there are so many other Members also who want to speak.

KUMARI MAMATA BANERJEE: O.K., Madam, I shall be very brief. But this is a very serious matter and this company, in the name of chit fund, is looting the common people. So, on behalf of the common people, I think it is my moral duty to raise this matter inside the House to get justice.

Now I come to the point about the NRI investment. You will appreciate, Madam, that the number of approved proposals of NRI investment in our country is about 1,857 but for West Bengal it is only four. So, I request the Government to see that more money is invested in West Bengal. I know that our State Government is totally bankrupt. Everybody is saying that it is a Peerless-sponsored Government. Peerless is also a finance investment company. If they do not give the money, the Government will not be able to have even a cup of tea. So, everybody is saying that our Government is a Peerless-sponsored Government and that is why I say that our Government is a bankrupt government. It is a fact that the Eighth Five-Year Plan has not yet been discussed in our State, even though two years of the Plan are already over. Sometimes they are saying that Rs. 1,700 crore is the Plan Budget, sometimes they are saying it is Rs. 1,200 crore and sometimes they are saying that the Plan Budget is Rs. 1,000 crore. They have not yet discussed it. I want my State to develop. I know there are some infrastructural problems. There may be some different types of problems for the State, but on behalf of my State, I appeal to the Government that they should look at these problems seriously. Though we have got a Government in the State but they cannot walk properly. And if they cannot walk properly, then the Central Government has the moral responsibility to look after this physically handicapped baby in a proper way so that our people do not feel that they are handicapped and they are isolated from the mainstream.

Thirdly, I would like to request the Minister regarding the small-scale industries, especially the hand-made soap industry, the umbrella industry and the cottage industries. We do not have any employment opportunities for the unem-

ployed youth but the small-scale industries have got the employment potential. So, we have to see that the tax pressure does not affect these industries. I do not know how many small-scale industries have already closed in our country. In our States itself, their number is 23,000. I do not know about the other States. It may be more than one or two lakh. So, I request the Government to withdraw the excise duty or the tax, especially from the small-scale industries.

It is because they should not be overtaxed and they should not suffer from over-taxation. I also request the Government to see one matter seriously regarding Ayurvedic and Homoeopathic medicines. Mostly the rural people use the Ayurvedic and Homoeopathic medicines. But due to the extra central excise duty, they are feeling that they will not be able to supply the medicines properly to the poor, my request would be to see the matter seriously and take suitable action.

At the same time, I request the Minister to see that the funds provided for the SC/ST and for the minorities are used properly. They should be used properly. If you find out, if you start an evaluation to know how much funds have been utilised for the SC/ST and for the minorities, you will come to know the details. Government have the 15-point programme for the minorities. But I know that there are some States which have not yet utilised these funds properly. Please find out this matter also with all seriousness.

About National Textile Corporation I want to say that though it is under Textile Ministry, the funds should be allocated from the Finance Ministry. I know that thousands of workers are involved in this industry as regards NTC and NGMC are concerned. The Prime Minister also assured in Maharashtra that they are not

going to be closed down. If they are not going to be closed down, whether the Government are aware that in seven mills in West Bengal and in Bihar the employees are not getting salaries? It is already stopped. They stopped all the production because they are not getting money. I would like to request the Government to see the matter seriously.

Regarding unemployed youth, I must say something. The unemployment problem is increasing. The figures have gone up. There are a few crores of unemployed youth in my State itself. It is too high. It is number one. When the Congress was in power during 1972-77 in the State, at that time the number of unemployed youth came down from 17 to 12 per cent. But within the 17 years regime of the Communists, it has gone up from 12 to 400 per cent. Can you imagine this? I know it is not possible for the Government to offer them Government employment in every sector. But Government should see that there must be some infrastructure and some programme through which the unemployed youth can stand on their own legs.

I raised this issue so many times in this House. It is a serious matter. Government must call an exclusive meeting of the National Development Council or this. Madam, N.D.C. is a very important body where the Prime Minister is the Chairman and other Chief Ministers are members. This is a very important committee. So, when the unemployment problem is increasing day by day, can the Government not call an NDC meeting to discuss this unemployment problem seriously so that the unemployed youth of this country should not think that they are isolated and should feel that they are very much in the national mainstream? I want that our next generation should not go astray. Their energy should be utilised by constructive

[Kumari Mamata Banerjee]

work. That is why I request the Government to see this matter seriously. Government can call a meeting of the NDC and can involve all the Chief Ministers and other Ministers and other Departments also. There must be something specific for the unemployed youth. Otherwise, Madam, I am telling that if this is not done, it will be very disastrous for the next generation. That is why my request would be to see the matter very seriously.

Madam, you are very kind enough to allow me to speak. I do not want to discuss more matters. But, of course, I request the Government to see about the issues raised by me like price rise, small scale industry, unemployed youth, chit funds and more investments to West Bengal seriously. I also want that the Government should see how the funds are utilised and to see that they are utilised properly.

With these words, I conclude.

SHRI YAIMA SINGH YUMNAM (Inner Manipur): Madam, Chairman, although I rise to support the Budget I have to say that I do not appreciate the attitude of the Finance Minister in not giving special considerations in respect of the States in the North-Eastern region. The North-Eastern region in the country has remained as a dark region. In spite of the fact that the Finance Minister is chosen from that region to the Parliament, we do not find adequate funds being provided for the development of that region. That is why, I express my disappointment over the Budget.

There are certain States which were created or established on political consi-

derations and in the interests of the country. On their own they cannot manage their affairs with the domestic income or whatever they earn. They have to depend entirely on the grants from the Central Government. In this Budget, 90 per cent grant and 10 per cent loan is proposed. What we have been demanding is that more than 100 per cent, that is, the total development expenditure of these States must be born by the Central Government. The States are Mizoram, Manipur, Meghalaya, Arunachal Pradesh, Sikkim, Assam, Tirpura and some other non-viable States. They have become our baby, the baby of the country. We cannot deny it. They were established or they were created to be States because of political considerations and it was also in the interests of the country. That is why, they have become liabilities of the country. So, we must take care of them by investing more money, by granting more money because we know that there are plenty of raw materials and plenty of resources. The lands are fertile and the climate is good. There are potentials for producing power. Many projects can be taken up there for generating enough energy which can be made available to other neighbouring States also. But because of lack of capital to invest for earning returns out of the projects, the States remain quite backward.

Madam, I would like to mention particularly about my State of Manipur with authority that there are some projects and if they are taken up a lot of energy can be produced. There is a hot take hydro-electric power project. When it is completed, it can share energy with Nagaland, Assam and with other neighbouring States. Likewise, there is another Loktak downstream project has been proposed. If it is taken up it will again supplement its power to the neighbouring States.

But the clearance is not given, because the bureaucrats at the Centre are keeping it pending for not putting a comma or a full stop in the proposal. So, it is held up here without clearance. So, these non-viable States must be provided with adequate funds. It is not a question of the hundreds. We demand for Rs. 1,000 crore annually. Only in that case, when we invest the money and when we get the return from the investment, the liability of these States can be overcome. That is why, I cannot appreciate the present Budget.

Madam, I have said already that there are plenty of resources and raw materials. As you know, Manipur is a fertile land for producing agricultural products. But enough irrigation facilities are not provided. About 15 years ago, some canals were constructed, but they were left incomplete. As a result of that, no return can be earned from them. If they are to be completed more funds have to be provided. Then the return will come from them, the State will be self-sufficient and the agricultural products can be provided to other States.

Madam, I appreciate that the hon. Finance Minister has provided funds for the establishment of two Central Universities in Assam. I appreciate this measure. I demand that one Central University must be provided for the State of Manipur also. The State deserves that, but it is not provided in the Budget. Manipur has scenic beauty. Many people from inside the country and also from outside the country like Japan, America, England and from so many other places want to visit Manipur because it has scenic beauty. But there is no resource for the development of tourism. We cannot provide good hotels for them. So, the tourism industry is left without development.

Madam, I shall now come to the latest political situation in the State of Manipur. As you know and as the House knows there is President's rule now in Manipur because the law and order situation is not good. On account of that, President's rule is imposed there. Why is there unrest in that part of the country now? It is because of the frustration of the youth. The youth get frustrated and take to violence because of unemployment there. So, they have gone underground now. They are employed by some misguided persons. At the moment, although under the imposition of the President's rule, there is a lull for a short period, it is a lull before a storm because these underground organisations have withdrawn from their confrontation with the security forces for the time being.

But they have now started employing youngsters, by giving them money. They have collected the money as ransom from the employers and other rich persons in the State.

In the context of the present political situation, I propose that the popular Ministry in the State must be restored or the Assembly must be dissolved. I am not proposing for extension of the President's rule because it gives more annoyance to the people. I propose that the popular Ministry must be restored. If it is not possible, the Assembly must be dissolved. That should be the clear stand to be taken by the Government in the interest of the country.

As regards the small scale industry, as pointed out by Kumari Mamata Banerjee, sales tax against the small scale industry must be waived because in such a small State, we cannot have the big industry. We have to depend on small scale industry and the people who are

[Shri Yaima Singh Yumnam]

engaged in the small scale industry must not be harassed by leaving sales tax on their produce.

I request the Central Government to monitor the funds provided for the development of the State. Otherwise, as Kumari Mamata Banerjee pointed out, so much funds are misused and are not being properly used.

In response to our protest, our cry and our revolt against the Central Government for not looking after the North Eastern region properly, the North Eastern Council was established some years back. At that time, there was some hope that the Council would be able to provide some programmes there. We have a lot of projects but there are no funds. The programmes remain on paper and are not implemented because N.E.C. has not enough funds. Without giving adequate funds, the North East Council will be rendered useless. Without funds we cannot have the programmes implemented. I would request the Finance Ministry for providing more funds to the N.E.C. so that small States in that region can take up the programmes in the interest of the country.

Lastly, I support the demand that Sikkim must be included under the North Eastern Council. As Mrs. Bhandari has appealed for inclusion of Sikkim under the purview of the North Eastern Council, I support her demand. The merger agreement must be respected in full. Otherwise, the youth are very much disappointed and it will create more trouble in future. The merger agreement of Manipur with Indian Union must be respected in toto.

This august House is kind enough to recognise Manipuri as a language to be

put in the Eighth Schedule, but even today I cannot speak in Manipuri because the Secretariat cannot appoint any Interpreter. So, I urge upon the Hon. Speaker to appoint an interpreter in Manipuri so that I can speak in Manipuri.

SHRI UMRAO SINGH (Jalandhar):  
Madam, I rise to support the budget proposals as brought by our learned Finance Minister.

We, Punjabis, are known as good farmers, good soldiers and good sportsmen. But now Shri Manmohan Singh and his Secretary, Shri Montek Singh Ahluwalia have established beyond doubt that Punjabis can also put the economy of the country on right lines and improve the economy in the field of agriculture.

Punjabis are settled not only in India but in most of the developed countries. We are all proud of them because whenever I meet them, they always feel happy and proud of Shri Manmohan Singh and I would like to convey their sentiments and views for the information of the Members here.

The Budget has brought very appreciable improvement in the tax administration. It simplified the tax laws and modernised the tax structure by laying great emphasis on the tax compliance and also eliminated the chances of tax evasion. Production has been made competitive in the national and international markets. I think it is for the first time that an effort has been made in which various aspects of the economy have been taken into consideration.

I would like to say that in this Budget there are very few fiscal change.

Whenever we pass the Budget, there are new set of notifications and new set of changes in the income-tax law and in the other fiscal laws. But this time Shri Manmohan Singh has brought minimum fiscal changes with no embarrassment to the people. It helped not only the people of our country but also the Indians settled abroad. I just mention about the Indians settled abroad because they are mostly from my Constituency. There are lot of proposals in the Budget, But still, I would like to speak about a few proposals so that in implementing the Budget proposals, the Finance Minister can look into these recommendations which, I think, may be helpful.

We expect lot of investment from the NRIs. I can say that they are keen to invest but if we expect them to come here and put up industries, though they will be very happy to come here. But if we allow them to invest in India. I think every Indian settled abroad will like to invest something in this country provided we give a good return to them as a dividend or some such thing, as a return to their investment. I think the Government should formulate schemes and invite the NRIs not only to come and put up their factories but also to ask them to invest in various factories that are coming up. I hope they will very gladly come and invest in this country in such factories and another ventures.

The other very important point concerning the NRIs is the dual citizenship. This point has been hanging on since long. Our neighbour Pakistan has already given dual citizenship to all the Pakistanis who have settled abroad. Now, This is a genuine demand of all the Indians whether they have settled in the United Kingdom or whether they have settled in America or whether they have settled in any other part of the world. That

will help them to come here frequently and that will give them a lot of incentives to invest here because then they feel this country of their own. Though still they have their feeling, yet once they take the passport of another country and adopt the citizenship of that country, they feel shy of coming here and investing here. So I strongly feel that the Government should come forward with the legislation of granting dual citizenship—especially the Home Ministry must do something which deals with the specific subject. I think if they favourably consider it, it will help matters. The NRIs have got enough money and they will gladly come and invest here. Most of our problems will be solved by the NRIs who are keen to help us.

Then, there are a series of points which I would like to put forward here about the NRIs. There are the aspects of purchase of land and other property here. Now they cannot do it without the approval of the Reserve Bank. They cannot sell here, they cannot buy the property here, So, these irritants should also be removed because we have done away with all the other quota and licence systems we have simplified the procedures relating to putting up of industries here. So, this thing should also be simplified so that a lot of people could come here and invest here. They send the money and their money should be used for productive purposes, for building houses and for other productive purposes.

Similarly, they have a complaint about visas. We have the Foreign Minister sitting here. I would like to bring to his notice that there are a lot of problems for getting visas, renewal of passports. I think the Ministry already is doing a lot. But if something more is done, I think it could be helpful in motivating them.

[Shri Umrao Singh]

We have international airports in all those places from where the people have gone abroad except Punjab. We have the Punjabis all over the world. Now, they come to Delhi, land here and then go to Punjab. They are facing a lot of inconveniences and harassment. I would humbly request the Government and the Minister for Civil Aviation to do something in this regard. Of course, they have started a chartered flight from Amritsar. But this is not enough. We should have an international airport in Punjab especially in Jalandhar, Ludhiana. We should start international flights from there which will greatly help them to coming here and becoming a partner in the development of our country.

Now, I would like to say something on agriculture. The credit facilities which have been mentioned by the Finance Minister are very encouraging. We appreciate them. But still in order to improve the credit, I would like to put forth two suggestions. One is, that the produce of the farmer should be pledged and he should be free to get money from the bank on the basis of the produce pledged in the warehouse whether it is located in his farm or somewhere else, as in the case of goods are pledged by industrialists and other people, the produce of the agriculturist should also be pledged; he should be given liberal financial loan from the bank and when he sells his produce, may be at the time when he gets a good price, I think, then the bank can get back the money which has been lent.

The other proposal regarding credit is this. I would like to stress that the farmers should be given pass books. Now we have got pass books of banks about our deposits. Now a farmer has his land

and that land is registered in the land record which is available in the Revenue Office, Tehsil and other places. If the farmers are issued the pass books and on the basis of those pass books, the banks give them the limit of credit, then the farmers will be free to go to that particular bank to take credit. And when his need is over, he can deposit it. When he again needs the money, he can take it back. His land should be pledged on the basis of the pass book. He can sell his land only if the banks permit. I think, by having this pass book, he need not go to any other agency or land development bank or a cooperative bank. We have so many institutions which have been provided for helping the agriculturists. But actually, they are an impediment in the process of helping the farmers. I suggest that the farmers should be entitled to have the credit on the basis of pass books.

Now I come to the free movement of foodgrains. The hon. Finance Minister has mentioned here that the restriction on domestic movement of foodgrains and other agricultural goods must be completely removed. But I would like to know who is going to remove it—whether this statement itself will remove the restriction or still the Government has to issue a notification for this. It is a very welcome step. Farmers have appreciated it. In the past, farmers had been fighting on this score and they had been taking their grain from one State to another as a defiance of food zones. Now if this is accepted, the Government should clearly announce this.

About the exports, I am happy that the Government has encouraged the agricultural produce. Who is going to export? I would like to know whether it will be the present export houses or the farmers concerned. I would like to suggest that the Government should come

forward for having a consortium of farmers or some such agency where the farmers have got the interest. If the farmers sell their produce in the market and if the market is purchased by traders and they are going to export, then they are getting the benefits advantage and not the farmers. There should be a consortium of farmers who should be encouraged to have this export. Only when farmers are allowed to export, then only they can take advantage of agricultural export. Otherwise, there may not be any incentive.

Now I come to air freight. We have enough of good vegetables, fresh vegetables which we can export to Middle East. But the air freight is so high that it is very difficult to export. Pakistan and other countries have helped their farmers by reducing the freight charges. I request if something can be done in this regard so that we can get lot of foreign exchange by selling our vegetables to the Middle East and Far East where they are greatly required. If we can open up our international road barriers, we can have ready access to Pakistan, Afghanistan and other countries and it will be more helpful.

I would like to say a few things about wealth tax. The Wealth Tax Act has been amended. We have a provision that agricultural land is exempt from the wealth tax. That was done in 1981 when Madam Indira Gandhi announced it and the law was passed. Now this agricultural land which was exempted under the Act, for this another Act was passed in 1991 which has included urban land for assessment also. Now urban land means the land situated in any area which is comprised within the jurisdiction of a municipal committee or a notified area.

This kind of exempting the agricultural land and then, again, bringing the

land which is in a particular area is against the spirit of the Act. I think there is a contradiction. If you want to exempt the agricultural land, it should be clearly exempted because this provision is being misutilised by the officials at the lower levels and notices are being given to the farmers who own agricultural land and the agriculturalists are being harassed. The Government should clearly lay down a policy on the agricultural land.

I would like to submit that there is an apprehension in the small scale industry that because of this 10 per cent duty there will be inspector raj on them. If you can have certain modalities without having these inspectors. I think, the industrialists will be very happy to pay. We can have self-imposed discipline. We can ask them to pay gross duty on the basis of their gross produce or something like that. It should be decided so that all the small industries are not harassed. They are not afraid of paying the duty, but they are afraid of the multiple number of inspectors who would be visiting their factories and taking from them.

With regard to watches, Madam, your parents live at a place where there are a lot of watchmaking factories. I would like to say that lot of credit is being given for the import of watches and machinery and other components. I would like to say that under the garb of importing the components for the watches, which are permitted under reduced duty, the department has allowed complete movement. Now complete movement is like importing the whole watch itself. If you allow the full movement of a quartz watch to be imported, then nobody will make a watch in the country. So, I suggest that the full movement should be discouraged and the duty on that should not be reduced so that the local manufacturers, the local industries would not suffer at the expense of the

[Shri Umrao Singh]

foreigners who can smuggle or who can sell their goods at a cheaper rate because they have better means for manufacturing.

And the last thing I would like to say is about smuggling. I have great regard for the Finance Minister.

"Agar kuchh baat karta hoon, maza ulfat ka jatta hai,

Agar khamosh rahta hoon, kaleja munh ko aata hai."

On the matter of smuggling, there is no breakthrough in the country. We have improved our economy, we have liberalised our economy, but as far as smuggling is concerned, no effective steps have been taken.

Madam, my personal experience is that once I was coming from Singapore and when I booked my seat I was told that flight was full. But when I came to the airport, I saw that it was empty. When I came to Madras, I was told that due to the visit of a special team of custom officials, all the passengers were stranded. When a special team goes, people in Singapore and Hong Kong come to know that a special team of custom is coming to such and such airport. If that is the state of affairs we cannot stop this smuggling. We should have a proper check at the airport, we should have a proper check at the places where the smuggling is taking place. There are places, markets in the cities where, openly, smuggled articles are being sold. If you want to help our industries, if you want to improve our economy, smuggling should be curbed by strong measures because smugglers do not keep any account, they do not pay and tax, they do not pay any duty and they play with the economy of a country.

So, I stress that strong measures should be taken against the smugglers.

SHRI INDRAJIT GUPTA (Midnapore): Madam Chairperson, the skill of any Finance Minister, when presenting his Budget, is to make a realistic estimate of the anticipated deficit for that year.

16.00 hrs.

Now when this Budget was presented here in February, Dr. Manmohan Singh had estimated the anticipated deficit at about roughly Rs. 6000 crore. It is bad enough, but that was his estimate. What I want to point out is, a most alarming thing that is taking place in the economy is the fact that for the last twelve successive weeks the wholesale price index is steadily going up and along with it naturally the rate of inflation is also going up. Whatever the Minister may say that the inflation is coming down, the facts prove otherwise.

16.01 hrs.

[SHRI TARA SINGH *in the Chair*]

As you know in the last couple of weeks it is officially admitted that the rate of inflation has crossed the double digit mark. I think the last time that happened was perhaps in 1992. Now it has crossed the double digit mark and I do not know where it will stop. The rate of inflation has already gone up to more than 10.21. The Finance Minister has issued some statement recently assuring people that this inflation rate will be brought down. Perhaps he means in the next financial year. I do not know, this financial year is not completely over. He has pointed out to the fact that we have such comfortable foreign exchange reserves for example.

Foreign exchange reserves are no doubt running at a big figure of 16 billion dollars. But I would like to know from the Government how much of this foreign exchange reserve is accounted for by high interest carrying loans and secondly by deposits by the NRIs. The remainder of this foreign exchange reserve may or may not be credited to export earnings, but the bulk of it comes under these two heads of loans and NRI deposits. I do not know how this is going to solve the problem of inflation. Inflation has taken place, is taking place because we had warned during the Budget discussions that the high rise of administered prices together with the new burdens which were put on the people in the shape of higher railway fares and so on and a wide range of increased prices of essential commodities including petroleum products which affects transport, which affects the price of all commodities, which are carried to the market, would lead to a push of inflation. I think in the last twelve weeks what we had said is coming true.

I find that the prices of food articles in the index are rising much faster than the general index is rising. This is a matter also of concern for the vast bulk of our people. We have come to a stage where prices have become so unmanageable that the Government has now announced that it is putting cotton, sugar and edible oils on the OGL. The price of sugar has gone so high that the only way the Government can think of reducing the price of sugar in our country is to put it on the OGL and allow some 10000 tonnes of sugar to be imported again. The same is the case with edible oil. A small part of the price of sugar and edible oil is supposed to be controlled by the Government.

The bulk of it is uncontrolled. It is in the hands of private traders; it is in the

hands of this open market which we talk so much about. A friend over there from the Punjab was just not saying that tax compliance has become much better than before; tax evasion has become much less than before; and therefore, the Government should be congratulated. I wish it was what he is saying. But, I do not know whether I should place more reliance on what he says or what is said publicly by one of the key advisors, fiscal advisors to the Government, the Chairman of the Tax Reforms Committee, you know, his name is frequently mentioned here—Dr. Raja Chellaiah who has produced so many reports on various sectors which are very much to the liking of the Government. But here what has he said? He was speaking at the Plenary Session of the Annual Meeting of the Confederation of Indian Industries. Dr. Chellaiah made a scathing attack on the Government's functioning. He said:

"While the Government was concentrating on improving the tax structure, the more important task of improving tax administration for achieving a better tax compliance was left untouched; and as a result tax evasion was rampant in the country."

This is what Dr. Chellaiah says, not I. He also says:

"The pressing needs of the economy such as taxing the agricultural sector and farmers has not been done as they were tied up with votes."

That we all understand. Not only this.

"This remunerative prices were being increased without any consideration or rationale, also due to political considerations."

[Shri Indrajit Gupta]

Any way, I am not so much concerned just now with that fact or with the fact that this calculated deficit of Dr. Manmohan Singh is likely to go completely astray, if this trend continues which we are seeing since the Budget was presented; that the anticipated deficit of Rs. 6,000 crores may go over to Rs. 10,000 crores by then because there is no stopping this inflationary rate which is developing. I would like to know what they propose to do about this and it is due to bigger budgetary deficits, constantly getting bigger, monetary supply rising all the time and that this inflationary pressure on the economy is increasing.

So, Mr. Chairman, the main point I want to make first is that the whole of this Budget calculations, the whole philosophy behind this Budget is all likely to be completely upset, unless this tremendous inflationary pressure is curbed and reversed which I do not think, the Government with its present economic policy is capable of doing. Therefore, I do not know what is the prospect before us.

There is a journal, Sir, which is brought out by the IMF and the World Bank, known as '*The World Economic Outlook*'. This is a survey which is released on the eve of the annual spring meeting of the IMF and the World Bank. It says in the last issue:

"The Budgets for fiscal 1994-95 while incorporating significant tax and tariff reforms..."

The part of it, of course, they approve of.

"...envisages only a modest reduction in the fiscal deficit."

In actual practice, now we find that it is the opposite; it is not a reduction at all.

"High real interest rates associated with persistently large Budget deficits have contributed to the recent search in capital inflows which has complicated monetary management."

They are putting it in a very polite language, of course. I would say, it would completely upset the plans of monetary management which the hon. Finance Minister wanted us to be convinced about.

Now, Sir, one or two other points I would mention. I am not going to make a long speech. I would like to know, for example, when we talk of liberalisation, does it mean, scope for more competition or less competition. Always we have understood that liberalisation will mean that in the functioning of the market, there will be scope for greater competition. That is the meaning of liberalisation. Previously, we said that because the public sector, especially in this country, had been given so much protection, it was functioning within a sheltered market and so on. Therefore, it was not exposed to competition. And, therefore, it became inefficient. This is what the Government says. And therefore, its productivity has gone down, etc., etc. So, obviously, the reverse should be true. If there is going to be liberalisation in the economy, it should mean more competition, not less competition.

Whether that is domestic monopoly or foreign monopoly, the concept of monopoly is the opposite of competition. If you want to destroy competition, you

have to set up monopolies leaving no scope for free competition. What is happening now? What is the Government's economic policy? Is it strengthening monopolies or not at the cost of free competition? Even big companies here in India, like the Hindustan Lever and the Tomco, belonging to Tatas, are allowed to merge. In the market for soaps and detergents and so on, which are made by both Hindustan Lever and Tomco, if two giants are just to merge together, then, in the market for detergents and soaps, is there going to be more competition or less competition? They will corner the market. They will corner 90 per cent or more of the market. Other competitors will not get a look-in. This is being allowed. This trend is there. There are so many other examples. So, this does not conform to liberalisation at all in my understanding. Perhaps the Finance Minister will care to explain to us how it happens.

There is another serious matter. The promoters are allotting shares not at market prices but at preferential prices, concessional prices, reduced prices, to big multinational corporations which want to increase their shareholding in many companies here. The Government has not put any restrictions on it. Now a newspaper report has appeared in *The Business Standard* which says that things have gone so far that now Government is getting alarmed. And they are thinking of two alternatives to remedy this situation: either to bring in some amendment to section B1(i)(a) of the Indian Companies Act or giving the Reserve Bank of India the powers to invalidate the transfers to shares which have taken place by the promoters at throw-away prices. The multinationals are cornering these shares at throw-away prices thanks to the promoters. The only issue which is still under dispute, I am told, is the fact whether this RBI should be asked to exercise its

powers with retrospective effect or not. I do not know how much money altogether has gone to the profit of the multinational corporations due to this kind of fraudulent transactions. But we should be told: is this a question of strengthening monopoly or weakening monopoly?

This is a direct accretion to the strength of the foreign multinational corporations and their monopolistic positions. What has this to do with liberalisation of the economy, I do not understand, apart from the fact that huge sums of money are being cornered by these few companies? So, when we discuss a budget, we have to discuss also the economic philosophy behind it. It is not only a question of figures and calculating how much deficit there will be and all that. In my opinion, according to the figures given, deficit is bogus. The whole thing is going to get cockeyed, not absolutely cockeyed, by this huge inflation which is developing and galloping. I do not believe the assurances given that this inflation will be curbed or reversed. It cannot be curbed as long as this policy is followed.

Then, Sir, I would like to know from the hon. Minister why he has declared a war on the small scale industries. What harm has the small scale industries done to the economy of this country? My friend over there comes from Punjab, a State where small sector is one of the dominant features. They have contributed so much to the economy of the country. They are now contributing 30 per cent to the exports of the country. If you take all the small scale industries put together, you can find that they are responsible for about 30 per cent of the total exports of the country. But, in this Budget, a whole lot of domestic small scale industries are being threatened with virtual extinction by a big rise in excise duties put on them.

[Shri Indrajit Gupta]

Everybody knows about this. Excise duties have been raised so steeply on plastics, iron and steel products, woollen garments, man-made filaments and yarn and pharmaceuticals produced by SSI that many of these units are facing closures. I was in Punjab a few weeks ago and I found that these small scale unit owners are absolutely desperate. They say that they cannot carry on and they will have to close down and thousands of workers will have to lose their jobs. What is the idea and what is the philosophy behind it? You want to crush the small scale industries out of existence and on the other hand strengthen only these monopolists! Is that the meaning of liberalisation and competition? I would like to know about this. These are all very disturbing features which we are seeing. There was a talk about widening the tax net and bring more taxpayers into the net. Well, not an innocent man like me but Raja Chelliah himself hints at the fact that the most affluent section in the agricultural sector should also contribute something, after all these years, to the country's revenue. They do not pay a single pie at present, apart from all the subsidies they get in fertilisers, diesel, water and electricity rates. Nobody grudges about it. They have made the country proud. Punjab and Haryana particularly have fed the country and so on, Nobody grudges that. But after all, this is not done out of love but is done for money and if you say that money has accrued with only a handful or rich farmers, I am prepared to accept that. Why should they not contribute something or a little to the revenue of the country? Anyway, widening the tax net, according to Mr. Manmohan Singh, means that some part of the commission which the stock brokers get in the share market will be taxed for the first time. The commissions of the stock brokers will be

taxed. Now, I would like to know how these commissions are going to be identified and calculated and how they are going to be taxed. Is it possible to find out the commissions which the stock brokers are getting? How are they going to be computed? It is impossible to compute and this tax will mean nothing. Then, there is a proposal to drastically restrict the percentage of shareholders held by general insurance companies. As you all know, they are in the public sector and some of the financial institutions, banks and so on may be justifiably criticised for poor customer service or poor performance and all that but this cannot be said about general insurance sector which has performed very well and which has done very good service.

Facts and figures are there which can be shown. But, now, in the name of widening of tax net the proposal is to impose drastic restriction. The General Insurance Companies are being asked that they must impose ceiling on the percentage of share holding. They invest in so many other companies, and other places, to make money. Now, they are asked that they must impose restriction on the percentage of share holding, which means that the monetary position of these General Insurance Companies will suffer dubiously for no fault of their own.

These companies have been making good profits. They do not run in losses. So, as far as public sector is concerned, I only wish to say that all public sector undertakings do not run in losses. Some public sector undertakings do run in losses. Many public sector undertakings are showing good profits. But the order books of many public sector undertakings, since this change in the Economic Policy which is slashing down import tariffs and allowing big foreign

companies to come here to explore our market, are showing a drastic fall. They do not have orders in machine tools power generation equipment and in many other fields. In the next three-four years their order books will be blank. Many of them do not have working capital. The Government has declared that it is not going to give any working capital to them, which means no budgetary allowances.

So, we have a limited technological base in this country and much of it depends on the public sector. Without a proper scrutiny, proper investigation or proper inquiry, this way of scrapping and weakening our technological base by starving the public sector of funds should not be done because in the long run it is going to pay us clearly. It will be a very costly exercise. I can say it with all confidence.

Finally, I would say that the Government has a philosophy which it expounds every year – at least the present Finance Minister and earlier Ministers also used to say frequently – that less you tax the people more they will comply with the tax laws and more you tax them, more they will be attempting to evade tax. So, it is better to tax less. But, this is applying to whom! This is applying to corporate sector. This is applying to the rich people. The National Council for Applied Economic Research – it is not an outfit of Left party, it is a Government body – has brought out a Survey in which it says that top 5 per cent of the population of our country owns 30 per cent of the wealth. Therefore, the plea is that this richer section, in which corporate sector is included, should not be taxed less but more. But, where does the money come from? Where from the Government gets resources which it wants, because the whole taxation policy is lopsided. This way, it will not be able to either get

resources or the ensure that whatever money it allots will really be spent for productive purposes; for building up the productive assets. That is not what is being done. The Finance Minister has complained somewhere else that he is also concerned about the fact that industrial production is very sluggish. Why is it sluggish, that should be found out. Why these people, who are given so many loans and incentives, do not spend bulk of this money for developing productive assets in the interest of the country and why do they spend it for speculative purposes? Why was it done? We do not know whether any part of the money which was lost through big frauds going to be recovered.

About this bank scam, we were promised here that there would be follow-up action within four months and all that (*Interruptions*)

SHRI NIRMAL KANTI CHATTERJEE (Dumdum): Three months from 30th December. That is long over.

SHRI INDRAJIT GUPTA: There are hon. Members sitting here who were there in the JPC.

SHRI NIRMAL KANTI CHATTERJEE: In the Annual Report of the Finance Ministry it is mentioned that the Finance Minister has promised to give Action Taken Report in three months' time from 30th December.

SHRI INDRAJIT GUPTA: I am thankful to the hon. Members of the JPC who had elicited from the Minister the assurance that a follow-up Action Report would be presented now.

MR. CHAIRMAN: Mr. Gupta wind up now.

SHRI INDRAJIT GUPTA: I have to wind up. What can I do? The whole country is being wound up. It does not matter if I am wound up.

So, Sir, the last point that I will mention is this. The bank scam had accounted for so many thousands of crores of rupees which had been misappropriated or stolen or diverted. We are waiting for an Action Taken Report. There was another big amount of money which was lost – which was much less compared to the bank scam, which was just a chickenfeed – in the Bofors' deal. My point here is that, one gentleman belonging to this company was suspected or accused of being one of the recipients of that money which was paid by the Bofors Company as a consideration to somebody here – we do not know who – in order to ensure that the order for the Bofors' gun would be given to them. It was a secret. Now, it is out in the press everywhere. He is the head of the Hinduja's Company. He had challenged the Government. Mr. S.P. Hinduja had accused the Government by saying that the Government is not serious about getting that money back from the Swiss Banks. Had you asked for the specific documents relating specifically to the Bofors deal, the Swiss Banks would not have now been in a position to go on delaying and delaying in giving those papers. You have not done that. He said that the Government agencies had asked in such a general, vague and abstract way for some papers that it gives time to the people there to delay. It gives them excuse to go on wasting time and saying that they want more details, more particulars and more facts. Why have they not done that? They know as to how it is to be done. I will say that the agencies of the Government which are dealing with this matter, are defaulting in their duties and the Government does not pull them up

though the Government goes on saying that they are very keen about it and in a day or so, the papers will be received. According to Mr. Hinduja, who is probably better versed in these matters than the Government is, says that the Government will never get the papers, if they go on like this. The Government should ask for specific documents. They should not ask for mountains of papers. They should ask for specific documents relating to Bofors, relating to those accounts which are there in the banks. It is because they are numbered. They have got the code names. If the Government asks for them, they will get them. He had come out openly in a section of the press with a big interview actually accusing the Government, charging the Government with laxity in this matter.

So, I would like in this matter also that the hon. Finance Minister should tell us where the matter stands.

I cannot support a Budget like this. It is absolutely a disastrous Budget for the country and the fruits of it will be evident, Sir, after a few more weeks or months.

*[Translation]*

SHRI ATAL BIHARI VAJPAYEE (Lucknow): Mr. Chairman, Sir I have before me two speeches of the hon. Finance Minister and both relate to the budget. One of the speech was delivered here on the floor of the House and the other has been distributed among the Members in the form of a booklet. The two speeches vary from each other.

A few couplets read by the hon. Finance Minister during the course of presenting his budget are not there in the printed speech. The Members have got the printed speech. His speech delivered in the Lok Sabha will serve as a document

but one will have to make a lot of research work for the purpose. Our coming generations should know that India had a Finance Minister who not only talked of financial matters but used to be poetic also, during his speeches. The Finance Minister said - "Lamhon ne khata ki thi, sadiyon ne saza payee"..... He may probably be referring to the present moments of committing blunders, the punishment whereof will be borne by the future generations.

Sir, the hon. Finance Minister wants to touch the skies standing on the ground but he should see that his feet are not uprooted in the process. The Finance Minister wants to change the direction of the winds. His courage deserves commendation. There is really a need to change the direction of the winds. But, Sir, who knows that the changed direction of the winds will lead our boat to the shore or to a whirlpool. The Finance Minister read another couplet "Unan, Misra, Roman sab mit gaye jahan se...." It would have been better if the Government had rejected the GATT and thereafter had read the couplet—which means that many countries have doomed but we have stood steadfast. At times it seems that the couplets cited by the hon. Finance Minister were not very relevant to the subject but it is good that he quoted some couplets. It hardly matters that Shri Somnath Chatterjee did not like his quoting the couplets..... (*Interruptions*)

[*English*]

SHRI SOMNATH CHATTERJEE (Bolpur): Before I could understand by turning to the translation, he came to another topic. I said, enough is enough. It is impossible to keep pace with that; and he was not coming to the Budget at all, because he had nothing to say on that. (*Interruptions*).

[*Translation*]

SHRI ATAL BIHARI VAJPAYEE: Mr. Chairman, Sir, the hon. Finance Minister read his couplets very elaborately and our comrade could have comprehended their contents being translated if he wished so ....(*Interruptions*).... he must have been at a loss as to how the couplets were related to the budget. But as the other comrade has said just now that the budget also reflects a philosophy, the economic philosophy. It is another thing that today we differ with that philosophy, that is the philosophy of the ruling party but the kind of India we want to build ....(*Interruptions*).... the budget should reflect a glimpse thereof.

[*English*]

SHRI A. CHARLES (Trivandrum): Poetry is the music of the heart which can have a fine expression in the Budget....(*Interruptions*)...

[*Translation*]

SHRI ATAL BIHARI VAJPAYEE: Now I would come to the budget because time at my disposal is limited. Mr. Chairman, Sir, my complaint is that the budget discussion took place in two parts which neither did justice to the budget nor did it reflect the feelings of the House in toto. A discussion took place in the other House, and the Finance Minister gave the reply but the discussion is being prolonged here. Had the discussion taken place earlier, the hon. Finance Minister might have made amendments in some of his tax proposals in the light of our suggestions. This too was delayed. The budget should not be dealt within this shabby manner. I hope, this point is kept in mind during the discussions to be held on next year's budget.

[Shri Atal Bihari Vajpayee]

Mr. Chairman, Sir, the optimism expressed by the Finance Minister while presenting his budget is far from reality. This fact has been proved correct in regard to inflation, as has been said by comrade Indrajit Gupta that the Government was warned about the increase in the rate of inflation and rise in prices after the budget was presented but it did not accept that. Inflation has crossed double digits now. I do not want to repeat what the Finance Minister said earlier about inflation. His speech of 1991-92:... (*Interruptions*).

SHRI SOMNATH CHATTERJEE:  
Leave that aside, he has conceded that there were lacunae....(*Interruptions*).

SHRI ATAL BIHARI VAJPAYEE:  
But here are no indications that inflation can be checked in near future because their present assessment and the assessment they made during the previous budget have proved to be wrong excepting the foreign exchange reserves. The fiscal deficit, the revenue deficit and the amount of interest on the loans have increased. The hon. Finance Minister had criticised it in his speech at that time and had said that it effected the inflation as well.

It is good that the foreign exchange reserves have increased and the hon. Finance Minister deserves compliments for it. But we would like to know from which sources this foreign exchange reserves have increased, as Shri Indrajit Gupta has also expressed his desire to know the details of the foreign sources. As compared to last year, the foreign debt has increased and the domestic loan has just gone double. I will be happy if the hon. Finance Minister condemns it. We reach at the conclusion on the basis of the

data available with us. From which sources foreign exchange reserves have increased? There should be transparency in this regard. The issue of openness and transparency is the common topic of discussion now-a-days. I would like to submit that even in the preparation of budget there should be transparency. Leave the area of taxes, where the custom duty is to be increased and where the excise duty is to be reduced, there should be discussion in the House and through out the country on it. There should be a continuous and open discussion on the budget allocations. Such practice is followed in other countries of the world like Japan; why then we cannot do it? How much money is to be allocated for the removal of poverty, how much allocation has been made, how much allocation should be made, can it not be estimated before presentation of the budget, can a discussion not be held on it?

Mr. Chairman, Sir, I was talking about foreign exchange reserves. The hon. Finance Minister should take the House in confidence on the foreign exchange reserve issue. How much is the actual investment out of it? According to the information available with me, the foreign investment during 1993-94 is touching 3 billion dollars but out of it, only 425 million dollars are in the form of direct investment. During 1992-93, the direct investment was to the tune of 343.5 million dollars, taking that into consideration there is not much increase in the foreign investment. The rest of the foreign exchange has come in the form of portfolio investment. It is 1.36 billion dollars and out of it, 1.1 billion dollars have come in the three months of October, November and December. Most of the finance has come in the form of finance capital and not in the form of productive capital. If this data is correct,

then, it will not be appropriate if we do not take care of other aspects of economy, merely on the fact that the foreign exchange reserves have increased.

The hon. Finance Minister has presumed some things for sure in this budget. First of all, he has presumed that like the last six years, monsoon will be normal this year also. It is true that our agriculture depends on Monsoon but it is a hard fact that while preparing the budget it should also be taken into consideration. That even today various parts of the country are facing famine and scarcity. I had been to Rajasthan. Sixty thousand labourers are engaged in relief work there and there is a demand to increase their number to one lakh. Same is the condition in various parts of the country. The hon. Finance Minister should take it as the good luck of the country since he has seen six good Monsoons continuously and good crops. He is presuming that this year also the Monsoon will be normal. He is also presuming that the tax relief given to the domestic and foreign industries will increase to the industrial growth rate between six to eight per cent. He is also presuming that the law and order situation will be normal and there will not be social tension in the country. He is also presuming that the oil price in international market will not increase. He has also presumed that the relief provided to the middle class will increase the demand and this increase in demand will lead to the setting up of new industries and the industrial recession will be removed and the capacity of the industries which is not being utilised will be utilised properly. The hon. Finance Minister also presumes that the foreign investment will increase.

Mr. Chairman, Sir, ours is a large country having complicated problems. Efforts should be made to ensure that the

social tensions are not there. But if the social tensions crop up and deficit is increased, and the hon. Finance Minister holds the Ayodhya incident and the bomb blasts responsible for it, then it will not be proper and such things do have their own effects. Such incidents can take place in some or the other part of large country like ours and taking this into consideration, the economic policy and the tax proposals should be formulated. No one knows which turn our relations with the neighbours may take or what serious developments may take place at any time in Uttaranchal. If the whole budget is prepared on the presumption that all the circumstances will remain favourable, then the country will not make economic development at a fast pace. Problems are not so easy and the circumstances are not always favourable. Therefore, it is necessary for the hon. Finance Minister to take these things into account.

I would like to know from the hon. Finance Minister as to why these social tensions be allowed to crop up? Why an effort is not made to solve these before hand? Does the hon. Finance Minister not have any role in it? Whether the hon. Finance Minister is associated only with the Finance Ministry? The Home Ministry is independent and can work at its will. Is every Ministry independent? Ayodhya incident was resolved belatedly. And the hon. Finance Minister is holding it responsible. That is a religious issue, a cultural and national issue but if affects and will affect the economy. Therefore, do not let the social tensions come up. I do not know whether the Cabinet ever discusses such issues or not.

Mr. Chairman, Sir, we had expected in this budget from the hon. Finance Minister that he would bring such tax proposals which will result in stabilizing the prices, increase the employment

[Shri Atal Bihari Vajpayee]

opportunities, reduce disparities and the country will move towards self reliance but the tax proposals do not show such signs.

There is recession in the industry. Many industries are in the queue for taking help from the B.I.F.R. They want to take loan. When the Government is taking loan then why the private industries should lag behind in taking loans. Besides, the decreasing employment opportunities can lead to social tensions. If the factories are closed down on a large scale, people will come on roads. If the prices are not brought under control, then there will be social tension. The hon. Finance Minister will be responsible himself for that.

The hon. Finance Minister, in his speech has said that the number of unemployed registered with the employment exchanges has come down by one per cent. We know that if someone gets his name registered with the employment exchange and does not get employment within a stipulated period, he is supposed to get his name renewed as it is not registered for ever. The Government claims that employment opportunities are available with the employment exchanges. The number of unemployed has reduced. How much the employment opportunities have increased, please give the details? Statistical organisation does not support this claim. Does the Government not have the data regarding the increased employment opportunities and the number of people who have got jobs? They will be the real test. Do not see the decreasing number in the register. I have collected some of the data. The million man days under Jawahar Rozgar Yojana have decreased. The grants given for the removal of poverty schemes and other schemes have been reduced. I have the

data regarding the families which were to be given assistance under I.R.D.P. During 1989-90, 3.35 million families were given assistance. During 1990-91, this figure came down to 2.90 families. During 1991-92 and 1992-93, 2.54 million and 2.06 million families were given assistance respectively. Same is the fate of the Jawahar Rozgar Yojna. We would like to know from the hon. Finance Minister as to where the figure regarding employment opportunities are increasing?" The way the investment is going on, only the big industries will flourish. The foreigners also have interest in the big industries. In fact, their schemes are harmful for small scale industries. The organised sector cannot provide more employment opportunities in the country. We want the new technology. This is the age of automation. Such a situation will come up when industrialisation will increase but the employment opportunities will decrease. In such circumstances, the hon. Finance Minister has imposed excise duty on small scale industries. Shri Indrajeet Gupta has rightly said and I too had used these words in Gorakhpur yesterday that the hon. Finance Minister has waged a war against the small scale industries.

Lamhon Ne Khata Ke Thi, Sadiyon Ne Saza Paye.

The small scale industries provide more job opportunities; they play their role in foreign trade also and do not centralisation of power and capital. May be there are some small scale industries which take the undue advantage of these facilities. Does it not happen in case of the big industries? From thread to umbrella the hon. Finance Minister has thrown his net in such a way that the small fish have been trapped while the big crocodiles have escaped. The factories are closed. I myself have met the hon. Finance Minister alongwith a delegation but it

seems that he has made up his mind. The supporters of GATT think that the small scale industries are not so important. They have no place in globalisation. The goods manufactured by the poor under tin sheds have no use. I hope the hon. Finance Minister provides some relief to the small scale industries in his reply. Serious studies have been conducted regarding the small scale industries. The PAC had also analysed that some people are taking undue advantage in the name of small scale industries. The logic is that if the small scale industries are earning money and are not ready to pay the taxes, then this issue can be considered over. On the other hand, the small scale industries claim that they are ready to pay the taxes but they should be freed from the clutches of Inspector's Raj.

The hon. Finance Minister has not mentioned many other points in his speech for which notifications were issued over night. Early in the morning the inspectors were present at the gates of the factories. The factories were locked and they were sitting in the chairs outside. People's eyes are on the Parliament and the Parliament is looking at the hon. Finance Minister. Does the Government intend to introduce the inspector's rule once again? The income from the small scale industries is estimated Rs. 100 crore only. Ways and means of tax recovery should be found through negotiations with the small scale industries so that the Government's income is not affected and at the same they get rid of inspector's Raj also. Such arrangements should be made. Otherwise, by not taking care of small scale industries, if we expect that there will be no tensions, there will be equal distribution of property and everyone will participate in the prosperity of the country, then that hope is not going to be fulfilled.

Mr. Chairman, Sir, the hon. Finance Minister has increased the defence budget marginally. That is not proper. The security of the country is in danger. Our neighbours are trying to get more and more deadly weapons. We should be vigilant. We have long sea boundaries. Everyone is proud of the achievements of our scientists in the field of missiles and space technology and we would like to give compliments to them. But this progress should not be stopped under any pressure. Security of the country is of the prime importance.

The budget estimate during 1993-94 was 19 thousand 800 crore rupees but the revenue expenditure was 21 thousand crore rupees. The revised budget for 1994-95 is 23 thousand crore rupees. This increase is merely one per cent which is inadequate and if inflation is taken into account, then this increase is negligible. This Government is aware of the fact that today we have not moved forward. The hon. Finance Minister might be knowing that 65% of the approved budget is spent on the establishment. Invention, research, manufacturing of new arms or procurement of new arms and modernisation are the dire needs of the hour. Those who command our forces know all these things. From where the money will come for that purpose? Our defence specialists claim that if we acquire a sophisticated weapon today, it takes years in utilising that weapon and as our personnel have to be trained for that. Keeping this thing in view, we will have to think it over again. This House will not have any objection to providing more funds for defence but if there is any scope to save or reduce the expenses, we must take care of that.

The hon. Finance Minister has levied a new tax, service tax. Doubts have been raised as to whether it will last long.

[Shri Atal Bihari Vajpayee]

What is the need of imposing this service tax? The service on which this tax has been imposed has nothing to do with utility and efficiency. The Government wants service tax, so it has imposed 5 per cent tax. There is apprehension that today it is 5 per cent, tomorrow it will be increased. It is not a wise step. Reduction in customs duty and increasing the excise duty is not the way to encourage competition. Just now Shri Indrajeet Gupta was saying that competition does not mean that foreign companies start capturing our companies. Such steps should have been taken as would make the Indian companies international companies on the basis of the quality of their products but the present policy of the Government does not leave any scope for it. At present the trend of capturing the Indian companies is going on. It should be stopped.

Foreign capital should not be invested in forward trading. The share market is mismanaged today. It seems that the Government does not have any check on it. It must be regularised, otherwise there will be once again a big scam like the securities scam and it will not be traced even after setting up the J.P.C. as to where the huge amount of five thousand crore rupees have gone? Again a J.P.C. will be constituted to find out the facts.

Mr. Chairman Sir, the people should earn, save and invest their money in productive activities, not in forward trading. But today, the tendency of earning quickly by investing in the forward trading has increased. Whether we will encourage foreign investment in this market?

Mr. Chairman, Sir, it is good that we have returned a part of the loan taken

from the I.M.F. Our image will improve in foreign countries as a result of this. But I feel that there should be more transparency while seeking loans from IMF or World Bank and we should know about the amount of loan sought and the conditions imposed by them for it, etc.? Can we not reach at a consensus on this issue?... (*Interruptions*)... We should probe into the utilisation of the amount of loans taken. But, at present, the loan-seeking procedure is carried out in camera which gives rise to several doubts. It should not be so.

17.00 hrs.

The dealings with the World Bank or IMF should be open. And there is a need to reach a consensus on such an issue.

The Reserve Bank of India needs to be groomed as an independent monetary authority. The role of the Reserve Bank of India in the Bank Scam leaves much to be desired. Sometimes the RBI seems to be a part of the Ministry of Finance and sometimes a part of the Prime Minister's Secretariat. The Reserve Bank acts as an independent monetary authority in a number of countries. The Governor of the Reserve Bank of India is an efficient person. It is not going to make much difference. The system should be such that if need be the Reserve Bank of India may advise the Government also. The Reserve Bank of India should not bow to everything that the Government says.

The Minister of Finance has taken another step that there should be a limit of loan to be sought from the Reserve Bank of India. But he is not ready to draw a line for himself. Whoever succeeds Dr. Manmohan Singh will be bound by this limit. If the proposal to draw a line in the case of the amount of loan sought is

considered good, then why no immediate action is being taken thereon?

THE MINISTER OF FINANCE (DR. MANMOHAN SINGH): It will be done this year only.

SHRI ATAL BIHARI VAJPAYEE: If the Finance Minister has decided to implement it with immediate effect, then it is a welcome step. But somehow his Budget speech seems to echo that it will not be implemented. It will be implemented later on.

Mr. Chairman, Sir, I would like the hon. Finance Minister to say something about increasing income-tax exemption limit also in his speech. (*Interruptions*) I have already mentioned that, you have come late.

This limit has been raised from Rs. 30 thousand to Rs. 35 thousand. It has not been increased by Rs. 5,000 in the real terms. In real terms it comes to Rs. 2,000 because it is also affected by inflation. The purchasing power of Rs. 30,000 last is equal to that of Rs. 32,750 this year, then, what relief has been provided by you? You have not removed the course of tears, you have only provided a handkerchief to wipe the tears. It will not stop the tears. The Finance Minister maintains that he is ready to raise the income-tax exemption limit but it will adversely affect the financial position of the States. Can we not find some other way out to compensate the States? It can be done and if the Finance Minister so desires, he can do it himself. You are aiming very high but are not ready to check the loss go to be caused to States.

Mr. Chairman, Sir, I would like to say one more thing. The income tax exemption limit for an individual has been raised from Rs. 30,000 to Rs. 35,000 but the said exemption limit for a Hindu

Undivided Family is still Rs. 18,000. After all, what should be the attitude of the Government towards a Hindu Divided Family in respect of income tax exemption limit?

17.03 hrs.

[MR. SPEAKER *in the chair*]

Does a joint family not work as a system of social security in our country? Whether the unit of the society is an individual or a family? It will never be possible for the Government to provide security to each and every person. A Joint family still offers security. Family members care for each other. Then, why should they be discriminated against in terms of taxes. If there are four brothers and they are living together in the same house, they will have to pay more tax than when they are living separately in four houses. If they reside in one house, then, they leave three houses for others to live in. They should, in fact, be rewarded for it but they are being punished instead. There is need to reconsider tax policy meant for joint families.

Mr. Speaker, Sir, the Finance Minister is creating problems for me. I have been informed that the Finance Minister has done a great injustice towards the working women. An amount of Rs. 1,000 has been reduced from the standard deduction. It is correct. It would be better if it turns out to be incorrect. He is saying that it is incorrect. A group of representatives had met me in this regard. I do not understand whether I should believe the group of representatives or come to my own conclusions by looking at the bent neck of the Finance Minister.

The Government has provided facilities for setting up industries in ten backward North-Eastern States but for a

[Shri Atal Bihari Vajpayee]

period of 5 years only. Those involved in industries opine that a period of 5 years is not sufficient because it takes at least 3-4 years to establish the industry properly. The said period of five years should be increased to ten years and the same facilities should be provided to the backward areas of other States also. At least it has not been announced in this Budget.

Mr. Speaker, Sir, I would like to conclude. The doubts expressed at the time of presenting the budget have been proved to be true. The optimism shown by the Finance Minister has failed to evoke new hopes in the people. This is another matter that when he visits conferences, seminars, etc. he sees only bright faces and it would not be surprising if he might have been misled by them.

Unake dekhe se chehare pe jo aa  
jaati hai raunaq,

Ve samajhte hain ki bimaar ka  
haal achcha hai.

For the benefit of those who do not understand urdu, I will translate it into Hindi.

Unake dekhe se mukh par jo aa  
jaati hai aabha,

Ve samajhte hain rogi ki dasa  
uttam hai.

Mr. Speaker, today the people are eagerly waiting for the Finance Minister's reply. I do not know to what extent the Finance Minister is willing to go. But the budget presented by him has failed to satisfy the people. The subsequent developments have proved the doubts of the people true. The mistakes committed can be rectified and an atmosphere can be created wherein new social tensions due

to financial reasons can be avoided. Thank you.

[English]

SHRI SOMNATH CHATTERJEE (Bolpur): Mr. Speaker, Sir, I will be very brief because the Members from my Party have already spoken on this Budget quite exhaustively. I wish to emphasise one or two things, with your kind permission.

The first point is, whatever may have been the reasons for the bifurcation of the Budget debate, it has somewhat lessened the importance and thrust of it. I am sure it has not been done deliberately but I hope in future we will be able to regulate our schedule so that we can have the Budget debate at one period. But one advantage in a sense for us is there that we are nearly at the end of two months after the Budget has been presented. One would have expected some positive result of this Budget so far as the price situation, industrial situation and unemployment situation in this country are concerned. But in whatever area one looks at, even after two months, we do not find any impact of this Budget which goes to the relief of the common people. In spite of the hon. Finance Minister's expectations, there is a greater rate of inflation. It has reached double digit. There is no hope of new employment anywhere. More and more sickness is there. I have the fortune of being in this House for quite some time but never in my experience, we have received so many representations and memoranda after the Budget, particularly this year from the small industrial sector who are clamouring and expressing their agony and anguish at the serious situation they are facing in the country because of this Budget. What more can we do except to send them to the hon. Finance Minister

with a polite request for his sympathetic consideration? But how many times can we meet the Finance Minister? Almost the entire spectrum of this small-scale industry is affected. From umbrella to hawaii chappal, from cast-iron to spun pipes, all are affected and even Ayurvedic medicines and many items of small-scale industries are affected and these industries are today reeling under the pressure of excise duties. In one go, the exemption was taken away. I do not know what exercise was made in the Ministry of Finance. The hon. Finance Minister is not expected to calculate himself the impact of this. He has to go by his advisers. But he has to own the responsibility. What would be the effect of withdrawal of exemption from the small-scale industry? With greater and greater burden on them and with the price advantage they had previously because of the differential in the rate of excise duty, how can they be expected to compete with the large-scale industry? It is admitted. Very good. If I am wrong, please correct. Small-scale people are waiting for the reply of the Finance Minister. Even this morning I had a telephone call from umbrella manufacturers. I said let us hope that the Finance Minister will give his reply. The country is waiting for it. I want to make it very very clear that this is a sector in which if there is no relief granted to it, there will be tremendous impact. Lakhs of people will lose their jobs, employment, livelihood, apart from mills being closed down. This is one aspect on which I want to stress at the very beginning. The other aspect is very important. It is the question of the revival of the sick industry. What we have been saying is that it is very unfortunate that even after five decades of independence, we have not been able to develop our research and development sufficiently in this country so that we can compete at the most efficient level with the outside world.

We are making improvement in technology. We are proud of our technical people, our young graduates, our scientists. We are all proud of them. We have got an immense reservoir of skills in this country. But unfortunately we cannot deny that they do not have such an opportunity for such research facilities so that they can have development in technological research. Therefore, we have to import, in certain cases, high technological inputs. We have to bring in the technological input and sometimes we have to have even the latest machines etc. But does it mean that the theory, the principle and the concept of self-reliance has no meaning in this country? Today, the Commerce Minister has also said in the Parliament of India itself that the Indian industry must have level-playing field. He does not seem to agree with the Finance Minister. But even today, the Commerce Minister of India has to say that. Today, the principle of self-reliance has become a matter of scorn probably because it does not fit in with the Finance Minister's concept of globalisation. But what is happening to our Indian Industry? Apart from this proclivity for allowing import, is there anything? Today, our young friend Shri Ramesh Chennithala was expressing his anguish about something—coconut. Even I find that after his Australian sojourn, Nariman Point has become more subdued; there must have been some pressure from his people there. He does not agree with many of the Budget proposals. I think you agree with me, not with him. (*Interruptions*)

SHRI MURLI DEORA (Bombay South): I said about the small-scale industries. I told him about that. I agree with you in that respect. (*Interruptions*)

SHRI SAIFUDDIN CHOUDHURY (Katwa): I hope some relief will come!

SHRI SOMNATH CHATTERJEE: Sir, I am very much emboldened that with Nariman Point's help, we shall be able to get some relief for the common people. For a change, he thinks of the common people. Therefore, what I am respectfully submitting and drawing the attention of the House to is that the principle of self-reliance should be a matter of our national commitment. This is not a question of just a slogan. After so many years of our foreign domination, that is what Pandit Jawaharlal Nehru dreamt of. It is not a matter of just scorn, a matter of ridicule. Now, should we or should we not stand on our legs? This is the point. If that is so, is our indigenous industry becoming stronger? Are we in a position to really compete with the big foreign concerns? Comrade Idrajit Gupta has rightly said about it. Today, you are creating a different type of monopoly inside our country. You are creating foreign monopolies in this country who are devouring even the big giants, what we consider to be the big giants of this country. That is why Godrej is folding up; TOMCO has folded up; Parle, who fought so much against Pepsi, has already gone.

SHRI MURLI DEORA: Parle and Godrej have made so much money.

SHRI SOMNATH CHATTERJEE: Obviously they felt that they would not be able to compete with them. Therefore, what we object to is this Government's indecent burial of the concept of self-reliance. Every Budget should have an objective—specially in the case of a country like ours, a developing country like ours, our budget should have an objective. We are immensely rich of our natural resources. We have immense richness so far as our human resources are concerned. This is a country of traditions, with great glorious traditions. Our country can also make sacrifice. But

they have the dreams, the young people of this country should have dreams. They have their dreams and they have their objectives, they have their ideas that this country will flourish. We may not want to be very rich people. But we want to live decently as a civilised nation, with pride, with self-confidence. This is what we want. Are we in a position to do that? Does this Budget reach that objective or pretend to reach this objective? I would like to ask the hon. Finance Minister to tell us about it. He has presented four Budgets. If this unworthy Government continues, you may have to present some more, I do not know.

SHRI MURLI DEORA: At least two more.

SHRI SOMNATH CHATTERJEE: That is the maximum you think.

SHRI MURLI DEORA: That is a good guarantee.

SHRI SOMNATH CHATTERJEE: With your interpretation of anti-defection laws, you have been able to go on increasing your strength. The Finance Minister at the beginning of his Budget speech records and pays his usual obeisance to his headmaster. I do not know what is his response. He is always a *Mauni Baba*. I would like him to tell the country that of the four Budgets that he has presented, in which area the country has progressed. Show us, except the area of foreign exchange with borrowed money, with portfolio investments, with the blessings of IMF and the World Bank, in which area this country has progressed. Let him tell us and let him tell the country. There is a question of removal of industrial sickness. For the last three years, more and more countries have become sick now. In the top of the list is

Maharashtra in the number of sick industries and not West Bengal, your favourite target. Maharashtra tops the list. There is no reduction in sickness. The situation has become more and more acute. More and more companies have today become sick. You say that all public sector undertakings are bad. But are all private sector undertakings good? How many of these private sector undertakings belong to the big business, big industries? How much money is outstanding as income-tax arrears from these concerns? How much money have they left outstanding to the banks of this country, to the financial institutions of this country? They do not suffer. Those people do not suffer. But the country suffers; young people of this country suffer particularly. Has there been more employment? Mr. Finance Minister has said about this. What was said in the election manifesto was for elections only. Election is over, manifesto is over. Therefore, promise of one crore employment every year is only in those thin booklets. They are also scarce, no longer available, sold to *raddiwalas*.

SHRI MURLI DEORA: We can reprint that.

SHRI SOMNATH CHATTERJEE: Without that promise.

What about price rise? Is there a better position between the Centre-State relations? Today, concerns like the Indian Iron and Steel Company are gasping because the hon. Finance Minister does not want to provide funds for that. today, the NJMC, a Central Government undertaking, with 24000 work force is on the verge of total collapse.

They have no working capital, there is no proper management and there is no arrangement for sale.

Mr. Speaker, Sir, I had the opportunity and I am still representing one of the unions. We have been saying that we are prepared to sit across the table. Many times, Sir, we have said: "Please tell us what is to be done; tell us what do you want us to do?" But you have to do your job. Today, I got a telegram saying that there is no raw material for production, please do something. What can we do, but go to the Minister, talk to him? If he is kind enough, he will say please talk to the Finance Minister. He has also his difficulties. Is this the way to run a major industrial undertaking like NJMC. NTC is also tottering. So, something must be done.

Sir, although we have been misunderstood, we have said that if there is any industrial undertaking which, even after sincere efforts and proper attempts to make it viable cannot be, at all, made viable, make some provision for the workers and then you wind it up and you invest in other units. But look after these human beings who are citizens of this country. What are their faults? You adopt a policy called Exit Policy. You say that you have constituted a fund called National Renewal Fund. You say that you will retrain and redeploy them. Where have you redeployed them? What will you train them for?

Sir, these are very important issues. Therefore, it is essential that the hon. the Finance Minister tells us as to what is to be done and what he has been able to achieve in this country. I do not wish to take more time.

I earnestly request the Finance Minister, as a matter of fact, I should say I demand from the hon. the Finance Minister that he should immediately withdraw that order for withdrawal of exemptions in respect of the small scale

[Shri Somnath Chatterjee]

industries. He should give an assurance to the people of this country; I have been requesting him and I can say on the floor of the House that he has said: "At my level, I shall monitor, Somnathji." But he is too busy with his foreign sojourns; I do not know where he goes.

SHRI MANMOHAN SINGH: I did not go to any foreign country.

SHRI SOMNATH CHATTERJEE: Your Assam visits. Therefore, this is essential. I sincerely feel that there are some issues where we cannot afford to be partisan. There are some issues which are national issues like the situation of the sick industries in this country, the condition of the small scale industries in this country, the fate of the young people of this country who have nothing to live on.

Sir, after all, the public sector has grown up on the sweat and toil of the working classes of this country. They have contributed to it; for some time, temporarily, there may be some public sector units which have come into difficulty because of your mismanagement or may be due to some trouble somewhere else. I am not going into the details. But is there any serious attempt made? Please do not just fall into the trap of Nariman Point that all public sector undertakings are bad.

SHRI P.C. CHACKO (Trichur): What is this Nariman Point?

SHRI SOMNATH CHATTERJEE: Uptill now you have not understood it.

SHRI MURLI DEORA: He has referred to my name and I must be given one minute to clarify the point. You spoke

just now about TELCO, Godrej and Parle. The three companies...

SHRI INDRAJIT GUPTA: TOMCO also.

SHRI MURLI DEORA: I know what is TOMCO, Mr. Idrajit Gupta. Please forgive me. TOMCO—Tata Oil Manufacturing Company—has a factory both at Bombay and Calcutta. There was a report and I understand reliably from some Tata people that your Chief Minister, Shri Jyoti Basu, himself rang up the Finance Minister to allow this merger. On one side, you are allowing this merger and on another side you are opposing it here. (*Interruptions*)

SHRI SOMNATH CHATTERJEE: My Chief Minister is not here and I do not represent him.

SHRI MURLI DEORA: Do you do not represent him, very good!

MR. SPEAKER: I think beyond a certain limit this kind of thing should not go on.

SHRI MURLI DEORA: He referred to my name and can I not say that?

MR. SPEAKER: He did not refer to your name.

SHRI MURLI DEORA: He referred to my name three times.

MR. SPEAKER: He has not referred to your name and you are unnecessarily pulling it or yourself.

SHRI SOMNATH CHATTERJEE: Mr. Speaker Sir, I shall deal with it. Precisely I said when you dry them of funds the only option is closure of that undertaking and people losing their jobs.

Then what can be done? We are not an independent republic of West Bengal. We are very much there because we are a part of India.

MR. SPEAKER: Somnathji, please leave it at that.

SHRI SOMNATH CHATTERJEE: I am very much obliged to you for giving me some time even at this fag end. I would earnestly suggest to the hon. Finance Minister to immediately address himself to some of these basic issues and solve them. Otherwise this is nothing but a Budget of surrender to the forces of exploitation and destabilisation. Nothing else.

[Translation]

SHRI SHARAD YADAV (Madhepura): Mr. Speaker, Sir, I would like to raise 2 or 3 points. I have spoken at length on this issue but the Finance Minister was not present at that time. I, on behalf of my party, would like to say only this, that the poor, the farmers, the labourers and people belonging to weaker sections of India....

MR. SPEAKER: You have already mentioned these points in your speech.

SHRI SHARAD YADAV: If you think in the interest of the poor, then I can briefly touch upon those points. If not, we may leave it.

MR. SPEAKER: You may raise these points some other time. We are short of time now.

[English]

The Finance Minister may reply now.

SHRI MANMOHAN SINGH: Mr. Speaker Sir, I am grateful to all the hon. Members who have taken part in this debate. I begin by fully endorsing what Shri Somnath Chatterjee has said that when dealing with the basic issues of nation's development one has to rise above considerations of partisan politics. India is today faced with immense challenges. There are immense opportunities provided we have the wisdom to seize them. There are also immense risks if we do not act wisely. In doing so, we have to take note of the tremendous changes that have come about in the world. We live in a world where the only constant thing is change itself. It is very important that the perceptions of the leadership in this country—and that applies to those who sit on this side as well as those important leaders who sit on the other side—that our perceptions should keep pace with the harsh realities.

There is a great danger that if our perceptions do not keep pace with the objective realities, we may end up with immense damage to the nation's economy and fortunes. India is not today in the same situation as India was in the 1960s, 1970s or even in the 1980s.

Vajpayeeji referred to the Defence expenditure. There was a time when the geopolitics provided us a certain degree of security because of the cold war; whatever its bad effects, it did give us greater manoeuvrability. We could buy a lot of defence equipment at very cheap prices from the Soviet Union. Until 1990, this country could, against rupee of payments, import annually about five to six million tonnes of crude oil from the Soviet Union. The disappearance of the Soviet Union has meant that if we want to be fully prepared to meet the nation's security needs, we have to pay for it in foreign exchange; if we want to meet the

[Shri Manmohan Singh]

minimum energy needs of our economy, we have to pay for them in foreign exchange to a much larger extent than we had to do before. This is the environmental change that has come about. Whether we like it or not, although self-reliance has been the creed of this nation, right since independence, the fact is that for all these 45 or 46 years of our independence, we have been dependent on external assistance of a conditional type from the international financial institutions as well as the bilateral donors. But whether we like it or not, today, the conditionality element has increased just as the amount of conditional aid available has shrunk. India has to manage to survive, to grow, to meet its national aspirations in this harsh world environment.

It is in this setting, I urge this august House to view our problems. If you look at India's history, Sir, until 1980, the average growth rate of this country was no more than 3.5 per cent. With that little growth, there was no perceptible change in the proportion of people living below the poverty line. Then, came the 1980s. We were able to raise the growth rate to 5-5.5 per cent per annum; and although there are differences about precise figures, almost everyone would agree that there was a perceptible reduction in the proportion of people living below the poverty line. But, that particular development was unsustainable; it was financed to an unsustainable degree by excessive borrowing at home and excessive borrowing abroad. Also, there was an exceptionally favourable development that sustained the rate of growth in that in the 1980s. We entered the 1980s with petroleum production of no more than 10 million tonnes. It rose steadily to 34 million tonnes by 1990s. That provided big relief to our balance of payments; that also

provided a big relief to the Budget in the 1980's. Although we were spending more and more, a considerable part of it was financed by surpluses of the Oil Coordination Committee which was then transferred to finance the Government expenditure.

In the 1990's these options are not open to us. Our oil production is falling for the fourth year. This year, probably, it will be no more than 27 MT. Also, we cannot have a pattern of development which relies excessively either on internal borrowings or external borrowings. The amount of debt that we had piled up in 1990—a large part of it was commercial debt—was such that our economy could become vulnerable to any exogenous shock. That shock came in the form of Gulf crisis and it threw our economy off the track. In the same way, the internal imbalances led to an unsustainable fiscal deficit which, if not controlled, would have led to rise in inflation degenerating into hyper-inflation. That is the reason why we have to adjust, why we have to relook at the economic strategy control and mechanisms.

This does not mean that we are, in any way, giving up the cherished national objectives of removing poverty, of building a modern economy and policy making full use of science and technology or even of self-reliance. Self-reliance, as Panditji always used to say, means the capacity to pay for all your imports through normal transactions exports and commercial inflows, that is, eliminating our country's dependence on concessional and politically-oriented type of aid.

But how can we do it? One view is that we can shut ourselves from the rest of the world. Imports will then

decline. I submit to you and through you to this august House, that is simply not a sustainable proposition. India, in the aggregate, is well endowed with regard to natural resources but not on a per capita basis, and that import needs almost invariably everywhere rise in the process of development. In 1991, when our Government came to office, we had a balance of payments deficit on current account of nearly \$ 10.5 billion. We had to finance it in the short term. That is why we had to have recourse to the IMF and the World Bank because adjustment in the absence of these inflows would have imposed massive burdens by way of inflation and unemployment. We did not want to do that. But we have never believed that we can finance all these deficits indefinitely. We must learn to create a situation where our exports can rise so that this gap between imports and exports can be progressively bridged at higher levels of income and employment. And that is the true meaning of self-reliance. But exports do not grow out of thin air. Exports grow out of domestic production. Exports grow out of greater and more efficient production. That is the logic of structural reforms which we have undertaken through changes in trade policy, through changes in industrial policy, through making our financial system more cost-effective and more competitive. The purpose of all these things is to strengthen India's ability to face the challenge of competition so that over a period of time, this yawning gap between imports and exports, which has persisted for the last 45 years and which we have been year after year financing by borrowing from either the World Bank or bilateral donors is reduced and ultimately eliminated so that our country gets over this dependence on aid and becomes truly self-reliant and also we do not want our country to be mired in ever-growing debt.

In the short term as I said, in the year in which we came into office, we did need a breathing time and so, debt did increase. But if you look at the mid-1980's, debt increased at an average annual rate of about 6 billion dollars per annum. In 1990-91, before this Government came into office, the external debt increased by 8 billion dollars. In the next two years, debt increased at an average annual rate of three billion dollars and in the year that has just ended, external debt of this country has hardly been increased. Now, you compare the situation that was there in 1990-91. External debt increased by 8 billion dollars and reserves went down by 1.1 billion dollars. In the year 1993-94, reserves increased by 8.6 billion dollars and external debt has hardly increased. That is the proof/evidence of our commitment to self-reliance. This is clear proof that what Somnath Chatterjee and Indrajit Guptaji, for whom I have great respect, have been saying has no relation to the objective reality.

SHRI NIRMAL KANTI CHATTERJEE: That has self-reliance to the stock market.

SHRI MANMOHAN SINGH: No. I will answer that. I think a question has been raised as to where is the improvement in foreign exchange reserves coming out. I am glad that you have asked it and you have the right to know the correct answers. The biggest single improvement is as a result of a massive improvement in the current account of balance of payments. I mentioned to you that in 1990-91 the current account deficit which is the gap between total payments and total receipts was over 10 billion dollars. In the course of 1993-94, preliminary estimates suggest that either we will be near balance or have a deficit of half a billion dollars. Our exports have increased by 21 per cent in dollar terms and imports

[Shri Manmohan Singh]

have increased by hardly 2 per cent. Today, for the first time, we have the situation that India's exports and imports are roughly in balance at about 23 billion dollars. I said 'roughly'. (Interruptions)... So, Sir, this is the basic reason. Now, it is true that the total improvement in the balance of payments is larger than this. Vajpayeeji quoted a figure regarding foreign institutional investors. But if you are suggesting that all this money has been brought in by foreign institutional investors, well, for your knowledge, I may say that that figure is no more than 1.4 billion dollars. So, this is regarding foreign institutional investors and the rest is the non-debt creating dollar inflows. Our companies have been able to raise, by way of equity capital, another 1.5 billion dollars. As far as direct foreign investment is concerned, Vajpayeeji mentioned the figure as dollar 345 million. As per the estimates that I have from all sources, it will be between 500-600 million dollars. Now, it is true that direct foreign investment is not very large. But this itself should disprove the Opposition's disinformation campaign that this country's economy is being destroyed by multinationals. Most of this direct investment is in the nature of money that has been raised by the existing Indian companies. You cannot say on the one hand that we have got only 300 millions of direct foreign investment and then go on campaigning that this country's economy is being ruined by these multinationals. I think there is inconsistency in this... (Interruptions).

SHRI NIRMAL KANTI CHATTERJEE: This foreign investment is not coming with technology. It is coming as portfolio and not with technology.

MR. SPEAKER: Mr. Minister, you follow your own line please.

SHRI MANMOHAN SINGH: I was saying that these are basically national issues and this country has to evolve a broad national consensus to deal with these issues.

Take the issue of fiscal discipline or the fiscal deficit. I am glad that Shri Indrajit Gupta for a change quoted the International Monetary Fund, World Economic Outlook approvingly. I recall that when I talked of reducing fiscal deficit in the budget for 1991-92, and 1992-93, I was accused of selling this country to the IMF, of having leaked the Budget to the IMF. The fact that Shri Indrajit Gupta today quotes approvingly that we have to reduce the fiscal deficit and Shri Somnath Chatterjee endorses that, I think this itself is a measure of the sea change that has come about now. I feel happy that this nation is now on the right track, that whether on the right or the left we have all agreed that we cannot spend our way into prosperity, that we must, therefore, find genuine resources for our development not the created resources by borrowing from the Reserve Bank of India because that will lead to disastrous rise in inflation.

Having said that, I do admit that while we made decided progress in reducing the fiscal deficit in the first two years of our Government, in the third year there was a slippage. There have been factors beyond control. Vajpayeeji may wish away the role of Ayodhya but, it is a fact that confidence is a very fickle minded thing. And, when you had Ayodhya followed by an unfortunate bomb blast, industrial production, investment and business sentiment did suffer. It is easy to destroy confidence but it takes years to build confidence. And, Vajpayeeji talked of doing nothing to add to the social tension. There are built-in frustrations in

the body politic of a poor country trying to modernise itself.

Development nowhere has been a linear process of change. There are some gainers and there are some losers. A democratic policy must, therefore, devise ways and means of using politics as a purposeful instrument of managing these contradictions of growing up. I would, therefore, appeal to Vajpayeeji, for whom I have great respect and regard,—that the type of thinking that Ayodhya is not enough and from Ayodhya we must move on to Mathura or Varanasi—that if this atmosphere is allowed to grow, it can disrupt our economy. It can destroy the fragile equilibrium that we have today. I am saying this not in any partisan spirit but I do believe that we need political stability. We need a minimum degree of national cohesion and national consensus to deal with basic problems of development.

I have briefly mentioned the broad approach that we have. We need fiscal stability. We must reduce the fiscal deficit. I feel confident that this year we will be able to bring the fiscal deficit to no more than 6 per cent of G.D.P. Inflation certainly has become a problem but, there have been factors which convince me that this order of inflation cannot sustain itself. There have been some increases in administered prices but these were essential. Take the case of the oil sector. In the eighties we had a happy situation. Resources available in the oil sector were more than sufficient to finance its investment in that sector. A part of it was being spent elsewhere to support the Budget. Today, we have a reverse situation. The total money that the oil industry collects from the consum-

ers is not sufficient to pay to the producers.

You have a deficit. Now, if you have deficit, how can you spend more money on oil exploration, on oil development? I have seen the Report of the Standing Committee of Parliament rightly saying that we ought to be investing more in oil exploration, in oil development. But money does not grow on trees. If you want more resources, you have to create a situation that the Oil Coordination Committee deficit is eliminated and that is the reason why oil prices were raised. It has got nothing to do with the Budget. The Budget does not benefit out of that. Also I would say that there have been problems in the area of prices. But hereto part of the problem is that the producers of sugar cane had to be paid higher prices. The remunerative prices to the cane growers are essential just as remunerative prices to farmers are an essential condition of increasing agricultural production. We are not ashamed that we have given our farmers decent procurement prices. *(Interruptions)*

MR. SPEAKER: Nothing goes on record.

*(Interruptions)\**

MR. SPEAKER: Mr. Finance Minister, you please continue.

SHRI MANMOHAN SINGH: I was explaining that some of the adjustments were necessary adjustments. In the same way many State Governments have to adjust electricity prices because the state of the Electricity Boards is such that if we do not generate more internal resources in the electricity sector, we have to say goodbye to the ambitious power pro-

[Shri Manmohan Singh]

grammes that we have. I think it was Mr. Indrajit Gupta and also Mr. Somnath Chatterjee who were bemoaning that our public sector enterprises like BHEL are without order. As I said a moment ago, money simply does not grow on trees. The electricity sector is losing every year. Rs. 6,000 crore. This Parliament must express itself unequivocally that in the next one year or two years we are going to change that situation that electricity will be a source of generating additional internal resources and if that happens you will see what the State of Order Book position of BHEL will be. So, these are the challenges that our country is facing.

SHRI BASUDEB ACHARIA  
(Bankura): Sir... *(Interruptions)*

MR. SPEAKER: It is going on record. Interruptions will not go on record.

*(Interruptions)\**

SHRI MANMOHAN SINGH: These are the challenges that our country is facing. We can meet these challenges only collectively, thinking cohesively and evolving a broad national consensus.

Issues have been raised with regard to the public sector. The Prime Minister had said, the other Ministers had said and I had said that ours is not a policy which is anti-public sector policy. We want public sector to flourish and grow. But public sector to discharge its mechanic role which Panditji envisaged for it has to be an instrument for accumulation. It can also become an instrument of re-distribution of income and wealth only if it generates large internal resources. That it can do only on the basis of improved productivity, greater

production. That is what we are trying to do. The public sector re-structuring programme is not a programme to destroy the public sector but to make it competitive, to make it healthier and to generate more resources for India's development. *(Interruptions)*

18.00 hrs.

MR. SPEAKER: You had discussed the Budget for 15 hours. At least you should hear the Finance Minister for 45 minutes.

*(Interruptions)*

SHRI MANMOHAN SINGH: Some Members have criticized the Budget as being anti-farmers; some have said it is anti-people; some have said it is anti-employment. I respectfully submit to this august House that if you look at it objectively you will find that none of these criticisms can be sustained. I am not saying that in a short period of 2 ½ years we can do wonders *(Interruptions)*

MR. SPEAKER: Mr. Mohammed Ali Ashraf Fatmi, you should be careful about all these things. You are continuously doing it from the beginning.

SHRI MANMOHAN SINGH: When I became the Finance Minister, I said in the very first statement that I made that our country was in such a great difficulty that it would take us a minimum period of three years to see even the first visible result of the changes that we had made. I am absolutely truthful that the progress which has been made far more than what I had then anticipated. The balance of payment position today is healthy. We are the only country in the world which has come out of this crisis without loss of

income in any single year of adjustment-  
cum-structural reforms; and I do again  
assert that if you look at any objective  
figure you will find what I have been  
saying.

People talk about employment. We  
have no full proof data on employment.  
The most recent data is that relating to  
persons seeking jobs and registered with  
Employment Exchanges. (*Interruptions*) It  
is imperfect, but that data certainly does  
not support what Shri Atal Bihari Vajpayee  
is saying, what Shri Somnath Chatterjee  
is saying; that contradicts; it is exactly the  
opposite. If this country was moving  
towards greater unemployment, it would  
have shown some impact on this Employ-  
ment Exchange data. The evidence is  
quite to the contrary and, therefore, to  
argue that we are trying to do something  
against employment is not correct. The  
Prime Minister has announced special  
programme for rural areas. (*Interruptions*)

MR. SPEAKER: All these interrup-  
tions are not going on record.

(*Interruptions*)\*

SHRI MANMOHAN SINGH: For the  
rural area, this year's Budget provides 40  
per cent increase in the allocation for anti-  
poverty programme. The allocations for  
JRY have been also increased. Additional  
sums of money have been provided by  
the Prime Minister's Rojgar Yojana for  
providing jobs to one million unemployed  
persons. In 1750 development blocks  
which contain the hard core of poverty,  
minimum 100 days of assured employ-  
ment are going to be provided. The public  
distribution system is being strengthened  
in these area. (*Interruptions*) Expenditure  
on education and health has been in-  
creased. If you argue that this Budget is  
against the poor or against the farmers or  
against the workers, I submit to you this

is totally unrelated to the situation on the  
ground.

What we have launched in our  
country is a process of giving our farmers  
remunerative prices, also reducing the  
protection for industry gradually so that  
our farmers will have access to the goods  
that they consume and the inputs that  
they use at reasonable prices. If these  
things come about, if agricultural terms of  
trade improve, as I expect they will, I think  
that will be a major help to the agricultural  
sector; even one per cent improvement in  
the agricultural terms of trade will bring  
Rs. 8,500 crores to the agricultural sector.

But we do recognise that not all the  
people in the agricultural sector have  
surpluses, that there are landless workers  
and that is why this special emphasis on  
anti-poverty programmes; that is why this  
special emphasis on strengthening the  
public distribution system in 1760 blocks  
of the country where there is hard core of  
poverty.

Mr. Speaker, Sir, I think, I have  
dealt with some of the general issues  
which have been raised in the debate.  
Now I do come to one particular charge  
which has been repeated again and again  
here that this Budget has done something  
terribly wrong to small scale industries. I  
completely repudiate that charge. For  
your benefit and for the benefit of this  
House I have got the data from the  
Census of Small Scale Industries. I wish  
to explain to the House what we have  
done.

There is a special small scale  
industries exemption scheme. Under that  
upto a turnover of Rs. 30 lakhs no excise  
duty is paid. If you increase the produc-  
tion to Rs. 50 lakhs, between 30 and 50  
lakhs you pay a duty which is 10 per cent  
lower than the normal duty. If the normal

[Shri Manmohan Singh]

duty is 20 per cent, between 30 and 50 lakhs the small scale industrialist will pay only 10 per cent. If production still goes up from Rs. 50 lakhs, between Rs. 50 and 75 lakhs the producer will pay 5 per cent lower duty than the normal duty and the concessional duty on the first 75 lakhs of turnover will apply even if the total turnover is Rs. 2 crores. He is entitled to a concessional duty on the first 75 lakhs. We have not touched that. In fact, I have enlarged the scope. Previously people had to run around for registration. They talked of inspector raj, they had to go to the State Government, they had to come to the Central Government to register themselves. I have now provided that regardless of registration the benefit of the small scale industries' scheme will be available to anybody upto a limit of 75 lakhs of rupees.

If you look at this data from the census of small scale industries, published only two years ago, it shows that in terms of those who produce up to Rs 2 crores, concessional duty will apply to about 70 per cent of the total value of output in the small scale industry. They will cover about 99 per cent of employment, 94 per cent of fixed investment and if these facts are correct, I think, these simply do not support the campaign of disinformation that this Budget is anti-small scale industries.

SHRI SOMNATH CHATTERJEE: Sir, Just now I have been given another copy. I have already sent him. So many representations and memoranda Members of Parliament have received, I am sure, on Both sides. What he says is all fabricated. Who is disinforming the country? We are not disinforming the country. We are only saying that this is the

problem being faced by them as a result of your Budget.

SHRI MANMOHAN SINGH: I do admit that there are difficulties when you do want to move to a new system. We have made a major system change. We have reduced the number of exemptions. We have simplified the tax system. We have reduced the number of ad valorem rate so that there will be less litigation. Whatever you may say the tax system that we have developed, the legal system that we have developed, the Indian socialism, whatever it may have done, it has certainly conferred immense benefits on the legal profession to which Shri Somnath Chatterjee belongs. By reducing the scope for litigation. I wish to reduce the large rents being earned in that profession.

[Translation]

SHRI LAL K. ADVANI (Gandhi Nagar): Is it not correct that several such exemptions withdrawn by issuing notifications?

[English]

Over 200 such notifications have been issued and you point blank deny all this.

SHRI MANMOHAN SINGH: I am not denying anything. What I am saying is, this is not going to hurt what may be called the genuine small scale industries.

[Translation]

SHRI LAL K. ADVANI: All the exemptions, concessions given earlier have been withdraws in one stroke.

[English]

SHRI MANMOHAN SINGH: If you define a small scale unit holder as someone who has a turnover of Rs. 75 lakh then he is not adversely affected by this.

Sir, I have some proposals to mention. (*Interruptions*)

SHRI NIRMAL KANTI CHATTERJEE: Where the rate is five per cent, how is the differential between the tiny and large sector improved through your Budget?

SHRI MANMOHAN SINGH: I will explain.

Sir, with your permission I will read out the proposals so that there is no confusion.

I had explained the main features and the rationale of the proposals on indirect taxes in my Budget Speech. My aim has been to move towards a tax system which is simple, easy to administer, has moderate rates with a wide base and, which at the same time promotes economic efficiency, growth and equity. Several sectors of trade and industry have welcomed these measures. They have confirmed my belief that only a simplified structure can eliminate disputes, avoid uncertainties, check collusion and stop harassment. In the process of simplifying the complex maze of our tax system, it was inevitable that a large number of changes had to be made. Some instances have been brought to my notice where the budgetary measures had some unintended implications. Many hon. Members had also made valuable suggestions in the course of the General Debate on the Budget. Suggestions have also been received from the general

public and from trade and industry. I have given these suggestions very careful consideration. I found that there was immediate need of corrective action in a few cases. in the light of these suggestions and the representations received I have already taken such action. (*Interruptions*)

SHRI SOMNATH CHATTERJEE: This does not give any relief to the small scale sector.

MR. SPEAKER: Shri Somnath Chatterjee, he is coming to the relief point now.

SHRI MANMOHAN SINGH: From the response and reactions which I have received, I find that the main plank of criticism of my excise proposals is that the small scale sector would be adversely affected. Sir, I would like to assure the House that while the Government is committed to provide a simple and rational tax structure, the concern for the small scale industry is uppermost in our mind. Hon. Members would appreciate that it is only when we levy excise on large units and exempt small and tiny ones that the latter are accorded a real fiscal advantage by exempting a particular product completely, we treat small and large units alike and thus do not give a special fiscal advantage to small units.

I have, therefore, tried to promote the interests of the small scale sector in this year's Budget by removing the full duty exemptions in most cases, while simultaneously expanding the coverage of items included in the general SSI scheme for concessional duty. Thus the tiny and the small scale sector can now enjoy a competitive edge over the comparatively bigger units producing the same items.

[Shri Manmohan Singh]

While presenting the Budget, I had expanded the coverage of the General SSI Scheme for concessional duty to the following nine products/product groups:

- \* Unbranded Pan masala
- \* Unbranded chweing tobacco
- \* Monofilament of HDPE and PP
- \* Coated fabric of cotton like book binding cloth
- \* Conveyor beltings
- \* Specified iron and steel products like flat rolled products, bars and rods, shapes, wires
- \* All articles of iron and steel
- \* Copper products like copper plates, sheets, foil, copper alloy bars and rods
- \* Tyres and tubes

Subsequently the benefit of the scheme was extended to the following five groups of textile products:

- \* Woollen yarns
- \* Polypropylene spun yarn
- \* Acrylic spun yarns
- \* Gauze
- \* Narrow woven fabrics

I am now proposing to further extend the scheme to include three more product groups in the textile sector, namely;

- \* Rubberised Textile fabrics
- \* Waste of synthetic filament yarns

- \* Certain specified spun yarn including sewing thread and textured filament yarns.

There have been also apprehensions that in spite of exemptions from excise duty up to Rs. 30 lakh in a full year, the hitherto exempted units, would find it difficult to cope with the complex excise procedure. Many hon. Members have brought to my notice the procedural difficulties faced by the SSI sector. I do recognise that no reform can be introduced without simplifying the procedure and reducing the interface between the tax payer and tax collector to the minimum.

Sir, I wish to inform the House that the procedures for SSI sector have been substantially simplified with minimum formalities to be complied with. Steps have been taken that no harassment is caused to the SSI sector. May I highlight some of the important decisions which I have taken:

No extra records required to be maintained by small scale units.

Their own records with minor additional requirements, if necessary, will be treated adequate for excise purpose.

No separate gate passes or other documents will be required. Their own documents or challans or invoices will be accepted.

When the exemption limit of Rs. 30 lakh is crossed, the duty can be paid on the basis of bills or challans or invoices and no additional excise documentation will be required.

No monthly return will be required to be submitted. Only a simple quarterly statement is required to be filed with the excise department.

No excise official is to visit any small scale unit except with the written permission of Assistant Collector indicating the purpose of his visit.

Small scale units which are fully exempted are being given the facility of sending any goods outside without payment of duty for getting any job-work done. This has been the major demand of the people, who came to see me, that job work should be excluded and I have agreed to that proposal.

Job worker of the SSI unit will not be required to pay any excise duty on the job work.

As a further facility, the clearances of such goods sent outside for job work will not be taken into account for determining the eligibility of the small scale unit. This scheme will give substantial relief and flexibility to small scale units to upgrade their technology without losing the exemption available.

Sir, there have been some problems faced by the small forging and casting units consequent to change in the concept of brand name made in this year's budget so as to include code number, design number and drawing number also. It has been represented that generally the forgings or castings are made as per the specifications of the users and the part number or the design number is embossed mainly for the purpose of identification and subsequent use. It is not really in the nature of brand name. It has been now clarified that putting of code number, design number and drawing number would not be construed as brand name and this will provide important relief to small scale industry in the engineering sector.

I have also made changes in some other cases wherever relief was called for.

Full exemption from excise duty has already been extended in the following cases:

Hawai chappal and parts, and footwear of value upto Rs. 50 per pair.

Ayurvedic, unani, sidha and homeopathic medicines prepared as per authoritative books and sold under generic names.

Compounded rubber used . cap- tively.

Cotton yarn subjected to sizing.

Handkerchiefs, shawls and other clothing accessories.

Silicon in all forms.

Carbon di-oxide used captively in the manufacture of fertilizers.

Sir, I have been informed that jute industry has been affected consequent to switching over from specific to *ad valorem* rates. And, I, therefore, propose to reduce the excise duty on jute products from 10 per cent to a nominal rate of five per cent only.

Several hon. Members of Parliament have brought to my notice that the imposition of excise duty on cement clinkers has hurt a large number of small grinding units. I propose to moderate the excise duty on cement clinkers from Rs. 250 to Rs. 185 per MT.

I also propose to reduce the import duty on steel melting scrap from 10 per cent to five per cent in order to give relief to mini steel plants. Import duty on iron ore pellets is also being reduced to five per cent.

[Shri Manmohan Singh]

Sir, in order to help handloom carpet industry, woollen yarn in hanks is being fully exempted from excise duty. On other woollen yarns also I propose to reduce excise duty from 15 per cent to 10 per cent.

Sir, I propose to reduce excise duty on items like scented supari from 50 per cent to 20 per cent, and on paper made from pulp containing at least 75 per cent unconventional raw materials from 10 per cent to five per cent.

I am also proposing to exempt the following products from excise duty:

Double/multifold yarn if made from duty paid yarn

Towels, blankets and other made-ups from handloom fabrics

Diversified jute products

Laminated jute products made from duty paid fabrics

Specified parts used captively for making power driven pumps

Parts of footwear used captively

PVC compounds used captively

Rubber balloons.

Copies of the exemption notifications giving effect to the above proposals will be laid on the Table of the House in due course of time.

I have some more proposals. I have received some representations concerning the withdrawal of excise duty concessions which the small units manufacturing

locks in Aligarh were enjoying prior to this budget. Even though the small scale industries exemption limits are applicable in the case of these lock manufacturing units, the restrictions imposed on the use of brand names is reported to be causing some problems. This was examined in details in the department and I deputed some of our officers to go and visit Aligarh to discuss this matter with the manufacturers. On the basis of this examination, I have found that there is some justification in the complaints made by the units. I will shortly be taking appropriate measure that would remove the difficulties faced by these units. The benefit of exemption to SSI units would not be denied on mere technicalities.

A number of units in Delhi, manufacturing small roughly shaped pieces of stainless steel sheets, popularly known as Patta Patti, have been representing to me that the procedures for payment of excise duties are difficult to be implemented by these units. The problems faced by these units have been examined in detail on the spot by senior officers of the Department. On examination, it was found that these units are scattered in a number of places and their different operations starting from the stage of receipt of stainless steel flats to the final stage manufacture of stainless steel utensils pass through different units under the ownership of different people. Although at every stage there is a value addition, on account of peculiar nature of this industry where the different operations are scattered over different places and sometimes even in the open, there is a practical problem in adhering to the established procedures of payment of excise duty. In order to relieve the problems of this industry which is peculiar, I propose to introduce a scheme of compounded levy to discharge excise duty liabilities. This was precisely the demand of the people who met me. The

rate of compounded levy is being worked out.

Manufacturers of texturised yarn have represented against the levy of excise duty on such yarns. These yarns were fully exempt from duty prior to 1.3.1994, if made from duty paid yarns. Many of these units are located in Gujarat and Maharashtra. The texturising units can get credit of duty paid on non-textured yarns and other inputs for payment of excise duty on the textured yarns. They are also eligible to get the duty credit in respect of machinery under the 'capital goods MODVAT scheme' introduced with effect from 1.3.1994. Some of the procedural problems faced by the units have already been sorted out.

In the budget proposals, I had announced the assessment of textured polyester filament yarns on tariff value basis. I have received representations for having tariff values for these textured yarns also. These are being looked into.

With these words, I have come to the end of what I have to say...*(Interruptions)*.

SHRI NIRMAL KANTI CHATTERJEE: What about umbrella manufacturers?...*(Interruptions)*.

SHRI MANMOHAN SINGH: I have received several representations and those are being looked into.

With these words, I commend the budget to this august House.

SHRI SOMNATH CHATTERJEE: Sir, nothing has been said about the revival of the big public sector undertak-

ings. I have mentioned specific units/under-takings. Thousands and thousands of people are involved. What will happen to them? Not one word is said. Even umbrella does not get any respite from him. How can we accept this?

SHRI MANMOHAN SINGH: Sir, on the specific issue of umbrella, I can assure the House that the small-scale exemption facility which has been extended...

...I found that of 134 units, 132 units will benefit because of the small scale exemptions. Now, therefore, you are saying that you are trying for small scale sector exemption. *(Interruptions)* It is not true. *(Interruptions)*

SHRI SRIKANTA JENA (Cuttack): Mr. Finance Minister, will you please explain one thing regarding small scale sector? On the one hand you are encouraging exemptions, You say that upto Rs. 30 lakh there will be no excise duty. But if the actual plant and machinery cost is Rs. 50 lakh or more than that the situation is different. *(Interruptions)* You are restricting the production capacity by this imposition of excise duty. You are asking small scale industry to convert itself into tiny sector. *(Interruptions)*

SHRI MURLI DEORA: What he is saying is not correct. *(Interruptions)*

SHRI SRIKANTA JENA: Mr. Murlid Deora, it is not Nariman Point. It is the question of small scale sector.

Mr. Finance Minister, are you not bringing this small scale sector to tiny sector and discouraging the small scale sector to convert itself into tiny sector and ultimately opposing the total small scale sector? *(Interruptions)*

[*Translation*]

SHRI SHARAD YADAV (Madhepura): Mr. Speaker, Sir, it was the issue of small scale industries.

MR. SPEAKER: We are thinking of holding a discussion on the demands for grants for the Ministry of Industry.

SHRI SHARAD YADAV: Several representations have been given on these points much has been said thereon but many items have been left out. The Agro-industry has also been left out. We had submitted adequate data about the weaker section also. As against Rs. 14 crore provided in the last year's budget for giving scholarships to under-matric students belonging to Scheduled Caste Rs. 4 crore less have been earmarked this year for the purpose. Similarly, a provision of Rs. 285 crore had been made in last year's budget for the students belonging to Scheduled Tribes.

MR. SPEAKER: Sharadji, this way, it will become quite lengthy.

SHRI SHARAD YADAV: The allocations made in the Budget for Agriculture, Irrigation and other heads are on the lower side this year. We were informed that ten lakh people will be provided employment under the Prime Minister's 'Rojgar Yojana' but a provision of only Rs. 145 crore has been made in this respect, i.e., Rs. 1,450 per unemployed person. How can an amount of Rs. 1,450 be sufficient for providing employment to a person.

How then unemployment will be removed. In view of all these things and

the fact that this budget is against the interests of the poor, the farmers, the labourers and unemployed, we oppose it and stage a walk out from the House.

18.27 hrs.

*At this stage Shri Sharad Yadav and some other hon. Members left the House.*

[*English*]

(*Interruptions*)

SHRI BASUDEB ACHARIA: Sir, he has not said anything about public sector. (*Interruptions*)

SHRI SOMNATH CHATTERJEE: Sir, we are very very concerned that the Finance Minister has, if I may say so, not said anything about one of the most important problems facing the country regarding the sick public sector undertakings and other sick undertakings. There is no point in our sitting here and listening to all this. Therefore, we are walking out.

18.27 ½ hrs.

*At this stage Shri Somnath Chatterjee and some other hon. Members left the House.*

(*Interruptions*)

18.28 hrs.

*The Lok Sabha then adjourned till Eleven of the Clock on Tuesday, April 26, 1994/Vaisakha 6, 1916 (Saka)*

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