

[Sh. Vijay N. Patil]

main responsibility of the crew members is to save the passengers and to evacuate the people. This should also be inquired into as to how crew members were safe while some of the passengers dies due to burns.

MR. CHAIRMAN : They say they are finding it out.

(English)

SHRI Inder Jit (Darjeeling) : One short query. No light has yet been thrown about the identity of this particular individual. Some ticket could have been issued to him. There would be some name which would be available with the Government and the authorities. So, I would request the Minister to kindly throw some light on the identity of the individual.

The Home Minister has just said he was shot in the head, if I heard him correctly. (Interruptions) If he was shot in the head, then there should be some bloodstains inside the plane. The newspaper reports say today that there were no bloodstains within the aircraft.

So, kindly throw some light on these points so that there is no scope for any doubt: (a) in regard to bloodstains; (b) in regard to the identity. Surely something must be known about the identity. (Interruptions)

MR. CHAIRMAN : Shri Inder Jit, with such cross-examination, we will not be able to reach anywhere.

(Interruptions)

16.46 hrs

GENERAL BUDGET 1993-94- GENERAL DISCUSSION

[Translation]

SHRI SHYAM BIHARI MISRA (Bilhaur) :
Mr. Chairman, Sir, I rise to oppose the 1993-94

Budget because it is against the principles of swadeshi, swarajya and self-reliance. It seems as if the Budget has been dictated or produced by some other agency. Although our Minister of Finance Shri Manmohan Singh is the hero, still foreign financial institutions are behind it. Although at a glance, the Budget appears to be good but if the supporter of swadeshi, Gandhiji, would have been alive, he would have cried over the plight of rural poor farmers, workers and employees. The population of this country is one sixth of the total world population. Very meagre employment opportunities have been generated for a population of eighty five crores. One sided attention to machinisation, computerisation and automation in modern technology alone cannot give any benefit to us. Our economic set up rests on the activities of farmers, people like small traders, pavement shopkeepers, workers, tribals, people living in forests, deserts and hilly areas and poor fishermen. Our economic policies should be framed for them.

Mr. Chairman, Sir, if we go on doing machinisation in-stead of providing employment to them, the number of unemployed persons would go on increasing unabated creating an atmosphere of lawlessness and violence creating law and order problems. The problems of poverty, hunger and unemployment would grow and to tackle these problems Government would have to prepare another Budget for allocation of funds. Prevention is always better than cure. Thus budget is not leading the country to that direction. In the first three paragraphs of Budget, the hon. Minister of Finance has referred to the difficult situation in which the Government came to power. At that time Foreign Exchange position was not satisfactory, international reputation was not good, investors has no trust, economic development was deteriorating. He has also stated that Government has brought radical changes in these twenty months. I would like to submit that Government has not raised foreign exchange reserves. It has not raised national income. It has not promoted export. Government has earned foreign ex-

change by putting the country in the vicious circle of loans. Whatever foreign exchange the country at present possesses has not been earned it has come through foreign loans. A major part of loans has been spent a small part is left. That is why Government is to pay an amount of Rs 38 thousand crores, i.e. one fourth of the Budget, as interest. We can hide our 'langoti' under the borrowed coat-pant to project as if we are rich but for how many days this drama will last. We are a paid lest we shower not have to give up that 'langoti' for the sake of pant-coat, and we are exposed. I would like to submit that the population of China is more than that of India but it has not given preference to taking loans. It has given priority to investment, so it does not have to face any problem regarding payment and interests. Our country is facing this problem.

[*Translator*]

Now, we are saying that we have to pay interest worth Rs 39 thousand crore per year that means we taken loan to repay the interest. How long will this situation continue in the country?

The hon. Minister of Finance announced big schemes for export but in reality how much benefit are the exporters getting from those schemes. Are they getting what they want? The concessions given by the Government and their demands are quite contrary. If they demand bread the Government give them rice and if they demand rice, it gives them bread. For how long this situation will continue and how will it promote exports of the country? Another point I would like to make is that much attention is being paid to promote exports but no attention is being paid to protect the internal trade of the country. There is Foreign Trade Department to deal with export but unless internal trade does not increase how exports will increase. Unless internal trade of the country is not strengthened how quality products can be manufactured.

16.55 hrs

[MR SPEAKER *in the Chair*]

If these things are not there, then how export will increase. Today, no importance is being

given to the businessman of the country. Reserve Bank of India is not providing them advance and restrictions have been imposed on them. In such a system I would like to say that the Government have to promote internal trade along with the foreign trade. They should also be given trade facilities but there is no mention of it in this Budget.

The Government has simplified rigid laws and given concessions in controls on trade but not for small traders and entrepreneurs. Neither import duty nor excise duty has been lowered for them. Small entrepreneurs and small industries will not get any benefit of these concessions. Economic policy of the country cannot be formulated only on the basis of big industries. Therefore I request you that there is a need to take effective steps to save small industries and small traders from rigid controls, exploitation, insult and corruption.

The Government has distributed handsome amount all over the country in the name of industries. Seminars and Conferences have been held at different places. Camps have been organised but the trade of the country is decreasing and industries are becoming sick. Why this situation is arising in the country? Banks have no financial resources. There is a wide gap between the interest rates of banks on the deposits and interest rates on loans. No effort has been made to reduce it in this Budget. RBI had imposed restrictions on the credit of traders earlier when there was economic crisis in the country but now no relaxation has been given in those restrictions in this Budget. It is a matter of surprise that banks have money to finance speculators like Harshad Mehta but they have no money to finance the poor farmer, small trader, small entrepreneur, rickshaw-puller, vendor and hand-cart-puller. How such a situation can continue? When Government will finance speculators to the extent of Rs 5700 crore and if this money is lost how the Budget will be balanced? The Government has not made any provision in this regard in this budget.

[Sh. Shyam Bihari Misra]

Mr. Speaker, Sir, through you I would like to say that if a limb of the body is paralysed, how circulation of blood can be possible in other limbs. The Government has not made any arrangement to provide better bank facilities to the poor farmers. When provision has not been made to provide jobs to the labourers, unemployed and small traders, how this Budget can be a good Budget.

I would like to make another point that the banks have increased commission on bank drafts and other service charges and every year this amount is debited to the accounts of the parties but facilities have not been improved. Now, banks are not accepting notes of small denomination. Drafts are not being made on payment of cash and bank employees are not coming to duty in time. To make the matters worse, the Government has opposed a restriction that payment of Rs. 10,000 or more would be done only by draft or cheque but banks do not prepare drafts, then how this system can function. The urgent need of the hour is that the restriction on the cash payment of Rs. 10,000 or more should be removed, so that irregularities being committed in the banks on this account could be controlled. This Budget represents western materialism. The Government has increased prices of coal, cooking gas, food grains sugar, petrol diesel, iron and electricity charges before the presentation of Budget. But it claims in the Budget that prices of commodities are not being increased. What sort of mockery of the Budget is being made by the Government? The demands of the Post and Telegraphs Department were not taken up for discussion but telephone charges have been increased today. I would like to say that there should be some sanctity of the Budget in a democracy. Do not make a mockery of the Budget, otherwise the people of India will lose faith in it. Basic principle of Bapuji is propagated to contest the election but now it has been forgotten. Bapuji has told Jawaharlal Nehru that before taking any decision it should be seen as

to how much it will benefit the poorest of the poor. Gambling is going on in the country in the name of lotteries. No ban has been imposed on speculation and sale of liquor. As a result, the moral standards in the country have fallen. The person living below poverty line suffers... (Interruptions)

Mr. Speaker: You have already taken 15 minutes.

SHRI SHYAM BIHARI MISHRA: There are problems of industrial sector. All the industries are sick. One Kanpur was an industrial city but now it has become a graveyard of industries. Six Cotton Mills running there under the NTC are on the verge of closure. J.K. cotton mills, is already closed. Employees of B.I.C. are on strike. A gas plant was set up in Etawah, which was inaugurated by the former Prime Minister late Shri Rajiv Gandhi but gas supply has not been sanctioned for that plant. Foreign exchange worth Rs 200 crore has been sanctioned but supply of gas has not been sanctioned by the Ministry of Petroleum and the result is that the plant is not running. The Government has stopped giving licence to set up new industries in Bulanshahar Khurja Aligarh, Mathura, Agra and Ferozabad. The Government had formulated the scheme that gas pipeline would be laid there and all the industries would use gas in place of coal. The scheme is ready and crores of rupees have been spent on it but the Government has not supplied gas simply because the B.J.P. came to power there. The Government is encouraging politics even in the name of development. No facility has been withdrawn. The production of fertilizer is far away from the target of 180 lakh tonnes. If prices of fertilizers are not reduced, the target will not be achieved. Unless and until these industries and small industries are not encouraged, the situation would not improve. Now we have the problem to pay interest on loan but what will be the position when the loan will have to be returned... (Interruptions) This Government is leaving this problem for the future Government of this country. In my opinion, it is leaving this

problem for the BJP which is likely to come to power. Therefore, I would like to say that this issue should be considered seriously as there is a need to change the policy. Mr Speaker, Sir, I would like to thank you for giving me time to speak.

Mr Speaker 8 hours were allotted for this discussion but already 20 hours have been taken.

SHRI NITISH KUMAR Shri George Fernandes is yet to speak.

Mr, Speaker: He has said that he will not speak. 62 Members have already spoken on it. Now it is not possible to allow more Members. I ask the hon. Finance Minister to reply to the debate. (*Interruptions*)

[*English*]

SHRI RAM NAIK (Bombay North) Sir, my point of order is that we had a marathon debate, as you have just now explained. Now, some hon. Members have appreciated the Budget and some Members have criticised the Budget. Of course, the Finance Minister will be replying to the observations. The courtesy to this House demands that he must particularly reply in this House. But, before two days, outside the House, he had made an announcement which has appeared in the Times of India dated 25th April, 1993. It is a PTI and UNI release. It reads "No restoration of subsidies. Manmohan." He is making a policy statement outside the House. Now, I am quoting from the news:

"The Finance Minister, Dr. Manmohan Singh, today ruled out restoration of any subsidies and scotched the opposition charge that the country was heading for debt trap due to borrowings from the International Monetary Fund (IMF)."

It also reads

"Dr. Singh further stated the govern-

ment will use anti-dumping duties to prevent foreign goods flooding the Indian market and hitting domestic industry."

This statement should be made in this House. When the Budget has been discussed, we are expecting the reply here and instead of that he has done it outside and it is really a breach of privileges. In the morning you could not take up my notice.

Kaul and Shakhder says on page 253 and I quite

"Making of important policy announcements by Ministers outside the House while the House is in Session is a breach of privilege."

So, on this point I want to raise the order and request you to inform the Finance Minister that this is derogatory to the House. This my point of order.

[*Translation*]

SHRI HARI KISHORE SINGH (Sheohar) I will take half a minute. I would like to say that today Shri Sukhram has put a tax burden of Rs 740 crore on the people. Is Dr. Manmohan Singh going to present new budget today or will he reply to the discussion? The people in the Central Hall and elsewhere are talking that our able colleague Dr. Manmohan Singh is likely to present the new Budget on 15th May.

[*English*]

THE MINISTER OF WATER RESOURCES AND MINISTER OF PARLIAMENTARY AFFAIRS (SHRI VIDYACHARAN SHUKLA) Sir Shri Ram Naik has raised a point of order. The hon. Finance Minister, whatever had said earlier, they were a part of his Budget Speech. There is nothing new that he had said outside the House. (*Interruptions*)

MR SPEAKER Now, I will give my ruling

anti-poverty programme and social services like education and health

SHRISRIKANTA JENA (Cuttack) In the forenoon, a statement was made by the Minister of State of the Ministry of Communications about the tariff rate of the telephones (Interruptions)

The third point that I made was that we must pursue a strategy which would lead to a strong industrial recovery leading in the three remaining years of the Eighth Plan to a vigorous boom in industrial activity

MR SPEAKER What is it you that are raising Mr Jena? At least they have raised the point of order. These points are not in order. So there is no point of order.

The fourth point I said was we need a tax reform which must ensure that we move towards a simpler tax system with moderate rates and greater focus on voluntary compliance.

Secondly, we generally expect that the new policy statements are to be made first on the floor of the House when the House is sitting. If the old policy statements are repeated outside then I do not know how it can be stopped. I think he is going to reply and he would be replying in the course of his debate.

The fifth point that I made was that if this country wants to take the goal of self-reliance very seriously then we must mount a vigorous export effort that export promotion must become a truly national endeavour.

THE MINISTER OF FINANCE (SHRI MANMOHAN SINGH) Mr Speaker, Sir, I thank all the hon. Members who have spoken in this general debate on the Budget. The fact that as many as 62 members have taken part in this debate I take it as a measure of interest and that is of interest which all sections of the House share to build a vibrant, modern, progressive and a compassionate economy. That is the common objective. Despite the differences that exist among various sections of the House, I am heartened by the fact that there is a broad consensus at least about the six objectives of economic policy that I outlined in my Budget Speech and I repeat those objectives.

Finally, I said that no strategy in a country where seventy per cent of people live in rural India can succeed if we do not pay adequate attention to agriculture and to rural development.

These are the six objectives against the background of which this Budget ought to be judged.

The first objective is that fiscal discipline is important for securing our social and economic goals and for that it is necessary that we must further reduce the Fiscal deficit.

On the first point, we have reduced the fiscal deficit from 8.5 per cent in 1991 to roughly 5.1 per cent in the last year and we further propose to reduce it to 4.7 per cent of GDP. This is very important if we take an anti-inflationary stance of our policy seriously. Inflation, as the experience of the last three years has shown, hurts the poor the most. Therefore, if we care about social justice, we must control inflation and to control inflation it is necessary to control fiscal deficit further.

The second point that I made in my Budget Speech was the room for manoeuvrability that we have gained in the last two years by reducing the fiscal deficit. This fiscal consolidation must be used to step up rate of investment in the economy as well as the allocations for the vital

Several hon. Members have pointed out that revenue deficit is still very high. In my Budget Speech, I shared the concern of the hon. Members with the fact that we have not been able to reduce the revenue deficit to the level that it ought to be reduced. But there are certain compulsions. The very fact that interest rates are

such a heavy burden and such a heavy component of the revenue deficit, this problem can be resolved but only in the medium-term, over a period of two to three years. If every year we contain the fiscal deficit, I feel confident that by 1995-96, the interest payments would reach a plateau and thereby the revenue deficit would come under control.

Another point that I do want to point but is that sometimes the revenue deficit is inflated because of the accounting conventions that we adopt in this country. For example, a very large proportion of the Central Plan in this country consists of expenditure which is in the revenue account. The whole of rural development programme, the whole of agricultural development programme, the whole of money that the Central Government spends on education, on health, on family planning all these appear in the Revenue Budget and yet you all know that many of these activities do create durable asset. When you look at the whole thing in that perspective, I venture to think that though it needs to be replaced - we do not have to take such an alarming account of the present revenue deficit.

In the course of the debate, Shri Jaswant Singh brought up the question of the adjustment and he quoted from a particular document from Mr. Rosenthal, an old friend of mine, who is presently working as Executive Secretary of ATLAS. I obviously feel that it is partly because of lack of knowledge about Latin America that Shri Jaswant Singh chose to quote what happened in Latin America with our own experience. Today the whole world is convinced that if you have the smoothest going programme of adjustment - cum-structural change, it is the Indian programme. We have avoided in this country the misery, the unemployment, the inflation, the social and economic chaos that prevailed in Latin America in the Eighties which led to the Eighties being described for Latin America and a large part of Africa as "the lost decade". We have avoided India getting into that sort of a dangerous situation.

In the first year itself the national income grew. But in the second year we have ensured that the national income would grow at a healthy four per cent per annum. In the current year, if the weather-gods are normal, I expect the economy will grow at least by 5 per cent and thereafter move at a much faster pace. Therefore comparing India with Latin America or with Africa - I would submit to Shri Jaswant Singh - is not a fair comparison.

Several hon. Members have pointed out to the price situation. When we started we were in the midst of a double-digit inflation. The inflation reached as high a point as 17 per cent on a point-to-point basis.

Today we are in a situation where the annual rate of inflation is no more than 5.4 per cent. We may not quibble about the various indices of measuring inflation. But every single index shows the steep fall in the inflation rate. If you look at the consumer price index for industrial workers, the latest index that I have is for the month of February which shows an annual inflation rate lower than the inflation rate shown by the Wholesale Price Index, that is 5.7 per cent. If you look at the consumer price index for agricultural labourers, the latest index that I have is for the month of January, which shows an index of no more than five per cent.

SHRINIRMALKANTICATTERJEE: Are you saying point-to-point?

SHRIMANMOHANSINGH: Yes.

With this comparison between point-to-point and average, I am confident that the averages to compare hereafter in this year would show a steep fall. Even now if you compare the average for the current year with the preceding year of any conceivable index, they show a significant fall. Therefore the improvement that has taken place in the price situation is a fact of life. The fact that after the presentation of the Budget prices of several commodities have, in fact, fallen is also a fact of life, even

[Sh Manmohan Singh]

though some hon Members might not like to admit that this has happened

Several Members have used the Budget debate to talk about the process of import liberalisation. Shri Jaswant Singh referred to the process of globalisation. I could not really understand what he meant because in the same breath he said that his party supports the integration of India with the world economy, but somehow it opposes globalisation.

New, let me explain what is our concept of globalisation. I do want to state categorically that when we talk of globalisation, it does not in any way mean surrendering India's economic sovereignty. When we talk of globalisation, we mean a strategy of economic development which will improve the productivity and technology capacity of this nation so that it could look straight in the eyes even of the most powerful nations in the world. Ours is a strategy of self-reliance, not surrendering our sovereignty or our interests to foreign countries, and I submit to you that we live in a world of inter-dependence and that in the interdependent world (*Interruptions*)

We live in this world of inter-dependence and therefore, the only way in which India's full development potential can be realised is by taking advantage of the international division of labour, that is, by pushing our exports. India is a large country, but we do not often recognise that on a per capita basis India is not as well endowed in terms of natural resources as we believe. If India's full development potential is to be realised, India must become a major trading mission of the world. If we want to become a major trading mission of the world, exports have to grow. This pessimism that has prevailed in this country for a long period of time that somehow India cannot compete, that somehow we are inferior to other countries, I think this is how it is being looked at.

We must look at what is happening in

South-East Asia, in Indonesia, in Thailand, in Singapore, leave aside Korea and even when smaller nations have made up their mind, they have shown that it is the domestic capabilities which is the biggest single barrier to those of exports, that is certainly the case with India. When we look at India and China - I think Shri Nirmal Chatterjee brought up the case of China - in 1973 if you look at India's exports and China's exports, they were roughly of the same order of about 13 billion Dollars. We have reached from 1973 - 20 years later - to about 18 billion Dollars. The Chinese exports have exceeded 50 billion Dollars. And that is why China is taken very seriously. Next to Japan, the United States has the largest deficit in its trade with China and that is why the Chinese sensitivity, the Chinese concern are taken note of in the world. If India wants to be taken seriously, if India wants to be a major sphere in the world, then we have no alternative but to have a forward looking exports factor. That does not mean a philosophy of subjugation, that is truly a philosophy of self-reliance.

Some Members in the course of the debate argued that we have opened our doors to a flood of imports. Obviously these Members, I say with all humility, have not looked at the facts. If you look at India's import bill and if you leave out oil imports, India's imports in Dollar terms are lower in 1992-93 than they were in 1989-90. The fact that we have removed bureaucratic control through which India's foreign trade was being regulated does not mean that we are going to open our country indiscriminate import of foreign goods. We have today in place of tariff cum-import exchange rate mechanism which will ensure an orderly relation between our exports and imports and the House, therefore, can have my assurance that we will never allow a situation to develop where we are swarmed by foreign imports.

Some Members have expressed concern about dumping of foreign goods. In my Budget speech I had assured the House that we will remain alert, we already have anti-dumping legislation, we have already made effective use

of this in one or two cases. We will make full use of the provisions of anti-dumping laws of our country to ensure that the liberalised policy does not make our country a dumping ground for unwanted foreign goods. This assurance, I repeat. We have, of course, reduced import duties but these import duties have been reduced in a manner which in the medium term will strengthen Indian industry. After all we all talk of a high cost economy. How does the high cost economy arise? We are a country endowed by nature with large human resources. We have a large reservoir of technical and managerial skills and yet even in labour intensive projects, we find our cost of production is uncompetitive. How that has come about? Because, we have jacked up our import duties on capital goods, on raw materials to levels which do not prevail in any other country at this level of development. If, we want to move from a high cost economy to a low cost economy, we must launch a process of gradual reduction in duties on capital goods, on all raw materials that, over a period of time, our economy becomes truly a low cost economy, the benefit of which will go to the farmers, the benefit of which will go to the consumers of India and at the same time, it will strengthen India's export efforts. In deliberating our import duty structures we have taken due care that it will not hurt Indian industry ours is not a strategy of de-industrialisation; it is a strategy of industrialisation of India, an industrialisation process which develops industry, but at the same time creates new jobs, an industrialisation which bridges the gap, the yawning gap between urban India and rural India. I assure you, the new strategy that we have in mind will usher in a new pattern of employment intensive type of industrialisation. Therefore, there should be no fear that reduction in import duties will lead to our country being swamped by foreign goods. In fact, if our policy succeeds, it would strengthen India's ability to compete domestically as well as internationally.

Shri Jaswant Singh referred also that his party's policy is also a policy of liberalisation. But that, there should be proper sequencing that

we should first pursue a policy of internal liberalisation but that is precisely what we did. As soon as our Government came into office in June, 1991, the first thing that we did was to streamline our Industrial Policy. And that was designed to strengthen the forces of competition, strengthen the forces of internal liberalisation. But, we live in a world where domestic market at home, does not provide adequate competition. So, simultaneously, we have to begin with a process. Together with the force of integral competition, selective introduction of international competition is also done. Otherwise, you cannot have an Indian economy developing in isolation, not knowing a new technology that had been developed, not knowing the new marketing techniques which are being utilised in the rest of the world. Technology and knowledge are today growing at a pace that if we do not catch up now, we will never catch up with the rest of the world.

Sir, in the same way, some hon. Members, in the Opposition have referred to our strategy of getting more foreign investment as an attempt to sell out. I assure you that this is a policy of strengthening Indian economy's capability to meet the growing challenges that lie ahead. We have never believed that developments can simply be imposed. The development of this country will depend essentially on the resources mobilisation by the people of India themselves.

But at the margin, if we do want to get some help, I don't think there is anything wrong with it. In the past, this help used to come in the form of concessional aid; concessional aid era, whether we like it or not, is coming to an end. In the 1980s, we substituted aid by high cost commercial borrowings. But the logic of compound interest rate has caught up and we have now reached a situation where large scale commercial borrowings is not a feasible proposition.

Therefore, if India's economy is to grow, if India's balance of payment is to be well managed, I think, it is necessary to substitute the non-debt creating flows in place of the debt creating

[Sh Manmohan Singh]

type of flows, and these flows will be so regulated, these flows will be so small that they will strengthen our economy, but they will never be able to swamp the domestic industry

If you look at the economic policies suddenly our friends on the left have seen the virtues of the policies that the Congress Government have pursued for the last 40 years you would notice that foreign investment in our country was not bad 40 per cent, 51 per cent, 74 per cent even 100 per cent foreign owned investment was allowed. The only difference was that all this was done on a case by case method, that led to a lot of delay, a lot of uncertainty, unpredictability. All that we have done now is that we have changed the procedure, we have laid down clear guidelines, we have laid down a list of industries in which people if they satisfy those criteria, can come and get 51 per cent of foreign investment, this is in no way amounts to a radical departure from the past practice except the procedural simplification that I believe has been welcomed both by Indian industries and foreign industries as well.

Now some Members are, of course, obsessed with IMF and the World Bank. I said that we live with inter-dependent world, we do not feel ashamed that we have received aid from the international financial institutions. But I am absolutely categorical that we have used this aid to strengthen our economy. You look at the amount of money that came from the IMF during the period when the Opposition was in power, with the support of the Members of the BJP they brought in from the IMF 2.5 billion dollars in a short period of about 15 months. Our Government has roughly borrowed the same amount 2.8 billion dollars from the IMF in the last about 24 months.

What did they do when they came into office? They had a reserve of 3 billion dollars, they borrowed from the IMF 2.5 billion dollars: that money was wasted. The research at the end of the period, when they left, was no more than

1 billion dollar the accumulated loss of roughly 4 billion dollars. What did we do when we came into office? With foreign exchange reserve of 1 billion dollars, today, you will be glad to know our reserve is as high as 7 billion dollars. This is the highest level of foreign exchange reserve in the history of India in the last 20 years. (*Interruptions*)

SHRI HARI KISHORE SINGH Is it your own or have you borrowed it? (*Interruptions*)

SHRI MANMOHAN SINGH And out of this, at best, you can say we borrowed 2.5 billion dollars. So, all the rest is the result of sound economic policies that our Government has pursued so intelligently under the leadership of the Prime Minister Shri P. V. Narasimha Rao. (*Interruptions*) There are certain professional prophets of gloom. When I heard the speech of Shri Jaswant Singh for whom I have great admiration when I heard the speech of Shri Amal Datta when I heard the speech of Shri Chatterjee I could have read these speeches that they delivered last year and the year before that. The substance has not changed, the facts have changed but they do not have the courage to own up that the facts do not coincide with what they have been saying.

SHRI SOMNATH CHATTERJEE (Bolspur) They are inspired by the earlier Finance Minister. The same speech he delivered in 1991, we are hearing today.

(*Interruptions*)

May I ask only one clarification? We were told solemnly it will take three years for the economy to change substantially. Our condition will be improving, milk and honey will be flowing in this country. Sir, for how long these three years will be extended, I want to know.

SHRI MANMOHAN SINGH I am glad that my hon. friend has raised this question. What I said when I became the Finance Minister I said our economy, as a result, if he reads, of the

mismanagement of the previous 15-16 months was in such a bad stage that for any Finance Minister it will take a minimum period of three years to set things right. Today I feel bold to say that it has taken much less than three years and the fact that inflation rate is no more than 6.4 per cent, the fact that our foreign exchange reserves despite import liberalisation are as high as 7 billion dollars as a living truth of what we have been saying as a living truth of the wrong things that the opposition is saying. (*Interruptions*)

SHRI SOMNATH CHATTERJEE He is expressing people's agony. (*Interruptions*)

SHRI MANMOHAN SINGH Sir, I was saying that the distinct improvement in the economic situation in the balance of payments on inflation front and on the production front is a positive proof of the increasing success of the type of policy that our Government has pursued.

Sir, reference has been made to agriculture. I share the concern of the House to the state of agriculture but we can take pride in the fact that thanks to the efforts of our Government and our Agriculture Minister, this year this country has harvested the record amount of food production of 180 million tonnes. For this our Government deserves credit.

SHRI NIRMAL KANTI CHATTERJEE (Dumdum) Sixth Plan target was 180 million tonnes. (*Interruptions*)

SHRI MONMOHAN SINGH In the course of this year the provisions that have been given the largest increase are agricultural development in the Central Plan is increased by over 35 per cent, rural development programmes have been increased by 62 per cent, education and health expenditure has been given a substantial increase of over 30 per cent. All this is a proof of our Government's commitment to sustain agricultural development, to sustain creation of jobs in the rural India, to sustain interest in showing that the health care and educational facilities, particularly of the Scheduled Castes

Scheduled Tribes and the backward classes are increased over a period of time. (*Interruptions*)

Sir, several Members have expressed concern about fertilizer prices. Fertilizer prices have increased of complex fertilizers and I share the concern of the House that this can hurt the growth of agricultural production. I can assure the House that the Prime Minister himself is now engaged in an exercise to find ways and means as to how this burden on the farmers of India can be reduced. Our Government sincerely believes that there can be no sustained progress in our country without a prosperous agriculture.

It was an English poet who said that with a bold peasantry the country strides and what is destroyed can never be supplied.

The House can rest assured that we will not do anything which hurts the interests of farmers because therein lies India's future. If we want to go forward. (*Interruptions*)

I do want to inform this House that on the subject of fertilizer prices the Prime Minister himself is engaged in an exercise as to how we can reduce the burden of higher fertilizer prices of complex fertilizers on the farming community in our country like DAP and other complex N-P fertilizers.

These are some of the points that have been raised in the debate. There have been other issues. Several hon. members have expressed concern about nothing having been done for the savings in the Budget of the current year. I have on several occasions said that I do believe that in the long run we must move towards a system of direct taxation which is simple, which is free of too many ambiguities, free of too many exemptions. But I do take note of the concern that has been expressed in the House that something more needs to be done to promote savings. When I come to present to this House the amendments to the Finance Bill I will have more to say on this subject.

[Sh. Manmohan Singh]

I have also received several representations from several segments of industry, with regard to some anomalies, certain reductions in duties which might hurt the Indian industry and as I said, ours is not a strategy of hurting the Indian industry, ours is a strategy of imparting a new element of dynamism to that industry. We are now engaged in an exercise, in consultation with the other Ministries, to identify the areas where corrective action can be taken. I will, when I come to the presenting of the amendments to the Finance Bill, deal with this subject as well.

This I believe, takes care of most of the points that have been raised in the debate. The economy has done well. But I must be very honest with the House that we cannot take it for granted that if this country is ridden with communal strifes, if lawlessness spreads, we can continue to enjoy the fruits of sustained improvement in the economic and social well-being of our country. Until November, 1992 our tax revenues, our exports were growing at a healthy rate. But since November there is a visible declaration in the collection of revenues. In fact, the rough calculation that I have made shows that the riots in December and January have cost our country in terms of revenue alone a loss of Rs. 5000 crore. In small measures, this is the economic cost of Ayodhya and of its fall-out.

Therefore, it is not in a partisan spirit that I appeal to all Members on this House that if India's full economic potential has to be realised then I think we must get over this atmosphere of confrontation, of communal tension which bedeviled our country in recent months.

The second source of danger is that if we loosen the grip of fiscal discipline, we are today not in a situation where inflation can be controlled and fiscal deficit is allowed to soar.

We cannot have a situation where the public sector enterprises continue to make losses year after year. We cannot have a situation

where the States can ask the Central Government to foot the bill even when the State Electricity Boards today are earning a negative rate of return, of minus 21 per cent. Today the State electricity Boards are losing early five thousand to six thousand crores of rupees per annum. If the same money were available for expanding electricity supply, you can imagine how much we can do by way of taking the benefit of electricity to those farflung areas of rural India which still lives essentially on kerosene

Finally, Sir, we must control the rate at which our rate of consumption of petroleum products is increasing. Our consumption of petroleum products is increasing at the rate of 8 to 10 per cent per annum. Our domestic production is falling. This is a situation fraught with grave danger. I think, if we take self-reliance seriously, then we must do everything in our power to see that the power sector, the energy sector, in our country functions effectively and the State Electricity Boards' losses are reduced so that wherever oil is being used; petroleum is being used, it can be replaced by electricity so that in the use of petroleum product there is utmost conservation, there is utmost economy. If we do not do that, India's balance of payment cannot be properly managed.

Sir, Shri Jaswant Singh had referred to the need for State administration being improved. What is true of the Centre must also apply to the States. India lives in State. All the investments that we want to make ultimately take place in the States. and if the State administrations are not quick enough to provide water, to provide land and other facilities, then I agree with him that this New Economic Policy will not achieve the desired results. Therefore, here is a challenge for all entities, Centre and states to work together. India is on the threshold of major opportunities. But we also face major perils. If we do not pull together.

While I conclude, Sir, I am reminded of a very famous sentence, which the last statesman Dr. S. Radhakrishnan mentioned when he ad-

dressed in 1954 the convention of the Punjab University, the year in which I graduated. He said, The time has come when this nation should act in a unified manner to deal with its economic and social problems " He quoted a couplet from the famous book, which he had written in 1929 I am quoting from Kalki "the future of civilisation " where he said.

"There is so much good in the worst of us and so much bad in the best of us that it will behve any of us to find fault with the rest of us "

India needs to day a new sprnt of reconciliation of all political parties working together in a spirit of harmony to realise the great potential that this country has India is in the move The extent to which we take advantage of these opportunities would depend very much o the response of the Members of this House. I invert all Members of this House to support the Budget
(*Interruptions*)

SHRI NIRMAL KANTI CHATTERJEE (Dumdum) What are you going to do about the Tariff Commission? Are you going to have it?
(*Interruptions*)

SHRI RAM NAIK (Bombay North). Sir, the Finance Minister has given a rough estimate of loss of revenue of about Rs 5000 crores due to not in Bombay Subsequently there have been chain of bomb blasts also Has any figure, as to what is the loss the country has suffered because of those bomb blasts, been arrived at?
(*Interruptions*)

MR SPEAKER I have allowed the questions to be asked to the Finance Minister and not to Shn Mani Shankar Aiyar

SHRI SOMNATH CHATTERJEE Sir, many Members have raised a question of the Government's proposal to disinvest shares, particularly in the nationalised banks No reference has been made by the Finance Minister to

the disinvestment of shares in nationalised banks, apart from public sector undertaking because we understand and we know that many of he shares of the public sector undertakings have been sold not even at a proper value which those should fetch. Therefore, we are very much concerned about these banks I would like to know what is the policy of the Government on this

SHRI CHANDRA JEET YADAV (Azamgarh) I wanted to know from the Finance Minister that he has mentioned about certain measures which have been to control inflation and also increased rate of growth He has not mentioned anything what concrete steps are being taken to meet the growth of unemployment because unemployment is growing at a very high rate and that is the major concern of the youth

Secondly, he invited us for discussions He also agreed that because of the bureaucratic delays and quick response from the bureaucracy, the investment which should take rapidly in our country is being hampered I would like to know what steps are being taken to streamline the administration

SHRI SAIFUDDIN CHOUDHURY (Katwa) The Finance Minister has just now said that our foreign exchange reserve position has improved. Now, if that is true, then why the Government is not coming forward to say that they are not negotiating for the next round of IMF loan and they will forego it

[*Translation*]

SHRI HARI KISHORE SINGH Mr Speaker, Sir, I would like to know whether the Government would ensure that the American Services Industry - particularly Insurance company are not allowed to enter our country? So far as the inflation or parnce rise is concerned, I would like to know from the hon Minister whether his wife is agree with him that prices have come down

[English]

SHRICHETANP S CHAUHAN (Amroha)
Sir, more than seven banks are functioning without Chairman and Managing Directors for over one year. It is an industry of 250 lakh crores which is being neglected. I would like to know why these banks as well as the National Rural Bank of India are functioning without Chief Executives. I also want an early formation of National Rural Bank of India.

[Translation]

SHRI GEORGE FERNANDES (Muzaffarpur) Mr Speaker, Sir the hon Minister has made a reference to the farmers and fertilizer in his speech. Is the Prime Minister himself thinking about it to find any way out? Besides that, you have made a mention about dumping also and stated that the Government have anti-dumping law and that is being used as and when it is required. Two three months back some fertilizer plants particularly DAP factories including that of IFFCO factories have been closed. Thousands of workers were working in those factories. Though there will be a separate discussion on it yet I am raising it because the hon Minister has referred to it. I also wrote a letter to the Commerce Minister and two days back I received written reply from him, stating that the Government have adequate legal provisions to deal with it but they have not been used so far. And so far as fertilizer is concerned, I have not received any written complaint. Perhaps raising such matter in the House does not amount to a complaint and I am not aware of it whether there is any designated authority with whom the complaint is to be lodged. I would like to know from the hon Minister that DAP fertilizer which is being sold at a price of 260 per tonne by USA in its own country is being sold here in India as dumping goods at the rate of 160 per tonne. The Government is not able to check such small things. The Government may last for 11 years instead of 11 months but it will not be able to check such things. Till now the Government have completed two and a half years but during this

period it has ruined our industries particularly rural and agro-based industries to a large extent and have allowed USA to use India as dumping ground. Why the Government have not yet taken any step to check such tendency?

SHRI HARADHAN ROY (Asansol) Mr Speaker, Sir I would like to say that no attention has been paid to Public Sector units and no investment has been made therein. Many sick units are on the verge of closure but no concrete steps have been taken in this direction. Lakhs of workers of Public Sector Undertakings are being retrenched. What the hon Minister is doing for them? The hon Minister is being praised but he should state as to what steps are being taken to save the public sector undertakings and their workers. (Interruptions)

[English]

DR KARTIKESWAR PATRA (Balasore)
Only one point Sir

MR SPEAKER No you belong to the ruling party, you have to reply

DR KARTIKESWAR PATRA Sir, I have only one point regarding diversion of Central allocation. For example, for drought affected areas, P M released the amount but that has not been properly utilised and is diverted to some other region.

MR SPEAKER Now it is not possible for the Minister to reply to the new points which are raised. If there are any doubts about the statement made by the Minister on the floor of the house, those can only be clarified.

SHRIMANMOHANSINGH Mr Speaker, Sir, I am happy to clarify the various points which have been raised by the hon Members.

Shri Somnath Chatterjee raised the issue relating to disinvestment of shares in the public sector banks. In my Budget Speech, I had pointed out that the Government needs to put in

about Rs 20 000 crores if all the bad and doubtful debts have to be written off. We want to strengthen our banking system and that is why in this year's budget I have made provision of Rs 5 700 crores from the budget. But Budget has many other claims. We have claims of rural development, we have claims of agriculture, we have to consider whether these public sector resources should be used for poverty alleviation or they should be used to add to the capital so that these losses in the banking system which are a fact of life can be made good. It is in this sense that we have come to the conclusion that while maintain the essential public sector character of the nationalised banks, we should at the margin allow these banks, not all the banks can take advantage of it but those banks which have the credit worthiness to go to the market to raise a part of the resources that they want for this purpose. We have not devised a concrete scheme. We will be very happy to discuss the concrete scheme with the hon. Members. We want to benefit by their guidance and experience. This is the background to the disinvestment of part of the share capital of the public sector banks. Therefore, Chandra Jeet Yadav brought up this issue.

AN HON. MEMBER: What about privatisation of banks?

SHRI MANMOHAN SINGH: I have said that while new private sector banks can come in with stringent condition, with a minimum capital of Rs 100 crores and with no individual or no group owning more than one per cent of capital, we have no intention to denationalise the public sector banks. In all these banks, at least 51 per cent of shares will be with the public sector. So their essential public sector character will be maintained.

With regard to the inflation and the growth of unemployment, I share the concern of the House with regard to unemployment. But in the long run, how are we going to deal with the problem of unemployment except on the basis of a high growth of economy and industrial

growth which is employment intensive, an agricultural growth which creates new opportunities for the growth of agro-processing activities? That is precisely what this budget does. Our strategy does not say that growth will take care of all the problems of unemployment. That is why we are strengthening the anti-poverty programmes. That is why there is the great increase in the allocation of Jawahar Rozgar Yojana with the target of 11 000 million mandays being created in rural areas.

18 00 hrs

That is why we have a target of a minimum of 3.5 lakh rural workers being trained under TRYSEM scheme. There is no magic solution to the problem of growth or to the problem of unemployment. We have to accelerate the growth. We have also to ensure that the growth pattern is such that it lays emphasis on the creation of employment-oriented industries. That is precisely the purpose of reduced levels of protection of reduced levels of capital intensity of industrial processes in our country.

The third issue that Shri Chandra Jeet Yadav raised is about bureaucratic delays. We do share his concern. That is why in my Budget speech, I said that this year we have asked all Ministries, all Departments of the Government of India to set up special groups to review their procedures, rules and other activities which come in the way of speedy implementation of the process of economic reforms. That is launched by our Government. That process is under way. I do hope that at the end of this year we will move some way ahead in reducing the bureaucratic delays.

I think someone on this side brought up the issue that when we have so much reserves, why do we need to go to the international financial institutions. We have today large reserves. But let us be very candid. Our economy is still very vulnerable, both to internal shock like a bad weather condition or to external shocks like a rise in the price of oil. I therefore feel that it is

[Sh Manmohan Singh]

in this country's interest to work out a social safety net at an external level so that if we get into difficulties we can draw upon the balance of payments support. Otherwise we will be subjecting our economy to excessive amount of uncertainty. But in the process we will never accept any conditions which lead to compromise with the country's interest or its economic sovereignty.

Then with regard to the bank chairman every effort is being made to expedite the process of selection of bank chairmen. Shri Chauhan has raised the issue of national rural bank. With regard to it we are today considering several alternatives. One of the alternatives is the establishment of national rural bank. I hope that in the next 2-5 months we will be able to find durable solutions to the problems of regional rural banks. Shri George Fernandes has raised about the DAP price. I do want to tell him that the nodal ministry for it is. (Interruptions)

[Translation]

SHRI HARIKISHORE SINGH I am talking about price rise. Are you not worried about it? (Interruptions)

[English]

SHRI MANMOHAN SINGH I do not discuss these issues with my wife. Therefore I am unable to answer that.

SHRI SOMNATH CHATTERJEE Is she not on speaking terms with you any longer?

(Interruptions)

SHRI MANMOHAN SINGH With reference to the anti-dumping measures, I would like to inform Shri George Fernandes that the nodal ministry for the administration of anti-dumping legislation is the Commerce Ministry. I am sure the Commerce Ministry would be very happy to

receive any complaints with regard to dumping of foreign goods and that appropriate action will be taken.

But I think, we must distinguish between foreign goods being cheaper and being dumped into our country. Today the DAP price in our country - if you produce it at home - is Rs 9,500 per tonne. Internationally the same thing is available at a price of Rs 6,000 per tonne. Should we then burden the farmers of India to buy this fertiliser at a price of Rs 9,500 per tonne? What will happen to the economy? (Interruptions)

SHRI GEORGE FERNANDES Mr Speaker, Sir, DAP fertilizer is being sold in USA where it is produced at the rate of \$260 per tonne whereas after including all overhead expenditure incurred on export it is being sold at the rate of \$160 per tonne in India as dumping goods and that is my complaint.

[English]

SHRI MANMOHAN SINGH Sir I do not care what America does at home. The fact that the farmers of this country are going to get the fertiliser at the cheaper price is the predominate consideration for me. (Interruptions) And therefore, we are not going to protect the industry at the cost of our farmers. The farmers' interest has to be given predominance. (Interruptions)

[Translation]

SHRI GEORGE FERNANDES Mr Speaker, Sir, when our factories are closed, USA will increase its rates. (Interruptions)

SHRI NITISH KUMAR Please tell us to what is anti-dumping law?

MR SPEAKER The House will not function like a class room.

(Interruptions)

[*English*]

MR SPEAKER The House will take up discussion and voting on Demand Nos 16 to 22 relating to the Minister of Deceance, for which five hours have allotted, tomorrow

Hon Members present in the House whose cut motions to the Demands for Grants have been circulated may, if they desire to move their cut motions, send slips to the Table This will be done within 15 minutes of the commencement of discussion on these Demands Those cut motions only will be treated as moved

A list showing the serial numbers of cut

motions treated as moved will be put up on the Notice Board

In case any Member finds any discrepancy in the list, he may kindly bring it to the notice of the Officer at the Table without delay.

The House stands adjourned to meet again tomorrow, Tuesday the 27th April 1993, at 11 A M

1807 hrs.

*The Lok Sabha then adjourned till eleven of the Clock on Tuesday, April 27 1993/
Vaisakha 7 1915 (Saka)*