

circumstances leading to the death of Raghbir Singh. The House would like to know whether any action has been taken against the Police Officers for their inhuman conduct.

(ix) COMPULSORY PASSING IN ENGLISH SUBJECT FOR ADMISSION TO 10+2 COURSE IN DELHI.

श्री राम बिलास पास बान (हाजीपुर) : सभापति महोदय, दिल्ली में हजारों लड़के दसवीं कक्षा पास कर चुके हैं, लेकिन ग्यारहवीं कक्षा में उनका नामांकन इसलिए नहीं हो रहा है कि वे दसवीं कक्षा में अंग्रेजी विषय में पास नहीं हैं जिस विद्यालय से छात्रों ने दसवीं कक्षा पास की है, उस विद्यालय में भी अंग्रेजी में पास न होने के कारण उनका नामांकन ग्यारहवीं कक्षा में नहीं हो रहा है। फलस्वरूप हजारों छात्रों का भविष्य प्रतिवर्ष अंधकारमय होता है। दिल्ली प्रशासन के नियम के अनुसार अंग्रेजी में पास करना अनिवार्य है। यदि कोई विद्यार्थी किसी अन्य विषय में फ़ैल है, तो उसका नामांकन ग्यारहवीं कक्षा में मिल जाता है, लेकिन आश्चर्य है कि अंग्रेजी में फ़ैल होने पर नामांकन नहीं होता।

यह खेद का विषय है कि आज़ादी के बत्तीस वर्षों के बाद भी हम अंग्रेजी के इतने गुलाम हैं कि बिना अंग्रेजी के काम चल ही नहीं सकता। संविधान-निर्माताओं का मत था कि आज़ादी के कुछ ही वर्षों के अन्दर देश भाषा के मामले में स्वावलम्बी हो जायगा और इस लिए संविधान निर्माताओं ने अधिक से अधिक 15 वर्षों के लिए अंग्रेजी भाषा की अनुमति संविधान की धारा 343 के अनुसार दी थी लेकिन घटने के बजाय अंग्रेजी बढ़ती ही गई इसके बाद राजभाषा अधिनियम बनाया गया, लेकिन उसके बाद भी मुट्ठी भर नौकरशाह एवं अंग्रेजी-प्रेमियों के कारण देशी भाषा का विकास नहीं हो पा रहा है।

भाषा का अन्वय पेट और देश दोनों से जुड़ा है जो देश अपनी भाषा के मामले में गुलाम है, वह आर्थिक क्षेत्र में भी गुलाम है और उसकी राष्ट्रीयता भी खतरे में रहती है।

इस देश में विदेशी भाषा, अंग्रेजी भाषा, कभी नहीं पूछा कि हमें अंग्रेजी चाहिए या नहीं उन्होंने हमारे ऊपर अंग्रेजी थोप दी और आज़ादी के 32 वर्षों के बाद भी हम पृष्ठ रहे हैं कि इस देश में देशी भाषा चले या अंग्रेजी चले यह देश के लिए शर्म की बात है। इसमें न तो दक्षिण और उत्तर का झगड़ा है, न क्षेत्रीय भाषा को अपनाते का सीधा समाधान है कि अंग्रेजी को इस देश से जाना चाहिए। यदि सरकार चाहे, तो उत्तर भारत में एक दक्षिण की भाषा को और दक्षिण भारत में हिन्दी को अनिवार्य कर दे लेकिन वह अंग्रेजी की अनिवार्यता समाप्त करे।

अतः भारत सरकार से मांग है कि वह शिक्षण संस्थानों से अंग्रेजी की अनिवार्यता समाप्त करें तथा सरकारी कार्यालयों में राजभाषा अधिनियम का कड़ाई से पालन कराये।

14.10 hrs.

FINANCE (NO. 2) BILL, 1980—Contd.

MR. CHAIRMAN: Further consideration of the following motion moved by Shri R. Venkataraman on the 24th July, 1980, namely:—

“That the Bill to give effect to the financial proposals of the Central Government for the financial year 1980-81, be taken into consideration.”

Now, Mr. A. T. Patil.

SHRI A. T. PATIL (Kolaba): Mr. Chairman, Sir, I rise to support the Finance Bill (No. 2) of 1980 which is intended to give effect to the financial proposals of the Government of India and to bring into operation the proposals that were made for resource mobilisation. This, to my mind, is the last stage of discussion on the budget. The first part dealt with the allocations of funds to different sectors of Govt's activities and this part refers to the mobilisation of the

[Shri A. T. Patil]

resources to raise these funds. This forms part of our fiscal policy. Now, in our economy, in the sense of the economy of a developing country, the two major objectives of the fiscal policy of the State are

- (1) income redistribution, and
- (2) resource mobilisation.

Now, the present fiscal policy of this Government undertakes to achieve both. So far as income redistribution is concerned, the present policy which is sought to be translated into action under this Finance Bill, seeks to raise the exemption limits of income-tax and wealth tax. I have gone through the notices of amendments given by the hon. Members and found that they have no dispute as a matter of fact, with this aspect of the fiscal policy, namely, income redistribution. In fact what was suggested by some of the hon. Members is that the limit of the income-tax exemptions should be raised the more in individual cases. If you go through the various amendments given by some of the hon. Members, you will find this. However, their proposal is that the rate of taxation on companies' income should be enhanced. In effect so far as this aspect of the fiscal policy is concerned, there is no dispute amongst the Members. There may be disputes with respect to the degree to which this fiscal policy can be advanced. There is bound to be to be a dispute on this. But as far as the policy as such is concerned, there is no dispute.

They also accept the policy so far as resource mobilisation is concerned. In this connection, the Central Government has undertaken a few measures.

First, I will refer to minor measures and then revert to major measures adopted. One of the minor measures adopted is the utilisation of disguised unemployed labour for production purposes. I am referring specially to the National Rural Employment Scheme. I am aware of the fact that

this particular scheme is not directly intended towards this end. It is mainly intended for the purpose of generating employment which is absolutely essential; but secondarily one can say that if the disguised unemployed labour force is utilised under this scheme for productive works, it will certainly generate capital formation in one sense.

The second measure, and that is the most important measure, to which a reference should be made, is the measure of taxation. While adopting this measure of taxation, the Government has to see that the incentives to the entrepreneurs for employment of capital and promoting private investment are saved, and protected, and therefore, certain taxation measures have been so taken that those incentives are maintained; not only that they are maintained, but they are, to some extent, augmented. Measures have also been taken to distribute the taxation, thinly, I would say, over a number of items without jeopardising the incentives that may be given to the would-be entrepreneurs. My submission is, therefore, that there is nothing to be objected to in the Bill,—in fact, everything is to be commended—in respect of the fiscal policy of Government of India which is incorporated in this Bill.

Our Hon'ble Finance Minister is really a straight-forward and very conscientious Finance Minister...

PROF. MADHU DANDAVATE (Rajapur): That is the trouble.

SHRI A. T. PATIL: May be. He is so straight-forward and conscientious that the moment he received the objections or suggestions, whatever they may be called, from the affected taxpayers, he immediately brought forward the amendments by himself and did not wait till the general discussion on the Finance Bill to ascertain the mind of this House. It is not a question that he cannot bring further amendments later. I am sure, if he finds it necessary after hearing the hon. Members on the general discus-

sion of this Bill, he will find out a way to bring further amendments also. Sir, while formulating his policy, the Hon'ble Finance Minister has relied very much on and has kept a great faith and confidence in the common man. He feels that if these incentives are given, there is found to be generation of collective or national savings for capital formation, there is bound to be utilisation of national savings for the development of the economy of this country. I, for one, will wish him every success for the faith that he has kept and the confidence that he has reposed in the common man of this country. I am sure, the common man in this country is wise enough to respond to his faith and confidence.

At the same time, the administration in whose hands the implementation of this fiscal policy is laid, deserves attention of the Hon'ble Finance Minister. It is possible that good policies may be framed, but during the implementation those good policies turn out to be bad and a fiasco is created out of the good intentions at the hands of those concerned with the implementation. I need not refer to the various reports. By way of illustration, I may refer to the recommendations of the Administrative Reforms Commission which speaks a lot about the administration. There are certain other reports also which speak very much about administrative activities. It is necessary for the Hon'ble Finance Minister to see that these policies are properly and faithfully implemented. The other day, the Hon'ble Finance Minister had said that the concessions given in taxes were intended to reach and should reach the common man. But, later on, he also said that it was true that these concessions did not reach the common man so far. The fault does not lie with the policies; the fault does not lie with the Hon'ble Minister concerned; the fault lies with the implementation of these policies. Therefore, I would urge, at the

moment, that the Hon'ble Finance Minister should look into this matter and see that these policies are properly and faithfully implemented and that the fruits of the policies reach the common man.

I take this opportunity to mention some of the matters relating to general administration and local grievances within the sphere of the responsibility of Govt. of India. I invite the Finance Minister's attention to one thing and that is about fixation of plan priorities. Ordinarily, it is the policy of the government that the plan priorities fixed by the Planning Commission will have to be followed and pursued by the States without reference to the actual needs of the States; and the result is that a sort of imbalance is being created in the development in different sectors in different States. I will refer to one case in order to illustrate my point. For instance, energy and power together with irrigation are priority sectors. They have been given top-most priority by the Planning Commission and the maximum amount in every State is spent for generation of power. Irrigation did not get that much favour. I have got some figures, so far as irrigation is concerned. Tripura has got only 7.8 per cent of the gross cropped area as gross irrigated area. Then Madhya Pradesh has got 9.8 per cent; Maharashtra has got 11.2 per cent; Kerala has got 12.7 per cent; Gujarat has got 13.5 per cent; Karnataka has got 14.9 per cent; Himachal Pradesh has got 16.7 per cent; Assam has got 17.3 per cent and Rajasthan has got 17.6 per cent and so on. The average of the country is more than 25 per cent. It means in these States there is certainly a sort of deficit so far as development of these States in the sector of irrigation is concerned. They justly need more funds for irrigation. This is just one illustration. Will it not be possible therefore for the Government of India to see that the plan priorities vary according to the needs of different States; and if

that is possible, I think; the Government of India will be doing a greater justice to the States in respect of their needs?

Then there are certain other sectors which the Government of India has totally neglected. For instance, the development of coastal line area is there. India has a coastal line of about 6100 km. in length. So far as this coastal area is concerned, they have their own specific problems, special problems. The problem of development of ports is there, for instance. There is the problem of development of fisheries, the development of the tidal lands, the problem of irrigation in those areas, the problem of floods and cyclones and all these things. It is necessary that greater attention should be paid to this area for the development of coastal lands and sectors of activities relating thereto. On the lines of tribal sub-plan, there may be a sub-plan for the development of coastal lands as such, because their problems are serious and they must be attended to.

Much has been said about industrial development in this House and the problem of Assam and Eastern India had been discussed at length and it is said that special central assistance is given to this area for industrial development. To my mind the question is not merely pouring capital in this area, the question is also about giving a living to the people of that area and therefore my submission will be that wherever we undertake industrial development in a backward area, it should be the duty of the government to see that the people in that backward area are made competent to participate in the industrial development of that area and therefore care should be taken to see that institutions such as the industrial training institute should be set up to impart necessary technical knowledge to the people of that area, although illiterate, to enable them to participate in the oncoming industrial development in that area. If this problem is

attended to, I think the question of sorts of the soil and such other things will be over. But if this is not done, even if we spend crores of rupees, much more than the allotment that can be justly claimed by a particular territory, the industrial development is bound to be grabbed by people not belonging to that area where industries have been set up and there is bound to be a sort of rancour in their mind and feeling of frustration that they are uprooted and then afterwards the rational thinking is overtaken by emotional thinking and emotion and reason both combine to give rise to a difficult situations. The questions which I propose to pose before you will, therefore, be that when industries are to be set in a particular area, you know them beforehand and you have got a time lag, you know that in, say, two years a particular type of industry is to be set up in that area, you know what type of skill is to be developed or is needed in that industry then. Can you not develop that skill among the local people there and absorb them in the industrial development there? I think that is possible. I do not say that you can create skilled people immediately within a space of a year or two, but semi-skilled people you can definitely create out of the people in that area and you can absorb them in the industrial development of that area. If that is done I think the present discontent or unrest among the people in various areas in this country may subside.

I will refer to one more point and that is about the development of petroleum products. In the notes given to us it has been said that the Ministry of Petroleum is concerned with the planning of production as well as the policy of pricing. I am told that till today so far as the petroleum products are concerned, no planning has been made and no decision has been taken so far as pricing is concerned. If that is so, we will be doing a sort of harm to the national economy. It is necessary that early action is taken on this

[Shri A. T. Patil]

planning in production as well as pricing policy. The result today is that we have got raw material but we cannot enter upon production of petroleum products. The raw material will have to be used or otherwise, it is bound to be wasted to some extent. Therefore, it is necessary that planning for production must be made at the earliest opportunity and pricing policy must be decided upon at the earliest moment. I am told that we have got so much resources which we have developed now so far as petroleum products are concerned, that we will be self-sufficient and we will be even exporting many of the products. That is what I am told. It may not be correct.

Infra-structure is available so far as Bombay is concerned. All infra-structure is ready. You just plan the production and fix the price. Immediately production will go on. You will get a lot of production in that sector.

Before closing my discussion, I will come to the agricultural sector. Much has been said about agricultural sector during the discussions on Demands of Ministry of Agriculture. I wish to impress one point in this connection. Discussions had taken place in respect of Agricultural Prices Commission and prices of agriculture produce. I have just gone through the report of the Agriculture Prices Commission of 1979-80 and found that the prices fixed by the Agricultural Prices Commission for paddy, for instance, ultimately lead to a loss in some cases to the agriculturists. I have gone through the Report concerning paddy—cost of production yield, prices etc. I am not giving all the figures. The result is that taking into consideration the prices fixed by the Agricultural Prices Commission and the cost of production, I find that a holding of 2 hectares, i.e. 5 acres in Tamilnadu, yields annually Rs. 242.18, in Andhra Pradesh it is Rs. 272.12. This is the net income, after taking into consideration their own labour. Then in Assam it is

Rs. 804.62, in Haryana it is Rs. 8.98, in Orissa it is Rs. 891.18 and in West Bengal it is Rs. 1061.92. I have taken these figures from the Report of A.P.C. I have taken cost per quintal, yield per hectare, and procurement price. I have calculated the difference between the cost of production and the income per hectare. That is how I came to the aforesaid figures for a holding of 2 acres. If this is taken to be the situation in the agricultural sector, it is necessary to re-think about our pricing system and pricing policy of agricultural produce. They say that we should give them a remunerative price. Remunerative price can be given, but it cannot be raised to such an extent as to give him sufficient return on his holding. Take a family of five persons holding 5 acres. If he is to be given a remunerative price, to what extent will you raise his net income? It may go up to way. When we make provision for a family of five persons. In other words, it may lead to a per capita income of Rs. 200 or 300 for a member in the family. My submission is the other way. When we make provision for a remunerative price for agricultural produce, we have also to take into consideration the fact that the people in the agricultural sector have small holdings which can not afford them full-time employment all the year round. Therefore, it is necessary to see that some sort of employment is given to them. If employment is to be given, some sort of employment-generating sector should be reserved for them. There is piggery, poultry, dairy farming etc. All these are allied pursuits so far as agriculture is concerned. The agriculturists can very well undertake these pursuits to raise their income. But, today, as some hon. members said, the poultry, for instance, are owned by—I hesitate to use the word which they used—blackmarketeers and big-moneyed people, like actors, for instance. If you travel from Bombay to Pune, you will find a number of poultrys, not managed by the person concerned, but through somebody

else. They have invested all the black money into the poultry business to evade tax, etc. But if these poultry and dairy business etc. are reserved for the agriculturists who do not get sufficient employment all the year round, I think we can improve the economy of the people concerned in the agricultural sector thereby.

I hope then hon. Finance Minister will certainly take into consideration the suggestions I have made.

SHRI KAMAL NATH (Chhindwara): Sir, I rise to support the Finance Bill. The budget and the Finance Bill have been presented by the hon. Finance Minister at a very critical juncture when the nation stands at the crossroads almost blind-folded by internal and external problems arising out of the legacy left behind by the previous Government. The Finance Bill and the budget of 1980-81 come in the midst of acute economic crisis, when the economy of the country is almost on its beam-end. When Shrimati Indira Gandhi took over the Prime Ministership of this country in January, 1980, our steel plants did not have power, our power plants did not have coal, our coal mines did not have wagons, our steel plants neither had coal nor wagons nor power. This was because of the failure in the infra-structure sector of our industry. I believe that this has cost the nation about Rs. 10,000 crores. Last year there was a fall of 1 per cent in industrial production, 10 per cent in agriculture and 3 per cent in the Gross National Product and to match the misfortunes created by these negative figures, we had a plus 20 per cent inflation figure! Many reasons will be enumerated, for so long as human ingenuity can work, there will never be any dearth of reasons for failures and lapses and for acts of commissions and omissions.

In my view, the most major problem confronting the country today, is that of unemployment. Employment

has both an economic and social component—for this, its dimension and magnitude have to be appreciated. Today unemployment is alarming, tomorrow it shall be dangerous and the day after it shall be disastrous. To my mind, all possible steps have to be urgently taken to inject stimulants and incentives in the different sectors of economy to make it employment-oriented. The irritants putting constraints on employment have to be replaced by stimulants. One has to be primarily concerned not with the quantum of amendments and insertions in the laws—retrospective or prospective, complicated or simple—but with the results they will achieve—in a nutshell, whether they will be irritants or stimulants. Therefore, such a Budget is desirable which would blaze a trail in evolving policies, programmes and plans to give completely a new orientation for the entire economy of the country. It would take an approach in which it will break the traditions which we have painfully adhered to for the last 30 years but have not succeeded either in building a prosperous India or help eradicate disparities. This approach becomes even more necessary because of the colossal misdeeds of the Janata Government, and Mr. Venkataraman could indeed help a new and prosperous India to emerge.

We must recognise the praiseworthy features of the Budget and the Finance Bill. Tax relief has been given to the common man in certain respects. The exemption limits have been raised from Rs. 10 000 to Rs. 12,000 for Income-Tax and from Rs. 1.00 lakh to Rs. 1.5 lakh for Wealth Tax.

In a fact, in the past, our taxation limits had never taken into account the decline in the purchasing power of the rupee. The exemption limit of Rs. 10,000 was introduced in 1978. If one sees the inflation between 1978 and 1980, the exemption limit could have been raised to Rs. 13,800 which was

[Shri Kamal Nath]

the value of Rs. 10,000 in 1978. As to Wealth Tax, the exemption limit of Rs. 1 lakh which was fixed in 1964, could have also been raised further on the basis of the purchasing power of the rupee.

In my opinion, once exemption limits are fixed on some rational basis, any fall in the purchasing power of the rupee must automatically bring about a commensurate raise in the exemption limits as it exists in countries like Denmark, Canada, Netherlands and Australia where automatic indexing is contemplated.

In the indirect taxes, there have been quite a few redeeming features. Our Finance Minister has given relief in respect of items of common consumption. He has broken the monotony of the past two years Budgets. Strangely, the Finance Minister during the Janata regime specialised in imposing indiscriminate taxes on items of common consumption. The erstwhile ignoramus Finance Minister was so indiscreet in the imposition of taxes under the Janata Party rule that he never realised the amount of 'cost push' he gave in levying taxes. This led to massive inflation after the Budget of 1979. Our Finance Minister received an onerous legacy and had to perform an extremely delicate task in presenting a balanced budget—a budget in which he had on the one hand to find adequate resources for planning and development and on the other hand to augment Plan expenditure by 16 per cent over last year's expenditure without any appreciable new taxes and levies. In contrast, the erstwhile Finance Minister had given to the nation a budget which contained a record deficit, record taxation, record inflation and record increase in prices at the same time. This is what happened last year.

While I fully support and commend the Finance Bill and Budget, I would venture to make a few constructive suggestions. The main one concerns labour participation in management.

One of the most important ingredients in successful production is the enthusiastic and effective role played by the workmen. Up till now, the corporate sector has been shy of labour participation in management. Production being the need of the hour and the role of the workmen being so important in production, the Government must consider major steps for effective labour participation in Management by, say, insertion of penal tax provisions where there is no labour participation in Management. In Gujarat I am told some legislation has been brought about and I would request Mr. Venkataraman and the Government to look at labour legislation and financial legislation in the light of the amendments made by the Government of Gujarat.

An important area which requires immediate and serious consideration is the mobilisation of capital in the extremely backward areas. I am specifically distinguishing between rural areas and the backward areas because in today's context rural areas need not be essentially the very backward of backward areas like the Adivasi areas. The Adivasi and tribal areas which are rural areas are extremely backward, but if they are equated with other rural areas for purposes of concessions, it would not be befitting. In these areas,—the Adivasi and extremely backward areas, which have potential for the growth of forests industries even that is not coming up.

I have the privilege of representing a constituency where the inhabitants are largely Adivasis, who are still the poorest of the poor. Our laws must be drastically amended so as to promote setting up industries not only in rural areas, but also in rural and backward area like the Adivasi areas. Perhaps special concessions ought to be introduced which would be more liberal. A distinction should be made between concessions to the rural areas and concessions to the rural areas which are backward and Adivasi

areas. This is one of the important suggestions which I have to make.

The Finance Minister in his speech has mentioned that Rs. 100 crores have been allocated for the upliftment of Scheduled Castes and Scheduled Tribes. But I think, on paper, Rs 100 crores have been allocated for only Scheduled Castes and there is no mention about Scheduled Tribes. I would request a clarification on this. And if legislation could be brought about, I have no doubt that the economic emancipation of the Adivasis would be in sight, which is not in sight so far.

The Finance Bill could have been more helpful in reviving industrial production and giving a boost to employment opportunities and in this regard, I would specifically like to mention the aspects of retrospective legislation which has been introduced in this year's Finance Bill. I would request the Finance Minister to examine whether the end he hopes to achieve by retrospective legislation introduced by him would in fact serve the purpose. The Finance Minister has said in his speech and in other forums that retrospective legislation has become necessary to undo the High Court Judgment and should the amendment to Section 80(J) not have been made, the treasury would have been compelled to refund a large amount. These are the points which he has made. He also said that 'the amounts involved are very small and I find that no credit has been taken out of any tax collection under this head in this Budget' In my opinion, the inherent fallacy in the Finance Minister's theory of retrospective legislation lies in two things—one, the Court Judgment came in 1975,—five years ago, and two, any refund which may have become payable by the Treasury as a result of the Court decision has already in the ensuing five years been refunded or adjusted. Thus the right time for this amendment was 1975. He has explained yesterday that it was the intention of Parliament or the Legislature. When

Mr. Chavan made a speech in 1971 or 1972, he had stated that the objective was that borrowed capital should not be brought under the purview of capital employed. I am not disputing that point at all. I say that if that was so, it was at that time. But what are the consequences of this retrospective legislation? What will it lead to? The point I am trying to make is that at this stage when no amount has to be refunded, this retrospective legislation will lead to collection of tax. If it leads to collection of tax now arising out of this amendment, where will this money come from? Where will the companies pay this money from? No provision has been made by the corporate sector in their Balance Sheet in the last five years for payment of such money.

So, essentially if this is to be paid, it will be paid from working capital, and it would result in a fall in industrial production, or it would add to the borrowings of companies which would again lead to inflation. Therefore, the question is whether this is the right time. I am not saying whether the legislation is right or wrong, but I am talking of the consequences of the legislation.

Another aspect of the amendment of section 80(J) is that it would act more harshly on the smaller entrepreneurs. The big business houses, the larger sector, have their own resources to depend upon, they depend upon, they depend less on borrowed money. The smaller entrepreneur would be greatly hit as he depends largely on borrowings and less on his own individual capital.

Similarly, the Finance Bill seeks to amend section 35. The Act was made way back in 1962 and there have been so many changes, modifications and insertions. From 1962 to 1979 there have been 695 insertion, 737 substitutions and 205 deletions. And now amendment to the Act is being made right from 1962.

[Shri Kamal Nath]

A new section which our Finance Minister did mention yesterday, Section 80AA, is sought to be introduced also with effect from 1st April, 1968. I will not go into the details of this, but would only request the Finance Minister to examine whether this section would create problems which would be unresolvable for many years.

Various other aspects I think you have already touched upon and you have talked about the difficulties which will arise to the financial institutions. In my opinion, what we drastically need is simplification of our tax laws. Insertion of any retrospective legislation in my view will shake the confidence of the taxpayer and will pass on tax liability of such magnitude that it will affect industrial production.

In conclusion I support the Finance Bill and congratulate the Finance Minister on having presented this Budget amidst the enormous problems confronting the country and in the background of an economically disastrous legacy left behind by the previous Government.

MR. CHAIRMAN: Prof. Dandavate. You have 14 minutes.

PROF. MADHU DANDAVATE (Rajapur): Ever since the Finance Minister presented his Budget proposals, there has been an element of euphoria amongst various sections, but some of the aspects, and I may say threatening aspects, of the Budget proposals were, like the major portion of the iceberg, hidden below the surface. During this interlude many aspects of this Budget have been revealed, and the real nature of the Budget has come to light.

I was very carefully listening to the speech made by the Finance Minister during his reply to the debate on the Appropriation Bill as well his observations while introducing the Finance

Bill for being taken into consideration. One of the important observations that he made was that there has been a rise in the prices of certain commodities in the country, and that it is the direct result and consequence of the large deficit that was the result of the policies of the last Government. He made it appear that the uncovered deficit of the order of Rs. 1470 crores was slightly more than half the deficit in the Budget presented by the last Finance Minister. But he forgot to take note of the fact that whereas in the original budget proposal, the deficit that was projected was of the order of Rs. 1382 crores, by the end of the financial year, that went up to Rs. 2700 crores and I think the fate of the deficit financing is not going to be much different this year.

But I would like to introduce one more dimension, a new dimension to the debate by introducing one aspect, that has not been discussed very much in the course of the debate that has taken place so far. What exactly is the concept of deficit financing? Of course, there is a school of thought, which believes that all sorts of borrowings from the banking system including the Reserve Bank, really, must be treated as deficit financing. But, of course, a more pragmatic and a more realistic approach will be that whatever is taken as loan from the Reserve Bank is deficit financing. But as far as this deficit financing is concerned, one particular aspect was not specifically referred to in the Budget speech that was delivered. It was actually played down by the Finance Minister. That was the loan that we are getting from the International Monetary Fund Trust. The amount is of the order of Rs. 540 crores. Normally it is an accepted convention and if you look at all the Budgets that had been presented, you would find that as far as IMF Loans and contributions are concerned, they are supposed to be utilised to tide over the difficulties created in the balance of payments. But unfortunately, the Finance Minister, with all his erudite

knowledge about economics, has a new device that he has introduced, in which he has tried to utilise this Rs. 540 crores to make it appear that actually the deficit financing is not of a very big order. He has tried to show that this Rs. 540 crores can be shown as budgetary support in the Budget proposals. I think this is something which is unique. I do not say that it is characteristic of the Finance Minister, but it is characteristic of the style of the present Government. Our Finance Minister happens to be an economist and I belong to the faculty of Physics. To use our own terminology of physics, I would say that there are certain optical illusions that have been created in the Budget proposals. One such optical illusion is that the order of deficit financing that has been projected is not really the correct order, if we take note of the fact that Rs. 540 crores was not at all accounted for in this budget proposal, while calculating the deficit financing.

Only a few days prior to the presentation of the Budget the Petroleum Minister had already made a statement in the House—we are assured that there will be a separate debate on that and so I do not want to go into it in depth now—but if we take note of the fact that there was an increase in the price of petroleum products and fertiliser, I just tried to compute as to what will be the total incidence of the additional levy that will be there; it will be of the order of Rs. 2700 crores, it will be round about that, it may be slightly less or slightly more, but near about that. It may be argued that there is nothing wrong either legally or ethically in bringing forward a proposition for increase in the price of petroleum products and fertiliser just on the eve of the Budget proposals. But here I may give an analogy. With my experience in the Railway Ministry, I may bring to your notice the fact that even on the eve of the presentation of the Railway Budget, according to the legal

provisions, the Railway Minister is entitled to come out with an executive order by which he can increase the freight and fare rates.

15.00 hrs.

It is legally permissible. But everything that is legally permissible is not morally justifiable. Everything that is legally correct is not democratically justifiable. It has been the accepted convention in all parliamentary democracies that whenever the budget proposals are to be presented, on the eve of the budget proposals being presented, these types of levies should not be announced at all. That is why even when there is to be an increase in freights and fares of the railways, the Railway Minister does not come forward with an executive order. There was an occasion on which this issue was being discussed in this very House and there is a ruling that though legally it is permissible to increase the railway freights and fares by an executive order, the democratic norms demand that these matters should come before the Parliament and, on the eve of budget proposals being presented, these type of levels should not be there. So, this is an additional burden of Rs. 2700 crores.

As far as the Annual Plan outlay is concerned, we are told that this budget is going to be growth-oriented for the very simple fact that the outlay of the Annual Plan has been increased. Here again, it is an optical illusion. It is true that, roughly, the Annual Plan outlay has been increased by 16.6 per cent. But if you take note of the modest order of 20 per cent rise in prices, you will find that it will be nullified and, as a result of that, in real terms, if you try to find out what will be the Annual Plan outlay, it will be smaller than the Plan outlay for the previous year. Therefore, this is another optical illusion that has been created by the budgetary figures.

[Prof. Madhu Dandavate]

Some people have described it as an illusory or a tricky budget for this very simple reason that there is a certain jugglery of figures with the help of which what is the reality is actually concealed and, gradually, only, these realities are coming to light. That must be accepted.

During the reply to the Appropriation Bill debate, he pointed out that there is no doubt a rise in prices and he said that the sugar price also has increased, but they are concerned only with the masses and he said that it is the vulnerable sections to whom they will be giving sugar at the rate of Rs. 2.80 per kilo. What exactly is the reality of the situation today? It is true that the allocation of quotas for free sale and levy sugar is 35 per cent and 65 per cent and, theoretically, sugar should be available to the vulnerable sections at the rate of Rs. 2.80 per kilo, but it is a fact that the vulnerable sections of the people are not able to get adequate quota of sugar. The fair price shops themselves are not able to have adequate stocks, sometimes due to transport difficulties and sometimes due to some other bottlenecks and they are not able to get it.

I was rather shocked and surprised to hear the comments of the Finance Minister the other day when he said that it is only the richer sections who go to the open market and vulnerable sections will always buy sugar from the fair price shops. Here again, the facts of the situation are that even the vulnerable sections are not able to get quota of sugar from the fair price shops and they are forced to go to the open market. They cannot afford it and as a result of that, we find that there are dwindling living standards of the common people. That is exactly the situation today.

As far as the developmental aspect of the budget proposals are concerned, it is very interesting to find that developmental expenditure has been

considerably reduced. The crucial question is how much developmental expenditure is going to go into the capital formation, what are the incentives for capital formation. If the capital formation incentive is there, in that case there will be more growth and in that case we would be able to say that this particular budget is a growth-oriented budget.

I fully agree with those friends who say that as far as big business is concerned, even if the amendments are accepted with retrospective effect, they will not suffer at all: it is only the small entrepreneur who will suffer if the amendments suggested are implemented with retrospective effect.

Now, our Finance Minister is always liberal in responding to constructive suggestions and I take it for granted that he must have taken note of various comments that have come in the economic journals and must have taken the essence of the various criticisms offered on the Floor of the House. He will find that, as far as this aspect is concerned, it cuts across Party lines. The very fact that, on this issue, I agree with Mr. Kamal Nath itself shows that it cuts across Party lines. Therefore, this aspect has also to be borne in mind: otherwise, the budget will become more and more anti-growth and, as a result of that, the development of the country will suffer.

In 1980-81 the resources are Rs. 4934 crores, and the developmental expenditure is going to be of the order of Rs. 1208 crores only. I would like to bring forward certain glaring facts about the allocations that have been made and about the cuts that have been effected in very important sectors of our economy. There are certain cuts that have been effected in our budget proposals which will hit hard the developmental activities of the country. For instance, for Village and Small Scale Industries, in 1979-80 the allocations were Rs. 103

crores; in 1980-81 the allocations are Rs. 59 crores and the percentage of reduction will be of the order of 42.8 per cent. For Area Planning for Full Employment—a very important sector—in 1979-80 the allocations were Rs. 18 crores and in 1980-81 it is Rs. 12 crores, the reduction being of the order of 33.3 per cent. In the case of Agricultural Finance Institutions, in 1979-80 the allocations were Rs. 163 crores, while in 1980-81 the allocations are Rs. 109 crores and the drastic cut has been 33.1 per cent. For other agricultural programmes, in 1979-80 the allocations were Rs. 286 crores and in 1980-81 the allocations are Rs. 205 crores, the cut being Rs. 28.5 crores. You will be surprised to know that for Command Area Development Blocks, in 1979-80 the allocations were Rs. 44 crores and in the 1980-81 budget year it is Rs. 15 crores, the reduction being of the order of 72.5 per cent. And what about small and marginal farmers development? In 1979-80 the allocations were Rs. 136 crores while in 1980-81 the amount is Rs. 56 crores, the percentage of reduction being 58.9 per cent. For the Drought Prone Area Programme, in 1979-80 the allocation was Rs. 59 crores while in 1980-81 it is Rs. 49 crores, the percentage of reduction being 17 per cent. With such reductions in allocations being effected, do you think this budget is going to be a growth and development oriented budget? It is bound to be anti-growth and anti-development, and that is the main feature of this budget.

Now, the tax-income ratio has been substantially large but, as compared to that, the public sector savings and investments are comparatively very small.

I welcome one proposal that has been made during the speech, I mean the speech that was made by the hon. Minister while presenting the budget proposals. He has said that he would set up a Committee which will go, in

depth, into the working of the public sector. I am one of those who have always believed that public sector is very important, because, that is the commanding height of our economy and that must be strengthened. But there are some people who feel that the private sector represents the paragon of all virtues and that the public sector means all inefficiency. That equation has to be destroyed. There are a number of reports which show that there is considerable inefficiency in private sector also. That is why, we have sick mills; that is why, the Textile Corporation is forced to take over certain mills. There are no water-tight compartments as efficiency with private sector and inefficiency with public sector. But efficiency of the public sector is more important because the surpluses that are mopped up in the public sector can be ploughed back for further development of the public sector and that also can be utilised for the social welfare activities. Therefore, from that point of view, developing the public sector in a more efficient manner is more important than developing the private sector. Therefore, from that point of view, I fully welcome the Committee that is being set up to study in depth the working of the public sector in the country.

I would say that this particular Budget is anti-investment and, therefore, anti-growth. One of the reasons is that taxation on interest is going to be a deterrent for investment activity. We have already seen that. Probably, the Finance Minister may say that, no doubt, after the presentation of the budget proposals, for some time the investment activity suffers and it is because some people want to pressurize the Finance Ministry to see that the proposals are altered. But you will find that the situation is not going to change materially. Therefore, that is one element which is going to be anti-investment and, therefore anti-growth.

[Prof. Madhu Dandavate]

I have already referred to the amendment with retrospective effect. That particular aspect should also be changed.

This particular Budget is going to be an inflationary budget...

PROF. N. G. RANGA (Guntur): Every budget is.

PROF. MADHU DANDAVATE: Not every budget. Every budget need not be inflationary at all. For instance, with all your claims, Prof. Ranga, I would like to remind you...

MR. DEPUTY-SPEAKER: He is very careful because he has also presented some budgets.

PROF. MADHU DANDAVATE: Yes; always surplus budgets, if you are referring to me. (Interruptions)

So, it is going to be an inflationary budget. There is no doubt about it. Though Rs. 1417 crores are the projected uncovered deficit by the end of the financial year, I will not be surprised if the deficit mounts up to an order of Rs. 3,500 to Rs. 4,000 crores; it might reach that figure. Therefore, there is going to be an inflationary pressure. But there is one more element that exerts an inflationary pressure on the economy.2...

MR. DEPUTY-SPEAKER: There are only six months left. You take that also into consideration.

PROF. MADHU DANDAVATE: In that proportion, the pressure will be exerted.

I would like to point out to you that, as far as black money circulation in the country is concerned, that is exerting an inflationary pressure on our economy. There has been the Wanchoo Committee's report. That Committee has gone in depth as far

as this problem of black money is concerned, and they have suggested that demonetisation must be introduced; that is one of the measures that will be able to unearth black money or immobilise it. Now, experiments of demonetisation in the past have to some extent failed and we are told that in the past, in 1946 and afterwards, the demonetisation measure has not been able to unearth the money to any great extent. But one of the reasons was that the ten rupee and hundred rupee notes were not demonetised and their extent was 35 and 41 per cent and, therefore, 76 per cent of the currency were completely untouched by the demonetisation measure and when that happens, demonetisation is not likely to succeed. There is another illustration in the world. That is Belgium. In October 1944 they introduced demonetisation of 100 francs, 500 francs, 1000 francs and 10 000 francs and as a result of that, from October 1944 to December 1944 the currency contracted from 164 million francs to about 57.4 million francs. To that extent, black money was immobilised and so this can be one of the measures. I do not expect the Finance Minister to go and give a proper notice to the black-marketeers and black money-holders in the country and announce 'I am going to introduce demonetisation' from such and such date. I am only suggesting that this is one of the methods by which the parallel black money in the country can be destroyed.

The allocations must be fruitfully utilised in this country and I will, therefore, touch the energy aspect. I will not take much of your time. Sir, because of the oil prices, you will find that our entire fuel structure has to be changed. As far as the oil reserves are concerned, my information is that the annual consumption of oil is 33 per cent for transport, 28 per cent for industry, 14 per cent for domestic use, 10 per cent for agriculture, 7 per cent for power generation

and 8 per cent for miscellaneous purpose. Now, that being the position, if you would just take transport and industry, that itself is 61 per cent. Domestic use is 14 per cent. Therefore, we must try to tap alternative sources of energy. Therefore, I would earnestly suggest to the government. Let us try to have adequate resources to our research and development branch to see that the solar energy technology is properly developed as also the solar thermal device and the Photo Voltaic device through which 50 per cent of sunlight energy can be converted into electricity and minimum expenditure is involved in that. Then the third is the bio-mass and bio-conversion technology. If these technologies are properly utilised and harnessed and in that case if adequate allocations are made for the purpose, with less allocation we will be able to produce better energy and, you know, Sir, energy and the infra-structure of transport are the basis of development in the country. I therefore, hope that it will be done. I will just finish in two seconds.

MR. DEPUTY-SPEAKER: The hon. Member's time is up.

PROF. MADHU DANDAVATE: Did you ring the bell by mistake, Sir?

MR. DEPUTY-SPEAKER: I may tell you that your party has been allotted 14 minutes but you have already taken 24 minutes.

PROF. MADHU DANDAVATE: So many excesses are committed. Sometime we take excess time. So I seek your indulgence and I am finishing.

As far as the development of backward areas are concerned, I would earnestly appeal to the Finance Minister. Let him think of giving a development rebate for the development of the backward areas so that the backward areas—no matter in which part of the country they are and, Sir, the tragedy of this country

is that these areas which have got the best mineral resources are the worst backward areas—so that they may develop faster and in a big way.

With these observations I will conclude by observing that as far as these proposals in the present form as they stand, they will be anti-growth, anti-investment and they will result into less growth—industrially and also in agriculture. They will also lead to the dwindling of the living standards of the vulnerable sections of the society. Therefore I take it for granted that the various suggestions that have been made on the floor of the House will be taken cognisance of by our Finance Minister who is known for his liberal outlook and he will try to change the complexion of the Budget proposals. Of course, they cannot be radically changed but let him try to do the best possible so that his Budget proposals may not lead to the extent of inflation that we fear at present from them if they are kept in the present form.

श्री समीनुद्दीन (गोड्डा) : जनावे सदर, मैं सब से पहले आपके द्वारा वजीर खजाना के मतालब जर की ताईद करता हूँ। इस के बाद चन्द चीजों की तरफ, आपके जरिये वजीरे खजाना का ध्यान मवदूल करना चाहता हूँ।

उद्योग के सिलसिले में मुझे कहना है कि उद्योग दो तरह के हैं। एक बड़ उद्योग हैं जिसमें कल-कारखाने आते हैं और एक छोटे उद्योग हैं जिनके अन्दर कताई, बुनाई, बढ़ई और दर्जी इत्यादि का काम होता है। मैं सदन के सामने यह बात बाजह कर देना चाहता हूँ कि जब हम लोग जंगे आजादी की लड़ाई लड़ रहे