

[श्री चन्द्रपाल शैलानी]

भारतीय सेना के लगभग चालीस अधिकारी सन् 1971 से पाकिस्तान में लापता हैं। भारत सरकार द्वारा इस बात के प्रमाण दिये जाने पर कि उस के कुछ सैन्य अधिकारी पाकिस्तान की जेलों में नजरबन्द हैं, पाकिस्तान की सरकार ने यह आश्वासन दिया है कि वह 1971 से लापता कुछ भारतीय सैन्य अधिकारियों का पता चलाने की कोशिश कर रही है। वैसे अब तक पाकिस्तान सरकार यही कहती रही है कि कोई भारतीय अधिकारी वहां नहीं है। भारत ने पाकिस्तान सरकार की इस दलील को स्वीकार नहीं किया और उसे साफ शब्दों में बता दिया कि यदि उस ने हमारे अधिकारियों का पता नहीं लगाया तो वह पाकिस्तान के विदेश मंत्री श्री आगाशाही, जिन के अगले महीने भारत आने की सम्भावना है, के साथ होने वाली बातों में यह मामला उठाया जायगा। इस पर पाकिस्तान सरकार ने भारत को सूचित किया है कि उस ने हमारी सूचनाओं के आधार पर लापता भारतीय सैन्य अधिकारियों की छानबीन शुरू कर दी है।

मान्यवर, मैं सरकार से जानना चाहता हूँ कि वह शीघ्र से नीचे इस बात का पता लगाये कि पाकिस्तान में हमारे लापता सैनिक अधिकारियों की कुल कितनी संख्या है और वह कहां पर है और किस प्रकार का जीवन व्यतीत कर रहे हैं। माननीय विदेश मंत्री यह भी सदन को बतलायें कि वे अधिकारी कब तक स्वदेश वापिस आ जायेंगे ताकि उन के घर परिवार एवं देश के लोगों को एक निश्चित तसल्ली मिल सके।

(vii) REPORTED AGITATION FOR A JHARKHAND PROVINCE.

SHRI NARAYAN CHOUBEY (Midnapore): Mr. Deputy Speaker, Sir, under Rule 377 I want to make a submission on a matter of urgent public importance.

A serious situation, is fast developing in the districts of Bankura, Purulia, Midnapur and some others in West Bengal. and a portion of Bihar and Orissa due to the agitation for a Jharkhand Province. A section

of the church is planfully exciting the tribals and the Amra Bangli and the Ananda Marg are trying to exploit the Bengali sentiment. The incidents of Assam and Tripura have added extra morale to these agitators. If not faced properly in time, violence may start any moment as had started elsewhere. Immediate measures be taken to meet the old and legitimate demands of the tribals and bring them out of the influence of the anti-national forces and as well as these forces of disruption should be boldly faced.

13.40 hrs.

GENERAL BUDGET, 1980-81—
GENERAL DISCUSSION—Contd.

MR. DEPUTY-SPEAKER: The House will now take up further discussion on the General Budget for 1980-81.

SHRI INDRAJIT GUPTA (Basirhat): Mr. Deputy Speaker, Sir, the Finance Minister has been congratulated by members of his own party mainly and by—I find from the Press during the last few days—certain sections of big business which is rather a curious combination on the face of it but really not very curious for the so-called realistic budget which he has placed and the so-called concessions which he has given to the ordinary man.

Sir, there are many things to be said but with the limited time at one's disposal I can only concentrate on a few points. The Finance Minister has concealed in my opinion three fundamental features which are the background of the present capitalist system in which we are functioning. He has avoided any reference to it and put forward certain proposals as if they are in a vacuum. I would like to point out that these background features are basic to the whole situation and it is upon them that will depend the actual

impact and outcome of all these budget proposals.

The first thing—I hope you will not say later that you have fixation about these things—is that we are living in a class society and not in an egalitarian society. We are living in a class society. According to the National Council of Applied Economic Research figures they say top 1 per cent of house-holds in this country own 14 per cent of the national wealth while the bottom 50 per cent of the house-holds together own less than 7 per cent of the national wealth. It is just an indication of the disparity which exists in our country. If you split this up between the rural and urban sector, we find in the rural sector the bottom 50 per cent of the households are owning 8.2 per cent of the wealth while the top 1 per cent are holding 13 per cent of the wealth. The bottom 50 per cent of people in the urban sector altogether hold 3.2 per cent of the wealth whereas the top 1 per cent hold 20 per cent of the wealth. This is enough to point out that there is a very high degree of concentration of wealth in this country. That has to be borne in mind when any budget is prepared and the budget proposals are made.

The question is whether the fiscal and the monetary instrument which the budget is supposed to be should aim or should not aim at attacking, to the extent it can, this concentration which is there. I think nobody can deny it. I feel this budget that the hon'ble Minister has introduced has run away from this basic issue and by running away or avoiding this issue it really has surrendered all along the line.

Sir, the second basic feature is that a period in which there is—which is not peculiar to India only—inflation, run-away inflation and a period of high prices constitute a boom for the private corporate sector. This is a fact. It can be established by figures from any of the countries which are

suffering from this type of high inflation. Sir, it is wrong to think that inflation is something which inflicts suffering on all sections of the people. It does not at all. It is strange to find, Sir, that precisely during this period of high prices, of inflation, of shortages, of negative national income growth, of trade deficit, of stagnation, of drought, of political turmoil,—in such a situation also—you will find, according to the Reserve Bank of India study of 1978-79, which is a study made of 421 selected public limited companies—private companies, not government companies—which shows that during this period, profits have risen by 33.3 per cent and dividend payments have risen by 15 per cent over the previous year. There are other estimates: one is the estimate prepared by the Economic Times, on the basis of 215 selected companies. It shows that precisely in this period, the pre-tax profit of these 215 companies rose by 50.9 per cent against 25.5 per cent in the previous year. So, is it not a strange feature that while we are bemoaning the fate that such an economic crisis is there in our country, it is precisely in this period, that you find higher sales in the private corporate sector, higher profit, higher dividend, higher rate of formation of assets,—all taking place in a period of negative growth, and of stagnation, of deficit, and so on.

I know that big business people will never be satisfied with what they get. And you will find in the newspapers every day, Sir, that they are blowing hot and cold; they continue to moan and wail and say that they are still suffering from so many difficulties and the Minister has not been considerate enough to them and so on and so forth. One day the share market goes up; the other day it comes down; we know how all these things are manipulated. What I say is this, that the budget has ignored a reality which is that the victims of inflation the world over are those people who have got fixed income, ordinary working people, small

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farmers, those who are below the poverty line and so on. Yes. They are the victims of inflation. But there are certain people who are gaining from inflation; the gainers from inflation are those who are in a position to manipulate production, manipulate stocks, manipulate markets, manipulate prices, manipulate their own product-mix, manipulate their balance-sheets. It is these sections of people who are favoured—the affluent sections,—by inflation. You will find throughout the world, in United States, and other countries, which are far ahead of us, as capitalist development goes, in those countries too, the inflation which is taking place, is hitting certain sections of the people, but there are other sections who are prosperous precisely as a result of those high prices and inflation. These things have no reflection in Mr. Venkataraman's budget at all. Therefore the first spontaneous reaction which came on the day of the budget has been this. Mr. Goenka's Indian Express said this. I am only taking the headings of the editorials written on the very next day. Mr. Goenka's Indian Express gave the heading 'Well done'. Mr. Tata's Statesman gave the heading 'Well begun'. In Mr. Birla's Hindustan Times the heading was 'A Pleasant surprise'. In Mr. Sahu Jain's Times of India the heading was 'An Imaginative Budget'. And Mr. K. N. Mody of the Federation of Indian Chambers of Commerce and Industry says: 'A realistic budget'. These are the types of spontaneous reactions which were there, which reveals their true feelings. Because, Sir, the main philosophy behind the Budget, is to maintain the *status quo*. It is a *status quo* budget. There are no indications of direction in it. I do not say one single budget in a year can bring about a very radical change. But some perspective should be there; some direction should be there. Now, the question is whether we want to go towards some kind of structural changes in the economy. Some Hon. Member of the ruling

party on the opposite side was speaking the other day. I am glad to hear him say that so many years we have been functioning on the basis of what we call mixed economy. Is it not high time that we reviewed the whole position and came to some conclusion where this so called mixed economy has brought us, why this economic crisis has become so overwhelming, why the poor people are becoming poorer, why the people below the poverty line are increasing in number? Why the number of destitute people from the villages coming into the towns is growing? This is all I heard from a Member on the opposite benches sitting yesterday. The question raised is: whether the budget is an instrument or not to go to some perspective or some structural changes. I say that the budget is nothing of the kind. Its main philosophy is to maintain the *status quo*.

13.52 hrs.

[SHRI SHIVRAJ V. PATIL in the Chair]

Take the step-up which is proposed in the plan outlay. A very good thing that the plan outlay is to be increased because without that there can be no growth. The step-up proposed is 16.6 per cent. But, Sir, the Minister himself has pointed out that over the last one year the price-rise has been of the order of 20 per cent. So, a 16.6 per cent step-up in plan outlay means that it does not even cover that price-rise which has taken place in the last one year and, therefore, in real terms what is prescribed is really a negative growth rate. It is not a provision for any growth at all because it does not allow for this 20 per cent rise in price which has taken place. The real financial step-up is thus washed out because the reliance on monetary measures, not on fiscal measures, if I may say so. It is just an *ad hoc* way of undertaking certain monetary measures. Of course, I congratulate Mr. Venkataraman for his intelligence. He is a clever man, no doubt. He knows

how to do a certain amount of window dressing; some window-dressing has been done. Some kind of populist veneer has been sought to be put on this budget which, of course, immediately provoked loud table thumping and applause from his party Members. I do not think they really understood at that moment the implications of the budget because the blow which was being struck this time was sought by our Finance Minister to be muffled, to be muffled somewhat, by certain amount of window dressing. The entire emphasis, you will find, is really on public management of infrastructure. He has said so himself. He is relying on that and on a more efficient tax administration. But even within this infrastructural compass, I must say, the public distribution system which all of us in this country consider to be absolutely basic and vital, is a better distribution system does not really stand out as a major landmark.

Look at the Planning Commission. The Planning Commission—I do not mean disrespect to anybody—has been reduced, as it is at present reduced, to an advisory body of certain ex-Secretaries. That is the present composition of the Planning Commission. It does not have that kind of weight and that kind of prestige. Which is necessary to make the Planning Commission a really meaningful pressure group within this whole system, economic system of planning. The public sector cannot be made a paying proposition, unless a rationalised pricing and subsidy policy is introduced. I am disappointed to find that there is no discussion in depth about this question. At present the public sector is serving as the hand maid of the private sector. Its main purpose is becoming to serve the interests of the big business sector. An infrastructure to the tune of Rs. 5,000 crores has been invested in it at a return of only 4 per cent and the pricing and subsidy policy is such that the public sector cannot do anything but show losses.

Take for example State Trading Corporation, which will supply raw material at a cheap rate to the private sector. But the prices of the finished commodities which are made out of these raw materials are fixed by the private sector at its own sweet will. What is this? Is this the job of the public sector?

Now limits have been imposed on the equity conversion clause. This, of course, has been enthusiastically welcomed by the corporate sector. What it means is that the private sector will prosper more than it was going with money from the public sector without the fear that these loans may be converted into equity because a bar has been put that the financial institutions and banks will not be able to buy up more than forty per cent of shares in those companies where they have invested their money.

Black money is sought to be brought out only by better compliance on the part of tax-payers. He is going back to the old philosophy which we had at the time of voluntary disclosure scheme that if you reduce the marginal rate of direct taxes, i.e. income tax, the tax payers will voluntarily come forward to pay tax honestly and evasion of taxes will go down. I do not think that is correct. This is rather a wishful thinking; it is not borne out by experience either. I have no time to indicate the figures that I have compiled from 1970-71 to date; these figures show how the movement of maximum rate of income tax has moved along with the percentage increase in the receipt of income tax year by year. I am afraid, experience does not bear that out. In some years when the marginal rate of income tax was high, the receipts were good and in some years when the marginal rate of income tax went down, the receipts fell; they did not rise. We, all know what happened with the voluntary disclosure scheme

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which had to be given up eventually. It was proved that this scheme did not succeed at all. In our country, even if you reduce the taxes there are large number of people with plenty of money who are not willing to cooperate and not willing to pay taxes even at lower level; they will try to evade whatever may happen. Therefore, you should not rely on this so much.

Then, the concessions in direct taxes, which have been made, are all a bonanza for the rich people and better-off people. There is no doubt about it. And, there is some window dressing because the exemption limit in respect of income tax has now been raised from Rs. eight thousand to Rs. twelve thousand. It is very good, but there are two points which were concealed at that time and did not come out. One was that if you are earning more than Rs. twelve thousand, the exemption limit for calculation of income tax will continue to be Rs. eight thousand, not twelve thousand. The only people who gained are very small in number, those earning between Rs. eight thousand and twelve thousand. If you are earning, say Rs. thirteen thousand, you have still to pay tax on the basis of exemption of Rs. eight thousand and not Rs. twelve thousand. That is one point. The second point is that persons earning more than Rs. twelve thousand were earlier getting certain benefit by way of educational allowance for the children. That educational allowance has been removed. I hope he will look into this. This is not such a major thing which he should be rigid about. This educational allowance for two children which was provided for earlier, after raising the limit to Rs. twelve thousand has been done away with. That is why I am referring to it as window dressing without meaning any personal disrespect to anybody.

Then, the limit for wealth tax exemption has been raised from Rs.

one lakh to Rs. one and a half lakh. I do not know, why. What is the necessity for it? The wealth tax on agricultural land has been totally abolished. He, of course, got the loudest applause in this House when he announced this. And I was not surprised at that seeing the composition of that party. Successful sabotaging of tax has been done. He himself admitted that we were not able to get more than Rs. one crore for this. That means evasion was going on and since we could not realise more than Rs. one crore, it was better to do away with it altogether.

Then, there is seven year tax holiday for new industries; additional fifty per cent depreciation for new units, customs duty on imported capital goods and raw materials which are meant for certain industries has been heavily slashed. These are all concessions which can benefit only a small group in this country, that is the organised private corporate sector. Not one paise of extra direct tax has been levied on the corporate sector. This is so, except for that 7 per cent tax on the interest on bank borrowings. I do not know why this roundabout way has been taken. He could as well have raised the deposit rate by 1 per cent. It would have benefited everybody and produced the same result. Borrowings from banks would have become expensive by more than 1 per cent; but depositors would have been given more interest. Instead of this a 7½ per cent tax on interest will only increase the cost of loans, without giving any corresponding incentives to depositors.

14 hrs.

As regards resource mobilization which he has planned for, I do not know why it is being spoken repeatedly that the new levies will bring in Rs. 233 crores. In a full year, it will not bring in only Rs. 233 crores. Rs. 233 crores are only for the rest of this year. If you calculate for a full year of 12 months, the additional levies that have been imposed will

bring in an additional income to the Government, of Rs. 445 crores, i.e. within the framework of the budget. Outside the Budget—everybody has spoken about it—we have the Rs. 2100 crores from petroleum products, Rs. 665 crores from fertilizers, Rs. 290 crores from the Railways, Rs. 27 crores from the P&T., Rs. 850 crores to be taken as foreign loans, most of it from the International Monetary Funds, and about Rs. 100 crores to be taken from institutional funds.

Cutting out the last one, the total impact cannot be seen only from the Point of view of excise duties. The whole thing has to be taken into account, the whole thing is the burden which is definitely going to stoke the fire of inflation; and nobody can prevent it.

The price rise is inevitable. We are living in a society where you may calculate mathematically and say that the rise will be only 6.5 paise. Every time this exercise is gone through. The officials and bureaucrats of the Ministry—whether of the Railways or of Finance—holds Press conferences and say that according to their calculations, there will be only a 2-Paise or 0.005 paise rise per rupee. But we are living in a society where we have no control over the trade and industry. They are never prepared to absorb even the smallest rise into their profits. They will always see to it that that burden, or more than that burden, is passed on to the consumer. Every year we see this.

Actually, the impact of new levies is tremendous and huge. Even after that, the uncovered gap which remains, is Rs. 1417 crores. We are in for another round of heavy inflation. It means there is going to be a big increase in the Reserve Bank of India credit. It is inevitable. It means that they will print more notes. They will have to do it. More money will be pumped into circulation.

The Finance Minister never dealt with it in his Budget and said how this problem of huge and fantastic rise in the money circulation over the last few years is going to be reduced, or checked.

We must remember that all this is taking place on top of a 16-month continuous price rise. Maybe it is due to the Janata rule. He may be inclined to use that argument. But I have shown earlier—I have no time to do it now—that all these basic factors were in operation before the Janata came to power. Some of them got accentuated or aggravated during the Janata rule, I have no doubt. But these basic features of money and credit expansion were going on from long before. This time this Budget is coming on the peak of a period when we have already had a 16-month continuous price rise, with an annual inflation rate of 20 per cent and a reckless expansion of money supply during the last 4½ years. In such a period, if you bring forward a Budget like this with huge budgeting for new levies and burdens, then I am afraid, we are going to be in for a real disaster. There was some kind of a so-called soft budget, if you call this a soft budget in 1976 also before the Janata Government, but that soft budget, if you call it soft was preceded at that time by a comparatively long period, several months at least, of comparative price stability. At the end of that period, a period of comparative price stability, at that time, in 1976, your so-called soft budget was brought forward. That gave concessions to certain people. But to do it now I should think is gambling with fate; if we do it now, when we are on the crest of a period of 20 per cent inflation rate, with the highest price rise that we have been having for such a long time this can only presage a new inflationary upsurge.

Lastly, I would like to deal with the so-called relief in excise duty

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concessions which have been tom-tommed as though very big relief has been given to the ordinary man, the consumer. First of all, the total concessions which are promised do not come to more than Rs. 15 crores; Rs. 15 crores are in a full year. It is the value of the concessions which are being given, but he has not pointed out I think, in all fairness, he should have educated the Members of this House that while excise only has been reduced on certain commodities, the special excise duty of 5 per cent, which was there on all items is being extended even to items which were not covered before; and on those items which were already covered by 5 per cent, special excise, it is being raised from 5 per cent to 10 per cent. There are very few exemptions. This special excise duty is going to bring in nearly Rs. 200 crores in spite of the relief in certain exemptions given on certain items, because special excise is taking care of the rise. For example, in this matter, 30 basic drugs have been exempted from the general excise duty, but here again, there is some window dressing, because I find that these 30 basic drugs were hitherto subject not to the normal excise duty, they were already subject to a concessional excise duty of 2.5 per cent. That is what they were paid. It is true that now this 2.5 per cent has been withdrawn, but if you work it out you will find that it will mean a very marginal fall. I could have understood if he had abolished 12.5 per cent duty which is there on all patent medicines and proprietary medicines. That would give real relief to the ordinary man who goes to a chemist shop to buy his patent medicines which have been prescribed for him. On those, there is a 12.5 per cent duty. That is not touched. And 30 drugs were selected which are also paying only a concessional rate of 2.5 per cent. There will be a very small marginal reduction in those medicines. Some vital sectors will be badly hit. Textile is one. By textile; I do not

mean cotton textile, because it seems to me that some pressure from the cotton lobby has worked this time. There seems to be some reliance on the hope that the cotton crop will be good. I do not know, if it fails; if the crop is poor, what may happen. But what has happened is that artificial fibre, viscous staple fibre has been badly affected; of course by the petroleum hike; and we will find that the prices of indigenously made staple fibre are going to become higher than the cost of the imported fibre. That will be the net result of all this. Apart from the fact that many of the textile mills now stay in the recent years have switched over to oil fired boilers, boilers which are running in their mills are strocked by oil. The whole petroleum crisis and hike is going to effect one big section of the textile industry. I am not shedding very much tears about that because the common man in this country is not able to afford fabrics made out of the artificial staple fibre at all. That is far beyond his reach. I believe, all these things are used for export purposes in order to earn a lot of foreign exchange. Now the only beneficiaries in this competition will of course be cotton lobby and the cotton lobby may gain as a result of it. I do not know how it fits in with the whole logic of increasing our export earnings and earning foreign exchange.

As far as steel is concerned, I am sure, these higher freight rates of the railways are not going to be absorbed by the steel units. They are demanding a rise in price. I find this in the papers. The cement manufacturers are already demanding a higher retention price for cement. They are not going to absorb any of these freight rates. Everything is to be passed on to the consumer. Cement is in short supply-not available even in the black market. One cannot get it.

As far as road transport is concerned, because diesel has gone up, the price of types has gone up almost immediately after the Budget Fire-

stone have announced hike in the price of tyres. Not only rail transport, but road transport is going up steeply which means it will be reflected in the price of all commodities which have to be carried either by rail or by road.

I have gone through the speech very carefully. The Finance Minister has given the slogan of 'growth with social justice'. But I find neither growth nor social justice in that. There is no social justice in this. What is going to happen is that a much bigger burden than ever before is going to be imposed on the shoulders of the average common man due to its cumulative effect of all these imposts. I do not want to repeat what other people have already said. It is only a trick—because of railway freight and petroleum prices and all these things. They are not coming within the scope of the Budget technically. The Budget taken by itself says to the people—look I have reduced the burden of the new imposts and it will only be Rs. 225 crores, which is not correct. In a full year it will be Rs. 445 crores. But people are not going to do counting like that. They are concerned with the whole package which has been delivered by the Government over the last few days. Therefore this is a Budget which is basically a budget, which gives concessions as I said in the very beginning, to those people who alone are the gainers from inflation and high prices. High cost economy brings gain and profit to the organised corporate private sector and it is that *status quo* which is fought to be preserved by Shri Venkataraman's Budget, while imposing all the burdens I should say, crippling burdens, crushing burdens on those very sections of the people who are always the losers from inflation, who are always the worst victims of inflation. What I wish to say in regard to the socioeconomic structural changes that are required is this. I do not want to use any phrase or jargon for which I will be accused of being doctrinaire or dog-

matic; should I say in the gentle language used by some member of His Party that that this is mixed economy? There is some prescription in it like in any mixture, any medicine which the doctor prescribes. In a mixture, we have to consider what are the different ingredients which go into that mixture. In our mixed economy of this public sector and private sector and so on, is it not time that we made an honest assessment of where we have come in all these years, and how far this public sector is public and how far has it been serving only as a handmaid of the private sector? What is the condition of the private sector? Study the figures of their assets and see how their asset formation has gone up throughout this period in the last 10 years, from 1970 onwards. That will cover the period of the earlier Congress regime, Janata regime and post-Janata regime. Take all the top business houses and see how, while the people are suffering and are having to go through the worst possible privations the assets of these top houses have grown by leaps and bounds every year. How is it taking place? There is no magic or mystery behind it. The whole system is devised in such a way that the wealth of this country is being funnelled, being diverted to these people and they are in a position to control the strategic heights of the economy. It is not the public sector which is controlling the strategic heights. It is these big business houses with their hold and grip on the various parts of the economy who are able to dictate terms to the Government now and they are getting away with it. This budget does nothing but reflect that. It is no use saying that Chaudhury Charan Singh had increased certain excise duties and you are reducing the same. To the extent that you are reducing something which he increased, naturally people will feel relieved and I am prepared to congratulate you also to that extent, though he has protested and said you have made some wrong charges against him and he did not raise all

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those duties. That is for you to answer. But basically I find no solution in this budget to any of these problems of inflation, high prices and unemployment.

You, Sir, while speaking yesterday as an ordinary member, made much of the rural employment scheme which has been announced. I find that it is really a little improvement and a little strengthening of the existing food for work programme. That is what it comes to. The food for work programme is a good thing, is a very essential and is one of the most positive things which have been done in recent years. That he has sought to strengthen a little bit, no doubt. That is all. It is not something so revolutionary or radical as you—if I may say so with all respect—were trying to make out yesterday in your very brilliant speech. That is all it is.

Taken as a whole, this budget, I am afraid, in another six months' time, will land this country in a much worse crisis. Inflation will go completely out of hand, I fear. Some people will suffer, some people will prosper as a result of it. That will only accentuate the tensions and confrontations in this country, which nobody can prevent. These are not things which are engineered by somebody by some conspiratorial methods. This is something working within the economic system itself and people find that they are being denied of their minimum due, while certain other people are making hay while the sun shines. You cannot prevent social tensions and confrontations from developing within the society. The poor people, the ordinary working class have certainly a right to fight for their rights and their demands. If such a situation develops, I do not know on which side the ruling party will stand. It will be a challenge to them also. They will have to show clearly on whose side they are. But as far as some of us are concerned, we will have no go but to stand with the

people and whatever difficulties and burdens they may have, if they have to fight for their rights and demands, we shall certainly stand along with them.

I would like to ask Mr. Venkataraman to consider, before he replies and before he decides whether he is going to make any modification, whether these heavy concessions which are being made to a group of people who are already the gainers from inflation, should not be scaled down and at least whether they should not be given to understand that they alone will be the beneficiaries, while the bulk of the people, the overwhelming majority, are condemned to suffering, unemployment and starvation. So, we cannot support this budget. This is a budget for the rich. Whatever benefits so-called have been promised, they are not actually likely to reach the people. They will be swallowed up midway by this whole gang of unscrupulous traders, blackmarketers, hoarders and sharks who are operating in our economy. Both ways the ordinary man will lose and a small coterie of people will gain. That is certainly not going to be very healthy for the future of this country.

SHRI CHARANJIT SINGH (South Delhi): Mr. Chairman, Sir, from the grim projection painted by the hon. member who preceded me, I think he tried to make the point that the budget was given a window-dressing. I therefore feel that the budget has already been sold, because window-dressing can only be given to something which will sell to the public! At the very outset I would like to take this opportunity to congratulate the Government, especially our dynamic hon. Prime Minister, Shrimati Indira Gandhi for the inspiration and guidance provided by her to the hon. Finance Minister in adopting the very bold, positive and pragmatic approach to the budget. With an unwavering eye fixed on the short-term as well as medium-term problems facing the country he has taken note,

at the same time, of the legitimate expectations of the poor and hard-pressed sections of our society. There is no doubt that the Hon'ble Finance Minister has displayed a great deal of skill and vision in the formulation of the budget in the midst of an extremely difficult and perhaps unprecedented economic situation. He has been able to introduce a fresh air of optimism and faith in the future of this country and with a deft touch has been able to remove the mental cobwebs and physical bottlenecks which have bogged the country into a frustrating quagmire in the last three years. The decks have now been cleared for a smooth transition to a continuous progress toward the economic, social and moral development of this country. The time for launching such a drive is most opportune for we have now emerged from a period of instability and uncertainty on the political front and have at the helm of affairs an action-oriented and stable Government not only at the Centre, but in the majority of the States.

I do not consider it necessary to dwell at any great length on the complex and manifold problems confronting us in the economic sphere as these have been admirably summed up in the Budget speech of the hon. Finance Minister. However, it will not be out of place to refer to a few salient features of the scene as the backdrop against which the budgetary strategy has to be viewed. The country today faces a period of stagnant, if not declining industrial production, a highly inflationary situation compounded further by widespread industrial unrest and social upheaval in certain areas. The year 1979-80 has witnessed a record spurt in the prices, a decline of about 3 per cent in real gross national product, the doubling of the deficit of balance of trade as compared to the previous year and a totally disorganised set-up with regard to the formulation and implementation of economic and financial policies. This situation has been rightly attributed by the hon. Finance Minister to the disastrous failure of the Janata and Lok

Dal Government in devising or implementing appropriate policies to deal with the emerging problems. On the contrary, the obsession with reversing sensible policies, introduced by the Government in 1977 and earlier years has contributed in no small measure, to the depressed state of the economy. Let me take this opportunity of asserting with all the emphasis at my command that this view is not motivated by any political consideration, but its veracity can be demonstrated easily with reference to specific instances. The hon. Finance Minister has referred in his speech to the lack of co-ordinated effort to deal with the failure of the infrastructure in the sectors of powers, coal and transport. I would like to make a specific reference to the policies with regard to the structure of interest rates. I would first like to commend the hon. Finance Minister for re-introducing the tax on the interest income of commercial banks and extending it to cover also the term-lending financial institutions. It will be recalled that one of the potent weapons employed by the Government during the years 1974 to 1977 to contain the inflationary pressures was the policy on elevation of interest rates. The Janata Government took no time in reversing this policy and in successive stages in 1977 and 1978 lowered both the lending and borrowing rates of the banks with the dismal result that the savings and long-term deposits declined, whereas money supply received a tremendous boost. Even yesterday while speaking on the Budget, Shri Charan Singh stated that the increase in money supply had occurred in 1976-77 when the Congress Government was in power. I wish to state here that the increase was due to increase in stock of foodgrains and foreign exchange reserves. These two factors which strengthen the economy were of course absent in the later years.

As a part of their ill-conceived approach, the interest tax was also abolished in the year 1978-79, thereby causing a loss of over Rs. 100 crores to the Exchequer and naturally increasing the deficit financing to this ex-

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tent. It is understood that the Reserve Bank will shortly be issuing guidelines to the banks as to the manner in which the rates of interest should be adjusted by them in the light of the interest tax to be introduced during the current year. I would request the hon. Finance Minister to ensure that a thorough review is made of the entire structure of lending as well as borrowing rates of interest, so that the savings and deposits receive a suitable stimulus, and there is no undue burden on the productive sectors of industry and, at the same time, there is an effective curb on the speculative tendencies in certain sectors. I have absolutely no doubt in my mind that the monetary situation will have to be kept by the hon. Minister under close watch to achieve the objectives which he has himself outlined in his speech. In this regard it will be necessary to enquire whether the organisational structure of the banking industry is in fact adequately responsive to the policies announced by the Reserve Bank and the Government of India to ensure a reasonable degree of success in achieving the desired objectives. That there is need of such a review is more than obvious, for instances have occurred time and again in which the declared objectives of containing the expansion of commercial credit as well as money supply have in practice been far from being achieved.

It is true that during 1979-80 the expansion of money supply has been stated to have been at the level of 10.3 per cent which is considerably more than in the previous two years. However, the rate for the previous two years and the year 1979-80 are not at all comparable and the spurt decline in the rate of expansion of money supply, as announced, is to some extent misleading. The steep decline in money supply during 1979-80 is substantially due to a new classification having been adopted by the commercial banks in which certain categories of savings and deposits have been transferred to the head of long term

savings so as to count as a negative factor instead of a positive factor in the growth of money supply. I am pointing this out in order to dispel any air of complacency in this area and to invite the hon. Finance Minister's attention to the need for continuous monitoring in this regard.

Even though inflationary pressures in the economy have been far from eased, it can be expected that as a result of integrated measures proposed to be taken as a part of the twin strategy to augment supplies and reduce the demand and our pursuing this policy with vigour, we will certainly produce the desired results. With the auspicious on-set of monsoon, it is expected that important favourable factors will have come on the scene to supplement and support the Government's determined efforts to stabilise the prices but a great deal of hard work will have to be done at all levels to ensure that the programmes outlined in the budget do not remain a part of an empty annual ritual but in fact are pursued vigorously and ruthlessly to get the most optimum results. I would particularly stress the need for a sustained drive to improve and expand the distribution system to ensure that the supplies of essential goods reach the vulnerable sections of the society at a reasonable price for without an effective and efficient distribution set-up, it is difficult to curb the inflationary situation even with a reasonable increase in production, for what is important is not mere increase in production but the availability of essential goods at the points of consumption. This is a role which the marketing and distribution system have to play. I would like to recall in this context a statement by hon. late Shri Sanjay Gandhi the other day in his television interview after the presentation of the budget that this is the first time since independence that the budget has been appreciated by one and all especially because of the many reductions in excise duty and items of daily use which affect the common man. This feeling of relief can be sensed by any one by visiting

any of the markets around him. Those who had started hoarding certain commodities in the expectation of rise in price after the budget have been caught on the wrong foot and are keen now to off-load their hoarded stocks and there is no evidence of the usual sense of panic and fear on account of any menace of instability in the price level. This, in itself, is a remarkable and significant achievement, for inflation is not only a monetary phenomenon, it is largely a psychological phenomenon in which the inflationary fires are further fed by continuing expectations of rising prices.

Recent changes and development in the international economic and political scene necessitate a reorientation of our approaches, endeavours and policies both domestically and in regard to other countries and especially in reference to energy which has become a single most important issue and discussed in all forums.

MR. CHAIRMAN: How much more time would you require?

SHRI CHARANJIT SINGH: 15 minutes

MR. CHAIRMAN: It is not possible.

SHRI CHARANJIT SINGH: Mr. Gupta took half an hour.

MR. CHAIRMAN: Time is allotted on party basis and there are a number of other Members from Congress—I, who would be speaking.

SHRI CHARANJIT SINGH: I was told that they would be speaking on Monday.

MR. CHAIRMAN: You will have to wind up your speech in two or three minutes

SHRI CHARANJIT SINGH: I am afraid I will not be able to do so. This is my maiden speech.

श्री चरनजित साहनी (करोल बंग): सर मेडन स्पीच । हमारे दिल्ली वालों की तरफ से यहाँ बोल रहे हैं।

SHRI CHARANJIT SINGH: Mr. Chairman, Sir, there are certain im-

portant points, which I want to mention. I hope you will give me some more time.

MR. CHAIRMAN: I do not mind giving you a little more time. But please conclude early.

SHRI CHARANJIT SINGH: Major source of energy—crude oil is fast running out and true to the fact that it is unrenovable as the life span of crude oil is only 25 years at the present rate of consumption and at best can extend to 100 years. With today's indigenous production and total consumption we need to import 20 million tonnes annually to augment and achieve development and expansion programmes.

Our demand will go up by approximately 7 per cent annually. With the consumption level price of today against export earnings of Rs. 6500 crores, over Rs. 5,000 crores would go towards purchase of crude oil. Judging from the present trends in the years to come, prices would rise to unbearable levels and it is but natural that the world production would decrease, if anything, and not go up. As such, we must find out alternative sources immediately and accord the highest priority to explore alternate forms of energy. We may undertake a massive programme of developing known resources and a proper programme of manufacturing rigs and other related equipment. Needless to say that we should lay greater emphasis on production activities and also finding alternative source of crude oil such as hydro power, nuclear power and solar energy. Regardless of what may be the view of our experts, it is the belief of the foreign experts that India has vast reserves which would make us amongst the top few. Success in this direction would completely revolutionise the Indian economy. Today financing of exploration activities on soft terms would also be readily available. Therefore, in my opinion, the issue needs highest priority.

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I have referred earlier to the disconcerting gap which has emerged in our balance of payments. In this context, I wholeheartedly support the hon. Finance Minister's announcement regarding the setting up of an Export and Import Bank. The need for such an institution is particularly being felt at the present moment when we have to make an all-out effort to achieve higher exports of our commodities and also of turnkey projects. We have also to quickly exploit in full the projects of joint ventures abroad.

In a number of areas, we have already established a reputation for reliable expertise and technological capabilities. It is hoped that the full potential of turnkey projects as well as joint ventures abroad will be fully realised with the added stimulus from the proposed Export and Import Bank. On the other side, we should not shut the door against deriving benefit from technological advances already achieved in other countries. In the past, many commercial delegations from foreign countries have visited India for setting up ventures involving heavy capital investment and high technology. But in the absence of a positive and clear response to even worthwhile offers, no tangible results could be achieved. This point has been discussed in Parliament several times and it has been generally agreed that we should not refrain from joint ventures with foreign assistance where a latest technology is lacking in the country. As we are aware, India is still far behind Western countries in respect of the latest technology in certain areas. India spends crores of rupees in updating the technology and it is only rational that wherever such sophisticated technology is available, we should accept it; otherwise, we will remain for ever backward in this regard. Where the multinationals are willing to contribute equity as 50 per cent partners for setting up joint ventures, their proposal should be carefully examined on merits. A

spokesman of Japan recently stated that the Japanese enterprises are gradually getting more confidence in investing abroad. They feel that they have reached a technological level where they can compete successfully with advanced countries. Based on this confidence, they are entering into joint ventures with Australia, Saudi Arabia, China, U.S.A. and U.K. It is interesting to note that Japan has also liberalised foreign exchange regulations to lure overseas ventures as well.

I would suggest that Government should have a broader outlook and spell out its policy clearly in this regard specially about industries involving heavy capital investment and high technology.

India's industrial base at the existing times could be further improved with the necessary improvement in the infrastructure as indicated by the hon. Prime Minister and also at the same time attracting much larger foreign equity participation which can be easily absorbed and can be contained without foreign economic domination. We also have a situation where people of Indian origin and Indian nationals abroad have amassed large wealth and would be willing to invest in India provided the incentive environment is created. Arab funds have also been looking to investment in India. I feel that the policies must be based on conditions prevailing as of today and not what was desirable and relevant a decade ago. For various reasons, including the freezing of Iranian assets by US Government, oil exporting countries having surplus resources are looking to other countries for investment. There are recent reports of Iranian investment being made in Third World Countries.

I would urge the Government to cause a thorough review being made of our policies in various fields which have a bearing on the flow of the latest technology and management techniques to India through the medium of foreign collaborations. In this

context, the irritants and bottlenecks which have hampered progress in this area need to be reviewed. The provisions of the Foreign Exchange Regulations Act which was enacted in a different environment altogether also needs to be reviewed in this context so as to ensure that the many objectives to augment and conserve foreign exchange reserves are not allowed to be lost as a result of unimaginative and rigid approach.

I welcome the proposal of the Finance Minister to provide for a new section 80—I in the Income Tax Act, exempting 25 per cent of the profit of a company derived by the New Units for a period of seven years. However he would appreciate that new units requiring heavy investments sometimes take more than three years to reach the stage of earning profits. As such, they would be deprived of the existing benefits of exemption of 7.5 per cent of the capital employed. I would, therefore, suggest that new units should be given the option to choose either the existing exemption—that is under section 80-J, i.e., 7.5 per cent of the capital employed for five years—or as proposed in the budget under section 80-I (25 per cent of the profits for seven years). I would also suggest that Industries listed in the Eleventh Schedule of the Income-tax Act in the medium sector may also be made eligible for the tax holiday benefit. Further, I would suggest that Government should give encouragement to the doctors who set up their practice in rural areas by way of exempting a portion of their income and also by allowing a weighted deduction on expenditure incurred by them on setting up of their clinics in rural areas. This is of particular importance in the context of the need to provide for adequate medical facilities in the rural areas in line with the general frame-work of our policies.

In this context I would like to refer to the unsatisfactory results which so far have been achieved in promoting rural development through the parti-

cipation of established commercial units. The concessions provided in the Income-tax Act for allowing expenditure on rural development programmes have not been fully utilised. It is possible that the absence of facilities to identify viable schemes and programmes is a major bottleneck in this regard. It is suggested that this lacuna should be removed and other procedural hurdles which inhibit industrial houses from undertaking rural development programmes should be removed.

MR. CHAIRMAN: Please refrain from making any new points; you have to conclude your speech. Or you can mention your points without dilating on them. You can mention a few points if you want to and then pass it on to the Minister: he will take note of it.

SHRI CHARANJIT SINGH: I would like to make a few points which need to be mentioned here—points which have arisen from out of the budget. I would like to say that the Hon. Finance Minister has outlined the performance of power, coal and transport sectors, which need to be improved. Not only coastal transport but inland transport also needs to be improved.

I would like to say that much has been discussed about the brain-drain and recently one of the Members pointed out that a lot of engineers, scientists, technicians and doctors are leaving the country. I think that, as the Prime Minister had pointed out, an environment has to be created which will be conducive for them to stay and will give them job satisfaction so that they may also make their contribution to the country.

I would like, at the end, to congratulate the Finance Minister for giving due recognition and encouragement to sportsmen and also to the employment of the blind and handicapped. It is a matter of great satisfaction that the needs of all

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deserving sections of society have been kept in view in the formulation of the budget. As I have already observed this budget can truly be said to be a remarkable achievement, in so far as it launches a new and powerful drive to lift the country from economic stagnation and set the stage for rapid development with particular emphasis on the well-conceived 20-point economic programme.

SHRI XAVIER ARAKAL (Ernakulam): Sir, I fully and wholeheartedly support the Finance Bill and also endorse the speeches made by the hon. Members in supporting this Bill.

We had the privilege of listening to three leaders on the Opposition side. I must say that, after listening to hon. Members Shri Charan Singh, I was thinking whether we should go back to the bullock-cart economy or we should go forward in the age of space and technology. We are proud to say that this Budget has been presented with a vision, with the future, on the right road towards the technological era. People have rejected and condemned the approach made by hon. Member Choudhuri Charan Singh.

Another Member belonging to the Marxist Party made his speech here. It was a pity; he was searching in the darkness to find some loopholes, some defects, in this Budget. But he could not find anything anywhere. (Interruption) Why do you laugh? I was listening here and was also taking down notes. What have you proposed by way of amendment in this Budget? Have you done anything to find solutions to the problems of the people? No; you have not done anything

Then we heard an illustrious speech from hon. Member Shri Indrajit Gupta. He tried to enumerate three points on which he wanted to hammer. He was saying that this Budget was not aiming at the desired

economic growth. But, as you know, he was referring to the era 1977 to 1980. 1979-80 Report submitted by the Reserve Bank of India was the trump-card of Shri Indrajit Gupta. That is the trumpcard for us also in bringing out this Budget. (Interruptions) They have been asking, what is the economic policy of this Government and at what are the programmes designed to achieve the desired economic growth rate of five per cent in the coming year. Have they done the home work of looking into (1) the Election Manifesto; (2) the speeches made by the hon. Finance Minister; and (3) the Memorandum explaining the Budgetary provisions and the connected documents? If they had done it, they would not dare to say so.

After citing the downward rate of growth of our economy from 1977 to 1980, the hon. Finance Minister has stated in his speech on page 3:

“Such a dismal economic situation was to a large extent the result of the policies—or should I say lack of policies—of the previous Government..”

Again, enumerating the philosophy of our Budget, he has stated:

“What is important now is to devise ways and means to arrest the deterioration and set the economy on the path of stability and growth...”

That is why we say that this Budget is aiming at social justice; it seeks to give social justice, equitable distribution of the national wealth.

The Finance Minister has taken us further to the problems of the agricultural sector. In paragraph 34, he says:

“The process of economic growth will be incomplete unless the benefits of such growth reach the weakest sections of society.” (Interruptions)

You have not done your home-work. If you had read the budget speech of the hon. Finance Minister, you would have praised the Budget as a realistic Budget. That is my submission. I want to establish that. Paragraph 37 of the Finance Minister's speech says:

"Since India lives in its villages and nearly 70 per cent of its population derives its livelihood from agriculture, the prosperity of the country depends upon the modernisation of agriculture."

I have gone through the previous Budget speeches—from 1977 onwards and I have not seen in any of them such a remarkable and praiseworthy allocation of funds for the weaker sections, for the agriculturists, for the artisans and the poorer sections of the community and we are proud to say that we are going to achieve this programme to the fullest extent.

Sir, a Budget is not a document for allocating the funds alone. It enumerates the philosophy, the principle, the policies and the schemes of the Government. If you look at it from that light, you can very well see that this Budget aims at a pragmatic and socialist approach....

AN HON. MEMBER: Socialist?

SHRI XAVIER ARAKAL: We are embarking on a policy of nationalising the basic industries and essential services. Have you studied the principles of mixed economy? If he has done that, Mr. Indrajit Gupta would not have said what he said just now. You were supporting us till 1977 and now you say that the policy we adopted was wrong.

If you examine the Budget documents, you will see that there is a planned economy designed to have a 5 per cent economic growth. Sir, in our country planning, is a *must* and it is imperative for the socialistic development of this nation. It is a vital

part of socialism. You remember how the Five Year Plans were abandoned during 1977—80. What were the consequences? What has happened to the rolling plan which became a rotten plan for the poor people? It rolled down the economy.

Therefore, I am submitting that we are aiming at a balanced economic growth, a growth designed to improve the economic conditions of the poor people of this country. We do not subscribe to the idea of accumulation of wealth. We do not subscribe to the idea of inflation. We do not subscribe to the idea of high prices.

Choudhary Charan Singh was talking that this is not a budget for the common man. Are we not common men here who have acclaimed this budget as a realistic budget? Therefore, I am submitting that this is a realistic budget aiming at 5 per cent national economic growth. We have taken correct steps. But I would say that in order to achieve the 5 per cent national economic growth we should have regimentation and discipline in our economic activity. Unless we have discipline and regimentation in our economic activity it is not possible to get 5 per cent growth.

Sir, in order to achieve that, I would like to suggest firstly rationalisation of the taxation laws. There is a lot of difficulties experienced in our taxation system. On the side of economic growth, I would say that a realistic and rationalistic taxation policy should be adopted. My second proposition is this. If necessary, we should embark on total ban on lock-outs and strikes in the essential services (*Interruptions*). I said 'if necessary'. Underline those words. This has to be resorted to for achieving the desired growth rate of five per cent in our economy.

These are the three things which I am submitting for your consideration, Referring to part B of the speech, I would like to present two things for your consideration. One is

[Shri Xavier Arakal]

that the income-tax exemption of Rs. 8,000/—should be taken off and the other is about the corporate dividend. It is said that the Supreme Court has given a judgement as a result of which this amendment was brought in to rectify that. There are saving provisions. Well, they are applied not in relation to the cases where the tax-payer had not gone in appeal to the Supreme Court but has only entered as an intervener in any other case. This discrimination should be stopped. I would like to congratulate the hon. Minister on bringing in the amendment as far as that particular clause is concerned. In this country we know how wealth is manipulated to avoid payment of taxes.

Really it is a wise step towards rationalisation of the taxation system that is initiated here. Now I am referring to some of the problems of our State—State of Kerala. It is stated in the speech that chemical fertilisers will get around Rs. 300 odd crores as revenue. We have been making appeals to have a caprolactum factory at the FACT, Udhyog Mandal, Cochin. We have been asking for an aromatic unit at the Cochin Refinery. These will give a great impetus, a great boost, to the economic growth of our State.

Going through the Economic Review of the Kerala State Government, I see that there is nearly 8 per cent reduction in the State's economic growth rate. Therefore, in order to rectify that these two units may be sanctioned to the State of Kerala. These will achieve the total industrialisation of the areas in Cochin. You also mentioned that a certain amount is set apart for the improvement of ports. Sir, the Queen of Arabian Sea, Cochin Port, is in a deplorable state. When it comes to the question of giving money to the South, the Centre is very miserly. Its attitude should change and they should give sufficient funds for the development of this State.

In conclusion, I thank the hon. Finance Minister for bringing out a realistic budget. This will meet the desired ambitions, the aspirations of the people of this country. Therefore, Sir, I once again support the Bill which has been brought before the House by the hon. Minister of Finance.

15 hrs.

DR. SUBRAMANIAM SWAMY (Bombay North East): Sir, when the Budget was originally presented there was—as has been read out by Shri Indrajit Gupta from the newspapers—a certain amount of welcome but as time passes we find that people are getting more and more critical because people are now beginning to understand the real nature of the Budget.

Sir, unfortunately the Minister presented a very small part of the budget to Parliament and the real part or the important and the invisible part is contained in all the voluminous documents that have been circulated to us. And, I think, the Minister thought none of us would read them. But I must say that I did go through the documents and to my great surprise, I find that this is a budget which will aggravate the problems and not solve them. Considering the inflationary situation this budget is most inopportune and ill-advisable. (*Interruptions*)

Sir, take for example the excise reliefs. Certainly excise on some items has been reduced and I am not one of those who will belittle the idea of reducing the excise because the idea has gone round the country that taxes can only go one way and that is 'up'. But unfortunately the fact is that whatever relief has been given has been more than compensated in the special excise which has been doubled. (Here in the Budget what has been presented is the reduction and what has not been presented is that the prices of none of these articles are going to be reduced because of the other measures that have been brought in this budget. Similarly, in

the matter of tax exemption limit, it has been said that the tax exemption limit has been raised to Rs. 12,000|-. Originally people welcomed it but after reading the budget documents it is found that if anybody has income above Rs. 12,000|-. then the base of taxation will remain at Rs. 8,000|-. which means that the relief which has been given is very marginal. In fact no calculation has been made about the loss of revenue on this account because there is not going to be any loss of revenue on this account. The amount of tax relief on this account will be microscopic. This is the way in which the public of this country and Parliament has been misled.

Again what has not been brought on the budget for the first time is the hike in petrol and fertiliser excise. Why was it not brought? Why was it done only three days before the Budget was announced? How much amount you mobilised on account of this hike? The *Indian Express* of 19th June has an article where it says that Rs. 2,400 crores will be mobilised through this excise measure. Rs. 2,400 crores is an enormous amount considering that in the budget itself only Rs. 282 crores have been shown whereas outside Budget and outside Parliament you mobilise Rs. 2,400 crores. This is a new style of functioning. This is something for the hon'ble Members to ponder over.

Sir, out of the total mopping up of 492 crores as much as Rs. 217 crores would be mopped up from interest tax alone. Why? Shri Charanjit Singh has welcomed this measure as it will, in his opinion, help the depositors whereas I say it would not do so. This will raise the cost of capital and make it very difficult for those who are thinking of new investments. If you add up all this—Rs. 2,400 crores from excise on petrol and fertilisers plus Rs. 282 crores and then Rs. 217 crores—you will get a huge amount of additional mobilisation of taxes, perhaps to the tune of around Rs. 3,000 crores.

3,000 crores would make it the highest in the 30 years of history in this country. It is the highest mobilisation in the last 30 years—never before have we mobilised 3,000 crores. But the country at large is being given the impression that this is very small. It is said, very small mobilisation has taken place. So, Sir, the invisible part is what is to be recognised. I don't mind if you mobilise Rs. 3,000 crores, but have the courage to come and say it here: Let the whole country know how much is being mobilised. Why should you take this course, where you create an illusion, a *maya*, that there is only a very limited mobilisation, while in actual fact the mobilisation is very large. Similarly in deficit, Rs. 1,417 crores is admitted. But then consider the general gap between what is budgeted and what really happens, for example, in the interim budget, a certain deficit was shown. Now in this budget, within a matter of two or three months, the deficit has gone up to Rs. 1417 crores. If you apply that percentage on an yearly basis it means that the deficit actually will not be 1417 crores but 2100 crores and if you add another amount that is, Rs. 540 crores from the IMF Trust,—I don't understand how IMF Trust cash transfers can be included as part of the capital receipts, it must be part of the deficit, because it is also going to be part of the currency,—which means that the budget deficit would also be something of the order of Rs. 2,700 crores. This is Planned Deficit, which is also the highest planned deficit in the history of India. When you really look deep into the budget document, you will find this the highest mobilisation in taxes in history, the highest planned budget deficit in the history and as a consequence what the country is going to face one can imagine and I do not mind if all these things are there; but this must be stated openly and plainly. Unfortunately, Sir, all that we have been hearing is, 'Janata Government, Janata Government, Janata Government'. Actually if you

[Dr. Subramaniam Swamy]

look at the *Economic Survey*, you will see that the Janata Government is not all that had. And the *Economic Survey* has not been presented by the Janata Government. It is presented by our Finance Minister here. In this document itself, on page 88, you will see what the Janata Government did in 2½ years. Sir, in 1977, when we came to power, according to the *Economic Survey*, the average *per capita* cereal consumption was 391 grams per day. The Janata Government raised it in 1978 to 426.6 and in 1979 when we left power it was 433.7. It has gone up steadily. Has it gone up before in the past? No. The same table shows, it goes up and down, up and down. But 433 is the highest in the history—in the thirty years' history of our country. 433.7 average *per capita* consumption of cereals is the highest. This happened under the Janata rule. Similarly take pulses which is a very important item in our diet. It was 43.5 grams when we came to power; it was 44.3 in the next year and 44.8 in the following year. This is the Janata Government's performance!

Sir, on Foreign Exchange we hear all speeches, they say, oh, the Janata Government has distributed all the foreign exchange, all the gold and so on. So, I took the trouble of tabling a question in Parliament to which the hon. Finance Minister here gave a reply. Now, Sir, this Finance Minister also answers one thing in writing and says another thing in speaking. So let me quote from my Unstarred Question No. 1425 which was answered on the 20th June, 1980. Sir, the question was like this.

“Will the Minister of Finance be pleased to state—

- (a) the foreign exchange reserves as on any date in March, 1977 and in July 1979 and at present; and
- (b) the stock of gold with RBI as on any date in March, 1977 and in July 1979 and at present?”

Sir, this was the question. And what is the answer of the Finance Minister? All the time they say, Janata Government did this wrong or that wrong, that the Janata Government has ruined the economy, distributed all the gold, and all that, Sir, this is the answer.

“The foreign exchange reserves amounted to Rs. 2862.99 crores as on 31st March, 1977...”

That is the amount that they left us. And then he says:

“...Rs. 5333.89 crores on 31st July, 1979.”

This is what we left to those gentlemen over there, and it was only Rs. 4,857 crores on 6th June, 1980. So they have depleted it by Rs. 800 crores. This is something which the Finance Minister should answer or he should correct his party men and not allow them make this false propaganda. Why should you tell untruth outside the House? State what is the truth. Similarly the stock of gold held in the Issue Department by the Reserve Bank of India was 222.5 tonnes, 260.1 tonnes and 266.3 tonnes as on 31st March, 1977, 31st July 1979 and 6th June, 1980 respectively. So, how have we distributed all the gold! All the gold is there. I wonder why this kind of misleading propaganda is done. The *per capita* consumption of grains has gone up, the *per capita* consumption of pulses has gone up, the *per capita* consumption of cloth has gone up, the *per capita* consumption of sugar has gone up, the *per capita* consumption of oil has gone up or in other words the *per capita* consumption of everything which the common man wants has gone up. Prices remained stable according to the *Economic Survey*. This document produced by you points out the remarkable price stability in those two years. Then something happened. Certainly I did not approve of Shri Charan Singh's budget. I criticised it on the Floor of the House. If you go through the record, you will find my criticism. I

wonder how many of you will have the guts to oppose your Finance Minister's budget proposals. (*Interruptions*). I am asking you to be honest and admit that as far as the economic plane is concerned the Janata Government's performance was excellent. (*Interruptions*). It is no use finding fault with Shri Charan Singh. You made him the Prime Minister. Without your support he would not have become the Prime Minister. He should be grateful to you as you helped him in fulfilling his life's ambition of becoming the Prime Minister.

Sir, I have gone through the budget documents but have not been able to understand the 'growth philosophy'. Is it 'socialism'? I do not see any socialism in this budget. It is capitalist? Shri Indrajit Gupta alleged it to be a capitalist budget. I do not know whether it is even a capitalist budget. I would like to quote from the *Free Press Journal* which says that the share market which reached bullishly to the Central budget initially has second thoughts. I hope the Finance Minister will also have second thoughts. The question is put: What is the reason for this round-about turn in the share market and the answer given is that after careful study of the Finance Bill by Industry it has brought to light the fact that it has modified substantially Section 80J of the Income Tax Act. Earlier capital employed concept will not include borrowings. Now, it will not only include borrowings but retrospectively from 1972 which means a large number of people who depend on borrowings for investments have to pay back. Now, the worst hit by this measure will be the shipping industry. It will get ruined. It is for you to consider. I will urge upon the Finance Minister not to have this Section 80J. It will prove very harmful for investment. I am telling you as a person who is looking at the whole picture that this would be a dangerous thing to do at this point of time. But I am of the view if your philosophy says be against pri-

vate investments, by all means go the whole hog but you neither seem to be socialist nor capitalist. I find that this budget has no direction at all. Shri Charan Singh's budget—although I did not like it—at least had direction. It was in the direction of the bullock cart. (*Interruptions*). We had a clear-cut philosophy which produced results. All these results are contained in this *Economic Survey*. I wonder why you did not suppress this document, since it has been produced, all the facts are here.

Sir, I find there is no direction and no growth philosophy in the budget. What is the use of including 20-point programme! It is no programme. A programme in order to be a programme must have objectives stated and must have priorities stated. It is just listing of programmes. It says we must increase production all round. Is that a programme? It is just a platitude. That we must increase production is just a platitude. But you cannot make that a programme. Twenty Point programme is out of date; it had a value in emergency to fool the people, but today it is not relevant. You cannot quote it today in a democratic set up. It is a *mantra* for you, but it has no value in Parliament. You must not use it in Parliament; you can use it in elections, I do not mind, you can fool the people, but not here.

This budget is an entirely anti-growth budget; it is oriented against growth. Why do I say this? First, of all, I take the Plan investment. The Plan investment in real terms will be less this year because the inflation rate is twenty per cent and the Plan investment is increased only by 14.7 per cent or 16.6 per cent depending upon what you take as a base. This is one factor. The second factor is the interest tax. This is bound to lead to a reduction in the investment in the country. This is another reason why it is anti-growth. The third factor is the question of self-reliance. This was the Objective of the Janata Government and which

[Dr. Subramaniam Swamy]

they implemented. Shrimati Indira Gandhi talks of self-reliance everywhere. I would show you what self-reliance is there in your budget. In 1976-77, the net aid taken by the Government of India when you people were in power was Rs. 1007 crores. When the Janata Party came to power, we brought it down to Rs. 374 crores in 1977-78 and to Rs. 384 crores in 1978-79. If we had stayed for full five years, we would have made it zero. We would have made India completely self-reliant. This figure of Rs. 384 crores has been raised to Rs. 800 by you within the first six months and next year, I am sure, you will raise it to Rs. 2,000 crores. I saw a news item that that you are going to run to the West with a begging bowl for more aid, you are going to the Aid India Club and ask for more aid. Why? You have got Rs. 4800 crores in foreign exchange, why do you want more foreign aid? Janata Government was determined to implement the policy of self-reliance, but I am not sure, if at all you are interested in this programme. This is another anti-growth measure. Self-reliance can develop this country quickly. If you go on foreign dependence, if you go on the advice of the World Bank, I am afraid, this country cannot grow.

Again, take for instance the poor people of this country. They talk about poor people. I went through the Budget document, where Central Annual Plan outlays have been mentioned. It is a whole long list of cuts; I have grouped them. Agricultural Programmes for the poor like, Command Area Development Blocks, Small and Marginal Farmers Development programme, Drought Prone Area programme have all been grouped together. For these programmes during the Janata rule, we had allocated Rs. 1403 crores. What do we find today? We find today in the year 1980-81 in Mr. Venkataraman's budget, this allocation has come down from Rs. 1403 crores to Rs. 800 crores only, a cut of 43 per

cent. This includes various agricultural programmes for the poor. Second is the village, small and consumer industries. This is another area where the poor people are benefited in the matter of getting employment etc. During the Janata rule, we had raised the allocation to Rs. 335 crores, and what do we find now? The allocation is only Rs. 284 crores, a cut of 16.2 per cent. Similarly, for shipping, roads and ports, which is necessary for the public distribution system, while the allocation during the Janata rule was Rs. 354 crores, it has come down to Rs. 291 crores, a cut of 17.8 per cent. On the whole, while the Janata Government had set aside a sum of Rs. 2092 crores for these things, Mr. Venkataraman, while pleading for the poor in this country, in actual effect in his budget has put his scissors and brought down this allocation to Rs. 1375 crores, a cut of 34.3 per cent. You can imagine what kind of a budget we would have if these programmes for the poor people are cut like this. I would suggest that he should redraft the whole budget. He had a lot of time. He could have brought this Budget in March. But he was afraid that in the elections, we would expose him on this. That is why he did not bring this Budget in March.

There were proposals from many Members from the other side, from Members like Mr. Charanjit Singh. He and others gave good proposals. But how can the Government have this highest tax mobilization? You have provided for the highest deficit in 30 years, and with no relief. Why have you done this? There is no explanation. There must ultimately be a statement from the Finance Minister about his philosophy and on how the present Government proposes to do at least as much as we did during our rule.

SHRI MANORANJAN BHAKTA
(Andaman and Nicobar Islands): Sir,
I rise to speak on the General Budget

presented by the hon. Finance Minister for the year 1980-81. The country is passing through great financial stringency and hardship in all spheres of life. The stability in the country which was established by 30 years of Congress rule, and certain values which were evident during the Congress regime, were mismanaged and undone by 3 years of Janata rule. The social life in the country came down to a panic by riots, communal disturbances, killing and atrocities on Harijans; and a sense of insecurity prevailed among the people in the country. In the economic sphere, prices mounted up; and shortage of essential commodities like edible oils, sugar and others, due to abnormally low production, have ultimately landed the country into an economic chaos.

The gap in foreign trade has increased to an unbearable extent. The country started importing cement, steel, coal and even sugar; and the huge deficit in the Central Budget during 1979-80 culminated in an extraordinarily high rate of inflation in the economy. Therefore, the presentation of the present budget was not an easy task for the Finance Minister.

After the Railway budget where unavoidable proposals created a sense of fear in the minds of the people, namely, that the General Budget will perhaps bring further pressure on the common man in the shape of new tax proposals, the common man has now had a sigh of relief, finding an excellent budget, in the present circumstances; these circumstances could otherwise have led the country to far worse conditions. Therefore, I congratulate the hon. Finance Minister Shri Venkataraman who has made commendable efforts to channelize the country's economy in the right direction, by proposing certain measures to increase production and to minimize the foreign trade gap, and also by aiming at growth-oriented economic stability. His exercise to restrict the uncovered deficit to about

Rs. 1400 crores is also a commendable effort, and an attempt to check inflation to a certain extent.

Sir, as you are aware, our party is committed to the people, to curb price rise and to check inflation; and also to lower the tax burden on the people. In the present Budget, an attempt has been made in that direction. But one important point is this: you are to ensure the supply of all essential commodities throughout the country at one fixed price—as in the case of sugar. If we are in a position to supply essential commodities at a fixed price throughout the country, the corrupt traders will not be able to cheat the consumers. When the common man goes to purchase these essential commodities from the corrupt traders, the latter cheats him. That is why if there is one fixed price for each of the essential commodities throughout the country, it will help the common people in their day-to-day life.

I would now like to draw the attention of the hon. Finance Minister to some points which should have had some place in his Budget proposals. Sir, the small, isolated, remote Union Territories such as Andaman and Nicobar Islands, Lakshadweep etc. having no popular Government and being administered by the Central Government are fully dependent, for their development, on the General Budget. I had expected that there would be some proposals in the budget for some special area development projects, for having accelerated development of such remote and isolated Union Territories with a time-bound programme; but nothing is found in the Budget. I remember that during late Pandit Nehru's Prime Ministership, Andaman & Nicobar Islands were attached to the Ministry of Rehabilitation, for accelerated development; but later on that practice was discontinued. I would like to suggest to the Hon'ble Finance Minister to earmark some special funds for the development of these areas because these

[Shri Manoranjan Bhakta]

areas are facing certain difficulties because of their remoteness and isolation. That is why, a special development programme has to be drawn up for these areas.

Many of the hon. members who spoke confined themselves mainly to a criticism of the Budget. But I have said that is one of the excellent budget that he has presented. I would like to make certain suggestions for his consideration. I like to suggest some changes in his budget proposals i.e. in the income tax rebate. He has made Rs. 12,000 instead of Rs. 10,000 free for calculation of income tax but in the case of income exceeding Rs. 12,000 the basic calculation will start from Rs. 8,000. I would suggest that this limit of Rs. 8,000 should be increased to Rs. 10,000 so that a large number of salaries people can be benefited by this. Another suggestion is that in our country, black money has got an important role to play and it is flowing in the country's economy which has eaten away the cream of the society and the benefits of the developments could not be traced out or could not reach the common man because of the parallel economy of black money which has a tremendous effect on our economic system. This thing should be checked. I would like to urge upon the hon. Finance Minister that government should have a stringent law provisions for taking action for tax evasion and black money holders so that exemplary punishments are given to check accumulation of black money in the country. In this connection, I would like to suggest that another warning should be given from the government as a last opportunity asking them to declare voluntarily all the black money with the assurance that there will be no penalty or prosecution if they declare it within a particular time and period. In this way, 25 per cent of the amount declared should be deducted as government tax. In the same time, I would like to draw

can be covered in the Budget. At the same time, would like to draw your attention that there should be some action taken on the urban property, because there are a large number of people who have got urban properties in fictitious names. Until and unless we are in a position to take any action in this regard, our economy will be suffering from this kind of inflation.

15.29 hrs.

[MR. DEPUTY CHAIRMAN *in the Chair*]

Another suggestion is that this black money also plays an important role in our country's elections and politics. I would like to suggest that companies should be allowed, by amending the Companies Law, to donate officially so that they need not go in for accretion to political parties. This will certainly check the trend of accumulating black money.

MR. DEPUTY-SPEAKER: It is now 3.30. It is now time for Private Members' Bills. You can continue next time.

MR. DEPUTY SPEAKER: So, now we shall take up Private Members' business.

Bills to be introduced.

SHRI R. L. P. VERMA: He is absent.

SHRI G. M. BANATWALLA (Ponnani): I am on a point of order.

This is the second time that this obnoxious Bill is put on the Agenda Paper and the Member is absent. I wanted to oppose the introduction of this Bill.

MR. DEPUTY SPEAKER: Shri R. L. P. Verma is absent.

SHRI G. M. BANATWALLA: **

MR. DEPUTY-SPEAKER: How can the Member talk when he is not present? What Shri Banatwalla has said will not form part of the record.

INDIAN FOREST (AMENDMENT)
BILL*

(Insertion of section 36A)

SHRI P. RAJAGOPAL NAIDU (Chittoor): I beg to move for leave to introduce a Bill further to amend the Indian Forest Act, 1927.

MR. DEPUTY SPEAKER: The question is:

"That leave be granted to introduce a Bill further to amend the Indian Forest Act, 1927."

The motion was adopted.

SHRI P. RAJAGOPAL NAIDU: I introduce the Bill.

CUSTOMS (AMENDMENT) BILL*

(Amendment of Sections 104 and 125)

SHRI BAPUSAHEB PARULEKAR (Ratnagiri): I beg to move for leave to introduce a Bill further to amend the Customs Act, 1962.

MR. DEPUTY SPEAKER: The question is:

"That leave be granted to introduce a Bill further to amend the Customs Act, 1962."

The motion was adopted.

SHRI BAPUSAHEB PARULEKAR: I introduce the Bill.

JAGGERY BOARD BILL

SHRI P. RAJAGOPAL NAIDU (Chittoor): I beg to move for leave to introduce a Bill to provide for the development and sales of jaggery.

MR. DEPUTY SPEAKER: The question is:

"That leave be granted to introduce a Bill to provide for the development and sales of jaggery."

The motion was adopted.

SHRI P. RAJAGOPAL NAIDU: I introduce the Bill.

The motion was adopted.

CONSTITUTION (AMENDMENT)
BILL

(Amendment of Eighth Schedule)

SHRI R. P. YADAV (Madhopura): I beg to move for leave to introduce a Bill further to amend the Constitution of India.

MR. DEPUTY-SPEAKER: The question is:

"That leave be granted to introduce a Bill further to amend the Constitution of India."

The motion was adopted.

SHRI R. P. YADAV: I introduce the Bill.

**Not recorded.

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