

12 hrs.

STATEMENT re. COMPTROLLER AND AUDITOR GENERAL'S (DUTIES, POWERS AND CONDITIONS OF SERVICE) AMENDMENT ORDINANCE AND DEPARTMENTALISATION OF UNION ACCOUNTS (TRANSFER OF PERSONNEL) ORDINANCE

MINISTER OF FINANCE (SHRI C. SUBRAMANIAM): I beg to lay on the Table an explanatory statement (Hindi and English versions) giving reasons for immediate legislation by (1) the Comptroller and Auditor-General's (Duties, Powers and Conditions of Service) Amendment Ordinance, 1976 and (2) the Departmentalisation of Union Accounts (Transfer of Personnel) Ordinance, 1976.

12.02 hrs.

GENERAL BUDGET, 1976-77—GENERAL DISCUSSION—contd.

MR. SPEAKER: We now resume further general discussion on the Budget (General) for 1976-77. The Finance Minister.

THE MINISTER OF FINANCE (SHRI C. SUBRAMANIAM): Mr. Speaker, Sir, At the outset, I would like to express my grateful thanks to the hon. Members who had participated in the debate. On the whole, 70 Members have spoken on the budget, including the two Ministers who had intervened—57 on this side and 13 from the Opposition. I do not think that anybody would say that I am exaggerating if I say that this budget has been generally welcomed by the country. And the debate here also generally reflected the mood of the country with regard to this budget, even though there were certain political over-tones with regard to the criticism made by some hon. Members on the other side and this side, as well. The initiator of the debate had stated that my budget is based on faith, hope and charity, if I

remember the terms correctly. Certainly, this is not based on charity, to any extent; but certainly, it is based on faith and hope—but not on the people he had mentioned, but on a completely different set of people. This budget is based on the new atmosphere that has been created by the promulgation of the Emergency. Then, there is the qualitative difference that has come about in the functioning of the various organisations, industrial, business, Government etc. in the country. This budget presupposes the continuance of these conditions. If there should be any disruption and again the old chaotic conditions come into existence, certainly the basis on which this budget has been framed will fall to the ground. But, I am sure, this House would agree that no such catastrophe would be allowed to happen.

The second set of people on whom I have reposed my faith and hope is the workers of this country. Of all the sections of the community, the section which responded in an excellent and splendid manner was the working class. If today there is better industrial performance, both in the public sector and, to a certain extent, in the private sector also, it is mainly because of the contribution which the worker has made in this field. Today if steel production is at a record level, certainly the workers can take legitimate pride for that contribution. The production of electricity has increased, as also the production of fertiliser. I am hoping that this new discipline and the new atmosphere in the industrial relations would continue.

I know that certain section of the trade union leadership is not quite happy about this state of affairs. Unfortunately, in the trade union movement also a certain amount of vested interest has come into existence. Just like landlordism in agriculture, labour-lordism has come into existence. My hope is, just as we want to remove landlordism, this labour-lord-

ism has also got to be removed. I am sure the working population, whatever may be the instigation of the mischievous section of the trade union movement, will continue to respond to this new situation, and that they will continue to contribute to the growth of the economy, particularly the industrial sector. My budget is based on the faith and hope placed on the working class as such.

The third section which has given me confidence to come forward with this high level of investment is the scientific community and the scientific and technological competence that has been developed within the country. We have, by and large, a reservoir of scientific and technical manpower. I have no doubt in my mind without the scientific and technological competence, we could not have withstood the onslaught of the various adverse factors in the international economy and in our own economy.

This is the tripod on which the budget stands. Therefore, I am quite confident, with faith in the committed and determined leadership which has given this new atmosphere in the country with faith in the working class, with faith in the skill of our scientific and technological community, the expectations created by this budget of accelerated growth would be completely fulfilled.

Having said this, I would like to deal with what I consider to be the central point of my proposals which I am afraid did not attract sufficient attention from this House and even outside this House, though it has been taken note of by some. That is with reference to what I have called the integrated rural development programme.

Our basic policy is removal or eradication of poverty. We should be quite clear where this poverty exists on an extensive scale. It is in the rural areas. It is a fact that 80 per

cent of the people live in the rural areas and that 70 per cent are engaged in agriculture. And if we look into the contribution made by the rural sector and the urban sector—when I say urban sector, I include various industries etc.—we find that roughly 45 per cent of the GNP is contributed by the rural sector and 55 per cent by the urban sector. What is the implication of this? Fifty-five per cent of the GNP is shared by 20 per cent of the population and 45 per cent of the GNP is shared by 80 per cent of the population. This is a hard fact and, therefore, if you take into account the per capita income in the rural sector, it will be only one-third or one-fourth of the per capita income in the urban sector.

How are we going to remove this glaring disparity between the urban sector and the rural sector? This is a matter for consideration and unless we improve the wealth-producing capacity of the rural sector, we are not going to bring about a transformation in the rural economy which alone would enable us to eradicate poverty.

The experience of the last 25 years of our development of various sorts has established, even though it has percolated to a certain section of the rural sector and it is an accepted fact that even in the rural sector only a small section has derived almost all the benefits of that development, that if we continue in the same old way of planning and the same method of economic development, this three tier society would continue for ever and large sections of the people would be living under poverty conditions for generations to come.

Therefore, we have to find out an alternative strategy for tackling this problem. That alternative strategy has got to be on the basis of enabling the rural sector to produce more wealth and participate in the general economic development. Naturally in

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this agriculture forms the core because that is the activity round which economic development in the rural areas has got to take place, but even there, in view of the large population involved and increasing population and in view of limited land availability,—you cannot increase land availability, even though marginally here and there you can bring under cultivation a little more land—if larger and larger number of people have to depend upon land alone, then a qualitative improvement cannot take place. I think this matter was dealt with by the National Agricultural Commission. And they have made the recommendations that at least 30 per cent of the rural population should be taken off the land into other activities it may be allied activities. Unless this transfer takes place, even improving agriculture with all the technology available, etc. will not be able to provide the answer to rural population. So, how is it possible to make this diversion of this large population, which roughly comes to 75 million of people to other activities? All our employment programmes, till now conceived, make only a marginal effect. That is why we have to find out an alternative technology where we would be able to divert this problem to other activities of producing more wealth. That could happen only on the basis of the exploitation of the natural resources available in each particular area. And that is why in this paper, I have tried to identify how we have to go about in bringing about this change. I do not claim perfection for this paper. As a matter of fact, if this would only induce a little more thinking and a debate a national debate, with regard to the technology, I would be more than satisfied.

Sir, I have tried to identify what should be the central factor with regard to this approach. To put it successfully, what we must aim at is not just an improvement in the yield per

unit of a land on a few crops or proping of the poor through make-believe programmes of employment. What is called for is something more comprehensive, fundamental, a systematic scientific and integrated use of all our natural resources, and as part of this process, enabling every person to engage himself in production and socially useful occupation and earn income that would meet at least minimum basic needs. Advance in science and technology now makes such an objective viable. The question is how we go about this task and organize ourselves in Government and elsewhere for reaching this goal.

Therefore, it is a question of identifying the natural endowments available in any particular region, in any particular locality, the manpower available there and marrying the two for the purpose of exploitation. That is why, I have identified that the first task is to have this comprehensive natural resources survey without which we cannot plan and unfortunately, today the survey technology has advanced so far that what would have been possible to achieve in one generation earlier could now be achieved in the course of a few years.

Today, before we eradicate rural poverty, we have to use the most sophisticated technology for completing the survey of our natural resources.

Having identified these natural resources, then for the purpose of exploitation of these natural resources, we will have to evolve an appropriate technology, for this purpose. This is where the scientific community comes in. This is where we have to take advantage of the scientific base which we have fortunately built up in our country. The other technologies for sophisticated production, for mass production, etc. are already available in the world. But this appropriate technology for tackling the rural

problems for the purpose of providing technology, for exploiting the natural resources in these areas by using the man-power more and more rather than the machine is a matter which we will have to engage the attention of our scientists. As a matter of fact, this was the fall-out of our attempt to formulate a national science and technology plan, and in that, they came to the conclusion that it is only with a scientific approach with regard to the rural problems and it is only by the application of science and technology, that we will be able to bring about regeneration of the rural India.

Panditji said, "The future lies with those who bring science to the people." But, unfortunately, the rural population is a complete stranger to science and scientific developments. Therefore, it will have to be on the basis of our scientific community also getting involved into the rural problems. Fortunately, there is an awareness, not merely an awareness but a willingness to engage themselves in tackling the rural problems. This is what we want to achieve.

The importance of the strategy which I had indicated was, perhaps, lost sight of because of the meagre sum of Rs. 15 crores that I had provided. Naturally, the people would have thought, "What are you going to do with Rs. 15 crores for a large population and a large area like this?" This is like a small, an insignificant, seed of a banyan. I have sown this seed. If it is only allowed to grow, it will grow into a mighty growth. I have purposely said, if it is only allowed to grow, because the existing bureaucratic system may put all sorts of obstacles in the growth. Various other factors also come in: social factors also come in the way. If I have provided Rs. 15 crores, it is not going to solve the problem of rural poverty but this is the purpose of identifying a course of action, diverting and deploying sufficient scientific manpower for this purpose and hav-

ing devoted administrative manpower for this purpose. It is only on this basis that it could be done.

This problem cannot be tackled on the basis of macro-planning. Sitting at New Delhi, in the Yojna Bhavan, certainly, we can plan for steel, we can plan for national transport, we can plan for power and we can even plan for major irrigation projects. But, certainly, we cannot plan for the problems of the rural areas because they vary from area to area. Even within a district, there are so many varying factors. Unless you have intimate knowledge of these problems, you cannot find solutions. That is why, in spite of all our professions—we want to improve agriculture; we want to remove backwardness from the rural areas, etc.—we are not able to do it because we do not comprehend all these problems. Rather, we do not have any knowledge as to what these problems are. That is why, if it has to become a success, the decentralised planning, the micro-planning becomes absolutely important. It has to be at least taken to the district level, if not to the block level.

I have indicated that it cannot be done by just one set of people. There has got to be a composite team which will have to be brought into existence. That composite team will have to consist of the political elements because it is the political elements, particularly, the dynamic political elements, which can bring about the social change, which can bring about the social awareness, for the purpose of making these faster and revolutionary changes in the rural system. Naturally, as I have stated, the scientific component will have to be there, not scientists sitting in the national laboratories but they will have to shift their headquarters to the local areas and get themselves involved in the local problems. Again, it cannot just be one discipline. It has got to be a multi-disciplinary team taking into account the various conditions

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existing in a particular area. The third component will have to be necessarily, whether we like it or not—the administrative component but tuned to the problems of the rural sector.

In my view, this is the only way in which we can bring about social transformation, whether it be in agriculture or in other activities, allied to agriculture, agro-based industries, decentralised industries, etc. It is here, we find the relevancy of Gandhian philosophy, the the relevancy of what Gandhiji said even during the days of freedom struggle, that by eliminating one exploiter, there should not be another exploiter of the rural area. He even warned, instead of the Britishers, perhaps, the urban sector might become the exploiter of the rural sector. And, unfortunately, that is what has happened. This transformation has to be brought about, and we are prepared to do it. But, unfortunately, our plans are completely different. That is why these problems had been engaging our attention rather than other problems—already the fat sector, namely, the urban sector, has had its share of the spoils—rather than the transfer of the resources from the urban to the rural sector. I hope and trust that this (what I would call) a small and insignificant sum of Rs 15 crores) will set in motion a sufficiently large movement, a new movement, for rural regeneration based on the application of science and technology. This is my humble submission and, in my view—not that I want to minimise the various other sectors and other problems—if only we are able to evolve a strategy for the purpose of regeneration of the rural areas, we would have done the greatest service for posterity and for the coming generation. Let us, as representatives of the people, give all encouragement for the development of this strategy and give all support to the development of this strategy and, with faith—as I said—

in science and technology, I am hoping that it would be possible for us to bring about what I would call an integrated rural development.

I don't think I should go into further details with regard to this matter which will have to be further discussed in detail but, during this year, I am hoping that it should be possible at least to take two representative districts—one an irrigated district and the other an un-irrigated district—so that, in each area the problems would be thrown up and, on that basis, to go forward; and perhaps—in my view—our Sixth Plan should be based on a basically integrated rural development with more and more resources being diverted for this purpose. That alone would bring about what many of my friends here have been pleading for during the budget. They have been asking what we are going to do for the rural sector and for agriculture. It is not just a small 'this' here and a small 'that' there which is going to meet the situation; it is a structurally changed approach alone which can bring about a new life for the rural people or, otherwise, the urban sector will continue to be exploiters of the rural sector.

Having said this as Finance Minister I have got a duty to see that while the future developments have got to take place on the one side, the system during the current period should be enabled to work. In the dream of what is going to happen, I cannot ignore the realities of the present situation—and that is that, whatever might be the structural disparities, unless as a nation we are strong—industrially strong, scientifically strong and agriculturally moving forward—we won't have the capacity to tackle the problems of the rural poor. If we had thought in terms of tackling poverty twenty-five years ago, soon after the attainment of independence, we would not have had the capacity to tackle these problems. Today we are in a

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even if there is an adverse monsoon in the coming kharif season. The meteorological astrologers and other astrologers also give us the hope that this year is not going to be a bad year, it is going to be a normal-monsoon year. Even then, we are providing for the contingency that it might be an indifferent year, and we are building up a buffer stock for this purpose. If, however, there are two continuous failures, perhaps, we may again be in difficulties. Even that we may be able to face, provided our buffer stocks are used in a judicious manner. So, we have given that thrust for agricultural development in these Budget proposals, and if you take into account the investments, what have been put in the State sector and the Central sector, both together, agriculture gets the priority in every sense, taking into account the provisions for power, irrigation, fertilisers, pesticides, etc.

Naturally we are interested in the industrial sector also. In the industrial sector, we have two components: the public sector and the private sector. I am sure that all of us are happy that today the public sector apart from its having a dominant position in investments, in production also it is becoming more and more prominent is coming to occupy a dominant position. If 1975-76 is a good year industrially, that is mainly because of the contribution made by the public sector. Naturally, our investments will have to be more in the public sector, so that further steps could be taken, and we have provided for that. But what is not understood by the critics on the other side, particularly by friends like Mr. Indrajit Gupta, is how we can give any incentive at all to the private sector and not to the people in the private sector. If his argument is that we cannot depend upon the private sector people and therefore there is no use giving the incentive, if it is merely based on the non-reliability of the persons who are in the private sector—the personal factor—, then I can very well under-

stand the argument. But, fortunately or unfortunately, his philosophy is that there should be no private sector at all. He approaches everything from that angle. But today our strategy, our policy, is to have a mixed economy. If you want to change, it is, of course, within our hands to change. But now today we want to function in a mixed economy, at least for a short term. What will happen four years hence or five years hence, I do not know. But as the Finance Minister in charge of the economy of the country today, I cannot throttle the private sector and try to have growth only in the public sector. I will have to provide all the facilities to the private sector as long as the private sector is there to contribute to the economy of the country. Naturally I have to take the other safeguards against monopoly growth or exploitation by the private sector of the community as a whole. These are various things which we are undertaking by way of controls, by way of various statutory safeguards. But human ingenuity goes beyond the Statutes and, therefore, sometimes we find people, as human beings trying to get over some of them, even in breach of some of these regulations. But there cannot be an argument that I should throttle the private sector as such. Therefore, if you look at it from that point of view, both the private sector and the public sector, you will realise that one is complementary to the other. Now all the developments in the public sector? Today we have confined ourselves only to most of the basic industries in the public sector and those products will have to be utilised somewhere, and that will have to be mainly in the private sector. Naturally, we cannot have only one-sided activity, we cannot afford to neglect the other activity, the complimentary activity. Whether some of the Members on that side like it or not, I have to make the existing system function more effectively and efficiently, and that is the attempt I have made. And I would like the hon. Members to look at this from this point of view. At the same time, we are quite well aware of the deficiencies

in the private sector. Today more and more units are becoming sick. What are the reasons for that? The private sector will have to sit and mope over that. As a matter of fact, somebody has said that capitalism is becoming the dustbin of socialism—or the other way, that socialism is becoming the dustbin of capitalism. Whatever does not work in the private sector, we are supposed to take it over and there is a great pressure. More the sick, the greater the pressure. They say: No, no, it has become in the private sector, therefore, you better take it over. And that comes from all sections of the House. This is the difficulty. There are dynamic institutions in the private sector. Once the pioneering person leaves the scene we find a complete collapse. There are many instances. That is why, today if the private sector has got to survive, as the public sector has come about because of this transformation, it is only by professionalising the management that the private sector can go forward. A certain person can be a pioneer; certainly he would be able to deliver the goods, but that does not mean that it is inherited by the son, grand-son or it gets diverted to the son-in-law or the cousins or nephews. This is the unfortunate aspect of it and, therefore, if private sector should have a future, it will have to be mainly on the basis of professionalization, of management and this will have to be brought about. This hereditary management is going to be the bane of the private sector and unless they get away from that, whatever support might be given, even without the opposition of the hon. Members on the other side it is bound to collapse. I hope and trust, these remedial measures will be taken by them.

I took the opportunity of having consultations with a wide cross-section of the business community, the industrial community, the economic experts, scientists etc. before formulating the plans. It is only after that that a package of incentives had been provided for—I do not deny it, an incentive has been provided—and the private

sector is on test today, whether after this package of incentives they would be able to deliver the goods or they are going to justify the criticism which the hon. Members have made. You can never rely upon the private sector. Therefore, it is not as if it is a dogma with me that the private sector should always be supported. If we find that this system does not function, we would not hesitate to scrap it. Therefore, it is for them to function in such a way justifying their existence or face the consequences.

In this, naturally what has already become sick will have to be treated properly, otherwise that would affect others cases. That is why, I have suggested the modernization of at least those sectors of industry which play a great role in the economy of our country and I have identified them as textile industry, sugar industry, the industry and engineering industry and, of course, while these get the preference, there would be, I am sure, marginally some units in other areas also which would require some help in modernization. In that process of modernization, streamlining of the management will have to take place, otherwise you will be throwing good money after bad. This is one important aspect which we will have to keep in mind.

Under these circumstances, we have to look into the resource mobilization, the resource mobilization for the purpose of backing up of this large-scale plan investment. Also, there should be resources available in the community as a whole for the purpose of growth in the private sector to a certain extent as I have already said. It is complementary to the other. It is from this point of view that our taxation measures have been evolved.

My colleague, Shri Pranab Kurar W. Kherjee yesterday dealt with various aspects of the tax relief which we have given. I would like to make one point regarding bringing down the scale of taxation from the maximum 77 percent to 66 percent. Now, it has

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been our philosophy that through fiscal measures, we should remove disparities. But this has introduced, unfortunately, another disparity, a mere injurious disparity, a disparity between the honest tax-payer and the dishonest tax-evader. That becomes such a glaring disparity which perhaps induces even the honest tax-payer think that if that man is able to enjoy by evading so much if he is able to evade tax on Rs. 100, he gains Rs 97 or in some cases when he has got to pay Rs. 160 as tax with Rs. 100 as income, then he is saved from paying Rs. 160. Therefore, it becomes infectious. That is why we thought particularly after the experience of the disclosure scheme: what is it that has been disclosed? They say, it is only the tip of the ice-berg. If their argument is taken at its fact value that means that there has been so much of evasion. So, by tightening the screw, we have not been able to avoid this evasion, in spite of all our carrots and other things. That is why we have tried to evolve a carrot and stick policy, a little bit of carrot and also the application of the stick. That is how this has been done.

A question is legitimately put because it is little bit complicated. It is all right as far as income-tax is concerned, but why did you bring down the wealth tax? Now, I would like the hon. Members to answer this question.

When we give these tax reliefs, what do we want to happen? Do we want all these to be consumed or saved? We want these to be saved. When it is saved, it becomes wealth.

Therefore, if the wealth tax is such that there is no incentive for saving and by saving he is called upon to pay 100 or 160 per cent of the income as tax, then when you give relief, there is only more inducement to spend than to accumulate and save. That is why we have to make the accumulation of wealth also attractive enough. Not that we completely allow it.

That is why it is a corollary of the other thing. Unless you say that whatever we give....

SHRI VASANT SATHE (Akola):
Why don't you have it accumulated in the hands of the government?

SHRI C. SUBRAMANIAM.... let them spend, then it is quite a different thing altogether. If you want them to save and invest and create more wealth, then in the existing system, we have to see that this does become a disincentive. This is how an integrated approach has been made with regard to income tax and wealth-tax.

But as far as our meeting the investment requirements is concerned, could it be done only through taxation measures? Naturally, you cannot meet current expenditure, the revenue expenditure through other savings or through borrowings. I do agree. But, as far as investment is concerned to a certain extent no doubt we do provide the resources through taxation measures also. Our taxation measures are such to-day that they not only meet the current expenditure but leave a little for the purpose of providing investment also. But there is, in my view, a better method in the existing system. Of course if we go to a different system altogether, then that is different. What I am saying may not be relevant to a system which my hon. friend, Mr. Indrajit Gupta, would like to have here. But I am talking about the relevancy in the existing system. Therefore, savings will have to be encouraged and it is here, I would request the hon. Members to consider about the proposal of continuing the CDS Scheme. Some people seem to think that there is a breach of trust on the part of the Government in continuing the scheme. What was the objective of this scheme? The objective of the scheme, when it was introduced, was to contain inflation, so that the purchasing power of the rupee could go up, not merely getting more and more rupees but for what they get, they get more and more goods. What has happened during the current year

and a part of the last year? There has been a continuous fall in prices. Even though 50 percent of the DA had been impounded, if you take the pay packet which they are taking to-day and the pay packet which they received say in August 1974 when this scheme was not introduced, and when they were getting their full pay after this impounding of 50 per cent. DA, you will see that the purchasing power of the pay packet has increased by about 9--12 per cent in various sectors. I would like to put this question to the hon. members—do you want more and more money but less and less purchasing power or do you want money which has more and more purchasing power? This is the thing which people have got to see. I have not taken away the money by way of taxes. It is their savings and savings invested at an attractive rate of interest—12½ per cent. From where else can you get? What they have saved for themselves they are taking along with interest. At the same time the real income of the industrial working community has improved. Do you want this to continue or bring about a situation wherein again an inflationary situation would come in and even though you may be getting dearness allowance, what you would be getting by way of goods would be only less and less? This is the economic dilemma in which we are. If we pay the entire dearness allowance every year it will be at least Rs. 400 crores. In addition to that, we are standing by the commitment of paying, repaying the first instalment which falls due in July—Rs. 270 crores. I have tried to look into it from this aspect if this....

(Interruptions)

SHRI INDRAJIT GUPTA (Alipore): What about their Provident Fund dues? Is that refund to be made available to them in cash or is it going to be credited to some other frozen account?

SHRI C SUBRAMANIAM: This Rs. 270 crores will be paid to them. There is no doubt about it. Can we afford to inject Rs. 400 crores plus Rs. 270

crores—Rs. 670 crores—and then still say we would be able to contain inflation? Anyhow, as a person responsible for formulating the proposals before you, I do not have the confidence, rather I am quite sure, if such an amount is injected into the system, this is bound to lead to an inflationary situation which will affect more than anybody else the working class. This is most important. That is the justification and this is how we have looked at it, and I am sure, hon. members will have more opportunities to speak on this.

Here, also I would respectfully appeal, particularly to the labour leaders to take a more enlightened view and not to become another vested interest in it, because as far as working population is concerned, they are prepared to make this sacrifice. They are prepared to contribute to the welfare of the country as a whole. Let us not stand in the way. In a competitive bid for maintaining their leadership put forward greater and greater demand perhaps, their approach should be let off now at least and take the interest which is more beneficial to the country as a whole and the economy as a whole.

There are two more points to deal with. One is the question of foreign aid.

DR. KAILAS (Bombay South): For middle class, no relief is indicated in this Budget. I request, rather suggest raising the ceiling of income-tax exemption limit from Rs. 8,000 to Rs. 12,000. So many other members have also suggested the same. Let the hon Minister reply on this point.

SHRI C. SUBRAMANIAM: In July we raised the level from Rs. 6,000 to Rs. 8,000. Had we done it now, perhaps it might have gone as a package. As it was done six months back, it comes into effect along with this proposal. So far as relief is concerned, you will find the greatest relief comes to the small income group. It starts with Rs. 260 an odd. It comes down gradually and ultimately ends with Rs.

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44. If you add these two—relief under the proposal here and the relief which had been given—the charge, that the lower income group would not have got adequate relief will not be substantiated. If you take into account the increase in the exemption limit for the smaller-income group you will find that there is greater relief to them. Of course, that is a minor matter because one thing I would say, when we think in terms of giving relief sometimes it is not possible to computerise it and give it in such an equitable manner and all that. But that aspect can always be looked into.

Now I will come to the subject of Foreign Aid. We are confronted with the question that we wanted to become net-zero borrower by the end of Fifth Plan and where are we now? I wish one could have control over the international situation. As you know, even before the oil price hike an inflationary situation crept in leading to oil crisis. That crisis itself is a reflection of the spiralling that has gone on in the international economy and the inflation has been on the rampage, if I may say so, during the last 2 or 3 years. And regarding our imports, mainly our major imports are Food, Fertilisers and Fuel, the Three F's. The prices of these three commodities have gone up significantly. Sometimes the price as far as food is concerned is more than three times, for petroleum and crude oil it is more than five times. I think the hon. Member Shri Gopalan made a suggestion that we should have no foreign aid and we should have no exports also. I don't know who gave him the philosophy.

AN HON. MEMBER: Mao, ,

SHRI DINEN BHATTACHARYYA (Serampore): He did not say that there should be no foreign aid. Kindly read his speech. He said that we should not depend upon foreign aid. That is what he said.

SHRI C. SUBRAMANIAM: I have read his speech: I know the source

of that speech also. If that is the policy, then, it will become insulated from the whole world and I do not know whether that is the philosophy we should adopt in the modern world. So, as far as that is concerned, because of the change in the international situation which affected our economy too, the trade gap has gone on increasing and certainly this has to be made up by finding our own efforts, exporting more and more, earning foreign exchange and also, to the extent possible, make it up by foreign assistance.

The hon. Member, Shri Indrajit Gupta made a mention of Asoka Mehta, but he got confused between investment and what we get as foreign loans. We get foreign assistance by way of loan sometimes under concessional terms; they are not attached to any strings; we take those loans; we use loan for whatever we like. This is different from inviting foreign investment.

SHRI INDRAJIT GUPTA: I asked to what extent it should be used for the purpose of supporting your Budget.

SHRI C. SUBRAMANIAM: I will come to that.

SHRI INDRAJIT GUPTA: You are not telling us where you get your resources from.

SHRI C. SUBRAMANIAM: I have taken note of it. I will answer that point. One question was asked: If you go on borrowing at this rate do we have the capacity to re-pay?

It is only during the last two or three years that the tempo of borrowing also has gone up. I do agree; but, if you look into the debt service charges we are incurring today, till recently—two years back—it was roundabout 28 per cent of our export earnings. Now 20 per cent is supposed to be a reasonable level—20 per cent of our export level in service of our debt is reasonable. To-day it has come down to 18 per cent. And, therefore, from

that point of view, we have not reached the danger mark. But, apart from that, ultimately, we will be able to repay by cutting down our imports as I have already explained it. Our major imports are fertiliser, oil and food. Fortunately I am sorry my good friend, Shri Malaviya has left this House today the oil prospects are so good that when these loans have to be paid, by that time at least because there is a gap of ten years' grace period, I have no doubt in my mind that the way in which our oil economy is developing—oil discoveries are developing—we shall be able to cut everything and, significantly our oil import during the coming decade. Even to that extent there would be a saving of foreign exchange. In the same way, in regard to food we are not going to be perpetual importers of food. I have no doubt in my mind that it should be possible for us even to cut down our imports. To-day we are reaching a level when we are able to maintain that tempo to see that the imports could be cut off. For fertiliser, fortunately, the capacity utilisation has been increasing. In 1975-76, there has been a record increase in the utilisation of the capacity and, therefore, the import of fertilisers has been brought down and that more fertiliser factories have been established here. If we are able to eliminate or cut down significantly the import of these three commodities we get the capacity to repay our loans whatever may be the loans, on this basis. After all, a businessman has to take into account that he should not be afraid of taking loans, but should not infructuously use those loans and not be in a position to repay them later. But he should judiciously use it. To-day for investment he depends upon loans. It is only on that basis that he is building up an efficient business. A good businessman is able to build it up on the basis of loans and he is able to repay them. Therefore it ultimately depends upon how well we are able to perform in the implementation of various proposals. That is the last question I would like to answer because even some of the speeches which came from the learned friends opposite

indicated that this budget is going to be inflationary, particularly they mentioned the figure of Rs 320 crores. They said that this amount of Rs 320 crores is being used for loan purposes. Fortunately, this year, we have taken care to see that there is no deficit funding in any of our projects. We can take up more and more projects. But in all the projects which we have taken up, we have provided sufficient funds, therefore, for these purposes, additional resources may not be deployed and this deficit will have to be looked at from the total figure of Government expenditure or investment. When our budget is at the level of Rs 5,000 crores, certainly, Rs 300 crores will be a significant amount. But, when it becomes Rs 10,000 crores or Rs. 13,000 crores to-day, this Rs 320 crores becomes a small percentage of the total picture and, therefore, it is not the figure which is important but the percentage to the totality which is important and, if you take that into account I make bold to say that this is a reasonable risk which we are taking as far as this Rs 320 crores is concerned. But, as I said elsewhere, that is not inflationary. How we are going to utilise those funds which we have provided for investment is going to decide whether this budget is going to be inflationary or not. If again there is infructuous implementation or lengthening of the projects instead of building them on schedule, I have no doubt in my mind that this might lead to inflation. But this is where our administrative system will have to be geared even information and monitoring systems will have to be built up and they are being built up and it is on this basis, by only improving our efficiency, and fortunately the national efficiency on the whole has improved and there is greater scope for improvement, and ultimately whether it is going to be inflationary or not depends upon our national efficiency and fortunately we have an atmosphere in which this national efficiency is improving, in spite of various forces working to the contrary the dominating force has become national force of efficiency, national force of discipline

[Shri C. Subramaniam]

and on this basis I have faith, hope and confidence that we would have greater growth, greater prosperity and we will set in motion a new dynamism in our economy.

13 hrs.

श्री विभूति सिन्ध (मोतीहारी) : अध्यक्ष महोदय, मैं फाइनेन्स मिनिस्टर से एक सवाल पूछना चाहता हूँ। किसानों द्वारा पैदा की हुई चीजों, चाहे खाने की चीज, चाहे हो कौश-कप हो, की कीमतें ज्यादा गिर रही हैं बनिस्वत कारखानों से पैदा की हुई चीजों के। मैं जानना चाहता हूँ कि किसानों को राहत पहुँचाने के लिए वे कोई प्रादम कमीशन बनाना चाहते हैं या नहीं ?

अध्यक्ष महोदय : यह तो एपीकल्चर मिन्ट्री की बात आयेगी, तब पूछियेगा।

श्री विभूति सिन्ध : यह एपीकल्चर का सवाल नहीं है। पत्रों की जवाब देने के लिए तैयार हूँ ?

अध्यक्ष महोदय : इसका आपको कई बार मौका मिलेगा।

श्री विभूति सिन्ध अध्यक्ष महोदय, मेरा सवाल मुन लीजिये, इंडिस्ट्रियल गडर की कीमतें कम गिर रही हैं और खेती के समान की कीमतें ज्यादा गिर रही हैं। मंत्री महोदय मेरे प्रश्न का

[List of Demands for Grants on Account (General) for 1976-77, Voted by Lok Sabha]

उत्तर देने के लिए तैयार हूँ, आप उनके उत्तर दिलवा दीजिए।

श्री बलन्त साठे : अध्यक्ष महोदय, सवाल का जवाब दिलवा दीजिए, ये सार्निपर मैम्बर हैं।

श्री विभूति सिन्ध : मेरा एक छोटा सा सवाल है, इसका जवाब दिलवा दीजिए।

अध्यक्ष महोदय : श्रीर लॉग श्री सवाल पूछने लगेगे, छड़िये।

13.02 hrs.

DEMANDS* FOR GRANTS ON
ACCOUNT (GENERAL) 1976-77

MR. SPEAKER: Now we take up Demands for Grants on Account. The question is:

"That the respective sums not exceeding the amounts on Revenue Account and Capital Account shown in the third column of the order paper, be granted to the President, on account, for or towards defraying the charges during the year ending on the 31st day of March, 1977, in respect of the heads of demands entered in the second column thereof against Demands Nos 1 to 108."

The motion was adopted

No. of Demand	Name of Demand	Amount of Demand for Grant on Account	
		Revenue Rs.	Capital Rs.
MINISTRY OF AGRICULTURE AND IRRIGATION			
1	Department of Agriculture	35,83,000	..
2	Agriculture	10,84,74,000	92,74-33,000
3	Fisheries	1,95,84,000	27,23,000

*Moved with the recommendation of the President.