

galow. In fact, the reason is, a number of things were unearthed. It was only in the vicinity that a large number of very high frequency transmitter sets were seized.

Huge amount of petrol was also seized exposing huge quantities. They were also unearthed from that area and, that is why, he was brought by helicopters to that place. That is the only explanation that I have from the Officers.

I do not think that I can refer to any other point.

I tried to get the information from one of the SPs who came there but somehow I could not succeed.

13.35 hrs.

The Lok Sabha then adjourned for Lunch till thirtyfive minutes past Fourteen of the clock.

14.39 hrs.

The Lok Sabha re-assembled after Lunch at thirty-nine minutes past Fourteen of the Clock.

(Shri Sharad Dighe in the Chair)

THE BUDGET (GENERAL) 1991-92—

GENERAL DISCUSSION—Contd.

[English]

MR. CHAIRMAN : The House will now take up further General Discussion on the Budget.

Prof. K. V. Thomas to continue.

PROF. K. V. THOMAS (Ernakulam) : Sir, I now come to our Public Sector. There are 248 Public Sector companies in this country where a sum of Rs. One-lakh-three-thousand crores are invested. Out of these 248 public sector companies, only 20 are profit making companies; 98 companies have implicit losses; 101 companies have got explicit losses; and 29 companies are running on a no-profit-no-loss basis. After making such a huge in-

vestment in the public sector, if you look at the profit and loss, the aggregate annual profit of the profit-making enterprises is Rs. 5000 crores while the aggregate loss of the loss-making enterprises is Rs. 1,500 crores, that is, the net profit from 248 public undertakings is only Rs. 3,500 crores which is just 3.5 per cent of the profit. For running this, either the public sector company or the Government have to issue bonds where the percentage of interest is 11. And if these companies are taking financial aid from the bank, the percentage of interest that has to be given to the bank is 17 to 18. This is the scenario.

I would like to take, for example, the coal industry. Before the coal sector was nationalised, the total investment in this sector was of Rs. 47 crores. It employed half a million workers. Its aggregate production was 78 million tonnes and the cost per tonne was Rs. 37.05. After nationalisation, Rs. 6000 crores were invested. Even though the production has doubled the price of coal has gone from Rs. 47.50 to Rs. 238 per tonne. I am pointing out the state of one central public undertakings.

Coming to the State sectors, the accounts of nearly 50 per cent of the state level enterprises have not been audited for the last five years, and the State Governments do not know what is their actual financial position. When we want to save the public sector, we have to go in depth into their problems. Now, at present, the public sectors are the sum total of mismanagement, inefficiency, inadequate quality, wastage of resources, lack of productivity and irresponsibility towards the public and the Government. What are the reasons? In this country, a politician can become a MLA, an MP, a Minister or even a Prime Minister. But what do we do of those people who either lose the elections or who do not get the tickets? They are made the chairman of the public sector companies. And what is their efficiency to run these public sector undertakings, you have to think about it. We, the politicians have got a particular category of

people who can speak on any subject. I know a story of a Chief Minister of a State who was asked to address a national seminar on a scientific subject. The time given was 25 minutes. When the Chief Minister inaugurated the seminar and made his speech, he found that the time he had taken was double than what was prescribed. After the speech, he was angry with his private secretary and asked him why the time taken was double than what was prescribed. He said, "you have read both the original and the duplicate copy."

This is the situation in this country. Look at our Public Sectors—80 of the Public Sector Undertakings have not got the C&MD—270 vacancies are still existing at the top level. With this attempt, how are we going to run our Public Sector? To take any decision, the Public Sector has to go through a number of stages. The position now is that as many as 84 approvals at various stages and at various levels have to be taken, before an enterprise can start actually operating. These include, approvals of capital expenditure, replacement of capital variations in capital expenditure, appointment of personnel, re-appointment on superannuation, formation of subsidy, foreign collaboration, borrowing, investment, distribution of profits and so on. So, with these restrictions, how the Chief Executive of a Public Sector company can run a Public Sector effectively. My request to the Government is, as the time has come now, that we should have an indepth study on the functioning of our Public Sector. I am not going much deeper into this.

Coming to education, in 1970, Central and State spending on education was 2.5 per cent of the GNP; in 1987 it was 3 per cent. While in our neighbouring country Thailand, it is 4.2 per cent of the GNP and in Malaysia, it is 8.5 per cent of the GNP. We have completely neglected our primary sector. In educational sector, two classes of students are coming now. One is ordinary people the children of the head-load workers and the children of the agricultural workers—who go to a neighbouring Government School. The second

class is the children of the affluent people who go to the Public Schools, like the Doon School. These two classes of students are going to create havoc in this country in the coming future.

I have one request to the hon. Finance Minister. There is a ban on the import of books. What is the cost for import of these books? It is just Rs. 25 crores and it is a peanut. But this Government has banned the import of books and as a result, very important technological books for engineering and medicine are not available in this country. So, I request the hon. Finance Minister to take a sympathetic attitude on this.

Sir, being a person coming from the fishermen community, I have got a special request to the Government. The fishermen living in the coastal regions of this country are one of the most backward sections of the Indian Society, living an extremely hazardous life, having to make a living by going into the sea. This community has not attracted the national attention so far. Economically, socially, educationally and in every other respect, they are in an extremely vulnerable position. Although they profess different faiths, the fishermen have their own distinct culture which they have preserved through centuries. Their sufferings, their myths, their primeval faith in the benevolence of mother sea are all parts of our great heritage. This heritage has to be preserved. The fishermen have to be helped. In this connection, I would like to point out that we have not made use of the enormous fishing potential and fishing process in this country. We have just made use of about 4 per cent of the total availability of the fish wealth as well as the fishing process. So the Government has to take a special interest to safeguard the interests of the fishermen community.

Before I conclude, I would like to bring to the notice of the hon. Finance Minister some of the proposals. There is a promise that a number of items will be implemented in the first hundred days of the Congress Government when it comes to power. One of the main items is to reduce the price of kerosene and diesel. There is a proposal to reduce the price of

kerosene by 10 per cent. The price of diesel has therefore to be reduced minimum by 10 per cent. The retail price of petrol has shot up by Rs. 2.72 per litre. In Trivandrum alone the petrol costs Rs. 16.07 per litre while in Cochin, in my constituency, where the Cochin Refinery produces petrol, it is Rs. 16.22 per litre. So I request the Government to have a rethinking on the escalation of the petrol price.

There is 20 per cent increase in cooking gas. You know now the cooking gas is not a commodity of the rich; it is used by and large by all. So my request to the Government is to reduce this 20 per cent increase in the cooking gas to 10 per cent.

The Finance Minister has made it very clear that there is no increase in the levy sugar sold through the public distribution system. But actually the price of sugar has gone up throughout the country. So the Government has to take a bold step so that at least through the public distribution system the sugar should be distributed at a reasonable price.

Coming to my State, I have got one or two points. Firstly, there is heavy flood, landslide and sea erosion during the recent monsoon in Kerala. The Kerala Government has sent an SOS to Delhi so that we can get adequate financial aid immediately. I request the Government to take immediate action in this matter.

Onam is one of the festivals in Kerala. We have requested for special quota of boiled rice, sugar and palmolive oil. I request the Government to make speedy implementation in this respect.

Always Kerala has been neglected by the Centre, whichever Government has come to power. This time also in the Budget the allotment to Kerala has been reduced compared to the last Budget. In the Central sector I will be able to point out that the Central investment in Kerala which was 3.27 per cent in 1974 has come down to a very low level of 1.84 per cent in 1984. This is the pathetic situation of

my State. To do justice to my State, I have got some suggestions.

We have sent a number of projects either connected with the Central Government investment or Central and State investments to Delhi and they are pending clearance. One is the expansion of FACT, HMT and HIL in my constituency. There is an acute power crisis in Kerala. Therefore we have requested for sanctioning of a Super Thermal Power Project at Kayamkulam. Even though Rs. 5 crores has been allotted by the NTPC, the Environment Ministry has created its own objections. Those objections have to be removed and this project has to be implemented very soon.

Similarly there are proposals for oil and gas fired thermal power projects at Kasargode, Vadakara, Brahmapura and Vypin. These projects have to be cleared immediately. Similarly the Pooyankutty Hydro Electric Project is a proposal pending before the Government of India for a long time. This should be cleared immediately.

One of the long cherished dreams of Kerala is to have a modern airport at Cochin; to modernise the Trivendrum airport and to give more facilities to the Calicut airport. So, these should be given special attention by the Government of India.

Before I conclude my speech, I would add this. As regard the National Waterway, I would say that the State of Kerala is rich in waterways. There had been a Bill for the declaration of Cochin-Trivendrum Section as a national waterway, which was introduced in the House in the Eighth Lok Sabha and which could not be passed. Therefore, I request that that Bill may again be introduced and passed.

With this request, I support the Budget.

[Translation]

SHRI CHANDRA JEET YADAV (Azamgarh) : Mr. Chairman, Sir, When Dr. Manmohan Singh was made the Union Finance Minister by the Prime Minister, people entertained hope that an experience

ed person and an economist had been given the charge of Finance Ministry at a time when the country was passing through a great economic crisis and the Budget prepared by him would help, in a longway, in removing these constraints. But let me make it clear at the very outset that people have been greatly disappointed. I was hopeful that Dr. Singh will display his mettle as an expert in economics while presenting the Budget, but instead of that he has tried to portray himself as a political figure. At the very beginning he said that so long as the Congress Party was in power, the country and its economy enjoyed international trust, but the country lost its international credibility as soon as the Congress Party lost the elections and Shri V. P. Singh became the Prime Minister. The economy of the country was also shattered, he has added. The hon. Minister said that with the coming of the Janata Dal into power, the Congress (I) policy on running the State of Affairs of the country was fully changed and the whole economy of the country has fizzled out due to that reason. I am of the view that this statement is politically motivated and efforts have been made to hide the truth. The Government is trying to hide its shortcomings by closing its eyes from all sides. It is ignoring the hard realities.

Now, it is the call of the hour to make a self-retrospection. The Government is sticking to its old policies and taking its decision in the light of the same. This is the reason that the country has come to such a pass. Today, the Government through its Minister of Finance is conveying to world that India is an insolvent country. There is no strength in Indian economy. Today, India is begging alms with folded hands in the world for the sake of its existence. I feel that the way efforts are being made by the Minister of Finance to project India as a beggar country and to show to the world community that we are disintegrating and seeking succour from them, in contravention of all established policies, will have disastrous consequences. Not only the Minister of Finance, but the Congress Government as a whole has been, for last 60-70 years, going against the set system of our political, economical and social value and has not been doing anything

concrete to abridge the gap between different classes in the society and improve the standard of living of the poor in the country. It has been going against the path that was shown by Mahatma Gandhi and Jawaharlal Nehru during the freedom struggle and against the set policy these leaders had evolved after giving due thought to it. 15.00 hrs.

I am least hesitant to say that all these policies are being changed recklessly. In a way a beginning of reversal of entire socio-economic policy has been done in this Budget and it will have dire consequences. It is not so that Jawaharlalji did not have the idea that other countries of the world could make investment in our country. It is also not correct that he was not aware that Government should not run hotels and open restaurants in the public sector. Now, after a lapse of 40-42 years Ministers of this Government say that running hotels and restaurants is not Government's job. Now, they will also say that running factories is not the job of the Government. This fact becomes clear from Government's attitude of taking a negative stand in respect of the public sector and launching a campaign against it. There is no denying the fact that the public sector has also contributed its might in country's development. There was a time when no capitalist, either from within the country or from abroad, did venture to invest his capital in the steel sector, pharmaceutical sector and in big industries. At that time also efforts were being made by multinational companies and countries like the U.S.A. to see that India does not become self-reliant in matters of industrial development. They reared a hope that if India does not become self-reliant, it could become a big market for their products. I would like to remind that during the tenure of Pandit Jawaharlal Nehru, the country set up iron and steel factories, with Soviet collaboration at Bhilai, with German collaboration at Rourkella and with British collaboration at Durgapur. At that time we wanted that the U.S.A. should collaborate in setting up the steel plant at Bokaro. But the U.S.A. put a condition that steel plant at Bokaro should be developed in the private sector under some capitalist. Pandit

Nehru outrightly rejected this condition asserting that the U.S.A. cannot give orders. He emphatically said that the decision would be ours. He had said at that time that as an independent country, we will decide whether to entrust the work to the private sector or to the public sector. He categorically made it clear that, no matter whether the U.S.A. extends assistance to us or not, we are not prepared to take orders from them. With all humility Nehruji told Kennedy that we did not want to strain our relationship with the U.S.A. as such we withdraw our offer. We cannot obey their orders.

Today, an environment is being created to hold the public sector responsible for all drawbacks as if the public sector did not make any contribution in making the country self-reliant, in setting up of big industries and in the services of the country. I say that it is a very dangerous attitude and is an effort to change all basic policies without taking stock of its consequences. Doors of the country are being opened for the foreign capitalists. We cannot view this Budget in isolation. The Budget would consist of the New Industrial policy, the export-import policy, the statement of the Ministers, all taken together. Efforts are being made to make India a part of international open market, a part of the capitalist system.

The Congress Party undertakes various work in the name of Jawaharlal Nehru. Jawaharlal Nehru had categorically said that India would have mixed economy for country's development but the public sector would continue to maintain its supremacy. Ensuring development of the country is not our sole objective. At the same time we have to remove poverty, eradicate unemployment, ensure uplift of villages and abridge the social disparities. It is necessary because at the time of independence only 10 per cent people commanded ownership over 80 per cent land area and 80 per cent capital of the country. We have to free the poor, the industrious people, the farmers, the labourers, the villagers and people living in jhuggi clusters in cities, who were victims of all these injustices. It was, therefore, considered necessary to exercise con-

trol over our policies to some extent. We will decide the dimensions of our policy. It is necessary that the public sector should maintain its supremacy over the capital of the country. I agree that several weaknesses have entered into the public sector, in the course of time, due to bureaucracy and red-tapism.

Earning profit is not the sole objective of the public sector. While it should earn profit, it should also utilise its capacity and contribute to country's wealth. In case of setting up of a new industry, it may take 5-7 years for the industry to achieve full capacity utilisation and it should be given that much time to grow. If any weakness is seen in a public sector or expenses have gone up, it is due to red-tapism. We will curb it and increase the efficiency of the public sector. There has been a long standing demand from the labour class of the country to involve it in management. That demand will have to be fulfilled. The Government officials did not detect the weaknesses in the public sector, rather it is the labourers who pointed them out and suggested remedial measures. But the Government has not so far thought of involving the labourers in management.

I would like to warn this Government not to destroy the public sector in the country. The Government has decided to allow foreign capital participation in the country upto 51 per cent. It is a very dangerous decision. It will have three to four catastrophic consequences. The capitalists of the country have also made their contribution for the country's development. We cannot raise fingers at this patriotism. They will also be ruined as a result of Government's policy. Developed countries with their new technology, new economic force, and augmented strength, new organisation known as G-7 want to capture the entire economy of the world. They are industrially affluent and developed nations in the world. They evolve their own policies. Today the U.S.A. wants to give protection to some of its industries which apprehend threat from Japan. Today, each and every country of Europe wants to give more and more pro-

tection to its industries as compared to protection being given by other European countries to their industries. But our Government has totally opened the doors. It will lead to a catastrophe. Doors are being opened to the I.M.F. which has been trying to gain control over Indian economy for last several years. Pandit Jawaharlal Nehru and Indira Gandhi had rejected the I.M.F. proposal outright. Though Shri Rajiv Gandhi during his tenure, adopted some liberal attitude towards them yet he did not accept their proposal in toto. Something must have gone wrong somewhere or somewhere it was in excess of requirement, but he did not demolish the economy totally. But today, this Government has effected drastic changes in the policy.

The Government says that it had self confidence, on the basis of which they could form their Government. But where is that confidence now. Why is it looking in them. They approached Japan for loan but failed. Germany also rejected their request. They approached other countries of Europe which also rejected their appeal. Those countries put certain conditions and ultimately persuaded India to approach the I.M.F. and the World Bank which are exploiters. There should be no misgiving in this regard. The Government could win the confidence of these international banking institutions. This Government has brought the country to ridicule to such an extent which it had not to face during the last 42 years.

Even villagers say that it is a matter of shame for us that we are mortgaging our gold in other countries. If a person takes loan from a bank in the country, the bank does not ask him to mortgage all his assets, which would be taken over and put under the charge of an administrator appointed by the Bank. The person taking loan is fully confident that his property will remain in the bank as mortgage and without his permission the bank cannot dispose it off.

But this Government mortgaged our gold in the Bank of England and sold our gold to Bank of Switzerland. Talks are under-

way to sell gold to Japan. There can be no greater national shame than this Government's mortgaging gold in other countries. Today our country has been reduced to a beggar. Now what will be the fall out of the Budget? The day before yesterday some farmers of Meerut met me. With the presentation of the Budget price a bag of fertilizer has gone up by Rs. 40. The day before yesterday a gentleman met me at Lucknow and narrated his tale of woe. Prior to presentation of the Budget he used to pay Rs. 4 per trip to the rickshaw-puller for reaching medical college from a particular place. The rickshaw-puller demanded Rs. 8 for the same distance the next day after the Budget was presented. He pleaded that prices of petrol and every other thing had gone up. After this Budget the prices will rise by 20 per cent. The poor people and people belonging to middle classes will become the victims of this price rise. I challenge the Government's announcement that inflation will be checked after this Budget. Today, there is 15 per cent inflation and it cannot be brought under check after Budget. Prices of each and every commodity will go up. Our economy will be shattered. A sort of anarchy is going to take place in our economy. Labourers are being retrenched. Threats are being given to close down factories. We would not get imported goods. Prices of all commodities have increased. There will be retrenchment of labourers on a large scale. Secondly, the farmers who raised the prestige of the country and saved it from becoming beggar will be greatly disappointed. I remember, once the country had to face severe famine during Pandit Nehru's time. He made an appeal to all the countries of the world for supplying foodgrains as relief. A poster had been displayed on the wall of a church in Italy in which our hungry children with begging bowls were shown asking for alms. When this fact was brought to the notice of Panditji, the next day he made a statement that our children may die of starvation, but we cannot tolerate the insult to our country. The farmers made us self-reliant in foodgrains and raised the production to such a level that after meeting our domestic requirements that we are in a position to export a

number commodities. Had we continued to import large quantities of sugar and wheat, our freedom would have been in jeopardy. As such, making an abrupt cut in subsidy on fertilizers and claiming to compensate the loss in some other way, is a great mistake on the part of the Government. The Hon. Minister of Finance is, perhaps, not aware that 70 per cent farmers in the country produce just enough foodgrains to meet their own requirement. If the prices of fertilizers are increased for them, they will resort to selling of their cereals. Even if prices of agricultural products are increased, that is not going to serve any purpose. That is why I say that this decision is against the interest of small farmers. There is no harm if the Government withdraws subsidy on fertilisers in the case of rich farmers, big farmers and the farmers having large holdings but when there is talk of energising public distribution system and creation of new category among farmers, if it is withdrawn in the case of small farmers and marginal farmers, it would mean additional burden on them and cause despair among them. I fear it would have adverse affect on the agricultural production in our country.

Similarly, the Government has brought all the airconditioned restaurants at par with the five star hotels. Most of our South Indian friends are sitting here. The restaurants in South India are well-known in the sense that a common man can get good meal in ordinary hotels. Some ordinary restaurants have some of their portions air-conditioned and the rest non-airconditioned. When it is intense heat, a family can sit inside the airconditioned portion but the Government has raised tax by 15 per cent. When the customers have to spend more money, they would prefer to go to the five-star hotels for having meals and tea. Thus without, pondering over it, . . . (Interruptions) . . . The Hon. Minister of Tourism also supports us on this point. I am happy that some persons in the Congress Party also think honestly about it.

I was citing an example of lack of wisdom. Many such examples can be cited. I wish the Finance Minister was present

here. . . (Interruptions) . . . All right, the Minister of State is present. I would like to ask why has whisky not been taxed, why a tax on 'Bidi'? Thanks to the wisdom of the Government that it has found the poor, who smoke 'Bidi', having capacity to pay tax but it has not found the man consuming scotch whisky, to have capacity to pay tax.

[English]

SHRI A. CHARLES (Trivandrum) : We are caring for the health of poor persons also.

SHRI CHANDREJEET YADAV

When you are not caring for the health of the nation how can you take care of the health of the poor ?

[Translation]

I am citing some examples of their wisdom as to how does the Government work.

The Hon. Finance Minister may think over it seriously as year 1980 should be taken as water-shed so far as the economic policy of this country is concerned because it was the beginning of down fall, wrong policies, arbitrary import, country's approach to the I.M.F. for loans. It did not begin in 1990 nor in the end of 1989 nor in the non-Congress Government period but all this began in the period when the Congress was in power. All these steps taken during their rule are the main reason for this crisis.

It may be seen how the imports were allowed in an arbitrary manner. Imports were to the tune of Rs. 19658 crore in 1985-86. I am not quoting figures for each year in order to save time. In just two years imports went up from Rs. 19000 crore to Rs. 28194 crore in 1988-89. In 1989-90 imports went up to Rs. 35412 crores, just double in one year. All this began in 1980.

I would like to point out one thing more. When our players were participating in the Asian Games which we organised here, the Congress Government was playing with

the economic policy of the country. They considered large scale import of colour TVs necessary. They also considered it necessary to collaborate with the foreign countries for washing machines and coffee-machines. All this happened due to relaxation in imports since 1980. Previously, the fiscal deficit used to be of the order of 6.9 per cent of GDP which began in 1980 but by 1990 that deficit of GDP rose by 8.9 per cent. These were the reasons of the ruin from where the fiscal deficit in our country began. Not only this, the non-developmental expenditure at the Centre and in states taken together rose by 20 per cent in 1990. How would the economy of this country bear the stress and how would the poverty be eradicated? The second thing I am going to point out should be listened patiently. It is not a matter of a party. I would like to ask where does our country stand even after 42 years of independence? It is right that for two or three years there had been the rule of the opposition parties in the country. So some of the wrong policies may be attributed to them. But is it not true even after the 42 years of freedom that 55 per cent people in the country have their monthly income below Rs. 400. And after the devaluation as well as the present budget it would be equivalent to Rs. 325 only. There are four crore educated unemployed youths in the country. The number of the total unemployed would come around 15 crore, if we add the number of uneducated unemployed to it. 580 lakh persons of this country are living in cities in jhuggis. The living condition there is not hidden. It is not a place for a human being to live in. But even then live in them. In the city like Delhi they do not get even dirty water to drink, leave aside basic amenities such as bathroom and toilet. A survey of houses fit to live in was conducted in the country. It found that one out of the five families in the country does not have one's own house. This is the situation after 42 years of the independence.

Only 36.23 per cent of the people in the country are educated. Even this percentage is only 29.65 in rural areas. The condition in villages is still worse. 24.82 per cent i.e. less than 25 per cent women are educated

in the country. Their percentage in rural areas is 17.96 only below 18 per cent what to talk of making them self-reliant and dignified. 15 per cent of the world's total population live in this great country and we produce only 1.5 per cent of the total production in the world. There is no provision in the Budget about the ways of raising the living standard of the people in the country. Today our country owes 80 billion dollar foreign debt. We are not able to repay even the interests thereon. Today, the L.M.F. has made this country surrender. They are advancing argument that it will raise our exports competition capacity and the value of our rupee in the world-market. All this did not take place during the one year Janata Dal rule, had it taken place at that time, we would have kept silence. But it is of no use to ignore the facts. In June 1980, the value of dollar used to be Rupees 7.85 and this was the exchange rate of a dollar but in June, 1991, the value of a dollar become Rs. 21. In this way, the value of rupee was reduced to 1.3. The downfall that began during those ten years continued. This is the result of their policies that we have arrived at this stage today. During the five year rule from 1980 to 84, which is much boasted of, the agriculture production remained stagnant. Then it showed upward trend only during the last two years.

Sir, I would like to point out that the foreign debt has reduced our country to ruination. Let us have a look at the foreign debt position since 1980, the period which is much boasted of. In the year 1983-84 the total foreign debt was Rs. 27,643 crore. It went up to Rs. 54,609 crore in 1987-88, again it went up to Rs. 68,831 crore in 1988-89, and in 1989-90 before the Janata Dal assumed its office, it rose from Rs. 27,000 crores in 1980-89-90 to Rs. 80,132 crore, i.e. an increase of 350 per cent in this decade which is claimed to be golden decade of the Congress rule. It is said by them that this country was making tremendous progress during that decade.

Sir, in fact, the economic crisis is not so serious today as is the crisis of the fiscal deficit.

Government's policies are wrong. Its priorities are wrong. It has imported a number of useless things. It has not been able to raise export. It could not check red-tapism. As a result of all this, the debt burden on the country went on increasing without any valid reason. Increased debt burden has brought the country to such a pass that the country's economic condition has become very critical. In order to deal with this situation the Government wants to evolve a national consensus on the issue. The Government expects cooperation from all quarters terming the economic crisis as a national crisis.

Sir, national consensus cannot be arrived in the manner. Nation consensus should not mean that the Government will take every action arbitrarily. Whether it is the case of taking loans, preparing Budget, imposing taxes or opening doors for the capitalists and then seek co-operation or consensus from all quarters to save the country. If the Government wants consensus in the real sense of the term, it should seek consensus not only from politicians or for that matter from the parties above, rather it should seek consensus from the industrialists, Trade Unions, Traders and also the consumers. It wants consensus, let it invite the political parties, intellectuals, sit across the table and try to find out a solution to the problem.

Sir, I am of the view that the biggest lacunae in this country's Budget is that there is a big disparity between the rural people and the urbanites. Even today the villages continue to be backward. Villagers are poor. There are no roads. They have no drinking water. There is no schools for their children. Today, if the school building collapses in a village, there are no funds to underake its repair. There is no electricity. Nobody is concerned about the health of the villagers. Basic amenities of life are not available to the villagers. All these facilities are not available to the villagers even after 42 years of our independence. This is the shortcoming of the Budget and shortcoming of the Government's policies.

Sir, all the policies of the country are being framed keeping in view the requirements of only 15-20 per cent people. They require Maruti cars, Colour Television sets, washing machines, Coffee machines and a host of other luxury items. The country has been made bankrupt by fulfilling the demands of these affluent people. That is why the country is experiencing paucity of foreign exchange. The Government frames all its policies for these affluence people. This attitude of the Government will have to be changed. The Government should change its style of functioning. The Government should see as to where the real India lives. Real India lives in the villages. Gandhiji once said "India lives in villages". Some other luminaries also expressed the same view. In pursuance of the above policy, the Government should chalk out its plan of action in that direction and it should develop its fascination towards the villages only.

Sir, I am of the view that there are certain things which the Government should take up on priority basis. I shall conclude after making a submission in this regard.

Firstly, the Government should consider seriously the employment guarantee scheme. If the States like Maharashtra, Kerala and West Bengal with their limited resources can do it. (Interruptions)

I am talking of them only. Their Governments are in power in Maharashtra and Kerala. That is why I say that the Central Government should consider the employment guarantee scheme seriously. A national policy should be evolved for this purpose. It should be treated as national policy on employment. Today, youths are very vigilant. They have self-respect in them. They are not prepared to lead a poor man's life. They will also not take the path of revolt. If this aspect is not taken proper care, there will be instability in the country and there will be a problem of law and order. That is why I say that in order to give guarantee of employment, the Government should think in terms of framing a national policy on employment

and implement employment guarantee scheme. I understand that a major portion of our resources will be spent on providing employment, but it is inevitable.

Mr. Chairman, Sir, all our priorities should be re-scheduled. We must determine our priorities in the country. What are our needs? Do our needs consist of importing luxury goods or we should fix our priorities on developing our basic industries or mobilising resources for the poor? There is a need to consider it very seriously.

Thirdly, the imbalance between urban and rural areas is widening continuously. The Government should take appropriate measures to remove this imbalance. Today, there are 70 per cent marginal farmers in the country. They must continue to get subsidy on fertilisers at the rate obtaining prior to presentation of the Budget. The farmers cannot purchase fertilisers at the enhanced rate of Rs. 40 more per bag of fertiliser.

Sir, taxes levied on restaurants and A.C. should be withdrawn. Let the tax on Five Star Hotels be retained, but taxes on A. C. in restaurants should be withdrawn. I also make a demand from the Government to give a second thought to increase in the price of sugar. Relief should be given to poor people and people belonging to low income groups who draw sugar on ration cards. Even people who are drawing a salary of Rs. 3,000, Rs. 4,000 and Rs. 5,000 will fall victims of this inflation. The Government should consider it and give some relief to them.

Sir, the Government is confident that social and economic progress in the country could be brought by the bureaucrats. There is no doubt about the fact that our country's bureaucracy has produced very able administrators, but the basic character of our bureaucracy is elitist. It is influenced by the elite class and their ideology. This elite class never made any contribution to the economic or social development of the country. Rather it has caused obstructions. When the question of involving the poor people in the governance of the

country is being raised, the basic feature of the bureaucracy will have to be changed. The bureaucracy, as in the case of other countries of the world, is a very important organ of the administration. The reservation is a very effective instrument which has been included in their manifesto by the Congress Party. They have included the reservation policy, the Mandal Commission, providing reservation to other classes and to the minorities. As such the Government should evolve a policy on reservation issue through which they can with the confidence of the people, ensure their involvement in the implementation of the said policy and really feel concerned for the agonies of people. Unless this is done, no change can come in this country. In order to achieve something concrete in this regard, the Government should take effective measures.

Sir, I like to submit one more thing. Since he has great regard for Shri Rajiv Gandhi, I do not think that the Hon. Minister has not set a good precedent by dedicating the entire Budget to Shri Gandhi. In the name of Shri Rajiv Gandhi he has opened the doors of the country for the I.M.F. and foreign capitalists. He has withdrawn the subsidy on fertilisers and levied various taxes on the poor people. He can do anything and everything. He can barter country's self respect, mortgage country's good and dedicate the Budget to the memory of Shri Rajiv Gandhi. I feel that this action on the part of the Hon. Minister of Finance is honestly speaking, not going to benefit his party also. The Government takes all measures, but it is not at all proper to dedicate the Budget to Shri Rajiv Gandhi.

Similarly, before constituting the Trust, the Government should have taken Parliament into confidence. They talking of national consensus. When the Government invited Shri Indrajit Gupta, Shri Somnath Chatterjee, Shri Ram Vilas Paswan, Shri V. P. Singh to a meeting on Budget, they should have taken them in confidence about constituting the Trust. There was no question of leakage of the Budget in it. It should have taken other parties also into confidence. Neither it took the parties

nor Parliament into confidence and made a provision of Rs. 100 crore to be allocated @ Rs. 20 crore every year in a span of five years.

AN HON. MEMBER : How are you criticising ?

SHRI CHANDRA JEET YADAV : I am not criticising. I am drawing attention towards a point. Please listen patiently.

15.35 hrs.

[*Shri P. M. Sayeed in the Chair*]

MR. CHAIRMAN : Hon. Member, you have taken too much time. Now you may please conclude.

SHRI CHANDRA JEET YADAV : Sir, I am just concluding. You can imagine about Government's approach and ideology from what is said there in paragraph 51 :

"Our Party is committed to the upliftment of backward classes and we had promised to take some effective steps within 100 days of coming into power. Therefore, we are constituting a corporation for the upliftment of backward classes."

Rupees one crore have been allocated for Rajiv Gandhi Foundation but no provision has been made for the Corporation set up for 32 percent people of the country, only an announcement to that effect has been made. This shows Government's approach towards the problems of the poor and the downtrodden people of the country. (*Interruptions*)

SHRI SOMNATH CHATTARJEE : Rupees one thousand have been allocated for a new rail line.... (*Interruptions*) .

SHRI CHANDRA JEET YADAV : They think a train can be made with this much amount.... (*Interruptions*). We should think seriously as to what is the position of our country after 42 years of independence. We are passing through a crucial phase. The people of the Country have not given clear cut mandate to any party for the third time. This Country is facing political crisis as well as political instability. The Country will dis-integrate

further if party politics is continued. Some problems immediately need serious consideration. I am of the opinion that all the policies should be reviewed. Priorities should be determined afresh. Government should take some effective steps for the upliftment of poor and removing unemployment amongst youth. The gap between urban and rural people has widened. Steps should be taken to bridge this gap, instill confidence among the people of the country. This was Nehruvian Model. You were also associated with our movement. We struggled hard to build a Socialist pattern of society in India. India was the leader of New International Economic order in the world and we continued to struggle hard. Now we want to be an integral part of global economy. We also want to become a part of international Capitalism and want to follow the path shown by the developed countries. Now we have drifted from Nehruvian Model to Manmohan Singh's model. This is beginning of a dangerous model. With these words I oppose this budget and hope that Government will reconsider its wrong policies outlined in the budget and bring about improvement therein.

[*English*]

DR. DEVI PROSAD PAI. (Calcutta-North-West) : I rise to support the Budget and I commend the Finance Minister for performing a bold and a difficult task in formulating the present budgetary policy.

A budget is not merely an income and expenditure account. It has to formulate certain economic philosophy on the basis of the programme of socio-economic objectives which the Government in power has to formulate and implement in terms of the election manifesto on the basis of which it has gone to the people and taken their verdict. If, therefore, the Finance Minister has referred to the Congress manifesto, it does not cause any concern from the opposition. I have heard the BJP leader, Mr. Jaswant Singh, saying why the Finance Minister is referring to the election manifesto so repeatedly.

He has to because the budgetary policy has to implement the programme, the promise that the Government in power has

given to the people and for which the people have given the present government the verdict. The budgetary policy cannot be understood in isolation from the past. We have inherited a legacy which has been given to us as a result of the mismanagement in the economic sphere by the earlier two Governments. Never has a country seen such an economic impasse, never has the country seen such an economic Bankruptcy in ruining the entire economy of the country, as we have seen in the last 15 months. Our balance of payment position has been at such a critical stage that our exports are much less than our imports. Our foreign exchange reserves are not sufficient to be utilised for a month's repayment to the foreign countries. As a result of the increase of petroleum prices, which twice the earlier Government had done, the import on the price level has been serious. Never in the history of the Congress rule the inflation has reached to such a two-digit figure. When the Janata Government came in 1977 and when they came again in 1989 that inflationary spiral was further increased. Such a type of soaring inflation was never witnessed by the country earlier. The economic situation was so grim that our credibility in the international money market was low. Our rupee value in the international world has deteriorated. Is it possible to have an unrealistic picture of the value of the rupee which has already been eroded as a result of the economic policy of the earlier governments? In that event what face would you show before international world. Do you go to them for borrowing or for trading and commerce? So, the rupee has been brought in harmony, in conformity with the international price of the rupee. It has not been devalued in that sense because what was the value of the rupee became artificial with the erosion it does not represent the correct value in terms of the foreign exchange currency of the other countries. Therefore, the Finance Minister has to take a realistic appraisal, a realistic picture of bringing the external value of the rupee in conformity with, in keeping with the prices in terms of the foreign exchange of the country. It is true, as a result of the devaluation, the country will have to face rise in prices. But there was no other alternative for the

Government. The Opposition should remember that during the earlier Governments for the last fifteen months, there has been a distortion of the fiscal balance, the balance of payment position had been completely upset. Our foreign exchange reserve has been dwindled almost to an alarming extent and in such a situation, we cannot face the international market. Therefore, the rupee has to be devalued. It was a sense of economic reality which the Government had to face.

Now let me talk about the budgetary policy. As the Hon. Finance Minister has rightly pointed out in the press statement, after the Budget was presented to the House, he had three-fold objective—the first objective was to have an adjustment of the human face. The second objective was the economic growth and the third was to check the inflationary spiral which has engulfed the entire economy as a whole. Now we have to see the budgetary policy from that angle. We have to see that there was no other alternative but for introducing tight and strong measure to tide over micro-economic imbalances. People expected that the rates of tax might be much higher, as a result of the stringent economic situation prevailing in the country. But the Finance Minister has tried to manage the budgetary policy in such a way that the common man's pocket, in the field of direct taxes, has not been touched more than it was earlier. The rate of tax for the individual tax payer has remained unchanged. So also the rate of wealth tax has remained unchanged for the individuals. It is one of the boldest steps which the Finance Minister has taken by reversing the policy of direct taxes versus indirect taxes. It had always been the consistent trend to rely more upon the indirect taxes. Now the indirect taxes are to be realised from the common man, if they are to be productive. The necessities of life had to be subjected to indirect taxes. The Finance Minister has tried to avoid increasing the imposition of the indirect taxes on the essential necessities of life excepting on one or two items. I request him to have a re-look into the matter. But he has focused more upon the direct taxes. This is a healthy trend because if the financial management has to be made, more resources are

to be tapped and more resources are to be realised from the imposition of direct taxes by which the richer sections of the people will be affected.

What the Finance Minister has done is to increase the corporate rate of tax from 40 per cent to 45 per cent in the case of public companies and 45 per cent to 50 per cent in the case of closely held companies. Although there has been quite a lot of comment and criticism that if the economic growth is to be sustained or if the economic growth is to be encouraged, then the corporate sector should not have been taxed at an increasing rate. But the surcharge on the corporate sector of 15 per cent has remained unchanged. The Finance Minister had no other alternative but to rely upon the direct taxes if the people are to suffer less. But at the same time he had tried that the entire outlay should be utilised more heavily for the rural sections of the people. That is why we find in the Budget, a substantial amount of expenditure being allotted to rural welfare, to provide for rural water supply, for rural development, social welfare and education for the common man in the villages. That is consistent with the economic programme that our Party has mentioned in the manifesto.

We have no other alternative but to reduce our deficit Budget. A comment has been made that when we have taken the loan from the International Monetary Fund, we should not have succumbed to the conditionalities. There has been no suggestion that the conditionalities of the International Monetary Fund had been succumbed to. Why should we forget that the earlier two Governments took quite a substantial amount of loan from the International Monetary Fund, sometime in July, 1990 and in the first part of 1991?

The result is that instead of improving the debt position, our balance of payments have further dwindled because the Government did not pursue at that time proper export policy and proper import policy and, therefore, in spite of two heavy doses of loan taken by the earlier two governments in July 1990 and January 1991, the economic position has become far more

dismal. What have we done after taking the loan from the International Monetary Fund? We have started reducing our debts. Is it something wrong? Our revenue receipts fall short of our revenue expenditure with the result that even during the earlier two governments 8 per cent of the GDP was the deficit in the field of revenue receipts in relation to the revenue expenditure. Even during the earlier Congress regimes this deficit did not exceed 4 per cent of the GDP. Now by one stroke the earlier two governments increased it to 8 per cent of the GDP. And if our revenue receipts fall short of our revenue expenditure, then necessarily we have to depend upon borrowing either from internal market or from the international market. So, I should commend the Finance Minister for exercising a real budgetary policy by reducing the deficit of the revenue over the expenditure to 6.5 per cent. Earlier it was 8.4 per cent and now it has been reduced to 6.5 per cent as a result of the budgetary exercise without any effect upon the economic growth and development of the country. Our capital expenditure has been no doubt reduced, but I should have thought that the capital expenditure would have been reduced less than the revenue expenditure. The non-plan expenditure has been increased by more than 8 per cent. I would request the Finance Minister to have a look into the matter because if we are to budget and balance our revenue receipts and revenue expenditure, there should be a greater cut upon the revenue expenditure because capital expenditure will ultimately lead to economic growth and development of the country. In reducing the revenue expenditure I submit that the Finance Minister has done a very excellent job because there has been always a persistent demand that the Government expenditure should be reduced to some reasonable extent. Uneconomic revenue expenditure indulged in by the governments in the past and also expenditure for populist measures in order to catch the votes only for the ensuing election have resulted in such high prices and economic maladjustments. This has led only to further borrowings with the result that the country had come to such a state of economic col-

lapse. It is because of this reason, the Finance Minister has taken steps to see that in every department of the Government the expenditure is reduced to a certain reasonable level. He had also withdrawn some of the subsidies because they are no longer necessary. Having regard to the policy of devaluation which had already been announced, the export industry will get their boost as a result of the fall in the external value of the rupee and the exporters will earn much more in the international market by exporting the same goods having regard to the devaluation of the rupee.

16.00 hrs.

But, at the same time we have saved thereby an amount of Rs. 2,100 crores by way of export subsidy, although in certain spheres the subsidy has to be retained to a certain limited extent like industries on a priority basis. But import cuts have to be made, because if we cannot reduce our imports, then ultimately it will affect the balance of payment position. When there has been a devaluation, the prices of goods will be much more costly which are to be imported. It has been announced in the Budget that the petroleum prices will be increased by more than 20 per cent. The fertiliser subsidy has been withdrawn and reduced to a certain extent. The cost of the fertiliser will be at least 40 per cent more now. We have got to withdraw some of these subsidies. Otherwise, out of the Government expenditure, annually the subsidies amount to more than Rs. 12,000 to Rs. 14,000 crores. Therefore, when the Finance Minister has withdrawn the subsidy in some of the spheres and increased the import cost by imposing import duty, he has done it on luxury goods like air-conditioners, refrigerators and electronic goods. Of course, sugar does not come under luxury goods having regard to the consumption of the common people. Therefore, I request the Finance Minister to have a rethinking and a relook into the matter. Undoubtedly, air-conditioners are used by the affluent people. All I want to say is, if the air-conditioners are used only by the

affluent and richer sections of the people, then we have no right to enjoy the air-conditioner in this House. We have no right to enjoy the air-conditioning facility when we represent the common people. Why are the Government Officers and the big bosses allowed to enjoy this facility when the common man in the country does not have that luxury? The common man cannot even dream of it. So, I would request the Finance Minister to have a relook into the matter. When we are trying to say that the air-conditioner is a luxury item enjoyed by the richer sections of the people, why should this facility be given to the Government Officers even of a moderate level? Now, these expenditures have increased. No doubt, as a result of it, the import cost will be higher. But the common man's pocket has not been touched. Otherwise, normally import duties and excise duties are levied on direct necessities of life. To a great extent, this has been avoided.

Sir, one important thing which the Finance Minister has tried to introduce is this. The rate of tax is assured that it would be reviewed and a lower rate of tax can be considered, if there is a better tax compliance by the people. The rate of taxation depends upon, to a certain extent, the tax compliance or the response that the tax payer gives to the budgetary policy.

Sir, he has introduced three important measures. We shall have to discuss these things while we discuss the Finance Bill. One of the measures he has introduced is, to have a National Housing Bank where, if the people deposit their undisclosed money, they will be allowed to withdraw 60 per cent of their deposits and 40 per cent will be taken by the Government for utilisation in slum clearance, low cost housing etc. The object is laudable, no doubt, consistent with the programme that we have proclaimed in our manifesto. But, the question is, whether there will be an adequate response from the people who have to disclose their unaccounted money.

It had been experienced in 1975 when the Voluntary Disclosure Scheme was announced, when the Bearer Bonds scheme

was introduced sometime in 1980-81, adequate response for the disclosure of unaccounted income had not come. The people who were having unaccounted money have not disclosed their unaccounted income. So, a more practical measure should have been considered because in the present proposal, 40 per cent of the undisclosed amount is taken by the Government. Will there be adequate response or not? We have got to consider the practical possibility.

The Finance Minister has also announced that the people can approach the Commissioner for Settlement for their undisclosed income under Section 275A of the Income-tax Act provided they have made *bona fide* disclosure, provided they have cooperated with the Government. But the Commissioner has got the discretion either to reduce or waive the penalty or to suggest prosecution. If the Commissioner has got the discretion, I would like to know whether the people will come forward with undisclosed money. I will request the Finance Minister to consider the practical possibility of this proposal.

The Finance Minister has also suggested that the Commissioner of income tax will not be allowed to make any objection and the people can come with their undisclosed money at any time for settlement. But the point is, there is no certainty of the settlement of their undisclosed income. The Finance Minister may kindly consider the practical possibility of whatever the proposals that have been introduced during the Budget speech.

He has also introduced a measure for the Non-resident Indians to keep their money with the Indian rupee and they are to remit the money to the country. Even if they make a gift, it will not be probed into. But this may result in hawala transactions leading to greater tax evasion in the country.

Consistent with the trade policy and also with the industrial policy announced recently in the House, the Finance Minister has to formulate a fiscal policy for better

economic growth. The economic growth can be made only by joint efforts of both the public sector and the private sector. The performance of the public sector in these days has been very alarming. The public sector units run mostly into huge amount of losses. So, the question is how to revive the public sector units. We are not certainly inclined to denationalise the industry or denationalise banks or other institutions. That has never been our policy. There has been a continuity in our system. But the question is, how to get better performance from these institutions.

I would request the Finance Minister to consider one proposal. There are certain public sector undertakings like Hindustan Machine Tools and various other units numbering more than thirty. If 51 per cent of the shares are retained by the Government in order to have full control over the management and the affairs of the company and 49 per cent of shares are thrown open to the public, the Government will have the revenue of more than Rs. 15,000 crores to Rs. 20,000 crores, without Government surrendering its full economic control. That has been the experience in many other countries also. It will also lead to better financial management because the participation of the private sector will be there. It will lead the Government company to better management, more efficiency and at the same time, the Government will not lose any of its economic control, economic supervision. The question whether it is holding 51 per cent shares or 99 per cent shares, the Government will have the same amount of control. I request the Finance Minister to consider it.

It is true that we have to liberalise our import policy.

An expert committee like the Wanchoo Committee presided by the former Chief Justice of India has recommended that much of the economic malaise is generated by artificial controls and artificial licensing policies and, therefore, undoubtedly in major sectors of high priority schemes, the Finance Minister has retained the licensing policy but there is nothing wrong in

liberalising this licensing policy so that the private sector without any inhibition or restriction of the bureaucratic administration, can carry on their policy of economic programme and that has been a healthy feature consistent with our proclaimed trade policy and our proclaimed industrial policy. But at the same time when greater reliance is placed upon the development of the private sector, the Finance Minister should have given more thought to develop the economic growth of the private sector. He has withdrawn the depreciation which was at 33-1/3 per cent to 25 per cent. Even earlier, the normal rate of depreciation was 10 per cent. It increased to 15 per cent and double shift depreciation amounted to 30 per cent. So, 30 per cent was the normal rate of depreciation in industry which normally works double shift or treble shift. Unfortunately, this rate of depreciation was changed in 1987 on a block basis. How would you reduce this depreciation from 33-1/3 per cent to 25 per cent without any allowance for double shift or treble shift? Depreciation generates internal flow of capital. If depreciation generates internal flow of capital, then the replacement costs of the plant and machinery will be much higher after six years or eight years. Instead of allowing a larger depreciation, if it is reduced, then it will retard internal generation of capital. The Finance Minister has done well in inviting foreign capital to this country in 34 important sectors. But the equity capital can come only up to 51 per cent of the total shareholdings. I would request the Finance Minister to consider this proposal because if the foreign equity capital comes by way of 51 per cent, then the dividend on this capital has to be paid. The dividend will be much more than the normal rate of interest of borrowing. The plant and machinery has to be imported. Technical know-how has to be imported for industrial development. If that is so, then the cost of repatriation of dividend to the foreign country, the cost of paying high royalty to the foreign countries, will be much more than the cost of borrowing capital from the international market. Therefore, we should think of imposing restrictions upon foreign equity capital which

may be invited to this country for industrial development and that such remittance of dividends, and royalties, can be made only out of foreign exchange earnings that they might make and it should not be allowed as a drainage upon our foreign exchange earnings.

This Budget undoubtedly has made certain significant departures in the sense it has relied more upon direct taxes, in the sense it has been bold enough to have reduced deficit budgeting. It has been bold enough that it has also tapped the economic resources of the country by liberalising the import policy by giving encouragement to private sector and also streamlining administrative management of the public sector undertakings.

In that sense, there is undoubtedly a change. But the Hon. Member from the Opposition Shri Jaswant Singh quoted the Prime Minister and said that the Hon. Prime Minister said there has been change with continuity. He was surprised how the two can go together. We do believe in democratic socialism. We cannot have a complete break from the past. Some countries believe in such extreme theories of totalitarian control. They might restrict the doors of free trade and also free flow of ideas. The experience of those countries today has now opened the lessons for all the countries in the world that unless you believe in free flow of ideas, free flow of thoughts then the result will be as disastrous as in those countries. So, we have continuity. But we will not have a complete break from the past. Our policy of Non-Alignment, our policy of mixed economy has already been announced by Pandit Jawaharlal Nehru and we are following that policy. We are following a policy of mixed economy. The Private Sector has to grow. But at the same time, the Public Sector also, in important fields, has to be given its due place in the country. There must be a change. But we cannot continue to follow the same pattern of economic development for all times to come. If society grows, there must be changes. There must be accommodation to the growth and changes of life. That is why

when the Hon. Prime Minister said that there must be change with continuity, there was nothing wrong and there was nothing to be surprised about it.

Sir, the Hon. Member of the Opposition Shri Jawant Singh has said that the Finance Minister should have been an Economic Advisor rather than the Finance Minister of this country. I should only remind him that this Budget shows not only his economic realism but it is matched with a political insight and the political pragmatism. The Budget is a compromise, a balance between the problems of economic growth and the problems of economic justice.

MR. CHAIRMAN : Dr. Pal, now please wind up.

DR. DEVI PRASOD PAI : I will take only one minute. Therefore, I would say the Finance Minister, as Shri Jaswant Singh has pointed out, is a great economist. He is an economic theoretician. Therefore, he could not be a statesman or a Finance Minister. I would only close my submission with the saying, with that until philosophers are kings and kings become philosophers, the cities will have no rest. Therefore, it is in the fitness of things that the Finance Minister, being an economic expert and economic realist, has taken the charge in this Budget to present the Budget before the people. I commend it and I thank him for the great thrust he has made in balancing the Budget, for having a balance between the economic growth and economic justice.

SHRI NIRMAL KANTI CHATTERJEE (Dum Dum) : Mr. Chairman, Sir, I rise to oppose the like-minded approach of the Congress and the BJP in this Budget. You will appreciate, Sir, that it is a time-consuming job though I must thank the Parliamentary Affairs Minister that he has agreed to provide at least half-an-hour, up to 45 minutes of their time so that the discussion on the Budget can be an all-sided one. They have agreed. But I must confess my unhappiness because the Hon. Finance Minister is unable to be present right now, perhaps he is in the other House... (*Interruptions*). He is there, I am unhappy because I wanted to pay my tributes to the

Finance Minister and therefore I wanted him to be here.

MR. CHAIRMAN : That will be conveyed.

SHRI NIRMAL KANTI CHATTERJEE: All right, Sir.

SHRI SOMNATH CHATTERJEE (Bolpur) : Will that be conveyed by the Steel Minister ?

THE MINISTER OF STATE IN THE MINISTRY OF STEEL (SHRI SONTOSH MOHAN DEV) : Yes. (*Interruptions*).

SHRI NIRMAL KANTI CHATTERJEE: From the President's Address to the periodic peroration of the Prime Minister and interventions in the House, we learn that the central theme of all our activities—ours is a Government activity now—is of continuity with change.

Well, this Budget cannot escape the continuity with change. I consider this Budget to be of the Government of India's, which is in continuity prepared with the aid of the International Monetary Fund. That, perhaps, is a change for imperial capital and monopoly capital in India which is both a continuity and a change. I will try to establish and try to persuade, if it is possible to persuade the ruling party Members also because they are functioning under conditions of a minority rule. Why do we say so ? Even in the concepts, we find the impact of the IMF. But before I go into that, let me acknowledge the fact, as is being presented that we are in a deep crisis and the crisis has an interesting ire. When we became free, when we listened to the 'Tryst with Destiny', let us remember that we were not an indebted country. In fact, India had a sterling balance in the Bank of England. That was in 1947. And today the situation is much opposite. We are an indebted country. We fought against the British even though we were not indebted. We fought because we felt that coming in the name of trade and then investing capital in our country, although we were not indebted, we had been looted. The predecessors whom we always show our

gratitude by mentioning their names talked about this drain of Indian wealth. We also know very interestingly that the exchange mechanism also was a mechanism which was utilised for this drainage. Some of them may remember the famous controversy of rupee being valued at one shilling and six pence or one shilling and four pence. That controversy divided our countrymen and that was the first controversy indicating that the exchange rate of rupee was also being used as a loot of the country. This is just to have things in perspective.

But after that, why do I say that IMF is taking now. Today, IMF just opens the door. They impose the IMF's conditions. They want India to open its womb to foreign capital. They want to take us back to pre-1947 days. That is why, I say that this Budget is for a return of imperial capital with much more vigour than in the past. I am a little puzzled. I do not want to mention those utterances of the Budget which are nothing else and which does not behove of Dr. Manmohan Singh.

But this is a kind of tribute extracted from him by the Congress Party for making him as Finance Minister. There is a twist to the logical approach in the Budget speech. Dr. Singh says that a 10 per cent cut in consumption expenditure has been proposed. I have the Congress manifesto which does not say so. He argues that this 10 per cent excludes the consumption expenditure of interest payments. He has been able to cut the residual consumption expenditure, excluding interest payments, to the extent of 10 per cent. I draw the attention of the House and the Congress Members, some of whom might have read their election manifesto, to point out whether this has been said. Dr. Singh knows it. He is forced into this kind of twisted logic as a price he has to pay. He had overlooked even the unintelligent economic statements of the election manifesto which again does not behove him. Shri Rajiv Gandhi was not an economic expert, but his Advisors could have been. They do not know the distinction between a consumption expenditure and a development

expenditure. This is in the manifesto and do not ask me to quote it for I have it with me. The development expenditure can also be consumption expenditure. The contrast could have been the consumption expenditure and investment expenditure. Dr. Singh could have examined this and told them that this kind of unintelligence need not be demonstrated as a manifesto. I would have also overlooked the point of rolling back of prices in 100 days and a statement in the Budget that at least, it amounts to say, we are promising that the rate of growth in prices would not accelerate. This is the kind of promise that it says. The prices will rise but there will be no overlap. I ignore even this a kind of statement. As Shri Jaswant Singh has pointed out, it is rather difficult to ignore the contribution of Rs. 20 crores per annum to the Rajiv Trust. That is too much of a price that it pays; that is a price he is paying on behalf of the country. The objection is that the Government coffers ultimately belong to the country. The price need not have been paid in this form. At least we cannot neglect this; we cannot overlook this. I request the saner part of the Government—I do believe there is an intelligent component both in the party and in the Cabinet—to reconsider this proposal and either call it a Trust of the Government and continue it or deny that Rs. 20 crores per annum to the Trust. This is particularly tragic in view of a statement by Dr. Singh in the Budget that our income-tax provides many loopholes in terms of income escapement via Trusts—charitable and otherwise—and such loopholes have to be plucked. He is creating a new loophole. Therefore, it saddens me and it appears to me to be a little tragic also. My appeal goes to the Treasury Benches to the more intelligent, considerate component of them. I will illustrate how those concepts affect us and then I will come to the other questions. When have we all started hearing about the concept of fiscal deficit? Can anybody enlighten us? This is a concept thrown on us by the World Bank and the International Monetary Fund. I wanted Dr. Singh to be present because of this kind of assertions that I make. If we can control revenue deficit, if we can control budget deficit, we

could have fiscal deficit in order to strengthen our public sector. The problems are created not by fiscal deficits at all. The fiscal deficit depends on our total expenditure, that is our borrowing and our revenue receipts. If we have a revenue surplus, we can control inflation; if we have a budgetary surplus, that if we do not print money in the Reserve Bank of India, we can stop inflation; and if we have borrowing from the market in order to invest in the public sector, there is no inflation. Who goes to borrow money under the present system? Is it not the Tatas? Is it not the General Motors? They all borrow money and on the basis of the borrowed money, they prosper. That is the story of the Tatas; that is the story of the Birlas; that is the story of the multi-nationals all over the world. The International Monetary Fund tries to corrupt our intellects also. They want to mislead us; they want to emphasise that and I know that. I am not blaming them only. I failed to carry conviction not only with them, but also the two predecessor Governments. What should be attempted is this: controlling revenue deficit and to have a revenue surplus. I will suggest towards the end of my speech as to how it can be done. I will also suggest whether or not it is possible to avoid the budgetary deficit and I will suggest to have a larger fiscal deficits. I will try to illustrate how the IMF has influenced us in our Budget. Now, let us go to the other concepts. I just do not know and I feel a little bewildered. Are we really getting away from Nehru's ideas?—I have a difficulty. Please permit me to make this statement. When the Second Five Year Plan was being drafted, the Indian Statistical Institute was very much concerned. The expression used is interesting.—The draft of a Draft Plan—frame for the Second Plan was prepared there. Under the leadership of Professor Mohalonobis, some of us were working there. From that time onwards, we were supporting the public sector. The Second Plan, one might remember, is a break-away from the First Plan.

But references are being made in search of paternity.

SHRI SAIFUDDIN CHOUDHURY (Katwa) : Dr. Singh has come.

SHRI NIRMAL KANTI CHATTERJEE : Should I start from the beginning, Dr. Singh?

Now-a-days, when we talk of privatisation,—I will come back to this part of the story—for some unknown reasons, the paternity is sought in USSR. It is said, "Look Gorbachev, one could go back; one could have sought paternity in either Mrs. Thatcher—though she is a woman—or President Reagan. But we can afford to be a little more patriotic."

SHRI A. CHARLES : Why is the Soviet Union also knocking the door of the IMF?

SHRI NIRMAL KANTI CHATTERJEE : You are right. But I am just asking you to be a little more patriotic. Let me say how.

MR. CHAIRMAN : Please address to the Chair.

SHRI NIRMAL KANTI CHATTERJEE : Even before the Independence, there was a plan. That plan was called Bombay plan. Do you know who the authors were? (Interruptions)

MR. CHAIRMAN : Mr. Nirmal Kanti Chatterjee, please address to the Chair.

SHRI NIRMAL KANTI CHATTERJEE : Sir, you allow me this kind of flexibility to turn my head sometimes. (Interruptions) Do you know about the authors of that Bombay plan? You know, it is also popularly known as Tata-Birla plan.

AN HON. MEMBER : It was a Nehru Plan.

SHRI NIRMAL KANTI CHATTERJEE : Permit me to educate him. The authors of the plan were Tatas, Birla—the doyen of Indian capital. Do you know what they proposed. Dr. Singh remembers. He certainly has read. I am reminding him. They

proposed a plan for 15 years. They discussed the question of ownership, control and management by the State. Do you know what their recommendation was : For 15 years, utmost control and wherever control does not succeed, total ownership. It was for 15 years only.

THE MINISTER OF FINANCE (SHRI MANMOHAN SINGH) : It was 15 years ago.

SHRI NIRMAL KANTI CHATTERJEE : Yes; I have referred to continuity and change. You were not there. So, what they said was that for 15 years, you have this; after that, privatise, hand over. They said : no public ownership, no control, not even management by the State after 15 years.

This 15 year period was the plan period. There is a continuity in today's approach. We need not refer to it. Let us take pride. It is all Indian, neither Thatcher nor Reagan nor Gorbachev. That is how I wanted you to be patriotic.

When the Second Five Year Plan came, the question of public sector commanding heights is very prominent. We remember that we all supported it. Various people supported for a variety of reasons. The reasons are known. The doyens who drafted the Bombay plan, supported it because they did not have enough resources to create an infrastructure within the country. To handle people, to get the support of the people, some called it a 'socialist' approach. We did not believe. All the same, we also supported public sector. Why ? We considered that to be the minimum and necessary condition in defence of our country's economic independence. We expected nothing else from that. We underlined the words that this is not sufficient to retain our economic independence or strengthen our economic independence because we have our own documents. We have our strategic documents. The Communists are famous for this kind of documents. We were talking since those days that if we are not listened to, if the alternative paths we are suggesting are not paid heed to, the

effort to develop even the public sector along the capitalist route will inevitably lead to strengthening of the private sector and surrendering to foreign capital.

SHRI MANMOHAN SINGH : What happened to those who followed your advice ?

SHRI NIRMAL KANTI CHATTERJEE : In India, you mean ? Dr. Singh was not there to follow our advice at that time. I am talking about India. I am not discussing either China or Soviet Union. I am discussing the history of India.

Now Sir, we predicted. Was the prediction wrong ? What did we say ? We said that the position of the public sector depended on the people of India. We said that given our situation, unless we are able to activate our people, unless we start from what we have, it will not be sufficient to strengthen our economic independence. What we meant was that there must be thoroughgoing land reforms. Without thoroughgoing land reforms, we cannot activate our peasantry and if we cannot activate our peasantry, we cannot have a growing market in the country. But we were not paid heed to. We tried in wilderness. We also said at that time, which was later picked up by the National Front Government, that we have to activate the working people in industries also. And it is out of all that, came the proposals of right to work being enshrined in the Constitution and workers participation in the management. At that time, we were not listened to. The transparency of economic activities over the years was increasingly crowded by introducing secrecy clauses for all banking and financial institutions. Sir, we were not listened to. And what has happened today is that we are very sceptical. We always said otherwise and in the course of development, what happened was public sector existed and private sector prospered. It was during that period, Sir, that 20 large houses almost fortuneed and the people below the poverty line grew. And what happened was that the market was shrinking after sometime.

Sir, are you sure that you have rung the bell ?

MR. CHAIRMAN : Yes. You have taken 20 minutes.

SHRI NIRMAL KANTI CHATTERJEE: They have given half-an-hour and I will consume some more time.

So, Sir, what happened was the market was shrinking and because of that, the private sector was allowed to exploit whatever market was there. The talk of intermediate technology, land reforms, etc. was given a go-by. This happened in 1980s. The market was that of one or two per cent of the population. Even Dr. Singh does not know as to how many pay income-tax in our country. There is a figure of tax assesseees which comes to 40 lakhs or 50 lakhs. But that is not the figure for tax payees. I think he knows about it. The earlier Government was not aware of it. Now Sir, assume that one crore of people pay taxes whose income is above Rs. 20,000 per annum. And assume that there are 18 crores of households and there is one tax payee in each household. I am making simplified assumptions. If that is the case, Sir, only 5 to 6 per cent of the population pay taxes. The private sector, when they faced a barrier as land reforms were not met and because the country side did not provide them the market, went in search of satisfying and producing goods which these people can absorb. The name given to this by their youthful leader is 'modernisation'. This paralysing aberration called 'modernisation' seized the Government of India. And the import of capital goods was related to this

Nehru was fond of children. You know? Should I link it with that? Therefore, foreign capital and foreign technology had to be brought in to produce the most sophisticated toys available in the world! That was the kind of development. Why were they doing it? Dr. Singh knows it. We are having the latest kind of technology for shoes and toys. Children from 94 per cent of our total households cannot buy those toys. What they play with are little bits of bazra and jowar and not these sophisticated toys from abroad. Our whole approach is in this fashion. Even in terms

of agricultural research also, we went in for research in grapes and not guavas. Naturally, the whole direction changed. If the market is like a wall, we have to see as to how we can sidetrack it. In the Eighties, the approach 'continuity with change' means continuity in terms of profitability, in terms of strengthening the profit hunger of the private sector and change in terms of speeding up for this market. So, we began to produce motorcars, washing machines, dust cleaners, toys and shoes which are not owned by 95 per cent of our households.

This is the kind of thing that inevitably happened. Since we do not have the wherewithal and the technology to produce these things which satisfy the demands of the American citizen, technology had to be imported to produce this sort of things which can satisfy a very small section of the population. That is the story.

When the public sector was being liquidated gradually and when poverty was being intensified, a sort of division of labour was taking place. The public sector and the Government would take into account the poverty aspect of the population and the private sector would be satisfied with profit. This is the kind of division of labour. This is the meaning of Government's anti-poverty programmes. You sustain them and you keep them alive. You have them in order that they may be exploited you have them in numbers so that their real wages can be depressed and you can guarantee the profits. This is the background.

SHRI MANMOHAN SINGH: Can I ask you one question? In 1947, Garden Reach Workshop on this side of the Suez was the pride of Asia. What is its state today?

(Interruptions).

SHRI SOMNATH CHATTERJEE : Please tell us why. What does the Finance Minister say on this? What is the Government of India's thinking?

SHRI MANMOHAN SINGH : I will give you the answer.....

SHRI INDRAJIT GUPTA (Madanapore): Garden Reach has gone down and Mazgaon Dock has gone up! Mazgaon Dock is the pride of Asia today! (*Interruptions*).

SHRI SOMNATH CHATTERJEE : This type of simplification won't do. You are not just the Congress Finance Minister. We expect something different from you.

AN HON. MEMBER : Your intellectual power is great and I acknowledge this but your opinion of yourself is greater and that is overtaking you.

SHRI NIRMAL KANTI CHATTERJEE: Sir, I am thankful that he appreciates a part of me. I appreciate his ability. I wanted to refer to the Economic Survey. It has been referred to that we have grown very strong and, therefore, we need not fear about the international integration; we need not fear about the foreign capital. We are in a position to welcome it. The best source of reference could be the Economic Survey. The Economic Survey, Sir, is, over the years, a splendid document. One beauty of it is that it never concerns itself or seldom concerns itself with the question of equity as mentioned in the Directive Principles. The Directive Principle says that there should not be concentration of wealth. No Economic Survey will give you any figure of that. No Economic Survey will tell you that from Rs. 47 crores in 1947 the Tatas have come to Rs. 6,500 crores of assets ownership.

SHRI MANMOHAN SINGH : It does not mean anything.

SHRI NIRMAL KANTI CHATTERJEE : Yes, the ownership does not mean anything. I will come to that. That is one of his brilliance. He does not believe that ownership is at all relevant for economic development.

So, that is not there. It does not also mention that they have introduced Pepsi, toys, shoes etc. We don't find any mention there though it does mention a good

many other things. It does mention about the human faith and poverty. I am surprised, Sir. Since the Finance Minister is here.

SHRI SOMNATH CHATTERJEE : You now come to the Budget.

SHRI SANTOSH MOHAN DEB : What a compliment from your colleague.

SHRI SOMNATH CHATTERJEE : I was saying that you just cannot teach them.

MR. CHAIRMAN : You have already taken half-an-hour Mr. Chatterjee.

SHRI NIRMAL KANTI CHATTERJEE : Sir, this half-an-hour I have borrowed from them; they can borrow it from IMF.

The other day I talked about the strength of the economy. I don't go into the details of the Economic Survey. He, as I have mentioned has twisted logic. Unfortunately, he was not there. He has equated growth with relative strength. Certainly, we have grown. We don't import food grains now. Who does not know this? We have grown in the Steel Sector from next to nothing to some 8 or 9 million tonnes. We have grown. But let us remind him also that in the meantime in our international trade our strength is indicated by the fact that while at the time of independence we were having a share of one per cent today it is half a-per-cent.

AN HON. MEMBER : Half-a-per cent of what?

SHRI NIRMAL KANTI CHATTERJEE : Half-a-per-cent of the world trade.

SHRI MANMOHAN SINGH : That is what we want to reverse.

SHRI NIRMAL KANTI CHATTERJEE : You want to reverse it. I am giving this as an indicator of your growing strength.

Secondly—let him deny this—India was considered to be among the first ten industrial countries in the world. Now, it is no longer considered so. The ranking on industries even by the World Bank is now—not in terms of other indices—fourteenth or fifteenth in the world. This is despite growth. What has happened? What does it mean? It means while we were growing, others were growing faster. When we say we were locked in the same situation, we should clear them, rather we should welcome them. I want him to ponder over again.

SHRI MANMOHAN SINGH : In spite of that, you want to continue. What we have been doing.

SHRI NIRMAL KANTI CHATTERJEE : I will come to this logic of his. When he talks of competition or when he talks of market, he goes against his own experience. When talking about the World Bank and IMF, he had said that these conditionalities are a form of neo-colonialism. He says now that there are no conditionalities. I agree with him.

SHRI MANMOHAN SINGH : I never said that there are no conditionalities.

SHRI NIRMAL KANTI CHATTERJEE : I will give the paper to you. It is known to us. One can never be violated, if he or she always agrees. This one knows. So, I will not go into the Economic Survey excepting to deal with the question of poverty.

MR. CHAIRMAN : Whatever you want to say, you say. Let him take note of them and then he will give the reply to your questions.

SHRI SOMNATH CHATTERJEE : His intervention must be responded.

SHRI NIRMAL KANTI CHATTERJEE : On the question of human face and equity and poverty, the figures have been given in the Economic Survey. It is claimed that people who are living below the poverty line, their number has come down. This is slightly contested. And the Economic Survey depends on the data of

the National Sample Survey Organisation. The erstwhile Leader of that team Prof. Minhas contests that claim. He says that : "Planning Commission in an unauthorised manner have updated the results of the Survey by 25 per cent." Is he aware of that? He was also in the Planning Commission. This is number one. Second thing is about the non-shifting poverty line. He says that : "The poverty line of Rs. 6400 has shifted to Rs. 7200 and today it is shifted to Rs. 12,000 or Rs. 14,000 per annum." One has to understand and arrive at figures in terms of that Rs. 14,000 income as a poverty line. If he begins counting the heads, he will discover to his dismay that still people who are living below the poverty line, their number has not decreased. The addition of unemployment does not lead to decrease in poverty. From the Second Five Year Plan onwards, every Five Year Plan has shown an addition to the unemployed in the country. I am giving this crucial point so that he can remember this.

Imagine, our contribution towards the National Income from the agricultural sector has come down to 33 per cent, i.e. one-third. The population remains more or less the same in the country side.

SHRI A. CHARLES : How?

SHRI NIRMAL KANTI CHATTERJEE : The percentage of the rural population remains the same.

SHRI SOMNATH CHATTERJEE : This also, you do not understand.

SHRI NIRMAL KANTI CHATTERJEE : I stand corrected that the rural population remains the same.

17.00 hours

I stand corrected. You do not get a person who is absolutely intelligent; you do not get an absolutely unintelligent person also. I, therefore, recognise his contribution.

I now come to the Budget speech and Budget proposals. When you talk of competition, when you talk of the market, it is part of the Budget. What is the market? Dr. Manmohan Singh knows. Market is not a collection of needs; it is a distribution of

needs; an effective demand is a market. It is an inherent law of the market that the more powerful will defeat the weak; and the public sector is defeated by the private sector because of some inherent strength of the private sector. One of the distinguishing features between the private sector and the public sector is—I am sure Dr. Manmohan Singh will not hesitate to recognise—that the private sector can give price, the public sector can only accept that. In the competitive age, it can buy and therefore it can compete with the public sector. Let it be recognised in the House.

When you talk of competition, it inevitably leads to monopoly. And what is the approach? I have no doubt in my mind that the MRTP Act has failed. Despite MRTP Act, Tatas have grown; despite MRTP Act, Birlas have grown. The response of the Finance Minister is to throw the baby along with the bath water; since the MRTP Act has failed, eliminate the MRTP Act. That is what is said everywhere.

SHRI INDRAJIT GUPTA : The same is with FERA.

SHRI NIRMAL KANTI CHATTERJEE: When I am talking about this friend and his invitation to foreign capital, I will just refer to what the Economic Survey says about the international capital scene.

SHRI INDRAJIT GUPTA : Which year? He is not responsible for the earlier years.

SHRI NIRMAL KANTI CHATTERJEE: I will be glad if he accepts the responsibility for the latest years. I have mentioned the latest ones. It says that the international situation is that the flow of private capital has been half of it; indebtedness has grown tremendously over the last few years. We know that in the international capitalistic world, the pressure is for Uruguay—Round of talks and others to eliminate trade-related investment measures; they want them to be withdrawn; trade-related intellectual property rights and services; they want to have insurance companies; they want to have

GIC and LIC; all these services should be opened completely. He takes pride in it. He says, we have control over the financial institutions. Yes, we have. They remained nationalised.

SHRI MANMOHAN SINGH : They will remain.

SHRI NIRMAL KANTI CHATTERJEE: But it does not mean that the foreigners should not be allowed entry; it does not mean that new banks will not be established by the multinationals or others in the country. There is no law to prohibit them.

SHRI MANMOHAN SINGH : They are already there.

SHRI NIRMAL KANTI CHATTERJEE: But they are understood that if they grow the private sector here (national), if they grow beyond a certain level, those banks will be absorbed in the State sector. Now they know that it cannot happen. Now, what is the functioning of these public sector financial institutions that he takes pride of? We wanted banks to be nationalised, after Panditji had died. Why did we support it? We thought that they can be used as an instrument of some control, some allocation which the market is unable to do and they say that 40 per cent is being given to the priority sector. Right. Only 40 per cent of the banking sector. It is not mentioned that the public sector financial institutions loan out as much as the banking sector owes to the big industry and trade and also to banks. So, we know that even the public sector banking and the financial institutions edge to help profit, to help capital grow with some limitations.

The question is, why a love for market? The market is a better allocator. Well, it is. It can be, provided there is a relative equality of income and wealth distribution within the country. Otherwise, this effective demand will grow; those who have money will pool the resources, those who have money will pool their trade development and culture, a basis to scatter to their own-products. This is the meaning of market. Had we not had poverty, when you con-

pared Soviet Union at least grant this much of difference. They do not have, as he discovered, seventy million people without dwelling units. They do not have inequality that you obtain in our country. When they talk of market, it is completely a different society. Today, when you talk of market, the people below the poverty line, what do you want to cater to them? What do you want to sell them, after this special excise duty imposed and the withdrawal of sugar subsidy? That market is not there. Those who have money will determine the market and market will generate a kind of competition while the small will be edged out and the big will rule along with the banks. That is the imperialist capital.

The Budget Speech contains some interesting suggestions. I do not say that everything is bad.

SHRI MANMOHAN SINGH : Thank you.

SHRI NIRMAL KANTI CHATTERJEE: For instance, it says—imagine this from him! — and he mentioned it, he gives interest flexibility of the banking system. Why?

SHRI MANOMHAN SINGH : We want the Banks to prosper.

SHRI NIRMAL KANTI CHATTERJEE: Prosper? That is right. That is his kind of argument. And those are double-edged swords. Need I tell that to him? If the banks function on the basis of credit worthiness, who will be considered creditworthy? He knows that. The wholesale purchaser in any market gets things at a cheaper rate compared to the original buyer. When the Tatas will take loan, because they are bulk buyers, they will take credit at a lower rate, because he is credit-worthy. The small industrialist when he goes, his credit-worthiness will be questioned in the same manner as the Bank of England questioned his credit worthiness.

AN HON. MEMBER : No answer?

SHRI NIRMAL KANTI CHATTERJEE: He has to realise what he is suggesting. He

has to realise what he has produced in his Budget.

SHRI SOMNATH CHATTERJEE : At least Mr. Charles is quiet now.

SHRI NIRMAL KANTI CHATTERJEE: He has proposed, according to his suggestions, that the export-oriented unit and the unit in the export processing zone will be given some concessions.

MR. CHAIRMAN : How much time more do you require for concluding?

(Interruptions)

SHRI SOMNATH CHATTERJEE . He will conclude by six O'Clock

SHRI NIRMAL KANTI CHATTERJEE: Sir, what has he provided in his Budget? *(Interruptions)*. To export oriented units he has given a concession so that it can sell its goods in the DTA, that is, Domestic Tariff Area. There was a limitation, not more than 25 per cent. Shri Sontesh Mohan Dev knows this because he was in the Public Accounts Committee as its Chairman. This was one among a few good things which he did at that time..... *(Interruptions)*.

SHRI SOMNATH CHATTERJEE : I thought he has made a mess of it..... *(Interruptions)*.

SHRI NIRMAL KANTI CHATTERJEE: Why do they say this? Why is this being done? Otherwise, how can it be stabilised? That is his argument. The same argument will apply to foreign capitalists when they come here—a double edged sword.

Where do we want foreign capital? We want this only in such sectors where we are deficient, where they will bring in technology. And in the sense, why is it very crucial for the term 'modernisation'? What does it mean? We will have them only in those areas which are considered to be crucial. Will they not be in a position to dictate to us after they enter here? What logic has he got against this? This is the approach that is contained in this Budget.

Sir, we already know the case of Pepsi. We are unable to control it. Now you have encouraged Coca Cola and they have decided to come here. So, this is our opening up of foreign capital.... (*Interruptions*).

SHRI MANMOHAN SINGH : They are there in Beijing, in Moscow and all over the eastern bloc.... (*Interruptions*);

SHRI SOMNATH CHATTERJEE : Sir, is it the Budget of Soviet Russia we are discussing here ? (*Interruptions*)

SHRI NIRMAL KANTI CHATTERJEE : Sir, at one time, when we got our independence, the presence of a powerful Soviet Union helped our independence movement and we supported the experiences of the Soviet Union. So, we are considered to be Soviet agents.... (*Interruptions*). Now when they are in difficulty and when they are trying to find out a new path after achieving certain things, it seems that they are the agents of the difficulties and they are gloating over the difficulties instead of being sad. They remember our foreign policy, our independence. I know about it. I had seen in files in regard to asking for tenders in the Government when Panditji was alive. His advice was "get not only from the United States but also from USSR for our steel mill." I was on research mission and therefore I had an access to these files. (*Interruptions*)

SHRI SOMNATH CHATTERJEE : Those files have been burnt.

SHRI MURALI DEORA (Bombay South) : You may have stolen them.

SHRI SOMNATH CHATTERJEE : If they were stolen, they would be in safe custody. Now they have been spoiled by you.... (*Interruptions*).

SHRI MURALI DEORA : You can make a micro film now.... (*Interruptions*).

SHRI NIRMAL KANTI CHATTERJEE : I have no objection in being filmed. But the words should not be his.

Coming to subsidies, there is no budget without taxes and subsidies. This Budget has cut the subsidy on fertilisers and sugar. And you think that you have saved a lot. And you buttress your argument by saying that you have cut on export promotion subsidy also. I expected a little more honesty from Dr. Singh. Why are export subsidies there ? There are subsidies to consumers and there are subsidies to help capital make a profit. When we talk of export subsidies, we do not only say that let there be exports but we say, let there be profit from exports. In order that they can have profits, therefore subsidies are given. After guaranteeing that profit through devaluation he says that he is withdrawing export subsidies. The difference in approach of Dr. Singh with the Left lies precisely here.

SHRI MANMOHAN SINGH : What is the dishonesty about it ?

SHRI NIRMAL KANTI CHATTERJEE : You did not admit that it is after guaranteeing profit. It is a half truth.

SHRI MANMOHAN SINGH : I did not guarantee profit to anybody. They have to compete in the world market to earn profit.

SHRI NIRMAL KANTI CHATTERJEE : Do you not think that devaluation means guaranteeing the profit ?

SHRI MANMOHAN SINGH : If you do not know anything I cannot help it.

SHRI NIRMAL KANTI CHATTERJEE : You tell the world.

SHRI MANMOHAN SINGH : I will tell.

SHRI NIRMAL KANTI CHATTERJEE : O.K. when you reply, you please tell that in the export subsidy what is being guaranteed was the profit of the exporter. Devaluation takes care of that. Therefore, subsidies are not wanted. Let him answer this point when he replies.

He has quoted Kaldor that a civilised rate of income-tax cannot be more than 45 per cent. Well, is that the full-truth ?

Has Kaldor only said that ? He has asked for comprehensive tax returns on the basis of which 45 per cent rate was talked of, including expenditure returns. This is what I charge him that it is erudition. He could have enlightened instead of misleading the House and the country.

He has recognised in para 3 that Income-Tax Act is full of loopholes. He says that he has no time to look into that. There are reports. Does he promise that in another three months he will come with another budget amending the Income-Tax Act ? He does not promise that.

He has given concessions in customs duty. And his argument is that he wants to have project imports. Every single project import for imports of capital goods immediately imposes a liability on foreign exchange which can be repaid over a period of time. Every year you accumulate more than your repaying. This is the meaning of the concession on the Project Report, concession on the Project import.

Then, there is a curiosity. Look at the returns and look at the figures. He says that he has given concession on customs, he has imposed on direct taxes—which is corporation tax—and on indirect tax which does not hit the rich directly (*Interruptions*). Look at these figures, the increase in 1991-92 from corporation tax despite the heavy imports is only of Rs. 354 crores as compared to the revised Budget. What is surprising is despite the concessions on custom duties, the anticipation is that customs will give an additional revenue of Rs. 5,100 crores ? Despite devaluation, there will be no reduction in imports. Despite devaluation, we will be having more balance of payment problems than otherwise because unless imports are increased this increase in revenue with those concessions cannot be there. This is simple arithmetic. You have conceded on the rates. You assume that additional collection is higher in the whole list of Rs. 5,100 crores. The implication is imports are going to rise, that is the anticipation.

There is a different picture also and I come to my answer. In fact, when I started I said that it is a clash of two approaches—the like minded approach of the BJP and the Congress. We said that instead of depending on capital and profit, instead of trying to lure them into activities, let us depend on the people, the workers and the peasants, let us go in for the residual land-reforms and go in for workers participation in management. You can get the black income which you want. One more chance he is giving to the black income earners. In the past, every Finance Minister was giving just one more chance. They have treated every single Finance Minister with the contempt he deserves. Can it be done ? I say, "Yes". I tell you why and how. There are arrears of taxes. We are in deep crisis. We are on the eve of losing our prestige and economic independence. Can we not appeal to the Supreme Court judges and to the doyen of capitalists here ? 5, Five thousand crores of rupees of tax arrears are lying with them. When the country is in peril, why cannot we make an appeal to get back this amount of Rs. 5,000 crores ? That will reduce the revenue deficit and the Budget deficit to a sizeable extent. What is the amount of black income generation every year ? I am not talking about stock.

AN HON. MEMBER : Rs. 80,000 crores.

SHRI NIRMAL KANTI CHATTERJEE : No. That is stock. Every year Rs. 20,000 crores of black income is generated.

MR. CHAIRMAN : Please conclude.

SHRI K. P. REDDAIAH YADAV (Machhilipatnam) : What is the use of hearing their debate ? Give him some more time. It is a very useful debate.

MR. CHAIRMAN : He has already taken one hour and ten minutes. There are others also.

(Interruptions)

SHRI NIRMAL KANTI CHATTERJEE:

Instead of the bravado, why cannot he tell them to come and give this amount? His helplessness is indicated. What is the situation we are in? Those who are exporters are refusing to bring back the dollars. The country is in crisis. It is about to be in bondage. He cannot get the exporters to come back with their dollars. He says I leave it to others. I will make a suggestion. If there is a surplus of government employees, please send them to the revenue earning departments for a survey, search and seizure and you can get, via direct taxes, double the amount of what you are getting today, provided you are confident of the employees there. The choice is simple. On whom would you like to depend?—the capitalists, the black income earners, the exporters, owners of dollars or the people working in government offices, in the factories or in the country-side? This is the basic difference in approach between them and the BJP, and sometimes with some of our friends also.

SHRI MURLI DEORA : Let some other Member of Communist Party speak on the same lines. Let Shri Somnath Chatterjee speak (*Interruptions*)

MR. CHAIRMAN : Mr. Chatterjee, please wind up. No other Member of your Party will get a chance. You have exhausted all the time of your party.

SHRI SOMNATH CHATTERJEE : Please do not be so harsh.

SHRI NIRMAL KANTI CHATTERJEE: The Minister of Parliamentary Affairs has promised me that the time I consume is from their time. (*Interruptions*) I will make one more suggestion. In order to honour that part of the Congress promise—rolling back the prices—you may have a control on the wholesale trade. We have long back demanded that you try to nationalise the wholesale trade. You try to have a control there by reducing and defusing the mistakes being committed by the wholesale trade.

SHRI MURLI DEORA : There will be total bankruptcy.

SHRI SOMNATH CHATTERJEE :

There will be heart-attacks.

SHRI NIRMAL KANTI CHATTERJEE:

Sir, this is my last point. At the very beginning of the speech, he has mentioned that till November, 1990 the international dollar owners had confidence to recover, which is true. Even today the World Bank, the International Monetary Fund and the imperialist capital of the world have enormous confidence on them. Do they really have? No. They were waiting for election results and to see whether those on whom they can depend are coming back to power.

SHRI SOMNATH CHATTERJEE :

They are happy with the Congress-BJP combine.

SHRI NIRMAL KANTI CHATTERJEE:

They are not.

SHRI MURLI DEORA : What will then happen to you?

SHRI NIRMAL KANTI CHATTERJEE:

They are not happy with the election results because they have not succeeded in coming out with a massive majority.

Sir, the future will not depend on them or on us. They are anticipating flow of foreign capital via IMF aid. I am sorry to say they are going to be disappointed because the World Bank and IMF and imperialist capital is not convinced that the people of India will not give them a rebuff. That is their way. I can tell Dr. Singh that at a wrong moment of history despite his excellent background he has chosen the wrong quarter. (*Interruptions*).

Sir, with this I conclude.

SHRI K. VENKATAGIRI GOWDA

(Bangalore South) : Mr. Speaker, Sir. I would like to speak on the Budget for the year 1991-92.

I stand in the House not to commend the Budget but to attack it because I think the Budget is based on what is called 'Voodoo Economics' whereby the authorities say one thing and do entirely a different thing. What can be said on the Budget? It requires a lot of time for this, but there

is no time, as the time has already been taken by my colleagues.

Therefore, I will concentrate on one aspect of the Budget, namely, inflationary aspect.

This Budget is unique for several reasons. In the first place, the Budget is presented by a bureaucrat who is not a Member of either of the two Houses. Secondly, (*Interruptions*).

MR. CHAIRMAN : This is his maiden speech, please don't interrupt him.

SHRI K. VENKATAGIRI GOWDA : Secondly, the Budget is presented by the minority government. I call it a 'minority government' however much the Prime Minister and his colleagues may object to it, may resent it or may protest against it, because I believe that 95 paise are not the same as one rupee.

In the third place the Budget speech is an exercise in adulation and the Finance Minister throughout his speech made reference several times to Pandit Jawaharlal Nehru, Indiraji and Rajivji. But he made no reference to others who are no less illustrious. Therefore, he has insulted them by non-recognition and at the time when the country is facing a grave economic crisis, the Finance Minister has set apart Rs. 100 crores for the Rajiv Trust. There are too many Trusts in the country and too little is done and I do not know what purpose this Trust is going to serve.

What is the purpose of this Budget and what is it supposed to do? The Budget is supposed to deal with the crisis. The President in his Address said that the country is facing a real economic crisis and he underlined the need for macro-economic stabilisation. The Finance Minister sang the same song and played the same tune. In the Budget speech he said that there is a real economic crisis and he also underlined the need for macro-economic stabilisation measures. What does this mean? Macro-economic stabilisation is a nebulous concept undefined and is indefinable. I do not know what Dr. Singh has meant by

saying that the country needs macro-economic stabilisation measures.

Macro-economics policy is like painting with the broad brush, but it leaves untouched several micro-economic sectors, micro-economic areas. Therefore, there may be macro-economic stabilisation measures, but if there are micro disequilibria in the country, then that will upset micro-economic equilibrium. Therefore, I feel that the micro-economic measures should be supplemented by micro-economic measures. What is this Budget supposed to serve? There are several crises in the country. Firstly, there is a monetary crisis. In the country, the supply of money is expanding at the rate of 15 to 18 per cent per year and this money is being spent causing a rise in prices. There is more money than the country needs. This excess money supply generates a real balance effect; it generates excess demand; it generates higher prices and therefore, this Budget is inflationary for this reason. In the second place, the prices are rising. According to the Economic Survey, the prices rise at the rate of 12.2 per cent, but it is more. The Congress Manifesto stated that within 100 days of assuming power, the prices would be rolled back to March, 1990 level. Dr. Singh, on assuming office said that it is a difficult task and for speaking the truth, he was pulled up and reprimanded by his Cabinet colleagues and the party bosses. (*Interruptions*).

SHRI SOMNATH CHATTERJEE : You are a Professor; you take them as students. (*Interruptions*)

MR. CHAIRMAN : This is his maiden speech. Please do not interrupt him.

SHRI K. VENKATAGIRI GOWDA : It is an open secret. He was reprimanded for speaking the truth. The prices cannot be rolled back. The prices are rolling forward, especially after the Budget was presented. This is the inflation crisis. Thirdly, there is a lot of black money in the country. According to one estimate, the black money is of the order of Rs. One lakh crore. This black money is not amenable to be controlled. It is also not amenable to anybody's control—human or divine. This money is circulating clandestinely causing

a rise in prices and upsetting the economic apple-cart. The internal debt is of the order of Rs. 2.4 lakh crores. This takes away a lot of our revenue by way of interest payments. The external debt is of the order of Rs. 1.4 crores. This takes away 30 per cent of our export earnings towards interest payment. There is unemployment and about five crores of people are unemployed in our country. All our plans for employment generation have been futile. We have not been able to solve this problem at all. There is poverty. According to one estimate, nearly 30 crores of people are living below the poverty line. With the rise in prices, fall in value of the rupee and fall in real income, more and more people are being pushed below the poverty line. Finally, there is balance of payment crisis. Our exports are rising at the rate of 18 per cent; the imports are rising at the rate of 22 per cent and this gap causes the balance of payment crisis. The foreign exchange reserves are not sufficient to meet even three weeks import bill. Therefore, the country has to go to the IMF for a loan surrendering our sovereignty, selling our soul.

Sir, the Finance Minister was also pleased to pledge our precious gold to the Bank of England to get money to meet our balance of payment crisis. So, these are the problems the country is facing now. Will the Budget be able to solve this crisis? The answer is 'no'. How? The Budget deficit is of the order of Rs. 7,700 crores. This deficit will not be contained at this figure. This deficit will, I am sure, bulge into at least Rs. 10,000 crores by the end of the financial year. This deficit is to be financed by money creation and by domestic borrowings. When money is created, surplus money expands. Again real balance effect comes into operation causing excess demand and rise in prices. Secondly, the Government borrows money to finance its deficits. This is also inflationary because fiscal theorists have said that domestic borrowing causes rise in interest payments. That causes rise in expenditure; that widens the deficit which is again inflationary.

Therefore, on the side of money creation and on the side of interest payment of public debt, there is inflationary effect on the economy. Can we resolve the unemployment crisis? I do not think so. In spite of the several plans of generating employment, those plans have not touched even the fringe of the problem. That is because, there is excessive supply of labour, due to population growth. There is surplus labour which is expanding at a faster rate. Therefore, due to excessive supply of labour, employment-generating plans for removing unemployment have proved a failure.

Despite our plans like *garibi hatao*, *beckari hatao* poverty still persists in the country. As I told you, the number of people below the poverty line is in the neighbourhood of 30 crores. With the rise in prices, fall in the value of money, with fall in real income, more and more people are coming below the poverty line. They constitute the weakest sections of the society leading a life of misery, deprivation and starvation. The Budget is not able to solve this problem also.

What about balance of payment position? The country has gone in for devaluation twice. The question is, can devaluation solve the balance of payment crisis? I do not think so. Devaluation is a highly technical subject and it cannot be expressed in simplistic terms. When the currency is devalued, it is assumed that in theory, exports rise and imports fall. For this reason, when currency is devalued, the quantum of import falls, if demand is elastic. In the same manner, export prices fall and the volume of export rises, foreign demand being elastic. But in the case of India, India being capital goods importing country, technology importing country, India being essential raw materials importing country which are not available in the country, India being petroleum products importing country as those products are not available in sufficient quantity, the demands for these goods are inelastic. Therefore, when the currency is devalued, what

happens is that the demand for import will not fall but the value of imports rises, even though the quantum is constant. There will be a rise in import value and consequent price rise.

On the export front, exporters do not export to the extent expected because our export goods lack quality and price competitiveness. In the short-term, they are not able to stand international competition also. In Economics, it is called J-Curve effect. When the currency is devalued, trade gap widens before the position improves and in the short-term, the consequence of this effect is Jeficit in the balance of payment. Therefore, the Budget does not bring down the supply of money. The supply of money rather expands. It does not bring down the price level. It does not help to eradicate black money. It does not alleviate poverty; it does not alleviate unemployment and so on.

The Finance Minister has used the ingenious skills for controlling black money operations. In 1990-91 Budget, Prof. Madhu Dandavate gave the same scheme. This is a re-designed scheme of the old one. The scheme is that those who are holding black money are induced to invest that black money in housing activities. Now how would you induce them to do it? In the first place, if the black money holders are given an assurance that they would not be penalised for holding black money, they will do it. But where is the guarantee that the next Government—which may be BJP Government—would not take action against them. In the second place, even if the Government does not take any action against them, there is the danger of charging the black money holders as thugs. Are they prepared to face those charges?

Even if they invest the black money, the induction of black money into the economy will raise the level of prices. Black money is idle and its velocity is zero. When it comes into circulation, its velocity becomes positive. Therefore, the rise in velocity will have the same effect on the price level as a rise in the supply of money. It will raise

the price level. Therefore, induction of black money into the economy will have an inflationary effect.

Now, the Budget in all these aspects has got an in-built inflationary potential in spite of the fact that the Government is giving assurance that the object is to reduce the level of prices.

Now the Finance Minister talks of the Nehruvian line of development. The Prime Minister also said some time ago that his Government would pursue the Nehruvian line of development. What is this line? In my opinion, Nehruvian line has led the country to a great disaster. It is responsible for all the ills which the country is facing now. I will tell you how.

The First Five Year Plan was a grand success. It was a farm-oriented Plan. There was a fall in prices. There was also a surplus in the balance of payments during the First Plan period. In 1954, Mr. Chow Enlai visited India and spent about ten days in India and while going back invited Panditji to visit China. The following year, Panditji visited China and he was taken round the Chinese industrial complexes. Nehru was deeply impressed with the Chinese economic advance. Nehru was told that the Chinese Plan was based on the Russian Plan which was based on Feldman model. On his return to India, Mr. Nehru called his Economic Adviser Mr. Mahalanobis and asked him to prepare the Second Five Year Plan on the lines of the Soviet model and the Chinese model. The Plan was prepared and it was foisted on the nation. At that time, Shri Jayaprakash Narain said "The Plan was prepared behind the iron curtain". Whatever it was, the Plan created the inflationary crisis and balance of payment crisis when it was half-way through and, therefore, the Plan had to be pruned. That was because of the fact that the Plan was heavy industry-oriented. Agriculture was given secondary role and the first place was given to heavy industry. When the Plan was being finalised, Prof. Kaldor of Cambridge came to India and prepared his report on India's tax reform and before leaving for London, he was invited by the Planning Commission for tea.

There he made a casual remark that "The Second Five Year Plan is badly conceived. The nation is not able to digest deficit financing of Rs. 800 crores for five years or Rs. 160 crores per year." The Second Five Year Plan was a failure. The Plan was pruned and it was cut to size. Prof. Colin Clark of Oxford published a pamphlet called "Growthmanship" where he said that "Pandit Nehru in an extraordinarily foolish statement said 'We must produce machines to produce machines'." India was not able to digest this kind of a Plan.

Therefore, what I am trying to say is that the Nehruvian line of development has generated this crisis, inflation crisis and the balance of payment crisis. These two crisis persist even now.

To adopt Nehruvian line would be disastrous to the country. To adopt the BJP line as stated in the BJP manifesto, would be desirable as it makes India a land of flowing milk and honey.

I would like to offer two suggestions to the Finance Minister. According to growth theorists, the rate of growth depends upon net new investment which depends upon savings. The effect of savings is to reduce inflation in the economy and to supply resources for investment. 80 per cent of the savings are done by small savers and the middle income savers and it has been proved empirically that savings respond positively real interest rate. Real interest rate is money interest rate adjusted for inflation in the economy. When money rate rises at a faster rate, than the inflation rate, real interest rate rises and induces more savings. The rise in savings cause a fall in the level of prices and it supplies resources for investment which promotes growth.

Secondly, the controversial issue with which the public are concerned is income-tax exemption limit. In the 1989-90 Budget, the limit was Rs. 18,000. In 1990-91 Budget, Prof. Madhu Dandavate raised it to Rs. 22,000. This is too little because even if a family gets Rs. 3,000 p.m., after meeting all their essential require-

ments, they will not be able to make both ends meet. Therefore, it is necessary to raise the exemption limit to Rs. 48,000. Therefore, the BJP examined the issue and came to the conclusion that the income-tax exemption limit should be raised to Rs. 48,000. Therefore, in these days of rising prices, falling value of the rupee, people are suffering in misery and hence I request the Finance Minister to raise the exemption limit to Rs. 48,000 as recommended by the BJP. Therefore, all that I say is that this Budget is not able to contain or resolve the crises which have already been mentioned and they are so deeply entrenched and, so pervasive that the fiscal exercise in the Budget cannot solve them. What is necessary is restructuring of the fiscal structure, fiscal policy and so mere beating about the bush will not do.

[Translation]

SHRI SUKH RAM (Mandi) : Mr. Chairman, Sir, I support the Budget presented by the Hon'ble Finance Minister in the House. Everybody knows that the present economic crisis is unprecedented since independence. In these circumstances no Budget can be better one than presented by the Finance Minister. Efforts have been made in the budget to bring down the gap between income and expenditure from 8.5 per cent G.D.P. to 6.5 per cent by cutting the expenditure and increasing the income and its credit goes to the Finance Minister. It is better in the sense that direct taxes have been given more attention. Taxes have been increased on those items which are used by that section of the society which is in a position to pay the taxes. So far as poor are concerned, the prices of kerosene oil and diesel have not been increased. Subsidy on food items has been increased but prices of the items of daily use of the poor people have not been increased.

SHRI SURYA NARAYAN YADAV (Sahasra) : I have a point of order. Hon'ble Member says that subsidy on fertilizers has been increased but it is reduced by 40 per cent.

MR. CHAIRMAN : No point of order.

SHRI SUKH RAM : Hon'ble Minister has said in his speech that such a big gap cannot be brought down in a year. It will take two to three years. Our efforts are to bring this gap down to less than 5 per cent. I think the entire House should appreciate and support this budget. It is said that the budget is inflationary. But do not think so because the prices of items of daily use of poor people have not been increased. It will reduce the current account deficit, budgetary deficit and fiscal deficit by reducing the money supply. Last year, the consumer price index was 13.5 per cent. It is proposed to bring it down to 9 per cent this year. Therefore, the question that rate of inflation will increase, does not arise. It is also said that the economy of the country has been mortgaged to I.M.F. But I would like to tell my Hon. friends that it is not true. The subsidy has been increased from rupees 22 hundred crores to rupees 26 hundred crores. The budget plan of this year has been increased by 11 per cent. If we were dictated terms by I.M.F. it would have also been reduced. It is also said that the Budget is not job-oriented. Alongwith increasing the budget plan by 11 per cent, the Hon'ble Finance Minister has done a marvellous job by withdrawing the excise duty on agriculture based industry, whether it is jam or jelly or dry-fruits. It will promote industrialisation and agriculture. Therefore, the Budget is job-oriented one. In the speeches, it has been said that we have tidden good-bye to the policies of Pt. Jawaharlal Nehru so far as public sector and private sector is concerned. But it is wrong. Our mixed economy is based on the policy of Pt. Nehru. I would like to tell my friends that the country which has a population of 24 crores and an area of 1/6th of the total area of the world, has to import foodgrains from the European market even after 80 years of the revolution. On the other hand our country's population is 35-86 crores. We had to face a severe drought in 1986-87 but we did not import foodgrains, did not beg before any country and met the foodgrains requirement from our bufer stock. All this happened due to our policy. What more clarification do you want regarding our policies.

SHRI BHOGENDRA JHA (Madhubani) : Mr. Chairman, Sir, it seems that our friends have been influenced by misleading argument of the Hon'ble Finance Minister. The population of U.S.S.R. is 27 crores and they produce 26 crores tons of foodgrains, even then they are starving. Our country's population is 85-86 crores and we have never produced foodgrains more than 17½ crore tons.

17.55½ hrs.

MESSAGE FROM RAJYA SABHA
[English]

SECRETARY-GENERAL : Sir, I have to report the following message received from the Secretary-General of Rajya Sabha :—

"In accordance with the provisions of sub-rule (6) of rule 136 of the Rules of Procedure and Conduct of Business in the Rajya Sabha, I am directed to return herewith the Appropriation (Vote on Account) No. 2 Bill, 1991, which was passed by the Lok Sabha at its sitting held on the 29th July, 1991, and transmitted to the Rajya Sabha for its recommendations and to state that this House has no recommendations to make to the Lok Sabha in regard to the said Bill".

[English]

MR. CHAIRMAN : Shall we sit up to 7.00 p.m.

THE MINISTER OF PARLIAMENTARY AFFAIRS (SHRI GULAM NABI AZAD) : You may please take the sense of the House.

SOME HON. MEMBERS : We can continue it tomorrow.

MR. CHAIRMAN : The Hon. Member can continue his speech tomorrow. The House stands adjourned to re-assemble tomorrow at 11.00 a.m.

18.00 hrs.

The Lok Sabha then adjourned till Eleven of the Clock on Wednesday, July 31, 1991 [Savana, 9, 1913 (Saka).