

MR. CHAIRMAN: I shall now put amendment No. 2 to Clause 2, moved by Shri P.C. Thomas to the vote of the House.

Amendment No. 2 was put and negatived

AN HON. MEMBER: Mr. Charles can withdraw himself now.

SHRI G.M. BANATWALLA (Ponnani): Mr. Charles cannot withdraw himself.

MR. CHAIRMAN: That is up to him. I would like him to be here.

SHRI G. M. BANATWALLA: We wish him a Merry Christmas !

MR. CHAIRMAN: Now we are on clause-by-clause consideration.

The question is:

"That Clause 2 stand part of the Bill"

The Motion was adopted.

Clause 2 was added to the Bill.

MR. CHAIRMAN: The question is:

"That Clause 3 stand part of the Bill".

The Motion was adopted.

Clause 3 was added to the Bill

MR. CHAIRMAN: The question is : -

"That Clause 1, the Enacting Formula and the Title stand part of the Bill."

The Motion was adopted.

Clause 1, the Enacting Formula and the Title were added to the Bill

SHRI DINESH GOSWAMI: I beg to move:

"That the Bill be passed."

MR. CHAIRMAN: The question is :

"That the Bill be passed."

The Motion was adopted.

19.07 hrs.

SUPPLEMENTARY DEMANDS FOR GRANTS (GENERAL), 1989-90.

[English]

MR. CHAIRMAN: The House will not take up discussion and voting on the Supplementary Demands for Grants in respect of the Budget (General) for 1989-90.

Motion moved*.

"That the respective supplementary sums not exceeding the amounts on Revenue Account and Capital Account shown in the third column of Order Paper be granted to the President out of the Consolidated Fund of India to defray the charges that will come in course of payment during the year ending 31st day of May, 1990 in respect of the following demands entered in the second column therefor-

Demands Nos. 5,8,12,15,16,17, 18 and

78"

Supplementary Demands for Grants (General) for 1989-90 submitted to the Vote of Lok Sabha

<i>No. and Name of Demand</i>	<i>Amount of Demand for Grants Submitted to the vote of the House</i>	
2	3	3
	Revenue Rs.	Revenue Rs.
MINISTRY OF AGRICULTURE		
5. Department of Fertilizers	400,00,00,000	...
MINISTRY OF COMMERCE		
8. Department of Commerce	200,00,00,000	...
MINISTRY OF COMMUNICATIONS		
12. Telecommunication Services		1,00,000
MINISTRY OF DEFENCE		
15. Defence Services— Army	384,75,00,000	...
16. Defence Service— Navy	15,00,00,000	...
17. Defence Services — Air Forces	50,00,00,000	...
18. Defence Ordnance Factories	50,00,00,000	...
MINISTRY OF WATER RESOURCES		
78. Ministry of Water Resources	30,10,00,000	

MR. CHAIRMAN: Shri G.M. Banatwalla has given a Cut Motion to Demands for Supplementary Grants (General).

SHRI G.M. BANATWALA (Ponnani): After sunset, it is not proper to sanction so much of money. Let us do it in broad day light tomorrow.

THE MINISTER OF FINANCE (PROF. MADHU DANDAVATE): That is why, we are asking for a small amount.

SHRI G. M. BANATWALLA : I beg to move:

"That the Demand for a Supplementary Grant of a sum not exceeding Rs. 1,00,000 in respect of Telecommunication Service be reduce by Rs. 100."

Failure to take up urgently projects for telecommunication development in the Ponnani Parliamentary Constituency of Kerala.(I).

MR. CHAIRMAN: I respect the Members to be very brief. I understand that was an agreement reached.

Please cooperate with me and be brief.

Shri Janardhana Poojary.

19.08 hrs.

SHRI JANARDHANA POOJARY (Mangalore): Madam Chairperson this is the third Budget of the Supplementary Demand for Grant for the financial year 1989-90 and it has got a cash outgo of Rs. 830.15 crores and there is a charge to the extent of Rs. 1130.15 crores.

Supplementary Grants.

19.09 hrs

[SHRI NIRMAL KANTI CHATTERJEE *in the Chair*]

I am complimenting the Chairman because he is an expert in economy. But we have got a Finance Minister who has become very shaky and in his Press Address or I can say in his talk to the Press particularly to *Blitz*, he has stated that he is bothered about the state of the economy which we inherited and he is going to produce a White Paper on it. At the outset, I may point out that it is very easy to criticise when the Member is on this side. When he goes to the Treasury bench, he becomes shaky, and he is also scared about the financial position. Mr. Finance Minister, if you are going to be an administrator, to a certain extent you are urged that you cannot be a person there to appease any section. You should be impartial and, at the same time, you should be very firm.

Coming to the criticism that you have got a bad state of economy that has been presented to you by the previous Government, that is not correct. There is a qualitative change in the Indian economy during the last five years under the regime of the former Prime Minister, Shri Rajiv Gandhi. I am

submitting this not for making an observation or for scoring a debating point. To say that we have got a bad economy is an insult to the people of the nation, particularly the workers, the farmers, the factory workers and also to all citizens of the country, including our party. We have been told by some of the critics who profess themselves to a different philosophy. They say... (*Interruptions*)

THE MINISTER OF FINANCE (PROF. MADHU DANDAVATE): Mr. Chairman, shall I raise the procedural point? According to rule 216: "The debate on the supplementary grants shall be confined to the items constituting the same and no discussion may be raised on the original grants nor policy underlying them save in so far as it may be necessary to explain or illustrate the particular items under discussion."

SHRI JANARDHANA POOJARY: There are procedures. I have gone through the earlier debates wherein the hon. Minister, when he was sitting on this side, has created a precedent saying that we can generally debate on this issue, and I am following his footsteps. So, he should please not talk about that.

Now, coming to the economy our critics have stated that we have run away from the policy of self-reliance and have depended more on foreign aid and assistance. I want to a question to the august House. We have got a massive Seventh Five—Year Plan outlay of Rs. 1,80,000 crores. What is the performance of the former government during these five years? As against these Rs. 1,80,000 crores, we have an expenditure of Rs. 2,22,169 crores during that five—year plan period. As an economist you will put a question whether this is current price or whether it is at the 1984-85 prices. Even there also I submit that at 1984-85 prices, the Central Government's performance was to the extent of 109 per cent.

Coming to this massive investment, what is the share of the foreign assistance? Foreign assistance is to the extent of seven to eight per cent only. So is it not the policy of

self-reliance? Can we say that our policy is against the policy of the Indian people? Now what is the policy so far adopted by the earlier Government? What is the rate of domestic savings and what is the rate of domestic investment? The rate of domestic saving last year was 21 per cent and the rate of investment was 23 per cent.

[*Translation*]

SHRI RAM NAIK: (Bombay North): On a point of order, Sir, During a discussion, on Supplementary Demands for Grants, we should confine ourselves only to these demand because that is the rule as Prof. Madhu Dandavate has just told me about it. Anything could be explained even in short, but there appears to be a full debate on the subject. If it is so, the time fixed by you for this purpose would fall short of requirement. I am, therefore, on behalf of those who are to speak later, on a point of order that in case the discussion will be confined to supplementary demand for Grants only, there would be no injustice to us. If you want that there should be no injustice to us, the time to be allocated for the purpose should be increased. Before allocating time, you are requested to keep this point in view. Only that much is my point of order.

[*English*]

MR. CHAIRMAN: (SHRI NIRMAL CHATTERJEE): Thank you very much. But in any case, although he had no point of order, one can be kind looking at the time schedule.

SHRI JANARDHANA POOJARY: Yes, yes, I will follow your direction. My submission, Sir, is that our Finance Minister is scared about the state of the economy of the country. I have to enlighten him because I had worked in that Ministry for six years and one month and for that purpose at least he must have some patience to hear me also, and I will follow your direction.

PROF. MADHU DANDAVATE: I want to learn from him, Sir. (*Interruptions*)

MR. CHAIRMAN: Just point. You don't exhaust all your teaching today. You will get more time later also today there is a time constraint.

SHRI JANARDHANA POOJARY: No, no I will not exhaust. If I exhaust, I will not be fit to become a Member of this House!

Sir, coming to the rate of ... (*Interruptions*) Somnathji, I have something to appeal to the Ruling Party. I have never interrupted while others were speaking, and you have seen me also like that. (*Interruptions*). Yes, yes, we know that. (*Interruptions*)

The rate of investment was 23 per cent last year and the rate of saving was 21 per cent. Here, this positive performance of the Government of India, the positive performance of the people of India cannot be ignored, whereas we can say that it is an exemplary one. Sir, even the rate of saving of developed countries like America is not more than 10 per cent whereas we have got more than 21 per cent. Are we to condemn the people of this country? Are we to condemn the economies of these people? Are we to condemn the performance of our Administration, our Finance Ministry?

(*Interruptions*)

SHRI A. CHARLES (Trivandrum): This sort of running commentary should be expunged, Sir. (*Interruptions*)

MR. CHAIRMAN: It is all right. In order to speed up, kindly make your points.

SHRI HARISH RAWAT: (Almora): We are the real Opposition, they are the loyal Opposition.

SHRI JANARDHANA POOJARY: Sir, coming to mere dependence on the investment pattern, what is the percentage? Only 2 per cent. Can we say that we are running away from self-reliance? If we take the hypothetical position saying that if even all foreign countries would withdraw tomorrow their technological assistance, if they are going to

[Sh. Janardhana Poojary]

withdraw tomorrow their assistance—technical assistance and also financial assistance, what will be the position? Are we to stand on our own legs? Yes, the answer is, we can stand on our own legs. We are in a position to produce 30 to 40 million tonnes of crude oil in the country, we are in a position to produce 15 to 20- million tonnes of steel, we are in a position to produce 40 to 50 million tonnes of cement and we are in a position to produce to 117 to 170 million tonnes of foodgrains in this country. This is the strength of the economy. Our hon. Finance Minister is worried about the trade gap. Yes, there is a trade gap. We are also concerned about it. But what is the export performance? The latest performance is 38 per cent. It had never happened in the history of the country and the import growth rate in only 20 per cent. Now, the trade gap has gone down by 1,000 crores. Is it not an encouraging factor for any Finance Minister? Why should he create a scare in the country? Why should he do that? What is the purpose behind it? Let him produce the White Paper on it. We are not scared about it. Let the country know about it. We are for it, You cannot run away from that. He says debt trap is alarming. But we can manage, it is within the manageable limits and we have been managing it. Now, he is saying we are not in a position to manage it. "Then, why the hell you people have taken charge of it.

THE MINISTER OF FINANCE (PROF. MADHU DANDAVATE): I have never said it.

SHRI SOMNATH CHATTERJEE: (Bolpur): Sir, the word 'hell' is unparliamentary.

SHRI JANARDHANA POOJARY: It is alright. It is unparliamentary, I will withdraw it.

PROF. MADHU DANDAVATE: When you say, it is parliamentary'.

SHRI JANARDHANA POOJARY: Sir, he is a good parliamentarian and we have

got the highest respect for him. (*Interruptions*) Coming to the industrial-growth rate, let us compare the growth rate of our country with the growth rate of developed countries and the growth rate of developing countries. (*Interruptions*) This is the first time we are talking here and we have to bring to the notice of the people of this country what is the actual position of the economy. The growth rate of developed countries like UK from 1980 to 1987 is 1.6 per cent. So, we should be proud of our country and our people.

PROF. MADHU DANDAVATE: Mr Poojary, this is India's Supplementary Demands and this is not a general debate.

SHRI JANARDHANA POOJARY: We will come to India's Supplementary Demands also.

PROF. MADHU DANDAVATE: I am just pointing out to you in the past also during the Supplementary Demands we never raised a general debate. We raised a general debate only on Finance Bill, but on Supplementary Demands we never raised such a general debate. I just want to point out to you.

SHRI JANARDHANA POOJARY: In a developed country like U.K. the performance was 1.6 % France performance was 1.6% Germany's performance was 2.9% Canada's performance was 3.8%.

DR. BIPLAB DASGUPTA: (Calcutta South): May I know the source of this information and relating to which year?

SHRI JANARDHANA POOJARY: I will come to the World Bank report also.

SHRI SOMNATH CHATTERJEE: Somebody has given him those figures.

SHRI JANARDHANA POOJARY: Your Finance Minister is there. You are not in the Finance Ministry. He is competent to answer it. Please have the patience. (*Interruptions*)

[*Translation*]

SHRI HARISH RAWAT: If you act in this manner, we will also do the same. You are the leader of this group, at least, you should pacify them. This is not the way. If we also stand up in this manner, you will not be able to conduct the business. It is not good that you are doing. If you do so, we will, also do the same..

....(*Interruptions*)...

There is no threat. What you do, we will also act accordingly.

...(Interruptions)...

[*English*]

SHRI A.K. ROY (Dhanbad): He was a very experienced Finance Minister. I do not know what is the relevance of quoting World Bank report of 1987? How is it relevant?

SHRI JANARDHANA POOJARY: Why are you bothered about my quoting figures?

SHRI A.K.ROY : I am bothered about time.

SHRI KALPNATH RAI (Ghosi): Why are you interrupting unnecessarily ?

SHRI A. CHARLES : A lot of controversy has been raised about the economy. Therefore, we have a right on this floor to explain our position. (*Interruptions*).

SHRI A.K. ROY: It is better you quote the figures of developing countries.

SHRI JANARDHANA POOJARY: I will quote the latest report also. Please wait. (*Interruptions*).

MR. CHAIRMAN: I tell you, you are losing temper.

(*Interruptions*)

SHRI A.K. ROY: Why are you subjecting us to all this torture?

PROF. MADHU DANDAVATE: Mr. Roy, don't interrupt. Otherwise his speech will be longer.

MR. CHAIRMAN: I want to know one point, Mr. Poojary Now it is 7.30 p.m

(*Interruptions*)

MR. CHAIRMAN : You are interrupting even me ! In how much time do you think, you will be able to finish?

SHRI JANARDHANA POOJARY: I have got also the duty towards the nation. I was particularly the Minister of State in the Finance Department. I cannot let down my officers. I cannot let down the people of this country. I have to say what it is.

MR. CHAIRMAN: In order not to let down your officers, how much time do you require? I am trying to plan the time.

SHRI JANARDHANA POOJARY: I want half-an-hour.

MR. CHAIRMAN: You want half-an-hour more. Initially it seems it was agreed in the Business Advisory Committee that a total time of one hour be given to the supplementary demands for grants. Of that one hour, you have already consumed half-an-hour. If you take another half-an-hour, that means one hour is already gone. One has to take the sense of the House. Where do we go from here?

SHRI KALPNATH RAI: Ruling party is interfering.

MR. CHAIRMAN: You are entirely justified in saying that you are putting out the case. This is the first opportunity. Therefore, you want to indicate your position. At the

same time, there is something like time of the House. Can you help me by suggesting what should be done?

SHRI KALPNATH RAI: Tomorrow.

PROF. MADHU DANDAVATE: I suggest that he be given one hour and I require ten minutes for reply.

MR. CHAIRMAN: There are other speakers. You are not the only speaker.

SHRI KALPNATH RAI: Tomorrow.

MR. CHAIRMAN: If you interrupt him more, he will take longer time. I want the sense of the House.

SHRI SOMNATH CHATTERJEE: Why should he get half-an-hour more? There is one time-limit according to the party. It cannot be indefinite. (*Interruptions*). If the BAC has agreed to one hour, then the proportionate time he will have.

MR CHAIRMAN: Can you carry on?

SHRI JANARDHANA POOJARY: I am herein Shri Somnath Chatterjee. I should not say about it. It is just a double talk.

SHRI SAIFUDDIN CHOUDHURY (Katwa): On the supplementary demands, we never had a long debate and we from that side never demanded longer time.

SHRI KALPNATH RAI: Prof. Madhu Dandavate has spoken more and more on the subject. (*Interruptions*)

SHRI SONTOSH MOHAN DEV: (Tripura west): Even if you take half-an-hour, all of us will stay. We will be staying here. Let others stay. We will be here. We will get the Bill passed.

MR. CHAIRMAN: Can you very quickly

come to supplementary demands in terms of arguments?

SHRI JANARDHANA POOJARY: Yes. The growth rate during 1980-87 period was 3%. What is the percentage of our India? The average growth rate was about 5% and last year's growth rate was 9%. On we say that the performance of our people, particularly the people who are toiling in the fields and factories do not matter at all? Are we not proud of our own people and their performance?

Some people are critics. Persons like Prof. Madhu Dandavate when he was sitting here was telling that smaller countries have gone far ahead of our country. What is their performance? What was the state of affairs at that time when the present hon. Finance Minister was here. I would just like to answer that point. If all the multinationals companies of those small countries withdraw all their investment, the country will fall...

SHRI SOMNATH CHATTERJEE: Like a pack of cards. I am helping you.

SHRI JANARDHANA POOJARY: I know that. But it should come from you. So, this is the position. This is the difference between self-reliance and dependence on borrowed sources. This is the performance of the Government of India during the last five years period.

The industrial growth has gone up by 9 per cent last year. Up to this year, for six months it was about four per cent. During the last three months, because of election and other things, it has gone down. It is for the hon. Finance Minister to improve the position. He cannot run away saying that he is not in a position to do; he does not know what to do and saying that the state of economy is very bad. He can not say like that. We are not opposition this Supplementary Demand. We do not oppose it. On the contrary, we are

going to offer constructive cooperation to this Government in order to improve the economy of the nation.

SHRI SOMNATH CHATTERJEE: You give destructive cooperation.

SHRI JANARDHANA POOJARY: This is not destructive cooperation. It seems to you like that.

Sir, what is the statement made by the World Bank.?

You may kindly read the World Bank Report, 1988 contained in page nos. 91-93. It says:-

"India, for example, has seen an acceleration of industrial growth over the past three years coupled with impressive performance in manufactured exports which in the past years grew at a buoyant 25 per cent in value (over 10 per cent in real terms), despite severe drought and reduced growth in Gross Domestic Product."

There is another portion also which I just bring to your notice.

"Overall, the growth capacity",—of Shri Rajiv Gandhi and not Shri V.P. Singh— "to manage successfully and finance a massive emergency relief programme is strong testimony to the development progress that India has made over the past 25 years..."

This is the testimony, not given by Poojary, not given by Shri Somnath Chatterjee but by the World Bank. Considering this performance, what are we to do? The hon. Finance Minister was pleased to state and his party has gone to the extent of stating that they are going to write off the loans. Kindly go through the President's Address where they have gone back and they have stated that

appropriate steps will be taken to provide debt relief, not writing-off the loans. I am not against that. He has got the deficit. This deficit has gone by Rs. 1135 crores. Sir, you know that this is the third supplementary demand. I do not know how he is going to meet the demand arising from writing-off the loans. May I ask the Finance Minister: Is there any definite proposal to write-off loans up to Rs. 10,000/- and if it is so, by what time is he going to implement it? If he is going to implement it, whether he is going to come before the Budget with another Supplementary Demand needing budgetary support for writing off the loans and if at all, then what would be the charge on the economy?

Another thing which they have stated is that they are going to incorporate in the Constitution the right to work. That means they have to provide work for all the people, whether it is for educated people or for uneducated people, whether for skilled workers or unskilled labourers. If they are not going to provide employment, then they have to give unemployment allowance. He has to state this before the House and the country should know whether he is going to implement these promises, if implemented what would be the charge on the economy and whether he is in a position to meet it. It is for him to clear it; not for the Opposition.

Coming to another point, the Report of the Economic Advisory Council on the Current Economic Situation and the Priority Areas for Action says;

"In 1988-89 the economy rebounded sharply from the setback of the countrywide drought experienced in the previous year. GDP is estimated to have increased by 9% or more in real terms with agricultural production increasing sharply by 20% or so and industrial production recording a growth of 8.8%."

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Even there also they have highlighted certain deficiencies. So far as deficit is concerned, in a developing economy, to certain extent deficit is required. Last year our deficit was Rs. 7337 crores. Our former hon. Prime Minister Shri Rajiv Gandhi had promised to the nation that he will bring down the deficit. As promised, he has brought down the deficit from Rs. 8220 crores to Rs. 7337 crores. Even if there is deficit to the extent of Rs. 7000 to Rs. 8000 crores, it is manageable. But now you say that it is Rs. 10,000 crores. From your action it is very clear that you cannot confine to that figure also and you are going beyond that figure. It is going to be fatal for the economy.

The way in which they are proceeding, there is no direction. The Government is rudderless and practically nobody knows to which direction the Government is moving. One statement is given by the Prime Minister, another Statement is given by the Deputy Prime Minister, and a third statement is given by the Finance Minister. One statement is given at Chandigarh, another statement is given at Delhi and the third statement is given at Bombay. How are you going to reconcile? What is your policy so far as the economy is concerned? It is not our folly, it is your folly.

I do not want to take much of your time Sir. I will stock my points to other debates. The hon. Finance Minister has stated that he is going to provide 50% of the budget to rural India—a very pertinent point—as if they are doing it for the first time and as if the earlier Government has not allocated 50% of the budget to the rural India! Now, they are saying as if they are going to give a new thing to the economy.

Sir, you know as to what is the provision. The provision is Rs. 1,80,000 crores for

the Seventh Plan outlay. Now, let us find out, whether we have provided more than 50 per cent or whether we have provided less than 50 per cent. Now, in the Seventh Five Year Plan, for agriculture—both Centre and State—we have provided Rs. 10,574 crores. For rural development, we have provided Rs. 9,074 crores. For irrigation and flood, it is Rs. 16,979 crores. For special areas, investment, desert, tribal etc., we have provided Rs. 3,145 crores. For village and small scale industries, we have provided Rs. 2,753 crores. For minimum need programme component of education, health, housing, nutrition etc, it is Rs. 9,873 crores. For rural water supply, it is Rs. 1,201 crores. For fertiliser, it is Rs. 2,661 crores. For backward class, scheduled caste welfare schemes, it is Rs. 2,450 crores. For energy—even electricity is found in the rural areas—we have allocated 45 per cent. That is out of Rs. 54,822 crores,—both Centre and State—it is Rs. 24,540 crores. For social services, namely women welfare etc, who have allocated 40 per cent of the outlay. That is out of Rs. 10,756 crores, we have allocated Rs. 4,302 crores. For post offices, we have allocated 30 per cent, out of Rs. 295 crores. Then, for tele-communication, we have allocated about 10 per cent out of Rs. 4,530 crores, and for railways, we have allocated 15 per cent out of Rs. 12,344 crores.

So, it will be more than 55 per cent.

MR. CHAIRMAN: You have already consumed more than half-an-hour.

SHRIJANARDHANA POOJARY: Now, Mr. V.P. Singh is making statements, day in and day out and our Finance Minister is also making statements, day in and day out, saying that 50 per cent of the budget will go to rural India. Mr. Finance Minister, in the Seventh Five Year Plan, we have provided more than 55 per cent for rural India. If the Finance Minister is going to provide more than 60 per cent for rural India, then I can

accept that here is a Finance Minister who will stick to his words.

I thank the hon. Finance Minister, through you, Sir, for his patient hearing.

[*Translation*]

SHRI HARIBHAU SHANKAR MAHALE (Malegaon): Mr. Chairman, Sir, I was hearing Mr. Poojary's speech with rapt attention. He has been a Minister of Finance and has made a forceful speech. However, I would like to say only this much that 80 per cent people in the country are poor. As such the economic policy should be formulated keeping their interest in view. The previous Government had not formulated the policy properly as a result of which prices of all the commodities *viz.* sugar, tea etc. had shot up. But our Government, within 15 days of assumption office made efforts to bring down the prices and in fact that prices of sugar, tea and groundnut oil have come down. The economic policy of the country should ensure remunerative price to the farmers for their produce. A review should also be made at frequent intervals to ascertain the prices which the farmers get for their produce. I would like to express my thanks to the Government for its decision to take measures in this regard. My second point is regarding grant of loans to farmers and traders. The traders can offer maximum guarantee whereas the farmers cannot do the same. In this connection, I would like to suggest that while granting loans to farmers, the cost of their land and other assets should be taken into consideration and they should be granted loan for agriculture quickly. When the farmers receive loans in a phased manner, they spend the loan amount for meeting petty household requirements other than the purpose for which they secured the loan. In Maharashtra, you will come across a peculiar situation. If father draws loan for digging a well, his children and grand children have to make the repayment. Such was the policy

of the previous Government. It was a wrong policy which needs to be changed. That is why our Government has brought out a white paper on the state of economy in the country to make it clear as to what the previous Government had done in that field. It was an error committed by big people and no common man was involved in it. Hence, the House should know the contents of the white paper. I would, therefore, like to reiterate that economic policy should be in the interest of the farmers and for the general welfare of the people of this country. I am grateful to you for granting me time to speak.

SHRI RAM NAIK (Bombay North): Mr. Chairman, Sir, while supporting the Supplementary Demands for Grants, I would like to place my views before the House. Without going into the details of the economic policy, I would like to draw your attention to the Supplementary Demands for Grants only and also request the House to fully cooperate with me in this regard.

Mr. Chairman, Sir, there are only two points. Of these points, the first one is very important. There are three demands. First one for Rs. 830 crore, the second demand is for Rs. 300 crore which will be required for payment of dearness allowance to the defence personal and the third demand of Rs. 600 crore relates to grant of small loans. While drawing your attention as well as that of this august House to these points. I would like to submit that Rs. 300 crore relate to Supplementary Demands for the payment of dearness allowance to defence personnel. What I find is that in the notes it will be offset by surrender of an equivalent amount from the lump sum provision of Rs. 1000 crore made for dearness allowance payments in the grants of the Ministry of Finance. It has been further stated that the balance amount would serve the purpose. In this connection, I would like to know as to how this amount of Rs. 300 has been saved. The main reason behind this is that the working class gets

[Sh. Ram Naik]

dearness allowance on the basis of price index. But for the past two years the policy of the previous Government has been such that the system of computation of the price index did not reflect the correct position. Every effort was made to show distorted figures. As a result of which, though market prices went up but the price index prepared by the Government did not reflect the correct position. In this way the previous Government Committed a great economic fraud on the salaried class as they are granted dearness allowance on the basic of price index prepared by the Government. The computation of price index has been so faulty that in Bombay city alone, which I represent, the workers have suffered a loss of Rs. 500 crores during the last one year. These 500 crore rupees have gone into the pockets of the industrialists and capitalists of the city. Therefore, first of all, I would like to demand that the price-index should be re-structured and it should be computed on the basis of actual prices at which an ordinary person purchases commodities in the market. If the price index is prepared in this way, I would say that it would be the first right step taken by the new Government. Therefore, I would like to request the Minister of Finance to consider this point seriously. This demand has not been raised by me or by my party—Bhartiya Janata party alone but all the Central Trade Unions have raised it, whether it is Bhartiya Mazdoor Sangh, AITUC, INTUC of congress party or Hind Mazdoor Sabha and a big agitation was launched for this purpose last year. The previous Government did not bother for the feelings of the people. That is why they did not pay any attention to it. But this is the unanimous demand of all the employees. In view of this, I would like to request that price-index should be restructured. I was the Member of the Maharashtra Legislative Assembly and I raised this issue in the Assembly in the last session. The Minister of Finance and the Minister of La-

bour of Maharashtra had accepted my point and said that it was correct to say that price-index was prepared in such a way that it did not truly reflect the price-rise with the result that the workers were not getting increase in the allowances proportionately. Therefore, we are raising this issue before the Central Government. We had submitted a memorandum also to the Central Government in this regard. I would like to know from the Hon'ble Minister of Finance whether the Government of Maharashtra had raised any such demand before the previous Government and whether any memorandum was submitted by the Government of Maharashtra in this regard? If so, what are the views of the Government in this regard and whether the Government is considering to re-structure the price-index on scientific basis and while doing so, whether all the Central Trade Unions will be taken into confidence? I would like to request that all the Central Government employees' Unions and Central Trade Unions should be taken into confidence and a time bound programme should be formulated in consultation with them. If it takes six to eight months or more for this work to be done, the people will think that this Government too is not doing anything. Therefore, I would like to submit that it should be given immediate attention and action taken expeditiously. I would also demand that the price-index should be re-structured from the very day the new Government took over and the increased dearness allowance should be paid to the employees from that very day.

Mr. Speaker, Sir, it is my first point. Sir, in the state of Maharashtra, the word 'Maharaj' is very respectable. In your state, cook is also called 'Maharaj'.

PROF. MADHU DANDAVATE: You should appreciate that a Maharashtrian is speaking very good Hindi.

SHRI RAM NAIK: Mr. Speaker, Sir, my second point is that a provision of Rs. 600

crores has been made for the Small Savings Scheme. This item appears at Demand No. 3 in the Supplementary Demands. It reads as follows:-

[English]

"A supplementary grant of Rs. 600 crores for loans to States towards share of small savings which are matched by increased small savings collection is also sought."

[Translation]

20.00 hrs.

In this regard, I would like to point out that there is no indication in the Supplementary Demands as to the state-wise break up of Rs. 600 crores proposed to be allocated as loan. I want that state-wise break up should be given for the information of the House. At the same time I would like to say that gross injustice is being done to our State. The previous Government had made some changes in the guide lines in Small Savings from 1st April 1986 and as a result thereof of the State of Maharashtra has been subjected to gross injustice. This injustice has been done in the matter of Provident Fund contributions. Due to the changes in guide lines, the Government of Maharashtra has not been able to get a loan of Rs. 1600 crores during the last two years. This led to a large deficit in the State of Maharashtra. I would like that changes in the guidelines should be reconsidered and assistance to States should be provided accordingly. During the course of reconsideration, all the Chief Minister should be taken into confidence and consultations held with them. Last year, some *ad hoc* grant was provided to the State of Maharashtra by the Central Government. *Ad hoc* grant for the year 1988-89 has not been given so far. The Government of Maharashtra is of the view that the State should be provided with an *ad hoc*

grant of at least Rs. 150 crores on the basis of earlier guide lines. I would like to know the views of the Government in this regard. I would like to know whether the State of Maharashtra has any share in Rs. 600 crores proposed to be given as loan by the Central Government and whether the Government would reconsider the guide lines? The previous Government, which was instrumental in running the campaign for savings under the Small Savings Scheme, made some changes in it in April 1989 and discontinued the National Saving Certificate series 6 and 7. As a consequence the money got diverted to other field and the State Governments were deprived of the loans which they were receiving under Small Savings Schemes. Last year, Government of Maharashtra did not get Rs. 300 crores, which was to be provided to the State in seven months, because Small Savings Certificate scheme has been discontinued by the Central Government. In short, the State of Maharashtra has suffered a loss of Rs. 1600 crores due to the changes effected in the guidelines in 1986 and this State alone has suffered a loss of Rs. 1950 crores due to discontinuation of small savings and National Saving Certificate Scheme. It is just possible that other State Governments also might have suffered similar losses. The previous Government failed to discharge its responsibility to provide financial autonomy to the States and to make them self-reliant. I want that the new Government should consider it. For the sake of justice, I would like to submit to the hon. Ministry of Finance that previous Government gave step motherly treatment to the Government of Maharashtra and the State did not get even the sanctioned share of grant. The then Prime Minister Shri Rajiv Gandhi had announced a grant of Rs. 100 crores for the development of Bombay city during the Congress Centenary Celebrations. Five years have since passed and we were waiting eagerly that the State would get Rs. 100 crores but out of Rs. 100 crores only Rs. 40 crores were provided to the State.

[Sh. Ram Naik]

Besides, the interim report of the Ninth Finance Commission which was submitted to the Government 5-6 days ago, suggests that in view of the needs of Bombay city Rs. 50 crores should be provided by the Central Government by 31st March, 1990 for the development of Bombay. It also says that Maharashtra Government should also provide Rs. 50 crores as matching grant. It means in addition to Prime Minister's project, a scheme of Rs. 100 crores has to be formulated and the amount has to be spent by 31st March 1990. The recommendation of interim grant which has been accepted by the Central Government has not been reflected in the Supplementary Demands for Grants. I would like to know that when this amount has to be spent by 31st March 1990 why it has not been shown in the supplementary Demands for Grants? And when no reason has been given for that, how the Government will provide money?

In the end, I would like to say that small savings is a people's movement. The small savings of ordinary people are collected under this scheme. Therefore, this small savings scheme which has been discontinued should be extended instead. The Government should provide all encouragement in this respect. If the Government takes this steps, the economy of the country will prosper in the true sense of the word and the country will get a new direction. As I mentioned, you should do justice to Maharashtra and make announcement about the measures to be taken, not because you hail from this state but in the capacity of Finance Minister.

With these words, I support the supplementary Demands for Grants.

[English]

DR. BIPLAB DASGUPTA (Calcutta

South): Mr. Chairman, Sir I am making my maiden speech at the fag end of the day in front of empty benches and empty Press galleries. This is depressing enough. But even more depressing is the present state of the Indian economy which has been pushed to the brink of disaster. Our country's economy has been mortgaged to the foreigners. Our economic sovereignty has been compromised. The conditionalities which have been imposed by the foreign agencies are the ones which have become the national Economic policy of the Rajiv Gandhi Government and which we will have to discard. Just at this moment when I was in a very depressed state, there was some silver lining in the cloud and that silver lining came in the form of light entertainment which was provided by our friend Shri Janardhana Poojary. For example, he said, that there has been a qualitative change in the economic situation under Mr. Rajiv Gandhi. In fact, there has been a qualitative change but the change has been for he worse. Because although Mr. Janardhana Poojary seems to be an ardent supporter of self-reliance, exactly the opposite has happened which is why the country has become even more dependent on foreign resources, even more dependent on the diktats of the foreign agencies than it was never been before. So, I am finding it very amusing that when Mr. Poojary says if we criticise the economic policy of the previous Government, that would be an insult to the workers, to the peasants and to all the parties. I just could not understand this-how can the criticism of Rajiv Gandhi's economic policy be an insult to the Indian people? There is nothing wrong with the Indian people. Indian workers are fine Indian peasants are fine. What was wrong was the rotten Government of Rajiv Gandhi and his policies politics. So, the Indian people are not going to be upset by our opposition to the economic policies of Rajiv Government. They will not take it as an insult. In fact, it is an insult to them that despite all the resources they had, all the skill they had, those

abilities and assets were not utilised by them earlier. In fact, the economy remained one of the poorest in the world.

My friend Mr. Janardhana Poojary has quoted extensively from the World Bank report. He has been very selective in his quotations. He has chosen only those bits which he liked. He did not mention those bits which he did not like. Even the bits he liked, he did not understand. Regarding some of the figures he gave, he either did not understand them, or he misinterpreted them. Take the World Bank report. I just will mention one figure: GNP *per capita* which is supposed to be an indicator of the economic well-being of country. The World Bank listed 109 countries on the basis of that particular indicator. Out of the 109 countries, what is the position of India? The position of India, out of 109 countries, is 16th. But don't be happy: 16th from the bottom. That is what India had become under the Congress regime. What are the 15 countries which are below India? In Asia, Bangladesh is below India, of course. Nepal is after India. Maybe 1 or 2 other small countries are below India. But Pakistan? It not only defeats India in cricket; it also defeats India as far as GNP *per capita* is concerned. Sri Lanka? We can send our army to Sri Lanka; but Sri Lanka's GNP *per capita*, literacy, expectancy of life or mortality rate—take any indicator you like, Sri Lanka is way above us in terms of all the indicators. I am not mentioning Malaysia, Indonesia, Japan or Korea—not any of those countries. India is one of the poorest countries. (*Interruptions*) I am coming to China. You will be ashamed if I mention China. We are one of the poorest countries in Asia.

Come to Africa. There are only about ten countries in Africa which are poorer than India; and which are those ten countries? They are located around the Sahara: Semi-desert countries where there is a very high incidence of drought. There are the only countries which are lower than India. India is

one of the poorest countries in the world. This is despite the natural and human resources that we have; it is because of the policies which have been followed by the Indian Government for the last four decades. So, don't quote the World Bank report.

He has mentioned about the rate of growth. He has tried to show that the rate of growth of India is superior to the rate of growth in some of the developed countries in the world. Apart from the fact that any economist will tell you that it is much harder to maintain a high rate of growth at a high level of development, it is much easier to have a high rate of growth at the low level of development—any economist will tell him that, take the whole period of four decades in India there is a joke among economists world over that the rate of growth will never exceed 3% though they call it jokingly as the Hindu rate of growth. India has got a Hindu rate of growth of 3% whereas most of the developed countries he mentioned have exceeded that rate: 4% or 5% is usually the rate of growth of these countries over a long period. I am not saying that that comparison is valid, because in India's case we need a much faster rate of growth to overtake these countries, because we are 40 or 50 years behind them. We must have a much higher rate of growth to come anywhere near these countries. We will never be able to this, with the kind of rate of growth that we have.

Coming to this particular report, my friend Mr. Poojary has referred to the fact that there are some passages here and there in this particular White Paper where they mention about some success of the Indian economy. He deliberately did not mention the other parts which were very critical of the present state of the Indian economy and very strongly criticized the strategy which has been followed by the Indian Government and the Indian economy over the past five years. For example, he talked about industrial growth. What does this report say? It says:

[Dr. Biplob Dasgupta]

...the provisional data on the index of industrial production for April to August 1989 indicates a growth of only 3.8% over the corresponding period of the previous year, indicating a substantial deceleration in the industrial growth."

Then he mentions about the high rate of GDP in India: 9% and all that. This report says:

"It is unlikely that GDP growth in 1989-90 will exceed 4% in real terms."

I can go on quoting like this. It says that the condition has gone worse.

He mentioned about the improvement in the trade situation. He says that the exports are going up and that the imports are going down. He even mentioned about some kind of improvement in terms of trade deficit.

I will just mention here about a chart which is given in this report. You can see this chart. This chart clearly indicates that the deficit is actually growing; it is not coming down. It is actually growing. One can go on getting this kind of data for information from this report. But the fact is that it also says that the present trend is for the gap to grow. *(Interruptions)*

I will tell you. I will quote; since you are asking, me I will quote.

It says, "taking everything into account, the underlying import growth would look substantially larger." That is what this report says. I do not know where you were quoting from, whether some Minister has produced something in private—I do not know. This is the figure which is given in this paper.

THE MINISTER OF FINANCE (PROF. MADHU DANDAVATE): I did not tell him.

SHRISOMNATH CHATTERJEE: some ex-minister might have told him.

DR. BIPLAB DASGUPTA: In any case something is wrong with his statistics. There is a joke which I may narrate. There are three kinds of lies: Lies, down lies and statistics. My friend on the other side is quite aware of this thing and he has used some statistics, from where he got them, I do not know and misinterpreted some of them, and he has come out with these figures which do not mean much.

If you look at the prevailing situation in the commerce sector—I am coming to this broad allocation given here—the situation is very alarming. It is alarming because the foreign debt has amounted to Rs.83,000 crores. I do not know how this economy would be able to get rid of this high burden of debt. You have inherited—I am talking to the Finance Minister of this country—an economy which is in such a bad shape that it will be a hell of a job for him to really improve on it and lift it out of the problems—which have been created by the previous regime.

For example, foreign reserves may be taken. When Shri Rajiv Gandhi became the Prime Minister of the country, the foreign reserves in the country were of the order of 5951 million dollars. By the time he left the foreign reserves stood at 3542 million dollars. That was a decline of 41 per cent over the five-year period.

SHRI SAIFUDDIN CHOUDHURY: where did he take all that?

SHRI SOMNATH CHATTERJEE: Italy or Switzerland.

DR. BIPLAB DASGUPTA: Let us take the debt service ration. When he took over it was 9.2 per cent; by the time he left it was 23 per cent. The amount of debt service is Rs.

1100 crores when he took over and now by the time he left it was Rs. 7000 crores.

Let us come to deficit in trade account. In the Sixth Plan the deficit was 1.2 per cent of GDP. By the time he left it was 2.8 per cent, much more than double. So, what do these figures show? Not only that the country is now in a state where you have the burden of foreign debt which you do not know how to get rid of. Enormous internal debt is there. I do not know how this internal debt also will be taken care of. A severe debt trap, internal debt trap and also external debt trap—these are some of things which have been imposed on the country by the World Bank and the other agencies.

I forgot another interesting point which has been made by Mr. Poojary. He says that the rate of savings has been quite high, about 21 per cent or so. What he did not say was this, that it was higher earlier, it has gone down, and that this particular report expresses concern about the decline and stagnation in the savings ratio.

I can go on like this. Now coming to China, one of the friends on the other side asked about China. I suggest that you do not talk about China. In 1949 when China became liberated people talked about a race between India and China—India pursuing the path of capitalism and China pursuing the path of socialism. They all said, "Let us see who wins". And in 1949 in terms of production of the basic material—whether you take iron and steel or coal or other things—actual output there was not much. Just, now between China and India, if you look at the figures you will see that in terms of most of the indicators, China produced four times, five times, six times more than what India does. Both of them started from the same base. India and China I mean. China is now producing much more than India does at the moment. Not only this, if you look at the food production figure, China is three times bigger than India but the cultivated land available in India is bigger because India does not have so many deserts, mountains, and all that. Still China produces

more than double the food which is produced in our country. So, what I am saying is this. Let us not go into the World Bank report, let us not go into the kind of comparisons which would not hold under proper examination. If you look at the present state of the economy, you will find that it is in a very serious stage. I would very much sympathise with the Finance Minister, who has taken over the reins because he is not going to find his job very easy. His task is a very unenviable one. I would rather give a word caution. A word of caution is this. One of the major mistakes made by Mr. Rajiv Gandhi was opening up of the economy. He opened up the economy; imports became too high; exports were increasing but not at the same rate as imports. The gap became enormous, which meant the country became dependent on the foreign sources. They imposed their conditionalities. That became the national economic policy. Now, what is happening today? This opening up of the economy has also led to the penetration of the multi-nationals in terms of Pepsicola and other deals. The point that I am making is this. I heard of the statement of Prof. Dandavate. I do not know where it appeared. I do not remember it. He said that the economy would be even more open than it had been under Rajiv Gandhi's. I do not know whether he was properly quoted. If not, please correct me. I find that that will be very very alarming because it is very important to control the imports. In this report, another point has been made and it is very important. It is said that whatever industrial growth has taken place has been for the benefit of a small section in the Indian population, the richer section who can consume expensive consumer durables... (*Interruptions*)

THE FINANCE MINISTER (PROF. MADHU DANDAVATE): When I used the words 'openness in the economy', I said that there will be no clandestine transactions...

(*Interruptions*)

DR. BIPLAB DASGUPTA: That is fine. It also says that all the consumer durables have high import intensities. Unless you

[Dr. Biplab Dasgupta]

control the imports to a certain extent, unless you curb the consumption of the richest section of the population, unless you make an attempt to bridge the gap between imports and exports, the country will be in for a serious trouble. Even a country like the United States is closing their frontier. They are imposing restrictions on imports. They are becoming more and more protective. In fact there is a fear running throughout the world economy—supposing the United States become even more restrictive in order to adjust their balance of payment difficulties, then what will happen to the rest of the world. When even the United States itself is going for a very restrictive policy, for us to open up the economy would be very risky. On the other hand there is need to be very cautious about the judicious use of our foreign exchange and also to see that imports are not wasted. A lot of imports are actually wasted. Also enough attention has to be given to the export promotion so that the country's economy can recover from the damages which had been inflicted on it by Mr. Rajiv Gandhi's Government.

Before I conclude I will just make two more points. One is the demand for fertiliser and water resources. It is a very right one, more so because in the last Budget of the country to Parliament in last April, the real expenditure on agriculture and irrigation actually went down. I do not know to what extent that reduction in real expenditure has been partly compensated by this augmentation here in terms of fertiliser and water resources. There is a word of caution about fertiliser. The World Bank lobby, International Monetary Fund and then some of the economists in the Planning Commission want the fertiliser subsidy to be taken away. They want the subsidy to be cut. I will be very much opposed to it. My Party will be opposed to it. The organisation also which I represent, All India Kisan Sabha will be opposed to it because we think that if the subsidies are cut, that would mean either the consumer will have to pay a higher price or the agriculturists will have to accept a lower price. Both

will be wrong. For this reason, there should be no cut in the subsidy. I would request the Minister to take into account this point.

As far as Defence expenditure is concerned, I will just make two points. One is that it is possible to reduce the Defence expenditure by improving relations with the neighbouring countries. The Government of India has already taken some initiative in this direction, whether it is China or Pakistan or Nepal or other countries. I think we should take things very seriously in terms of avoiding whatever expenditure can be avoided as far as Defence is concerned because Defence expenditure does not produce anything for the economy. So, for that reason, if this expenditure can be reduced by improving the relations in terms of a collective understanding with the countries in this region, that will be good for all of us and that is something which should be taken into account. I am sure, under this new regime there will be no kickbacks, no money stashed away in the Swiss bank accounts and this kind of things would be avoided, and if it is avoided, of course, that will make our Defence much more effective with the same amount of money. It might even be possible to reduce the amount spent on Defence. Thank you very much.

MR. CHAIRMAN: Shrimati Geeta Mukherjee. We hopefully will be concluding by 9.30.

SHRIMATI GEETA MUKHERJEE (Panskura): Mr. Chairman, Sir, since I am committed to brevity, I rise, first of all, to support the Supplementary Demands and take this opportunity of wishing the revered Finance Minister a successful career in his very difficult circumstances. I will observe on three points within two minutes. One is regarding Demand No. 8, that is, Cash Compensatory Support. I wish the hon. Minister will examine as to whom this Cash Compensatory Support is going and, if possible, to giving aid to the rural agricultural industries which can be brought into export.

Secondly, I do not grudge the Supple-

mentary Demand on Sulej Canal, but in this respect I would request the Finance Minister in future to think about declaring Tista project as a project of national importance so that Central Government can bear its cost and West Bengal can put its own resources to really improving the production by providing smaller irrigation projects in wider areas.

My last observation is regarding tele-communications. West Bengal's particularly Calcutta's as well as other districts' almost dead telecommunication systems can be brought into some life through really absolutely changing its very age-old equipments. I believe the hon. Minister will give his attention in future to this.

With this, I support these Demands.

MR. CHAIRMAN: Thank you very much.
Mr. Banatwalla.

SHRI G.M. BANATWALLA (Ponnani):
Mr. Chairman, Sir, I will be very brief.

MR. CHAIRMAN: As brief as Mrs. Mukherjee was?

SHRI G.M. BANATWALLA: Yes, as brief as she was.

We have just heard our Janardhana Poojary on this side and also Dr. Dasgupta, and I was wondering that our Janardhana Poojary who also worked under the then Finance Minister, V.P. Singh, was complimenting him for the present state of economy and our Dr. Dasgupta was criticising the then Finance Minister for the present state of economy. They both scored off. I have just risen to wish well to our Madhu Dandavate Ji, the present Finance Minister, to congratulate him and just to make a point that now every time talking about who did what, is not going to save the situation. Let us grapple with the situation.

The present Government will be judged according to its own performance. With such an able person as Madhu Dandavate Ji—Madhu also and Dandavate also—we are

hopeful that there will be a balanced developed approach to the entire situation. Wishing him well, I may only say that the Supplementary Demands involve a cash outgo of Rs. 836.35 crores. I have risen only to strike a note of caution. Who is responsible is not the question. But unfortunately, the budgetary deficits are going out of control. And right now we are in a difficult position—if I am not wrong, the economists and other experts say that budgetary deficit should not cross more than 1.5 per cent of the G.D.P., but here we find, even it was brought out in this paper also, that the revenue deficit has gone well above 3 per cent of the G.D.P. Now, that is a serious situation that requires strict budgetary control over deficits and I must ask the hon. Finance Minister as to what measures are there in his mind in order to have this strict budgetary deficit control.

Now, Mr. Chairman, Sir, I may briefly refer to Demand No. 12 which is with respect to tele-communication services. I have nothing to oppose that Demand as such. My point is that not sufficient material has been given along with the details of this Demand in order really to help the Members to make up their minds as to whether it is justified or not. So, it is a technical objection that I make that when you come with the Supplementary Demands it is necessary that all the relevant details should be given in order to enable the Members to come to a conclusion as to whether the particular Demand is or is not justified. We are told that "11 projects each costing Rs. 50 lakhs and above as detailed below which were not budgeted originally have been taken up now on the basis of post-budget developments." Why were not they taken up originally? What were those post-budget developments? What are the basis on which you selected only these nine projects and none others? We are simply in the dark, we know nothing. In the future please see that all the relevant details are given. I do not want to oppose these projects, but I must make it a point that for example, in my own constituency we have such pressing need for projects, but they are not being taken up. Some projects were taken up, a telephone exchange is commissioned for example, at

[Sh. G.M. Banatwalla]

Tanalur in my constituency. We pursued it, it was granted, a telephone exchange was commissioned with a capacity of 100 connections, but only 56 connections were given and now we are being told, 'No material'. Now, what is the idea? Those projects with capacity are not being fully utilised and new projects are being taken up. Similarly, at Tanur telephone exchange, with upgradation, with a capacity of 900 connections, hardly 200 are given and we are told there is 'No material' and therefore, there is no maximum utilisation. At the same time we have the Supplementary Demands for newer and newer projects being taken up. So, this is a chaotic state of affairs. I must insist upon a proper balanced development, I will not go on multiplying all these instances, we will approach the relevant Minister also there, but then we want to draw your attention to this particular fact. Pull them up also to see that there is a maximum utilisation of resources.

With these words, I wish well the Finance Minister in order to see that there is real development, economic development, of our country. Thank you.

MR. CHAIRMAN: You have a cut motion. Is it not?

SHRI G.M. BANATWALLA: Yes.

[Translation]

SHRI HARISH RAWAT (Almora): Mr. Chairman, Sir, I support the Supplementary Demands for Grants subject to three conditions. First, the payment of dearness allowance, for which grant has been sought should be made in time. A payment of 30 days ad-hoc bonus to those who fall in this category, and for which funds have been demanded, should be made. Besides, regarding the ex-defence personnel, the Government has promised to implement one-rank-one pension scheme but in the Supplementary Demands for Grants, no mention has been made of it and it seems that the matter has

been forgotten. Therefore, the Government should try to take steps to fulfil it. Similarly, if share of states in small savings is increased from proposed 75% to 90%, it would prove beneficial for backward states such as Uttar Pradesh, I have no hesitation in supporting the supplementary Demands. I have prepared a charge sheet against the Government. First I thought that I would get it prepared by the best legal luminary of the House Shri Somnath Chatterjee but when I found that he was in a semi-defection condition, I got it prepared with the help of Shri Kalpnath Rai. My charge sheet is that an effort to create an atmosphere of awe in the economic field has been made through issuance of White Paper on Indian economy. The Government has invited economic stagnation through it and it appears that the Government intends to kill two birds with a stone in its cover. First, that they want some sort of pretensions for not fulfilling all the numerous promises made to the people at the time of elections so as to gain time for it because it was pledged in their manifesto that all promises would be pledged in their manifesto that all promises would be fulfilled immediately after elections. But I feel that they are in search of some sort of escapist route. Secondly, they want to find out a way get loans from foreign countries or international institutions. For a socialist Finance Minister, some or the other pretext are required. All right, I consider it as the weakest point in my charge-sheet. This apprehension of mine got strength from the time chosen by the Government to issue this White Paper which was issued just before the Assembly elections. People will make them reply as to what measures they have taken to fulfil those election promises. In order to satisfy the people, they will take the shelter of the White Paper. The Government should initiate the discussion in the House. It should be answerable to the House and if need be, sitting of the House should be extended beyond 29th of this month..(Interruptions).....Despite presence of an eminent lawyer like V. Pallav Das Gupta in the House from their side, we are prepared to say that both the sides should present their points so that the people of our

country may know the fact. Before I conclude, I would like to say that this White Paper issued by the Government deserves no attention and I apprehend that after some time it may prove to be a black paper. It seems to me that it may become a black paper within 3-4 months. After all, they are 'Kal Patra' expert and I am afraid that this might prove to be 'Kal Patra' (death warrant) for them. Three conditions put by me should be considered. Subject to these conditions I support these Supplementary Demands for Grants.

[English]

SHRISONTOSH MOHANDEV (Tripura West): Mr. Chairman, Sir, at the very outset, I congratulate Shri Janardhana Poojary on making his maiden speech as Opposition Member and also Shri Biplab Dasgupta. Both of them have done well from their Parties' point of view. But I would request Prof. Madhu Dandavateji to consider one point. A good number of articles are coming in the National Press, specially in the Eastern India—not by political men but by journalists—that there is an attempt to put economic pressures on the Northeastern States to achieve political gain. I sincerely believe, it would not happen since you are the Finance Minister of the country.

The Northeastern States depend on the Central Government in their economic development and most of the States do get 70% to 90% of finance as grants and others may be getting little low. Keeping that in view the financial position of Arunachal Pradesh, Manipur, Meghalaya Mizoram and Tripura, there is a tendency in the Finance Ministry by some jovial officers to tell our Government officials, that "We have to consider whether money will be released". It is bringing a crisis. Therefore, whatever has been committed, whatever has been possible for you to pay should not be stopped from political consideration. This is my only appeal to you.

20.42 hrs.

THE MINISTER OF FINANCE (PROF. MADHU DANDAVATE): Mr. Chairman, Sir,

because I announced the decision to have the Vote-on-Account in the next session, and the Budget Session later on, probably with vengeance our former Finance Minister decided to initiate the Budget discussion in anticipation. I have no grouse. On economic and financial matters, I do not want to carry any political acrimony at all. Issues have to be discussed coolly and I would only like to point out to him that if at the outset I have pointed out rule 216 of the rules of procedure, it is because rule 216 is specifically framed to ensure that all basic discussions on economic and financial matters take place during the general debate, Finance Bill, Appropriation Bill and general discussion under rule 193. I would only like to remind him—I do not want to make any allegation against him. If you go through all the past debates even when I was occupying the Opposition Benches, I made my major contribution on economic policies, during the General Budget Debate, on Finance Bill debate, on Appropriation Bill debate and also when I initiated discussion under rule 193. I scrupulously stuck to the discussions during supplementary grants on specific items which were raised, and also in that context, we raised certain issues. In this context, I am very happy, that Shri Ram Naik and also others scrupulously stuck to the items that were raised.

But since some of the issues have been raised, if I do not touch them at all, our friend, Mr. Poojary may feel that I am shaken and I am panicky and that is why I am trying to avoid the debate. I am the last man to avoid debate. In the last several years, I think, maximum special discussions under rule 193 have been under my name. I have never avoided debate. I have always welcomed it.

Shri Poojary tried to point out to the House that I am shaken and I want to create an atmosphere of panic. If I am holding the Finance portfolio, even from the selfish angle, it is not advantageous for me to create an atmosphere of panic. On the contrary, it is advantageous for me to create a spirit of confidence, strength and stability in the economy because that alone will be able to

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serve the much proclaimed objective of self-reliance. You tried to indicate a number of indicators...

SHRIKALPANATHRAI: But your Prime Minister is misleading.

PROF. MADHU DANDAVATE: Nobody is misleading. I myself and the Prime Minister are talking exactly in the same tune. Only you are trying to put different interpretations. Any-way I do not take your allegation very seriously.

Friends, I was just referring to this. Shri Poojary tried to give certain indicators to indicate that everything is all right as far as the economy of the country is concerned. He tried to indicate what is the growth rate. He tried to indicate 30% increase. He tried to indicate 20% increase in imports and by quoting a number of figures, he tried to indicate that we are going in the direction of self-reliance.

SHRIJANARDHANA POOJARY: Is it a wrong figure?

PROF. MADHU DANDAVATE: No. I am coming to that. Let me put the interpretation. I have very carefully listened to you.

SHRI JANARDHANA POOJARY: We do not want to interfere in your maiden speech.

PROF. MADHU DANDAVATE: No. This is not my maiden speech. This is my speech for the nineteenth year of my parliamentary life. This is not at all maiden speech. I do not accept that. But I am trying to tell you that I have not challenged your indicator but I am trying to put forward before you certain background material which will indicate that the economy is not as stable and as strong as you tried to interpret. For instance, you talk of self-reliance. What a tragedy of our time that as far as our external borrowings are concerned, even the document you have quoted has candidly accepted that the exter-

nal borrowings in the country are Rs. 83,000 crores and I have not the least doubt... (*Interruptions*). Wrong or right you decide. Not only that. But by the end of the financial year, I am afraid, this will be about Rs. 100,000 crores. That will be external debt. It is accepted by all the economists—I would like to quote Mr. Gupta here that all the economists have accepted that as far as the external debts are concerned, 20% debt service ratio is the set limit. It does not go only beyond 20%. But if you take the NRI contributions and also external borrowings which, by the end of the financial year are likely to be Rs. 100,000 crores....

SHRIJANARDHANA POOJARY: Here, whether the Finance Minister can say, that we have been the defaulters at any time? What is our standing in international market? Whether we are not in a position to secure the loan at commercial and reasonable rate? Yes. But there is debt service ratio. It does not mean that we are in an alarming position. We have never been defaulters. We will strengthen the economy. This is our strength in the economy. Because we do not interfere in his maiden speech, he felt that growth rate in exports has gone over 38% and, for your information, up to August, our trade gap has gone down by Rs. 800 crores. Latest position is Rs. 1,000 crores. You strengthen it. This is the position. You are the Finance Minister of the country.

PROF. MADHU DANDAVATE: I hope you will yield to me and not again and again get up. Let me develop the theme and, after that, if you have any objections, you can raise them. I am trying to develop an argument. Though you take an isolated figure and try to put your interpretation and what I am trying to point out is that as far as the foreign borrowings are concerned, economists have accepted that 20% debt service ratio is the safe ratio. We have gone beyond a few years and accepted 23% and, I am afraid that if our foreign borrowings go to the extent of Rs. 100,000 crores the debt service ratio is likely to cross 30%. What would it mean? It would mean one third of the foreign exchange earnings that we will be getting

from our exports, we will be able to spend not for the developmental activity of the country but they will be spent mainly in the interest payment to the countries. One of the professors of the Gokhale Institute, Prof. Dandekar has said "Very often to me, it appears, that we borrow to pay." That is what is happening today. This is one dangerous one. But I do not want to create a scare and merely saying that we are defaulters or not does not absolve us from the burden. Prof. Gupta used the term debt trap. Many people have been using the word debt trap and we are very close to that and, therefore, we will have to avoid that. This has been much talk of International Monetary Fund. I wish to make it explicitly clear that if we talk of self-reliance, as we increase the degree of self-reliance in the country, the degree of foreign external borrowings will go down and even where we are forced by circumstances to borrow, my government will observe the norms. Even from some financial institutions, by force of circumstances, if we are likely to borrow, we will try to avoid that. We will never accept the conditionality which will actually destroy the basic policies of the Government and they will be humiliating as far as nation's honour and dignity is concerned. My contention about the IMF is the IMF loan was accepted with a conditionality. That means that we have become the bonded-labour of those from whom we are getting the loan. That is exactly what is objectionable. They try to "prescribe for us and say: you try to freeze the Direct Taxes." They try to tell us: "You change your Bonus pattern." They try to tell us: "Change your arrangement about those subsidies." They try to tell us: "Give more encouragement to the multinationals." They also obliquely try to suggest that let there be devaluation. We will never accept such a conditionality. That is one important aspect.

As far as the inflationary pressure is concerned, it is an accepted fact that greater the widening deficits, greater will be the inflationary pressure on the economy. I hope my friend Mr. Poojary will admit it. The other day while I was speaking in the beginning in reply to a question, I said: "There are various targets which the previous Government has

fulfilled. But there is one target they have overhit the target and that was the target of deficit financing." In the last Seventh Five Year Plan, in the course of the entire five years, the target fixed for the deficit financing was of the order of Rs. 14,000 crores and with one year left for the completion of the Five Year Plan, the deficit financing was had crossed to Rs. 27,000-30,000 crores. When we are having such a widening deficit, it is bound to cause an inflationary pressure on the economy and therefore this is also one of the reasons why despite some good crops earlier, whatever was achieved, it was neutralised at a later stage. So, these deficits are to be curtailed. It does not mean whether 'X' is in power or 'Y' is in power. Our economists have accepted that deficits go up to such an extent and in that case they are bound to have inflationary pressure on our economy. Therefore our entire approach and perspective will be to contain the deficit financing. When we have to do that, it is an accepted fact that the money supply is increasing. Production level is not in tune with the money supply increase and as a result of that, we find that the inflationary pressure on the economy is there. Therefore, we will have to go out of the way to see that extravagance in our country and in our economy is avoided so that we will be able to contain the increase in the money supply in our country which will be in tune with the production level and thereby we will be able to contain the inflationary pressure.

Sir, he has quoted a number of figures. I wish he had quoted the figures from one of the Reports which was laid on the Table of the House during his own Government and that was the Report of the Institute of Public Finance and Policy. That Report was laid on the Table of both the Houses of Parliament and that Report said: "Excluding smuggling, blackmoney is of the order of Rs. 40,000-50,000 crores. "If that is the order of blackmoney in the country, in that case there is bound to be an parallel economy which will exert an inflationary pressure on our economy and to that extent, the price rise will go up. Therefore, one of the problems of containing the inflation in the country is also

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containing the blackmoney proliferation. I am not going to elaborate just now what concrete steps we are going to take. I was shocked and surprised the other day when the former Finance Minister asked me a question with months in advance before the budget. He asked: "Will you like to have demonitisation in the country?" Demonitisation is a shock treatment. It is not a treat that is announced in advance like a treatment for cancer. It is not the way we go in with that. But he wanted me to say that. I will not elaborate the various steps that we are likely to take to contain blackmoney economy which will reduce the inflationary pressure on the economy and a lot of problems can be solved. So, this is the broad perspective.

Then, he referred to the growth. I do not want to go into general problems. We can have a general discussion. But since he referred to growth, I would like to refer to one particular perspective of our new Government and for the moment for that reason, all forces which are Left to the Centre, they have been adopting a common strategy and perspective. What is the perspective? As a Finance Minister, I will continue to ask myself even as a Finance Minister: not how much growth but growth from whom? We are not interested in the elitist growth in the country. We reject the percolation theory. We reject the trickling theory. Today, the traditional thinking of development and growth is: Let there be elitist growth at the higher echelons. Let the gains of development percolate down and trickle down and those at the grass-root level, let them stand with a begging bowl in their hands...*(Interruptions)* Please do not obstruct.

SHRI JANARDHANA POOJARY: Sir, the hon. Finance Minister has stated that he is not interested in the growth.

PROF. MADHU DANDAVATE: No, I did not say like that.

SHRI JANARDHANA POOJARY: I

mean growth in the production. There should be demand for the production, then only can we compete in the international and also in the internal market. If there is no demand and if you are going to produce certain things which are not of the market's interest, then they are not going to be attracted in the market. I would like to know whether he is going to produce such goods for the international market to gain the foreign exchange. He has to find out which is the product that is required by the market and that is the kind of growth which is required

PROF. MADHU DANDAVATE: I was coming to that point, but the former Finance Minister is very impatient. Let me develop that point. I said, I will not ask to myself the only question as to how much growth. I want growth, but growth for whom? There is a vertical growth, there is a horizontal growth, there is growth for the elitist and there is growth for the poor people. When we try to encourage certain commodities—I am sure many amongst you will accept and my former socialist colleagues will also accept—we are not interested in the manufacture of those luxury commodities which might be for the consumption of the elitist section of the society, but we are more interested in augmenting and manufacturing those commodities which are required for mass consumption so we reject totally the trickling theory. We do not want the people at the grass-root level to wait with begging bowls for the gains of development to percolate from the top to come to the bottom because that would not be any gain for the lowest class at the grass-root level. We reject that theory. Therefore we want the better orientation of growth, not merely the numerical aspect of growth but the qualitative aspect of growth in favour of the toiling millions in the country. That is the anti-poverty approach which we would like to take, and that is our perspective. If you take this totally of the perspective you will understand what is the distinction between your perspective and our perspective. I only summarily tried to point out these problems because this is not the major portion of the subject on which we are discussing.

I am very happy that some of the Members have referred to certain specific questions. For instance, after Shri Poojary, Shri Ram Naik pointed out that as far as our allocation for DA payment is concerned, we have supplementary demands.

SHRIJANARDHANAPOOJARY: What about writing off the loans?

PROF. MADHU DANDAVATE: I have already referred to that in one of the questions. If you want me to repeat everything, for instance right to work, loans and all these issues, in that case the supplementary demands for which I am rising before the House I think will go in the background and a general debate will proceed. I will face those issues also. I have already replied that question in one of the Houses of Parliament. There is another question which is coming in the House and I will give an elaborate answer as far as that problem is concerned. I have also talked about it in the Press.

There are certain aspects to which Shri Ram Naik had touched. For instance we have made certain allocations for the payment of DA. He has rightly said that the DA is given on the basis of indices which are computed on the basis of the outmoded model. There was the Raj Committee and there were so many other Committees also. They wanted the reconstruction of the indices. I can assure them that our Ministry will examine in depth this particular problem of revising the index in such a manner that it must correctly reflect the inflationary situation in the country and the working class can gain by that.

He has talked about the loans. He said specifically Maharashtra and other States, how much they get by way of release of loans. Releases are made to States on the basis of the actual net collection in each State. The present supplementary demand is on the basis of the overall trends of collections so far. How the amount will be distributed among States cannot be stated at this stage; but we will examine that problem in depth and I shall write to him separately to

point out what will be the quantum that will be available for Maharashtra and also for the respective States where the loans are to be released.

Then there is one more problem to which I would like to make a reference. There was a reference particularly to Defence. I almost share Das Gupta's analysis—as far as Das Gupta is concerned I fully share his perspective of the economic thinking—and therefore I do not want to go on saying, I agree with this or that. There is one aspect to which he has made a reference and I think it is very relevant and we will examine it in depth. As far as Defence is concerned, very often we try to appeal to the nationalist sentiments and say that every time the Defence expenditure must go up.

21.00 hrs.

But defence expenditure is also a function of our external affairs policy—foreign policy. What attitude we take towards our neighbours—whether we have got the friendly relations with our neighbours or not—will also determine the quantum of the defence expenditure. It will be the constant endeavour of my Government to ensure better and friendly relations with our neighbours, including China and Pakistan so that there shall be no mutual threat by these countries to each other and by the amicable understanding, we should be able to contain our defence expenditure. Also it is a tragedy that if we look at the total defence expenditure, the major component of that is the import component that we have to spend as a result of the sophisticated defence equipment which we import from foreign countries. We are nowhere near self-reliance in defence. Therefore, with the full cooperation and the sanction of this House,—I think on that nobody, neither the Congress nor the Janata Dal differs—we will make earnest efforts to see that greater degree of self-reliance is obtained in the field of defence, so that we will be able to contain the defence expenditure which is also one of the sources which exports an inflationary pressure on our economy.

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As far as Shri Santosh's suggestion is concerned, he is right that we should not try to utilise the political leverage out of the assistance that we are giving to hilly States or backward States and I can assure him that while giving the legitimate assistance to the States in the North Eastern States, we shall never try to exploit the political...

SHRI MANORANJAN BHAKTA (Andaman & Nicobar Islands): Islands should also be considered as backward.

PROF. MADHU DANDAVATE: Yes. That is right. I think Islands which exist today are also considered as backward areas and backward regions.

I do not want to say derisively, but in terms of the economic development, whether it is Andaman or Lakshadweep, all these areas and regions are considered as backward and you can be rest assured that while extending this financial assistance to north eastern region or any other backward regions, no political leverage will be utilised and we will judge the issue only on the degree of backwardness and the requirement of that State.

Sir, as far as all other demands are concerned, there is a foot-note below every demand. We have tried to provide rationale for having that particular demand and as a result of that, taking into account the recovery savings and other factors, we have said that outflow will be only of the order of Rs. 820 crores. It is only a marginal amount that we have asked and I am sure that this House will not be divided.

One more point is there which I have forgotten to make. Our friend Shri Banatwalla has extended his full support to the demands. He has only pointed out that for communication department, certain demands are sought. He said that certain projects are neglected particularly in the Constituency which he has mentioned. I only try

to tell him that besides those projects for which we have made the demands, in his Parliamentary Constituency also, there are certain projects on which expenditure is there. But we will try to augment that expenditure in times to come. For instance in Tirur, Tirur Exchange is a 1000 line exchange having 933 working connections. There is an expansion plan to convert this exchange into 3000 lines by 1991-92.

SHRI G.M. BANATWALLA: This is getting bogged down because of the bureaucratic approach and unrealistic terms about the acquisition of land and all that. So, I hope that you will give necessary directions to see that these projects are also expeditiously carried out, over there.

PROF. MADHU DANDAVATE: If these projects are bogged down by bureaucratic approach, I will give a touch of a Ministerial approach so that actually whatever is stuck up will be removed.

Similarly, Tirurangadi, Perintalamanna, Kuttipuram, Edapal, Tanur and Kalpakancherry projects are there. You can be rest assured that as far as these projects—exchange projects, communication projects—are concerned, if we find that whatever allocations are found inadequate, our general strategy will be that we will not spread away the allocations on a large number of projects, we will take up those projects which are ongoing projects, try to give them better allocations, see that the gestation period is reduced, try to complete them and commission them within the definite time and when they are completed, we will go on to the next working project, so that that will give the optimum results. That is the assurance that I would like to give to Mr. Banatwalla.

SHRI G.M. BANATWALLA: Thank you very much.

PROF. MADHU DANDAVATE: I accept your thanks. I don't think at this late hour in the evening anything more is needed. I am thankful to the hon. Members. I am also satisfied that I have said enough.

I once again thank all the Members of this House who have extended wholehearted support. (*Interruptions*) The hon. Member has put forward certain demands. In substance, those demands will be met. I appeal to the House to pass these demands unanimously. Thank you.

MR. CHAIRMAN: I shall now put the cut motion moved by Shri Banatwalla.

SHRIG.M. BANATWALLA: I seek leave of the House to withdraw my cut motion.

MR. CHAIRMAN: Is it the pleasure of the House that the cut motion moved by Shri Banatwalla be withdrawn?

SOME HON'BLE MEMBERS: Yes.

The cut motion No. 1 was, by leave, withdrawn

MR. CHAIRMAN: I shall now put the Supplementary Demands for Grants (General) to the vote of the House. The question is:

"That the respective supplementary sums not exceeding the amounts on Revenue Account and Capital Account shown in the third column of Order Paper be granted to the President out of the Consolidated Fund of India to defray the charges that will come in course of payment during the year ending 31st day of March, 1990 in respect of the following demands entered in the second column thereof—

Demand Nos. 5, 8, 12, 15, 16, 17, 18 and 78."

The motion was adopted

21.07 hrs.

APPROPRIATION (NO. 6) BILL*

THE MINISTER OF FINANCE (PROF. MADHU DANDAVATE): I beg to move for

leave to introduce a Bill to authorise payment and appropriation of certain further sums from and out of the Consolidated Fund of India for the services of the financial year 1989-90.

MR. CHAIRMAN: The question is:

"That leave be granted to introduce a Bill to authorise payment and appropriation of certain further sums from and out of the Consolidated Fund of India for the services of the financial year 1989-90."

The motion was adopted

PROF. MADHU DANDAVATE: I introduce** the Bill.

I beg to move ***

"That the Bill to authorise payment and appropriation of certain further sums from and out of the Consolidated Fund of India for the services of the financial year 1989-90, be taken into consideration."

MR. CHAIRMAN: The question is:

"That the Bill to authorise payment and appropriation of certain further sums from and out of the Consolidated Fund of India for the services of the financial year 1989-90, be taken into consideration."

The motion was adopted

MR. CHAIRMAN: The House will now take up clause by clause consideration of the Bill. The question is:

"That clauses 2 and 3 stand part of the Bill."

The motion was adopted

Clauses 2 and 3 were added to the Bill

*Published in Gazette of India Extraordinary part II, Section-2 dated 26.12.89.

** Introduced with the recommendation of the President.

*** Moved with the recommendation of the President.