

for installation of hand pumps and digging wells for all those areas where the drinking water is not easily available.

The Bihar Government is not able to solve the problem of drinking water because of paucity of funds. The Central Government, should give financial assistance to the Bihar Government, so that resentment among the people is not increased.

[English]

(viii) Demand for Setting up Cashew Development Board

SHRI I. RAMA RAI (Kasaragod) : Next to coconut and rubber, cashew cultivation is the largest in Kerala. In 1955-56, the total area of cashew cultivation was 37,460 hectares; now nearly one and a half lakh hectares is under cashew cultivation. In 1981 Kerala took up the multi-store cashew project with the help of the World Bank and increased the area of cultivation by about 10,000 hectares. After the land reforms in Kerala, the cashew cultivation has been taken up by the small farmers. Thus cashew crop has become a poor man's crop. The large scale cashew cultivation in Kerala is taken up only by the Government Plantation Corporation. The sad story of the cultivators is that in spite of all the development measures, the production has started decreasing. Even though research is being done to increase the production and quality of cashew nuts, it has not reached the ordinary farmers. In addition to these difficulties, the Government of Kerala has introduced the system of monopoly procurement for a price which is not at all remunerative to the farmers. Large scale smuggling of cashew nut to the neighbouring States of Karnataka and Tamil Nadu where the price is comparatively higher, is practised in

the border areas of Kerala. This uncrupulous trade practice should be discouraged by fixing the support price. Price should be fixed after taking into consideration the cost of production and the price in foreign markets. The immediate formation of the Cashew Development Board will solve some of the problems and help the farmers to get a more reasonable price for the cashew nut produced in Kerala.

12.30 hrs.

SUPPLEMENTARY DEMANDS FOR GRANTS (GENERAL), 1987-88

[English]

MR. DEPUTY SPEAKER : Next Item. Discussion and voting on the Supplementary Demands for Grants (General) for 1987-88.

Motion moved :

"That the respective Supplementary sums not exceeding the amounts on Revenue Account and Capital Account shown in the third column of the Order Paper be granted to the President 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, 1988 in respect of the following demands entered second column thereof :

Demands Nos : 1, 2, 6, 7, 10, 12, 13, 14, 15, 15A, 17, 18, 21, 22, 24, 27, 28, 31, 33, 34, 37, 39, 41, 44, 46, 48, 49, 50, 51, 53, 54, 56, 57, 58, 60, 62, 65, 66, 67, 69, 70, 71, 72, 73, 74, 75, 77, 79, 82, 84, 88, 89, 90, 91 and 92."

Supplementary Demands for Grants (General) for 1987-88 Submitted to the Vote of Lok Sabha

No. of Demand	Name of Demand	Amount of Demand for Grants submitted to the Vote of the House	
		Revenue Rs.	Capital Rs.
1	2	3	
		Revenue Rs.	Capital Rs.
	1. Agriculture	32,41,00,000	—

Ministry of Agriculture

1	2	3
2. Other Services of Department of Agriculture and Cooperation	41,13,00,000	11,35,00,000
<i>Ministry of Commerce</i>		
6. Department of Commerce	1,00,000	19,00,00,000
7. Department of Supply	1,19,00,000	—
<i>Ministry of Communications</i>		
10. Telecommunication Services	—	213,66,00,000
<i>Ministry of Defence</i>		
12. Defence Pensions	508,51,00,000	—
13. Defence Services-Army	127,83,00,000	—
14. Defence Service-Navy	93,22,00,000	—
15. Defence Services-Air Force	75,56,00,000	—
15A. Defence Ordnance Factories	64,82,00,000	—
<i>Ministry of Energy</i>		
17. Department of Coal	—	1,00,000
18. Department of Power	—	2,00,000
<i>Ministry of External Affairs</i>		
21. Ministry of External Affairs	28,86,00,000	1,00,000
<i>Ministry of Finance</i>		
22. Department of Economic Affairs	92,06,00,000	—
24. Payments to Financial Institutions	70,42,00,000	187,97,00,000
27. Transfers to State Governments	66,00,00,000	22,76,00,000
28. Loans to Government Servants etc.	—	5,00,00,000
31. Audit	16,26,00,000	—
33. Direct Taxes	23,55,00,000	—
34. Indirect Taxes	11,41,00,000	—
<i>Ministry of Health and Family Welfare</i>		
37. Department of Health	2,00,000	8,49,00,000
<i>Ministry of Home Affairs (VOL-II)</i>		
39. Ministry of Home Affairs	7,31,00,000	—
41. Police	21,02,00,000	—
<i>Ministry of Human Resource Development</i>		
44. Department of Education	3,00,000	—
46. Department of Art and Culture	2,00,000	1,00,000

1	2	3
<i>Ministry of Industry</i>		
48. Department of Industrial Development	2,24,00,000	8,00,00,000
49. Department of Company Affairs	1,00,000	—
50. Department of Chemicals % Petro-Chemicals	1,48,00,000	—
51. Department of Public Enterprises	334,29,00,00	—
<i>Ministry of Information and Broadcasting</i>		
53. Broadcasting Services	8,59,00,000	—
<i>Ministry of Labour</i>		
54. Ministry of Labour	6,58,00,000	—
<i>Ministry Parliamentary Affairs</i>		
56. Ministry of Parliamentary Affairs	4,00,000	—
<i>Ministry of Personnel, Public Grievances and Pensions</i>		
57. Ministry of Personnel, Public Grievances & Pensions	81,00,000	—
<i>Ministry of Petroleum and Natural Gas</i>		
58. Ministry of Petroleum and Natural Gas	—	26,00,000
<i>Ministry of Planning</i>		
60. Department of Statistics	63,00,000	—
<i>Ministry of Science and Technology</i>		
62. Department of Science and Technology	1,00,000	—
<i>Ministry of Steel and Mines</i>		
65. Department of Steel	4,37,00,000	—
66. Department of Mines	13,73,00,000	1,00,000
<i>Ministry of Textiles</i>		
67. Ministry of Textiles	65,09,00,000	11,96,00,000
<i>Ministry of Surface Transport</i>		
69. Surface Transport	—	13,14,00,000
70. Roads	77,00,000	24,42,00,000
71. Ports, Lighthouses and Shipping	1,00,000	33,61,00,000
<i>Ministry of Civil Aviation</i>		
72. Ministry of Civil Aviation	1,00,000	—
<i>Ministry of Urban Development</i>		
73. Urban Development and Housing	2,79,00,000	—
74. Public Works	5,06,00,000	1,00,000
75. Stationery and Printing	2,64,00,000	4,76,00,000

1	2	3
<i>Ministry of Welfare</i>		
77. Ministry of Welfare	—	25,00,000
<i>Department of Atomic Energy</i>		
79. Nuclear Power Schemes	—	1,00,000
<i>Department of Space</i>		
82. Department of Space	6,59,00,000	1,00,000
<i>Parliament, Secretariats of the President and Vice-President and Union Public Service Commission</i>		
84. Rajya Sabha	43,00,000	—
<i>Ministry of Home Affairs (VOL. II)</i>		
<i>(Union Territories without Legislature)</i>		
88. Delhi	87,75,00,000	13,00,000
89. Andaman and Nicobar	13,37,00,000	—
90. Dadra and Nagar Haveli	2,46,00,000	69,00,000
91. Lakshadweep	3,19,00,000	5,73,00,000
92. Chandigarh	8,66,00,000	1,07,00,000
Total	18,55,25,00,000	572,34,00,000

SHRI ANANDA GAJAPATHI RAJU (Bobbili) : Mr. Deputy Speaker, today I rise to speak on the Supplementary Demands for 1987-88. It is very unfortunate that even though there was a plea by the Prime Minister that the figure of Rs. 5680 crores deficit would be maintained, the figure after taking into consideration the Supplementary Demands has increased by over Rs. 550 crores. This is definitely an ominous sign because if the amount exceeds the figure prescribed for the whole Seventh Five Year Plan, then definitely we are in for an internal debt trap and definitely for more problems on the price front.

It has been seen that in this Budget, the deficit has gone to around Rs. 8000 crores. It is seen that these type of deficits are increasing year by year and targets are not maintained according to schedule. Therefore, the internal debt trap, revenue expenditure exceeding revenue receipts is some thing that we have to taken into consideration.

Today, you find that revenue expenditure is being financed through the capital account. This trend started way back in 1984-85 and is continuing at a greater pace. This is definitely going to hamper the price situation and also the plan figures and plan development in the Seventh Five Year Plan. Today, the non-plan expenditure has really increased beyond proportions. The food and fertiliser subsidy itself is over Rs. 3000 crores. The defence expenditure also, even though there is plea that it should be pruned has not come down below Rs. 13000 crores a year.

Interest on borrowings also has increased to over Rs. 14,000 crores a year. Therefore, any future borrowings that are made will have to be utilised towards the payment of interest on borrowings rather than being utilised for any productive purpose.

Therefore, we are clearly getting into both an internal and external debt trap.

The external debt trap is even more ominous, even though the figures to the contrary are being displayed and shown by the Government. The Government says that the Balance of Payments will come into position in the next few years but I am afraid that for the Balance of Payment to come into proper perspective, the Government may have to go in for another IMF loan or a World Bank loan. It is quite possible that IMF loan might have certain stringent conditions and also certain reprimands for the manner in which the Government of India is managing its finances. The 24 per cent payment towards repayments of the Budget is something which is definitely beyond limits which are properly prescribed.

Therefore, I would go to say that even though we are in a financially tight position, the Government decided to go in for a populist Budget this time. They decided to increase the administered prices on steel, coal, petroleum and other products by over Rs. 2000 crores and then through a few concessions in the Budget. The Budget, you may find, has given a very thin spread of reliefs. The reliefs are not amounting to anything substantial. But nevertheless the Budget is something that has to be examined further. You find that now-a-days, Budgets are being preempted by increases in administered prices and administered prices maintained a planned portfolio. This is something that was not warranted earlier and this is something that should not be done in future. The shaping of political economy requires something more than just increasing and raising revenue. There is always a thrust towards additional revenue resources being raised at every stage and if we go to the State Governments that they should also raise resources on incremental basis, but on what pace can it be raised. Today you find that the country is still reeling under the drought situation. The drought will be still felt for another year or two to come. In this situation, the States cannot raise more revenue than what they are already raising. Therefore, Central Government should share their revenue with the State Governments, rather than calling them irresponsible, and rather than labelling them as people who are profligate and people who do not manage their finances

properly. The base for the States is very narrow, and it is becoming narrower, because of unforeseen circumstances. Therefore, there must be some aim towards seeing that the State Governments are properly compensated.

I would also say that the 7th five year Plan is in jeopardy. It is so because even though there is a plea that financial targets are met, the physical targets are not being met. The physical targets have not been met, and probably will never be met according to the tenets of the Plan. Therefore, 7th five year Plan has to be given a further thrust in order to see that these targets are definitely met.

In this connection, I am reminded of the 2nd five year Plan which was brought out between 1957 and 1962. In the 2nd five year Plan, there was a plea towards industrialization and development through unbalanced growth, and growth through heavy industries. In the 7th five year Plan also, there is a thrust towards the building up of infra-structure; but at what cost? The infra-structure has to be built, but non-Plan expenditure has to be cut in order to see that infra-structure is built, and not to see that more money and more notes are printed, so that the Plan is maintained. A Plan maintained on such flimsy considerations will not be able to deliver the goods, and it will find itself in jeopardy after some time. Therefore, the 7th five year Plan has to be met, but it has to be met in a proper manner, and expenditure have to be cut drastically in the non-Plan sphere.

In this connection, I would like to point out that the Government is giving subsidy in the food and fertilizer area, which they can rationalize. If they rationalize, seeing to it that the farmer is not affected, then definitely to some extent there can be a saving. Also, if we manage the external affairs policy properly and see that we do not meddle in affairs policy properly and see that we do not meddle in affairs unnecessarily and if the Indian Peace Keeping Force had not been sent to Sri Lanka, then probably we would have saved some money on the Defence side also.

Similarly on interest on borrowings, we would have saved if Government had

[Shri Ananda Gajapathi Raju]

decided to cut unproductive expenditure. Therefore, the 7th five year Plan can be maintained. But one thing which goes against the Planning philosophy now, is the basis on which planning is made. Today you find that equity and social justice do not form part of the Plan perspectives. Even though figures are given around saying that subsidies are given, etc., still the thrust of the Plan is not towards equity and social justice. Therefore, I request that this thrust is given to the Plan, and that we come out of the internal and external debt trap that we might get into, and we see that the economy is put on a more sound footing.

Coming to the impending IMF loan, which I am foreseeing, I find that the terms will be more stringent than what they were already; and this will put Government of India in a very precarious position. They have to go in for an IMF loan, because imprints are increasing at a much faster rate than the development of exports. We find that certain thrust areas are not being looked into, e.g. petro-chemicals. Petro-chemicals is an area in which import substitution can be done to a great extent; but petro-chemicals is not being looked into. They are investment-shy. Even though they claim that they are investing in infrastructure, even though we claim that we are investing in certain essential areas, we find that the thrust of the Government is investment-shy. And, therefore, there is no investment in the petro-chemicals area, which is a very essential area. Therefore, in the next 2 to 3 years, we might have to import more than Rs. 1000 crores worth of petro-chemicals, which will be a strain on the balance of payments.

Like this, there are so many areas in which we have to give a thrust. Even in textile and other allied areas, in the export area, we will find ourselves in a trouble with a growing protectionism in the West. There is a growing protectionism, whether we realise it or not. The USA economy might go in for a recession within a year's time; and when they go in for a recession, then we will find our balance of payment position in a trouble. Therefore, let us plan properly and instead of going in for

more and more supplementary demands for grants and increasing the expenditure of the government beyond a point of no return, let the government go in for a more prudent financial managements and see that the targets are met and see that money is not expanded without any cause.

[*Translation*]

DR. G.S. RAJHANS (Jhanjharpur) : Mr. Deputy Speaker, Sir, I support these supplementary demands but at the same time, I would like to say that there is something wrong owing to which our progress is not upto the mark. I agree that our Government have achieved a lot but in my view there is sufficient scope for making more progress. You may agree or not but it is a fact that prices have reached at the peak. I would like to request the Minister of State in the Ministry of Finance to go to the market at any time and try to find out the extent upto which the prices have increased. What to talk of poor, even the middle class is really feeling the burden of price rise. I am not saying all these things just for criticism but because I feel that there is something wrong in our thinking. Hon. Finance Minister has said on the other day that the Government would not allow any increase in prices but how can you deny or ignore the truth. If you accompany me to the market, then I shall show you the correct picture. You can control this price rise if you cut the unproductive expenditure, I have stated this thing earlier also, that how the unproductive expenditure is incurred.

I would also like to tell that the Government has given the S.T.D. facility to all the Senior Managers of Public Sector Corporations and anyone may dial anywhere since there is no restrictions. He may get a survey done and then let us know the factual position. I have seen several cases like this and if the hon. Minister so desire, I will tell him in private the names of such persons. There is a Senior Manager of Public Sector; who has been provided with S.T.D. facility at his house. Now-a-days he is posted in Dalhi. The people residing in his mohalla usually use this telephone. The International S.T.D. is used throughout the day because their relatives reside in England, Canada and America. The salary of this Manager is

four-thousand but the expenditure of telephone comes to rupees thirty thousand. This expenditure is paid by the Government. This is not happening only in Delhi or in the Central Government but this happens in the State Governments also. I, with full responsibility demand in this House that the detailed information for the last 2 years may be asked for from the Central as well as State Governments about the amounts of the S.T.D. Bills of Managers and Senior Officers working in Ministeries and Public Sector Corporations. This is one aspect of unproductive expenditure. The other aspect is that in States, there are twenties of cooks, peons and orderlies for a District Magistrate and there are 30 to 40 servants at the residence of an S.P. The hon. Members have stated in the House that if any Member of Parliament wants to go round his constituency and asks for any vehicle then the District Magistrate does not provide him any car or jeep but the cars and jeeps are misused in carrying his children to their school, to carry the maid servant to her home and in carrying his relatives to the air port. I am saying all this with full responsibility and I can also prove it. The Government may go on imposing taxes but this is also our duty to keep a check on the productive and unproductive expenditure. This unproductive expenditure will ruin our economy any there will be a time when the prices would rise to the extent that the Government would have no control over the situation. I, therefore, demand that a policy should be framed with regard to income, wages and prices so that the people may get some relief. On one side, an under Matriculate person, who, somehow gets the employment as driver of any officer in the organised sector, receives three thousand rupees per month as his salary but on the other hand his real brother who has passed M.A. is unable to get any job carrying a salary of even Rs. 100 per month. How will you justify it? Where is the justice? You will have to draw a line some where so that the people may get justice.

The unemployment problem is very serious problem and it has proved all our efforts ineffective. You may go to the countryside. I cannot talk about Gujarat. If you happen to visit Bihar, Eastern U.P., you will find 200-300 Graduates and Post-

graduates in every village who are unemployed. But you cannot blame the State Government for this or you cannot say that they became unemployed as a result of wrong education policy. It is our responsibility to provide jobs to them. Very often we read in the newspapers that crime rate has gone up in Bihar. There are certain States where parallel Governments are functioning. Have the Centre ever tried to find out the reasons therefore. The law and order problem is a socio-economic problem. A graduate or post-graduate person runs from pillar to post to get a job and he does not get it. He cannot start any business in the absence of any funds. In such circumstances, he joins naxalites. We cannot control this problem by using force. We cannot remove anarchy, unless we solve the problem of unemployment. There is a saying—"a desperate man leaves nothing to chance"—I have seen myself people perishing in the floods in North Bihar. The people belonging to upper-middle class became pauper. They do not have any thing to eat. Their young son is very much worried and willing to do any petty job so that he may make arrangements for getting his two young sisters married and for providing food to his old parents. If he is not helped by the Government or the State Government and he takes to violent methods, then are we not responsible for it? Our conscience will prick us that we have done something wrong. This is the result of our not helping the family. We should make an empirical study of the problem and find the real cause of the problem.

Often, the situation arising out of drought is discussed in this house. But, last year, there was flood havoc in eastern region, which forms vast area of the country and such devastating floods have not been seen for the last 150 years. Kharif crop was totally ruined, the houses fell, the foodgrains at home had become rotten, utensils, clothes etc. were washed away. That was not the end of it. Hailstorm ruined their Rabi crop also. Moreover, seeds supplied to them for rabi crop were of not good quality. Can they console themselves by saying that it was their bad luck. It should not be like this. They should be given some relief. It is the duty of the Government. It is a big fertile area of our

[Dr. G. S. Rajhans]

country and is becoming desert. Attention should be paid to it. No attention has been paid to the fertile area of northern Bihar, which is flooded every year. The people are deserting these areas. But no one is realising this. Breaches occurred last year have not been repaired so far. People cannot imagine the extent to which devastation may take this year also. It is a matter of satisfaction that our hon. Prime Minister has discussed the matter with the Government of Nepal, but Central Government should help the State Government and the breaches in dams and embankments should be repaired and the erosion should be checked.

I want to submit that there can be no economic development in this country without strengthening the family planning programme, because the resources are eaten up by many crores of mouths, so development is neutralised. I went to China and saw that with some strictness, they had enforced family-planning and today, everyone has got food, clothing and shelter. This can be done in democratic manner also. Among our neighbours, Japan has developed so much economically that it has left America behind. Not only that there are small countries like Korea and Taiwan, who have also developed much. But we are unable to follow the example of even Korea and Taiwan. There must be something wrong with us, which is hampering our path of progress.

I want to submit another point. The Government is giving many incentives to increase the exports. It is right but we should also see the countries whose exports have fallen. In some countries, due to heavy price rise, cost of production has also increased and consequently rates of their final product has also increased very much and so they are unable to compete in the world market. Unfortunately, India is also facing the same situation. After two-three years, this boom in our exports will not remain. Our cost of production should be that much, which will enable us to compete in world market. Otherwise, we will lose the earning of foreign-exchange from exports.

Finally, I want to submit another thing. In China, the river Huang-Ho was tamed

through 'shramdan'. Seeing this, Pandit Jawahar Lal Nehru told the people of North Bihar that they can also tame the river Kosi, by 'shramdau'. So, Kosi, the 'River of sorrow' was tamed by 'shramdan'. Today, there are complaints to the effect that people are not being benefited from the resources which are spent. A system should be evolved for providing resources to those panchayats or blocks, who may agree to bear half of the expenditure of that project by 'shramdan'. In order to construct a road, if the expenditure is divided equally between the villagers and the Government, then the resources will not be misused and to give incentives to the people, their names should be written in a tin plaque, who take part in 'shramdan'. It should be made compulsory for every M.P. and M.L.A. to do 'shramdan' for a week once in a year in their constituencies and set an example for the people. There should be a competition among the people of having their names written on the plaque by doing more 'shramdan'. We should also take lesson from the world economic situation. Reforms are taking place in U.S.S.R. and China in accordance with the theory of Glasnost. We should also conduct reforms in our public sector on the same lines. I congratulate the hon. Finance Minister for putting the top smugglers behind the bars 5-7 days before and for the raids on big black-marketeers some 3-4 days before. But in public sector there are such people occupying top positions who are swallowing the resources of public sector. They should carry many more raids. You will be praised by everyone for it. We should think all this with cool mind and find out a way for improving the condition of our economy. With these words, I conclude.

[English]

DR. SUDHIR ROY (Burdwan) : I oppose the Supplementary Demands for Grants.

First of all, we find that this Government has no concern for the problems of the unemployed. Unemployment is mounting day by day. We are going through the Seventh plan period. But the number of unemployed persons is increasing and the registered figure has already reached 3 crore. But the people who live in distant rural areas and people who are illiterate

often do not register their names. It is estimated that already the number of actually unemployed persons has reached nearly 8 crores. Whenever this problem is raised, Government tries to shift the blame on the State Governments and the educational system. But we know the motto of a socialist society is from each according to his capacity, to each according to his work that is right to work is a fundamental right in a socialist society. We have amended our Constitution. Ours is a Socialist Sovereign Democratic Republic. In this socialist State already 80 million people are without any employment and Government has no concern for those unfortunate people.

13.00 hrs.

Therefore, they shift the blame on the State Governments. But what will the State Governments do? The State Governments suffer from a chronic financial stringency because of the mechanism that is being resorted to by the Central Government. They increase the administered prices, they impose surcharge on income tax. They are pursuing freight equalisation policy, they are refusing to enact the Consignment Act and thus they are depriving the State Governments. How can the State Governments solve the problem of unemployment? This problem is mounting day by day. The Government should come forward to tackle this problem, but they are totally unconcerned about this. Our dynamic Prime Minister had promised that he would give a functioning government, but what is the result? When he come to power, the number of sick units was 97,000 and now it has crossed 1,40,000. One after another, the reputed industrial units are becoming sick. Why? Because this Government is callous and they think that in the name of efficiency, the industrial units should be made sick.

In West Bengal, A. O. C. Bablock Ltd. was a reputed firm. It produced boilers and these boilers were used in almost all the thermal plants in Eastern India. But this ABL is closed for more than eighteen months because boilers are being imported from Sweden, Canada, Italy, etc. For the reason, it is apprehended that even BHEL may be closed. This is because of the liberal import policy and because of the

so-called import of technology. Therefore, our reputed industrial concerns are being closed.

Look at the Bengal Pottery. Bengal Pottery is a reputed industrial concern of West Bengal. It was a very reputed firm and it produced ceramic goods which were sold in the markets of Europe and America also. In 1981, they made a profit of Rs. seven crores. but then it was nationalised, It was taken over by the Central Government. But the banks did not supply the working capital. They often organise loan *melas*. It is said that by organising loan melas, they would solve the problem of unemployment. But they refused to provide working capital to Bengal Potteries, and already there is a threat of denotification hanging in the air that the concern should be closed.

Similar is the fate of the Cycle Corporation of India, at sen Raleigh. We have been told that this Cycle Corporation of India which is situated at Sen Raleigh, can manufacture hundred per cent parts of the cycles. But this concern also would be declared a sick unit because the banks are not providing them the necessary finance. Therefore, in the name of import of technology, in the name of efficiency, they are closing the industrial units one after the other. In the name of liberal import policy, the country has become a happy hunting ground of the multinationals. My previous speaker, Mr. Raju has already pointed out that the developed capitalist countries of the West themselves follow a policy of protectionism because no country in the world has been able to industrialise itself unless it followed some sort of a policy of protectionism. I may recall in this connection that when our national liberation movement was going on, that is, in the first decade of the present century, the leaders of the Indian national liberation movement and the industrialists themselves sought for a policy of protection. But now happily under our Prime Minister, they have decided to discard this policy. Our country has become a hunting ground of the multinationals and naturally one industry after another is closed down and a number of people are becoming unemployed and the unemployment is increasing day by day. Sir, I should also say that they are taking recourse to price rise and they always

[Dr. Sudhir Roy]

declare that India is a socialist country. But in most of the socialist countries, the price of essential commodities is not increasing. The price of essential commodities remains more or less the same there.

Sir, every year before the Parliament's budget session the Government is taking recourse to administered prices and this deprives the common people of getting the essential commodities at reasonable prices. Then, Parliament also loses the opportunity to criticise the Government's policy. Parliament loses its opportunity of debating on various measures including taking recourse to the administered prices. Then, Sir, the country is passing through a debt trap. As Mr. Raju pointed out that sooner or later, they will again go for the IMF loan and we know the story of other countries which have received the IMF loan. It is a debt trap. We are caught in that one after another and still we try to approach the foreign countries for loan as also loan from I.M.F. and because of the policy followed by the Government, there are crises in textile industry, in jute industry, handloom industry, etc. The handloom sector is an unorganised sector and lakhs and lakhs of people are engaged in the handloom sector. But they are now going without employment because of the textile policy of the Government. There is an increase in the cotton yarn price and the yarn is being exported. Even the prices of essential commodities are increased. Therefore, I would conclude by saying that unless land reform programmes are implemented unless peasants are given land, there will be no economic development in the country. Lands have been distributed only in three States. In other States, landlordism is there and ordinary peasants and the poor peasants have no purchasing power and because there is no purchasing power of the common people, the industrial products do not get any market within the country. If you want to revitalise the economy, if you want to achieve socialism, you have to implement the land reform programmes. The Government honours this programme more in breach than in observance. Therefore, I would request the Minister to pay attention to this point so that land reform programmes are implemented as early as possible.

SHRI V.S. KRISHNA IYER (Bangalore South) : Mr. Deputy-Speaker, Sir, I rise to oppose the Supplementary Demand for Grants (General). Sir, this is the third batch of Supplementary Demands brought forward in this House. The hon. Minister says in his statement that out of gross additional expenditure of Rs. 3669 crores only a sum of Rs. 1397 crores is required for the actual expenses and the remaining amount will be adjusted within the sanctioned budget demands. I would like to stress in this connection that the Central Government is always accusing the State Governments of mismanaging the finances. But what is the Central Government doing? Is it not mismanaging the finances? What would have been the effect? What would have been the deficit of the Central Government, if they had not increased the administered prices announced on the eve of the budget presentation. The deficit would have reached Rs. 10,000 crores. Now, they have shown just Rs. 6,000 crores as deficit. My point today is that the Central Government has absolutely no cordial relations with the States so far as the finances are concerned. The Central Government is treating the States including the Congress (I) States as alien. Sir, you see the statement of one of the Congress (I) Chief Ministers yesterday, who said : 'The Centre is tending to encroach on the finances of the States. It is a very dangerous statement coming from the Congress (I) Chief Minister. Of course, I can understand if it is from any other Chief Minister. But it is a very senior Congress (I) Chief Minister who made that statement. So, it is very necessary and it is high time that the Centre established a sound policy and they have cordial relationship with the States, particularly so far as finances are concerned.

Sir, the Centre goes on increasing the administered prices. What will be the effect of that on the States, you know, Sir. For example, what has happened this morning, only a few minutes before the Food Minister announced about the increase in the administered prices of wheat. Sir, do you know what will happen in the States of Karnataka, Andhra and Madras where they are selling the foodstuffs at subsidised rates to the people? Where are they to get money for this? They have committed to sell the foodgrains at Rs. 2 a kilo, and now it will

tell on the finances of the State Governments. Similarly, you are encroaching on the finances of the States. The avenues of taxation for States are very very limited. You know their limitations under the Constitution, whereas you can go on printing notes and add any amount, in astronomical figures, to the deficit. But the States cannot do it. You should know the financial position of the States also. I can tell you one more instance, Sir. You go on announcing the DA rate from time to time. What is the repercussion on the State Government employees? Every State Government employee will demand for that DA. You appointed the Fourth Pay Commission. The reaction of that is that every State wants another Pay Commission. So, how do you think that the States will manage the finances? So, it is very necessary that whenever there has been the appointment of a Pay Commission or whenever there has been an announcement of DA instalment or administered prices, the States should be taken into confidence. You forget that there can be no India without the States. Who contributes to the finances of the Central Government? It is the States. That fact should not be forgotten. There can be no India without the States. So, it is very necessary that understanding must be there. I request the hon. Minister—I have been saying that in every Budget, but of course I do not know what will happen to my pleadings. But it is commonsense that there should be a healthy relationship between them. If you read the proceedings of the National Development Council, you will realise that all the Chief Ministers are unhappy, not only Congress (I) Chief Ministers, but all others also. They say, 'We don't know where we are heading to?' There are two or three instances I would like to quote to show how states have been ignored. I know the time at my disposal is limited,

Sir, I would like to mention one or two points about my State. I will show how the States are being ignored. For tele-communication services, you want an extra amount of Rs. 213.5 crores. I have been wondering whether the promised digital electronic exchange factory in Bangalore finds a place in this Budget, whether it is in the original budget or in the Supplementary budget. It was assured on the floor of the House that it will start on April 1st, but I find that

there are no finances and no budgetary support for that. I doubt whether we are going to start it at all on 1st of April.

Next, with regard to steel, a small amount of Rs. 4 to Rs. 5 crores is allocated in the supplementary demands. The second point which I would like to bring to the notice of the hon. Minister here is, there is a popular steel factory in Karnataka by name Visveswaraya iron and steel works, which is named after the great engineer—Statesman, Sir Visveswaraya, who founded so many projects in our country. It is the most prestigious project and it manufactures the best steel. But unfortunately it has been running under loss for the past two or three years. The State Government has been requesting the Central Government to take it over. It only costs a few crores of rupees to revamp the whole thing. Last time also in the very presence of the hon. Minister I mentioned it. The Central Government is callous, it is not caring about it. It is time that the Central Government takes it over. It is very necessary. But they have put certain conditions on the State Government. The State Government has agreed to them, but in spite of that, the Central Government has not taken it over. It is absolutely necessary that the Centre takes over the unit.

In this very House, while participating in the supplementary demands for grants, last time, I mentioned about permitting the Government of Karnataka to make deferred payment for purchase of equipment for 120 mega watt gas turbine plant to be installed at Bangalore. There is power shortage in Karnataka; there is 80% power cut. For 2 years, we have been requesting and you have released foreign exchange but you have not given permission for deferred payment. You are borrowing from outside crores and crores of rupees for power plants in the Central sector. Why don't you permit it? What harm is there? Since two years we have been demanding but they have not given clearance. This is a small thing. You can understand what the feelings of the people will be if the States are neglected like this.

You have provided Rs. 334 crores for the public sector enterprises. What for, not for the development of public sector units but for the writing of loans and interest. See, how the public sector industries are

[Shri V. S. Krishna Iyer]

functioning. I do not want to go into the details. What is happening in Coal India where you are incurring loss of hundred crores of rupees. Rs. 11 lakhs you are losing every day in the Delhi Transport Corporation. Of course, we are not concerned directly with the State undertakings, Electricity Boards and other corporations. But it is necessary that you should revamp those undertakings. You should write to the concerned State Governments for improving the functioning of the State Electricity Boards and Transport Corporations so that they do not incur loss any longer. Unless public sector undertakings are made to run on the lines of profitability, it is a drain on our finances. You expected that 35% of the finances was to come from the public sector for financing the 7th Plan. On the other hand, you are giving money to the public sector industries to write off the loan.

These are some of the things I wanted to raise. I will once again urge the Central Government, you must see that you do not throttle the States. Unless States are prospered, India cannot prosper. It is the duty of the Prime Minister to see not just to have one-day meeting only but a series of discussions with the Chief Ministers and to see that the financial relationship with the States is improved. They should also have a resource to the recommendations of the Sarkaria Commission to see that the financial relations are improved. Mutual suspicion should be put an end. Otherwise, there will be no integration in our country.

With these words, I conclude.

THE MINISTER OF STATE IN THE DEPARTMENT OF EXPENDITURE IN THE MINISTRY OF FINANCE (SHRI B.K. GADHVI) : Mr. Deputy Speaker, Sir, although some of the points raised by the Opposition Members were not strictly within the relevance, but anyway since they have raised them, I would like to deal with them also. One of the points which has been raised by Mr. Krishna Iyer that States are feeling neglected, is not true. Perhaps, the hon. Members would admit that in our federal structure, it is the duty of both State and the Centre to deliver the goods, and to wake up to the responsibility and discharge whatever they have to do on their

own part. It is very easy to blame that Centre is not giving this and Centre is not giving that. But if you look to the figures then the Plan resources augmented or generated by the States has come down from 33.5% as projected to 28.1%, while that of Central Assistance has gone up from 36.8% to 42.6%. We are also giving more to the States as shares of taxes. In the figures, I may say, in 1985-86, as against the annual Plan estimates of Rs. 6253 crores to the States, we had given Rs. 7490 to all States.

In 1986, the projection was Rs. 7,590 crores and the actual figure of disbursement was Rs. 8,475 crores.

For 1987-88, the original estimates were Rs. 9,378 crores and the revised estimate provides for Rs. 9,598 crores.

I do not want to cast any aspersions on the States but I merely wish to point out that there is a little dilution in their efforts in mobilising and mopping up of resources.

All told, in 1985-86 and 1986-87, the shortfall in the resources which were to be generated by the States is to the tune of Rs. 800 crores.

So, what I wish to point out is that in the area of financial management, if only a populist stance is taken, the Plan for the States, though we do give them help but they cannot be completed within the time-frame and the allocated Budget outlays. Since we all speak about the pressure on our economy, it is high time that we all make concerted efforts, the Central and the State Governments, to see that whatever may be our responsibility in the financial area, it is discharged fully and then only we can deliver the goods. Just today, the issue price of certain essential commodities, wheat and rice, has been increased. It is a small rise because we are paying subsidy on that. We are paying procurement price and the issue price and the incidental charges. If you compare all these three together, then you would appreciate that a considerable component of subsidy is there and it is meant for providing succour to the weaker sections, to the backward classes and to the poor people and we are alive to their interests. States do take credit that "We supply the wheat and rice to the

poor," At whose cost? Government of India is bearing the cost.

Another point is made about the administered prices. As I said last time, when I intervened in the Budget debate, the rise in the administered prices is not a revenue raising measure. It is done just with a view to contain the losses and, therefore, we are doing it because; on the other hand, I had cited an instance so far as petroleum is concerned because that is the area where there is profit also because although we raised the administered price of petroleum, the subsidy in the area of kerosene and LPG Gas, was more than Rs. 1,000 crores and, therefore, to say that before the Budget we raise the administered prices is not correct and it is not a measure of revenue. The Government of India has done a commendable job. You should appreciate that this time the original deficit projected was Rs. 5,688 crores and despite this very heavy pressure of drought and so many other contingencies which arose during the year, the deficit has been contained to Rs. 6,080 crores. That is a commendable feature. I would wish that this effort of the Government of India should have been appreciated by all Members cutting across party lines. But I am sorry to say that the sense of appreciation has also diluted very much on the part of Members sitting opposite.

Sir, I do not wish to take much time of the House. As I have stated already, although I have come with a Supplementary Demand for Rs. 3669 crores of gross expenditure, but out of that, the hon. Members of this august House should appreciate, Rs. 2272 crores are technically put and we have come with a Supplementary Demand. Otherwise, they are the outcome of the matching savings or increased receipts. So, the net expenditure remains at Rs. 1397 crores which is very insignificant. You could say about the internal interest payment expenditure, loans to Tehri power plant and other expenditure in the area of advance plan assistance to the States, Grants-in-aid for IVIC for providing employment to the drought-affected people, drought relief in the Union Territories etc. These are very essential items for which there should not be any grudge.

What I want to say is that we should not get scared. Members always point out

this. Even during the discussion on the Budget, they always stated about the debt trap. But, where is the debt trap? Of course, if we don't manage properly, then there is that red-blinking light. But we are hopeful that we will be in a position to stop that red-blinking light of debt-trap. You can appreciate that. Why I am saying this is because we could contain inflation. We could contain the price rise. We could contain the deficit and necessarily, as it was stated and Members are aware, that it is not the exact correlation between the three. In our past experience, we have seen that it has got no correlation. Even then containing all the three areas including that of growth is because of the good fiscal management and also because of the policies pursued by the Central Government.

Sir, some of the Members have raised certain individual points. Shri V.S. Krishna Iyer raised a point about the Visveswaraiiah Steel Plant and other things. As it is my practice, I would cull out individual points raised by the hon. Members and send them to the respective Ministries for their consideration.

Dr. Rajhans stated about the roads and other things, about the other delivery points. It should be remembered—I must mention here—that the Prime Minister is always insisting on that our delivery points at grass-root level implementation must be much more efficient. But that could only be done by the States. So far as the STD, Telephone facilities and misuse of motor-cars are concerned, I think, so far as the rules are concerned, they are very clear that these facilities which are provided for the management to any person; they are not to be misused. If there is a case of misuse, you can bring it to our notice and to the concerned Departments and certainly it would be looked into. If some separate individual commits an offence, after all individual measure has to be taken against such a person. Rules do not provide that these things should be utilised for their personal use or for the use of their neighbours and other people.

Before I conclude, I wish to point out that in this year. We are also diverting Rs. 50 crores for re-appropriation to the fund which is meant for giving subsidy to the industrially backward areas where

[Shri B. K. Gadhvi]

industries are coming up. So, in the budget estimates, we had provided Rs. 60 crores for subsidy to new industrial units in selected backward areas. A Supplementary Grant of Rs. 50 crores was obtained in the second batch of Supplementary Grants. To clear the claims still pending, it is proposed to augment the provision by a further sum of Rs. 50 crores through re-appropriation of funds provided in the relevant grant for interest subsidy and other savings identified by the Department of Industrial Development.

A token Supplementary Demand of Rs. 1 lakh has been included in the present batch of Supplementary Demands for release to the proposed Naptha Jhakri Power Corporation by reappropriation of the funds included in the 1987-88 budget estimate for the power project. In case the corporation does not start functioning before the end of the current financial year, the amount will be paid to the Himachal Pradesh State Government for construction of the project.

So, you would appreciate this as a very modest dose of Supplementary Demands so far as current year is concerned. And this money which I seek approval, is meant for good causes and good purposes. Therefore, although the Members, as per their normal practice, have straightaway opposed this, I think they would now lend their support to the Demands for Supplementary Grants. *(Interruptions)*

SHRI V.S. KRISHNA IYER : Sir, permission for deferred payment for the purchase of equipments...*(Interruptions)*

SHRI B.K. GADHVI : I told that individual questions raised...*(Interruptions)*

SHRI V.S. KRISHNA IYER : Last year also it was stated. *(Interruptions)*

SHRI B.K. GADHVI : I have already stated. It is my practice that whenever a Member makes any point concerning any department including the Finance, certainly all these points, I am getting them called out and send them to the respective Ministries and the Members. Perhaps, you must have perceived it also that Members are receiving the reply from the concerned Ministries and intimation is sent to us also

with regard to its compliance. Otherwise, off-hand, I cannot give you any assurance.

So, Sir, with these words, I submit that this last batch of Supplementary Demands 1987-88 is a very modest does and we have shown our fiscal management by showing matching savings and increasing receipts in these Demands. Therefore, the House would be pleased to pass these Demands unanimously. With these words, I thank all the Members who have given very valuable suggestions and participated in the short debate.

MR. DEPUTY SPEAKER : I shall now put to the vote of the House Supplementary Demands for Grants (General) for 1987-88.

The question is :

“That the respective Supplementary sums not exceeding the amounts on Revenue Account and Capital Account shown in the third column of the Order Paper be granted to the President 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, 1988 in respect of the following Demands entered in the second column thereof :

Demands Nos. 1, 2, 6, 7, 10, 12, 13, 14, 15, 15A, 17, 18, 21, 22, 24, 27, 28, 31, 33, 34, 37, 39, 41, 44, 46, 48, 49, 50, 51, 53, 54, 56, 57, 58, 60, 62, 65, 66, 67, 69, 70, 71, 72, 73, 74, 75, 77, 79, 82, 84, 88, 89, 90, 91 and 92.”

The motion was adopted.

MR. DEPUTY SPEAKER : Now we will adjourn for Lunch to re-assemble at 2.00 P.M.

13.33 hrs.

*The Lok Sabha adjourned for Lunch till
Fourteen of the Clock.*

14.05 hrs.

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

[MR. DEPUTY SPEAKER *in the Chair*]