

12.19 hrs.

FINANCE BILL, 1989

[English]

MR. DEPUTY SPEAKER: Now we shall go to the next item, the Finance Bill Twelve hours have been allotted for all the three stages of the Finance Bill, 1989. If the House agrees, we shall have ten hours for general discussion, one hour for clause by clause consideration and one hour for the third reading. I think the House will agree.

SOME HON. MEMBERS: Yes.

MR. DEPUTY SPEAKER: Now, the Minister.

THE MINISTER OF FINANCE (SHRI S.B. CHAVAN): Sir, I beg to move:*

"That the Bill to give effect to the financial proposals of the Central Government for the financial year 1989-90, be taken into consideration."

The details of the proposals in the Finance Bill have been spelt out in the Explanatory Memorandum, which has been circulated along with the budget papers.

The Union Budget for 1989-90 was presented to this House about two months ago. Since then, there has been an extensive debate on the proposals contained in this Budget in this House and elsewhere I am grateful to the many persons who have welcomed the budget for its emphasis on employment generation, the effort made to avoid additional taxation on articles of mass consumption, and the focus on raising resources largely from the better-off sections of the population and from higher taxation of items of luxury consumption. The budget has also been welcomed for the effort made at containing Government expenditure and reducing the deficit particularly on revenue account. I am conscious of the fact that what has been attempted in this budget is only a beginning and much more needs to be done.

Let me, before I turn to the Finance Bill, take the Members into confidence on a couple of important issues.

I turn first to one area of concern which I had highlighted in my budget speech and that is the balance of payments position. The final figures of exports and imports for the fiscal year 1988-89 are not yet available but all the indications suggest that exports will reach Rs. 20,000 crores. The growth in exports of about 28% in 1988-89 is commendable. However, despite this impressive growth, the balance of trade deficit has widened significantly from Rs. 6.6 thousand crores in 1987-88 to perhaps Rs. 8 thousand crores in 1988-89. Let me state here categorically that we intend to correct the balance of payments by containing and reducing the trade deficit and not by recourse to unsustainable levels of external borrowings.

In the field of exports we now have the very complete set of schemes and incentives. Raw materials and components at international prices are available for a wide range of exports through the advanced licensing system, the import-export passbook scheme, the international price reimbursement scheme, and the special schemes for 100% export-oriented units and free trade zones. Cash compensatory support helps to compensate exporters in the domestic tariff area for the burden of unrebated indirect taxation and some other cost disadvantages. With regard to working capital costs, the interest rate on export credits has been reduced even further in February this year to make them competitive with international rates for export credits. In addition, the deductions for export profits under section 80HHC will also be quite substantial.

Exporters have responded positively to policies and measures for export promotion. However, there are still segments of Industry which are not making the requisite effort for increasing exports. The large corporate sector has to play its part. An analysis of the accounts of large public limited companies shows that the export to net sales ratio has stagnated at around 4 per cent between

*Moved with the recommendation of the President.

1985-86 and 1987-88 while the import intensity of raw material consumption increased from 17 to 19 per cent over this period. Exports are a national duty and all sections of industry must fulfil their obligation.

Today, the real issue is not adding to the incentives and schemes aimed at compensating exporters for specific cost handicaps. Now what is really required is procedural simplifications so that incentives are made available with greater certainty and expedition. I would assure the House and all members of the exporting community that we will continue to give attention to procedural simplifications.

We are committed to supporting exports but I would like to emphasise that the exporting community must ensure that the incentives and concessions that we give are not misused. The liberal import regime that we have for exports must not be used for importing luxury items or for diversion of scarce materials to the domestic market.

The increase in imports in 1988-89 involved certain special factors, which we hope will not be in operation this year. Nevertheless, we are conscious that the management of our trade account in 1989-90 will call for the utmost vigilance in import planning. As I stated in my budget speech, we do not intend to backtrack on the basic trend of making available imported inputs for export production and for modernisation. But in order to sustain this trend we intend to contain sharply some of the kit-culture based imports of luxury consumer items. The House will be happy to note that a number of such items have been covered by notifications issued in March 1989 shifting some imported components for luxury durables from the OGL to the restricted list.

We will make every effort to maintain the flow of raw materials and components for industry. But I believe that industry must also respond by exercising the utmost economy in the use of imported inputs. Two areas are critical here. The first is the effective implementation of phased manufacturing pro-

grammes. We cannot agree to any significant departure from these indigenisation schedules. The second area is the reduction of inventories of imported materials, both in the public and private sectors. In many cases these inventories are in excess of what is required on prudential grounds and can be reduced significantly, giving substantial relief for the balance of payments.

As I stated earlier, the crucial element in our balance of payments strategy is to narrow the gap on trade account. However, we are also taking steps to improve the flow from tourism, remittances etc.

With regard to capital account, I would stress that we will limit the inflows to what can be sustained on a long term basis. The stock of Non-Resident deposits in Indian banks have been increasing at the rate of about 35 per cent per year over the past 5 years. They have already reached a level of around Rs. 13.5 thousand crores and we expect it to increase further in 1989-90. With regard to aid flows we have a large amount already committed and we will focus our attention on quicker utilisation of these amounts. I also hope that bilateral and multi-lateral donors will take a realistic view of our needs and enhance the commitments this year, especially in projects and programmes where disbursement is speedy. Commercial borrowings have been an element of our capital account for almost a decade now. We have followed a relatively cautious policy and borrowed only what we thought would be sustainable rather than picking up all what was offered. We will continue with this cautious policy and I do not expect the level of our commercial borrowings in 1989-90 to go up.

Let me now turn to the issue of 'inflation'. The level of inflation in 1988-89 as measured by the wholesale price index was 6.3 per cent as against 10.6 per cent in 1987-88. The underlying *annual* rate of inflation as of now is still around 6 per cent. Generally over the past year the increase in foodgrain prices has been moderated and prices of edible oils have fallen. I have every hope that

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with the bumper harvest that will be coming into the market now, we will be able to contain price increases.

Containing inflation in the prices of essential commodities is clearly a priority objective with the Government. In fact, it is for this reason that we have taken particular care to avoid raising taxation on any of these items. We are confident that with the higher production coming into the market, availability of essential commodities will be maintained. At the same time, in order to contain general inflationary pressures, we will continue to follow a tight budgetary policy.

The Union Budget for 1989-90 involves a significant containment of the aggregate deficit and the revenue deficit. We have demonstrated our ability to maintain fiscal discipline. Thus the actual deficit for 1987-88 is only marginally higher than what was budgeted and the final figures for 1988-89 also bear out our ability to hold to budgeted deficits.

Fiscal discipline both in the Centre and the States is essential for ensuring a better balance between aggregate demand and supply which is the key to successful balance of payment management. It is also crucial for raising the rate of savings in the economy. I would emphasise that the control of Government expenditure and the maximisation of revenue collection has to be done not just towards the end of the fiscal year but throughout the year. It is not enough to ensure that at the end of the year there is a reasonable balance between resources and expenditure, if during the year a great deal of excess demand is built up. Such excess demand will spill over into the balance of payments and will lead also to inflation. I, therefore, intend to make sure that the fiscal discipline reflected in the Union Budget is made effective throughout the year. I would emphasise that a similar discipline must be practised by the State Governments also.

In my speech while presenting the

budget for 1989-90, I have stated our intention to introduce certain new savings schemes. I am happy to inform the hon. Members that substantial progress has been made in formalising these schemes as also the scheme for providing relief to weak industrial units. Details of these schemes will be announced shortly.

I now come to the fiscal measures in the Budget. The important features of budget proposals were explained in the Budget speech. During the general debate, hon. Members on both sides of the House, have made several valuable suggestions regarding various provisions in the Finance Bill. Suggestions have also been received from trade bodies, professional associations, experts and knowledgeable persons. Representations against increase in duty have also been received from various sections of the industry. I am grateful to all of them. After having considered all these suggestions, I have decided to make certain amendments in the original budget proposals. In proposing these modifications, I have tried to remove legitimate grievances to the extent possible. I have proposed certain amendments in the Finance Bill in the Tariff relating to indirect taxes which are in line with my original budget proposals. These amendments are of a corrective nature and do not have major revenue implications.

The other charges which I propose to make in respect of indirect taxes are as follows:—

1) As the hon. Members are aware, I had proposed in the Budget an increase in the excise duty on picture tubes of black and white television sets to Rs. 200 per tube. So also I had proposed an increase in the rate of excise duty on black and white television sets of screen size exceeding 36 cm. from Rs. 300 to Rs. 500 per set. Such sets are mostly fully indigenised. This sector of the industry has considerable potential for growth and export. It has been represented that any increase in excise duty at this stage may adversely affect the industry. I find considerable force in these contentions. In the cir-

cumstances, I propose to modify the rates of duty on black and white television sets and picture tubes therefor and restore the levels of duty obtaining prior to the changes made in the Budget.

In the case of colour television sets of screen size not exceeding 36 cm., I propose to reduce the excise duty on sets without remote control to Rs. 1500 per set and on sets with remote control to Rs. 1750 per set.

2) In my budget proposals, I had proposed the restructuring of excise duty on two wheelers based on their engine capacity. In respect of two wheelers of engine capacity of 100 CC to 150 CC, I had proposed a rate of excise duty of 25% *ad valorem*. I propose to make this rate applicable to two wheelers of engine capacity upto 200 CC.

3) In the Budget, I had announced some excise duty relief for minicement plants using vertical shaft kiln technology. As a further step in that direction, I propose to extend the same concession to similar minicement plants using rotary kiln technology as well.

4) As a measure of relief to the small scale sector, I propose to liberalise the general scheme of excise duty exemption for this sector by increasing the eligibility criterion for availing of exemption from the present level of Rs. 1.5 crores of value of clearances to Rs. 2 crores.

5) I had proposed in the Budget to levy excise duty at the rate of 15% on certain specified articles of plastics which were enjoying full exemption from duty earlier. A number of representations have been received against the hike in excise duty. Considering that the articles of plastics are being used by almost all sections of the society and that some of the articles such as insulated plastic wares are helpful in energy conservation, I propose to fully exempt all such articles of plastics and thus restore the pre-budget position.

6) The excise duty on paper and paper

board coated, impregnated or covered with plastics of heading No. 4811.30 of the Excise Tariff is proposed to be reduced from 35% to 15% *ad valorem*.

7) 'Sevian', a cereal preparation which is in common use particularly on religious and festive occasions, is being fully exempted from excise duty.

8) As a measure of relief to the jute industry, I propose to give some reliefs in customs duties on selected items of jute machinery. The import duty on flat bed jute looms is proposed to be fully exempted. On circular looms and 4 other specified types of jute machinery, the import duty is proposed to be reduced to 40% *ad valorem* from the existing rates.

9) I may inform the House, I am taking steps to exempt coffee powder mixed with chicory from excise duty.

The total impact of these concessions and reliefs aggregate to Rs. 4.3 crores on the customs side and Rs. 118.9 crores on excise side. I am confident that this will be made good by better collections.

I shall now take up the proposals in the sphere of direct taxes. Clause (7) of the Finance Bill, 1989 proposed to amend section 32AB of the Income-tax Act to provide that the benefit of deduction will be available to any assessee deriving income from business or profession provided that the utilisation of the deposit is for purchase of new machinery or plant used in the manufacture or production of priority items. It has been represented that although a special provision for eligible business is not now required, some provision must be there to provide for the manner of computing profit in relation to which the deposit to be made under this section will be worked out. I, therefore, propose to incorporate a provision for computing the profits from business or profession in respect of which deduction will be available under section 32AB.

The other amendments are of conse-

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quential or drafting nature and I would not like to take the time of the House in dealing with these amendments.

Rules for determining the value of assets have been provided for in the Schedule III of the Wealth Tax Act by the Direct Tax Laws (Amendment) Act, 1989. Rule 12 of this Schedule lays down the manner in which the value of an unquoted equity share in an investment company is to be determined. This rule provides that the method of valuation to be adopted will be the break-up value method and for this purpose the value of an asset disclosed in the balance sheet of the company shall be taken to be its value determined in accordance with rules applicable to that particular asset. Representations have been received that this manner of valuation will cause great hardship in cases where the assets in the balance sheet are shares and if they too are unquoted. In such cases, the balance sheets of other companies would also have to be examined. It is said that such a method of valuation will be administratively very cumbersome and the cost of compliance would be very great. Apart from this, a shareholder of an investment company has no control over the disposal of the shares by the company and therefore unrealised gain, if any, to the investment company is of no consequence to the shareholder. Keeping in view this hardship, I propose to amend rule 12 of Schedule III of the Wealth-Tax Act, 1987 to provide that the difficulties of the nature expressed in the matter of valuation share of investment companies are remedied. This amendment will be carried out at the earliest available opportunity and will be made effective from the 1st day of April, 1989.

I would not like to take up the time of the Hon'ble Members over the details of several minor corrective measures. Notifications for giving effect to such changes, wherever necessary, would be issued and laid on the Table of the House in due course.

I request Hon'ble Members to lend their

support to the Finance Bill, with the modifications I have proposed.

Sir, I move.

MR. DEPUTY SPEAKER: Motion moved:

"That the bill to give effect to the financial proposals of the Central Government for the financial year, 1989-90, be taken into consideration."

Mr. Minister, you have given lot of concessions. I would like to know whether the prices have come down now. Already they have raised the prices of many things.

SHRI S.B. CHAVAN: After these concessions have been announced, certainly we will have to make an appeal to all those producers to see that they get reflected in the rates which have now been reached (*Interruptions*)

MR. DEPUTY SPEAKER: Shri Ananda Gajapathi Raju will now speak.

SHRI ANANDA GAJAPATHI RAJU (Bobbili): Mr. Deputy-Speaker, Sir, before coming to the points raised by the hon. Finance Minister in his preamble to the Finance Bill, I would like to say a few things about the budgetary process itself. It is very unfortunate that such a little time is devoted to such an important exercise like framing the Budget, framing the proposals and passing the Finance Bill. First of all, there has been inadequate discussion in this House on the various important demands that have been brought up. Under such circumstances it is necessary that the Members should consider the possibility of a Token Cut in the Budget so that this point is driven home that such an important exercise like the Budget cannot be dealt with like this... (*Interruptions*) The Finance Bill has to be passed. But still! it is my request that such an important exercise should be done.

Sir, in recent years, it has become the practice of the Government to treat the Un-

ion Budget in an election year as an election manifesto. In 1985-86, in a similar vein there was an attempt to bring about a proposal relating to Crop Insurance. That was announced in the Budget. Later it was sent to be implemented in certain States. But then because of the drought it was removed and then the other States have been denied of this facility of having the Crop Insurance. Later, what happened was that the Union Agriculture Minister said that it would be introduced this year. But we have not heard the fate of this type of a measure. What I am trying to say is that the proposals initiated in the Budget are not being implemented. They are just being stated as a matter of intent. The point is that when it is not implemented, then it becomes a kind of election manifesto rather than a Budget proposal *per se*. So, the proposals are not totally sanctified. When this type of a scheme was announced, the Treasury Benches were very much excited and they gave ovation to the hon. Finance Minister. But then we find that such a situation do not bear fact.

SHRIS.B. CHAVAN: Unfortunately you were not there. I had come prepared with all the details. You walked out. What can I do? (*Interruptions*)

SHRIANANDAGAJAPATHIRAJU: We read the report of your speech in the newspapers. There was no mention about it.

SHRI S.B. CHAVAN: Why should I mention when you were not there? It was no point at all. (*Interruptions*)

SHRIANANDAGAJAPATHIRAJU: We are also part of Parliament.

SHRIV. SOBHANADREESWARA RAO (Vijayawada): If the Government had taken a right decision at the right time, we would not have been suspended from the House. We would have had the benefit of hearing the hon. Minister. We missed it very much.

SHRI C. MADHAV REDDI (Adilabad): If you have taken note of that, that is enough. (*Interruptions*)

SHRIANANDAGAJAPATHIRAJU: Sir, yesterday we got the impression from the Chair that the Budget Proposals have been inadequately examined and that there was a need for Budget Committees of the House to examine this process fully and comprehensively. The Chair mentioned that he has also put across such a proposal that the should be Budget Committees of the House to examine the various proposals which are coming forward. But such a proposal has not been accepted by the Government. In fact, if you go to the United States of America, you can find that the Congress has its own Committees to examine the Budget proposals. The Committees distil these proposals and then bring them forward to the House for discussion.

MR. DEPUTY-SPEAKER: This proposal regarding Budget Committees was under consideration. We have already submitted a report. I myself headed that Committee. Already, we have submitted the report.

SHRI INDRAJIT GUPTA (Basirhat): It has been hanging in the balance for the last two or three years.

SHRI ANANDA GAJAPATHI RAJU: I am quoting a precedent as to what is happening elsewhere. There, the Committees distil the proposals and that is not so here. How can the Finance Ministry accept that the House has approved all the proposals when possibly the House is not aware of most of the proposals? But still they are announced in the newspapers. Therefore there is need to do so.

I would like to mention that the bureaucracy is taking an important part in the budget proposals. It is not the people who are deciding; but the bureaucracy which is deciding. The proposals come to the House, they are mentioned by the Finance Minister and then the House considers the various demands and then again the Finance Minister comes to the House with a preamble to the Finance Bill. This is all the bureaucratic approach to budgetary planning. How are the people

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being involved? If the House is involved, then we can say that the sovereign people of India are involved. But when the House is not totally involved, then how can you take a sanction from the sovereign people of India that the budget is passed and accepted by them? This is just a conceptual point that I am putting across.

Today we find that the fiscal, monetary credit, the Income policy and the public policy of the Government is in grip of uncertainty and strain. The whole objective is towards the short-term planning. The medium and the long term planning are not taken into consideration. In fact the approach is, let us cross the bridge when we come to it; when these problems come, let us cross the bridge.

Today the whole approach towards budgetary allocation is creating an internal and external debt trap. Internally we are going in for more and more borrowing and Reserve Bank credit. Externally we are going in for commercial borrowing and those borrowings which come from multi-lateral institutions. Therefore you find that the planning, the projects, the programmes in this country are being implemented through debt. Then we show concern about the balance of payment. We say that the balance of payment position is under strain and therefore we give so many concessions to exporters and therefore we take up price reimbursement schemes, cash compensatory scheme and various other schemes. When the whole approach is to go in for foreign money and external account to finance the budget and the plan, then how can we not but go into a deficit?

Today you find that the aggregate saving in this country is much less than the aggregate investment. When the aggregate saving is so little, when the savings of the people are not being utilised for planning, when everything is going through borrowing, how can the price level be contained and how can inflation be contained?

The Finance Minister was kind enough

to state that the whole sale price index has increased only by 6%. I dispute that figure. I say the figure is wrong. Because according to the figures supplied by the Finance Ministry the price level has been actually decreased. But it has not happened so. It has increased in the margin. One has to just take a look at the market and see how the prices have gone up. All these figures which are churned out probably do not have any relevance as far as the real market situations are concerned.

Before I go to other things, let me mention something about Andhra Pradesh. When Andhra Pradesh gave incentives to farmers to repay NABARD loans, the Finance Ministry cut down the NABARD Credit to Andhra Pradesh on an ad-hoc basis. They said, why are you giving incentives to the farmer to pay back the credit? At the same time the Government is giving discounts in fertilizer to the farmer. They can give a discount. That means concessions can be given by the Government of India; but when it comes to the same concessions being given in a different way by the Government of Andhra Pradesh, then the Central Government objects and says they cut down the NABARD credit. That is a very unfair treatment to a non-Congress (I) Government. After all, the objective of our Government is to work for the people, to see that the welfare of the people is met and whoever meets it, we have no objection. Today in this very House one of our Members was kind enough to raise the problem about rural spending. He said let there be more spending on roads and infrastructure for rural areas. The Minister replied in the negative saying we do not have the money for all these things. We will give money as and when it is available. When it comes to the needs of the people why there should be a conflict between the Central Government and the State Governments? Why can't the Central Government help the State Governments to see that programmes relating to the welfare of the common people are met?

Now let me come to additional resource mobilisation. We find that the Central Government is always stressing that there should be additional resource mobilisation. But when

the State Governments go in for resource mobilisation the Central Government says well we cannot give this money because there is no matching amount put forward by the State. But the State Governments have carried out resource mobilisation to a great extent. Would the Central Government consider to give the State Governments money out of the increase in administered prices that are being raised by the Central Government? You are raising your resources through administered prices. Can't these resources be handed back to the States so that we meet our responsibility towards the common man?

The Ninth Finance Commission was recently appointed. It spoke about the high non-Plan expenditure that is going to be there in the years to come. They say that by 1995 the Central Government will be clearing out of the budgetary allocation moneys related to interest on internal loans. Now if this is the situation that the internal loans are creating so much problems why can't Government go in for austerity measures? On the one side the Finance Minister said in his preamble to the Finance Bill that Government would go in for cautious monetary and fiscal policies but at the same time if the Government is going to go in for unbridled borrowing—both internally and externally—then how can the fiscal balance of this country be maintained? How can the welfare of the common man be maintained? How can the people look forward to less of inflation and better future?

As far as foreign exchange is concerned there was a question raised in this House saying that the foreign exchange reserves are over Rs. 7000 crores. After a few days we read in the newspapers that these reserves have come down to Rs. 5000 crores. That means Government is not in a position to cover even three months' imports. When this is the position then why does the Government of India go in for commercial borrowing abroad to finance the Central plans? How can it do so when this is the situation? Then the Government of India appointed Cabinet sub-committee to go into the bal-

ance of payment position. That sub-committee has started saying that we should cut down imports as far as automobile parts, electronics and other related non-essential items are concerned. But we find this Government when it gave so much importance to automobile industry did not realise that they have on-going programmes; that they have to undertake imports as indigenisation of automobile industry could not take place at such a fast pace. So there would be need for more foreign exchange. One day you take the position of imports and on the next day you say imports should be cut down.

Then again when the Prime Minister went to Japan and Germany he said there would be fast track as far as settling investments from these countries was concerned. What is the 'fast track' we have never come to know. What we understand is that this fast track means to do away with FERA and MRTP regulations or dilute these regulations. We would like to know the Government's stand on these things. If FERA and MRTP are going to be diluted, how is the Government going to maintain the socialist democratic structure of the country? How is the Government going to see that the common man is benefited? How is the Government going to see that the resources trickle to the villages and the common man?

Today, the foreign debt is around 55 billion dollars. That means our debt servicing ratio, even though not admitted by the Government, is over 30 per cent. This itself indicates that we have reached the track. We are going more and more for external borrowing and at the same time, we have to pay higher interest and our debt servicing ratio is going up. With all these contingencies, our hon. Finance Minister went to the United States recently. There he attended the interim session or the spring session or whatever it may be of the World Bank and the IMF. We read in the newspapers and in the various financial dailies that Brady Plan, Plan of the Secretary of the Treasury were being discussed. But its bias was towards the Latin American countries. The idea was to reduce the debt ratio of the Latin American

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countries. How does the plan help us in this country to reduce our debt or re-schedule our repayments or give us greater fiscal reliefs? Therefore, India took a stand and that stand, as we understand, has a certain amount of caution in it and has a certain amount of merit. But all I would like to ask the Minister is how does that Plan help us to improve the financial situation of our country and what are the reliefs being given by the multilateral institutions to our country?

Our representatives went to GATT recently to attend the meeting in Geneva. There also we find that they gave concessions. They buckled under the pressures of the developed countries to include the intellectual property rights in GATT. If this type of buckling process goes on, how can we decide to save or protect the interest of the common man when the intellectual property is protected under patents or copyright Acts and other things? Then, we will not be able to get the knowhow which we have to implement. We do not have the knowhow to bring down the prices of drugs, essential items, etc. These prices may go up. How does the Finance Ministry propose to see that these prices do not go up by certain ad-hoc measures taken by the Government of India?

I would like to mention one or two more points and then come to the preamble of the Finance Bill which the hon. Finance Minister has placed before the House. My point is about the regional markets like EEC and the market in North America and other markets which are coming up. What are the steps being taken by the Government to see that we have greater access to these markets after they are fully integrated? How will our exports go up? We might give cash compensatory schemes. We might give imported raw materials so that they can export these items. The amount of raw materials can be increased. But still how does the value added in India show the position as far as imports in those countries are concerned? How will it increase our exports? I would like to know all these from the hon. Finance Minister.

Another point is that we have more than Rs. 40,000 crores of money circulating today in this country. It is white alone. If you add the black money, it may become much more. I do not know as to how much black money is there today. But Rs. 40,000 crores is the total amount of money circulating in this country today. Even then, so far as the agricultural performance and the industrial performance, etc. are concerned, how can such an amount be sustained without creating inflationary pressures all round?

13.00 hrs.

Now, I would like to come to the points raised by the Hon. Finance Minister in his preamble to the Finance Bill. The Finance Minister was kind enough to state that the Budget and its provisions were cautious and were in a manner subdued so that inflationary pressures would not increase. But I would like to ask the Finance Minister if there is an unrestrained growth towards borrowing and if the amount of money supplied in this country is going to be increased, then how can inflationary expectations be reduced; how can production be increased and how can social justice be done in this country?

The concessions given are also very inadequate. There are so many more concessions which are necessary to be given in the sense that there is an unorganised sector. All the concessions announced by the Hon. Prime Minister now relate to the organised sector and to the medium and large scale industry. What about the concessions to small scale industry; what about the concessions to the cottage industry and tiny sector; what about the concession to the unorganised sector? If these sectors are not going to be included in the concessions given by the Finance Minister, then how can the situation of the common man be improved?

Again, I would like to mention about the Oil Pool Account. Privilege Motion was raised by the Hon. Member Shri Madhu Dandavate that there was window dressing as far as the Budget proposals were concerned. An

amount was sought to be transferred from the Oil Pool Account to the Revenue Account. Now, the Hon. Minister stated that this was not an optical illusion; it was not window dressing but it was a matter of justified action because it would not reduce the deficit in real terms. But would the Hon. Finance Minister consider pulling out this Oil Pool Account amount from the Revenue Account and then announce what would be the total deficit? Just some time back the Hon. Minister stated that we would like to not curtail the expenditure at the end of the year but we would like to see that throughout the period expenditure was kept down? But if such devices are going to be utilised to cut down the non-plan expenditure at the last moment; if all the developmental proposals are going to be put in the cold storage and then the Budget is going to be brought in line with the deficit as announced by the Finance Minister, then how does it help the financial position in this country?

In the end, I would like to mention that the Budgetary process that you are following today is not unsound. I do agree with the fact that a lot of exercise has gone into it; a lot of work has gone into it and everybody has tried to see that the financial management in India is done in a proper way and that management is prudent. But nevertheless the direction of the Budget in terms of catering to the people is in my humble opinion wrong because we are catering only to the higher echelons of the society, the higher middle class, the rich people who are sitting in the towns. But we have not been able to see that the benefit of the Budget goes to the poorest sections in the public. Such attempts even though made have failed. And, therefore, in the end my only plea to the Hon. Finance Minister is that the common man should feel the involvement in the Budget. He should be involved in the Budget. He should be given the benefits of the Budget. He should get the benefits of the Budget. If he is not going to get the benefits of the Budget and if the unorganised sector is not going to get the benefits of the Budget and if they are going to be ignored, then the Budgetary process in this country is, according to me, redundant

and should be put in a proper direction.

SHRI HAROOBHAI MEHTA (Ahmedabad): I rise to support the Finance Bill placed so aptly by our Finance Minister. At the outset, I must point out the grievance raised by the learned speaker from the Opposition that a short time was left for discussing the demands which were placed before the House and that only three Ministries could be discussed and they are Energy, Agricultural and External Affairs. I must point out frankly that it is the making of the Opposition itself. They have been taking away the time of the House on forcing discussions on non-issues, sometimes in order to gain political advantage and sometimes in order just to malign the Government. Had they restrained from this i.e. the time which the House had spent for discussing whether the Thakkar Commission's Report was a complete Report or not; whether it will be placed before the House or not; whether the suspicion on an Officer as found by the Commission was rightly needed or not and whether the findings of the SIT investigation was justified or not, a lot of time would have been available for them to discuss the grants and so on. Many non-issues are often imposed on the House by sheer insistence and, with great respect I would say, the obstinate approach on the part of the Opposition on some issues. I am comparatively a junior Member of the House but I did not expect when I entered the Parliament that so much time of the Parliament would be lost on non-issues. I would ask the Opposition friends to cooperate with the House in concentrating the attention on the major issues, for example, on very important function of the House—the financial business. So far as Lok Sabha is concerned, the financial business is the only business where it occupies a predominant position compared to that of Rajya Sabha. If the Lok Sabha fritters away time on non-issues, then I think there is a time for introspection on the part of the Opposition to whom I always look with great respect.

I welcome the concessions announced by the Finance Minister and especially in so

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far as the small scale industries are concerned, the limit of excise exemption having been enhanced from 1.5 crores of clearance to 2 crores of clearance and some relief given in respect of some other items like plastics, etc. The small scale sector is an employment intensive sector and therefore any relief given to the small scale sector is bound to help the employees and the common people. I therefore welcome that. I have gone through the Finance Bill and by and large the provisions contained in the Finance Bill are quite welcome. But there is a scope for improvement in some places. I want the hon. Finance Minister to concentrate on the implication of Section 9 of the Finance Bill that pertains to Section 43 (b) of the Income Tax Act. The purpose behind incorporating Section 43 (b) in the Finance Act, 1984 was quite laudable, in the sense that no assessee should be able to claim deduction on the ground of any expenditure without in fact having incurred the expenditure. There were occasions where we had noticed that several manufacturers were not paying the Excise Duty. They were collecting it from the consumers. They were withholding it either by obtaining the stay from the High Courts or other Courts or without obtaining the stay.

When it came to income tax assessment, they used to claim excess for that and the Government was duty bound to grant them in view of the provision then existing. Section 43 (b) therefore was rightly incorporated in the Income Tax Act in order to ensure that only that expenditure can be claimed as deduction which has, in fact, been incurred, not only just on the books of accounts, but, in fact, it has been paid into the State exchequer or wherever it is due. I, therefore, welcomed that proposal at that time.

There was some difficulty felt in the area of sales tax. The Gujarat State has submitted about it to the Finance Minister. They have also discussed the matter with me. The Gujarat Chamber of Commerce, which is

very well-known, more than anybody else, to the hon. Minister of State in charge of the expenditure, in general, has made a submission in this behalf. I do not know what the provisions are in other States, but, so far as Gujarat State is concerned, the provision is this. The sales tax collected for the last quarter of the year is required to be paid into the State exchequer in the following year; that means actually the sales tax is collected by the dealer from the buyers, but it is not required to be paid to the State in that financial year; it will be paid next year. Now, according to Section 43 (B), if vigorously applied, means that that sales tax income is also treated as income for the purpose of assessment and taxing; it was done, in fact, by some income tax officer also. Therefore, that is not really the income; that is only an amount collected by the traders as a collecting agent of the State Government. Now, if they are required to be assessed taking that as income, now that sales tax amount is to be paid into the exchequer, according to the law; it is required to be paid next year, not in that quarter. Even if deduction is given next year, that is following year, that will not rectify the mistake. The first year loss will not be rectified by giving deduction of that income next year. Therefore, very rightly, the Finance Minister has proposed a proviso to be incorporated as a second proviso to Section 43 (B). That means if the amount of taxes etc. have been paid before the last date of filing the return, then the deduction can be claimed. Now, this proviso is welcome and especially it is quite welcome in the matter of sales tax; but it is only effective with retrospective effect; it should be made effective—this is my respectful submission; the Finance Minister will kindly consider this—this proviso may be applicable from the date on which Section 43 (B) of the Income Tax Act was made effective that means from 1984 and not 1989. Otherwise, there will be lot of complications and dealers face hardship. Let that be rectified. If you realise that some such law is necessary, then kindly give it effect from the date of that. Of course, some return has to be revised; some review might have to be undertaken. But the Government can afford to give some more time

to this if the traders and the common people are to be helped.

At the time of presentation of the Budget also, I welcomed the additional surcharge on the income tax. I have always maintained that there is a lot of scope for taxing rich and the wealthy so that our plans for poverty elevation, anti-poverty programme and lifting the standard of life of the common man can be financed better by the Central Government and the State Governments; still there is scope. I do not know whether there may be some constraints this year, but, at least, there must be an effort to find out, to locate ways and means to touch those who can afford so that those who cannot afford can be helped. The rich must be taxed. Let us now at least start the process; let us not put an end to the process that rich should become richer and the poor should become poorer. If after more than four decades of independence and after 7th Plan, the process is not being arrested, I submit that now this is a time for the Finance Ministry to pay attention to this aspect.

Regarding the Finance Bill, several times I have drawn the attention, but, still, I fail to understand why no progress has been made. Two aspects must be emphasised by the Finance Ministry. Whenever any concessions or benefits are given, it should be passed on to the consumer. I do not know why there are no legal provisions in order to ensure it. There must be rigorous, effective and meaningful legal provisions to ensure that all benefits or concessions given in excise duty or indirect taxes are invariably passed on to the consumer so that ultimately the consumer gets the benefits. That is the purpose and intention behind the Government granting the benefit. Those benefits are cornered by the dealers and manufacturers. I think, that process must be stopped.

The second thing is unjust enrichment. Sometimes, manufacturers and dealers collect sales tax or central excise duty from the consumers. Then they challenge it. They do not give it to the State. Ultimately they might succeed in the court saying that the

levy is illegal. But they retain with themselves the unjust enrichment i.e. the tax collected by them on behalf of the State from the consumers. The Gujarat High Court has said that this unjust enrichment cannot be allowed. Whenever the court declares such excise duty or levy illegal, the money should not go back to the manufacturer. It should go back to the consumer. In one case pertaining to excise duty on blended yarn, the Gujarat High Court has gone to the extent of saying that the Central Government should retain this amount though the duty in question was declared illegal, and that the Government should utilise this amount for the betterment of the industry or for the interest of the consumers or price equalisation, etc. But let it not be allowed to be retained by the manufacturers as an unjust enrichment. I shall be grateful if the hon. Finance Minister gives a serious consideration to this. If you make some effective provision stopping or arresting the process of unjust enrichment it will also discourage unscrupulous petitions or applications filed by the manufacturers against the levy of excise duty or other indirect taxation because they only file petitions in order to gain for themselves.

Unemployment is a problem which we have got to face. Undoubtedly the Finance Minister has announced several schemes under the anti-poverty programmes especially the housing scheme and 'one job for one family'. However, I would have been happier if the programmes announced by the AICC in the interest of common people could have been implemented by the Government especially the programmes of mid-day meal and sarees for all. Sarees for destitute women is all right. It is welcome so far as it goes. But it is not adequate. All ladies below the poverty line, must get free sarees from the Government. Similarly, all gentlemen who are living below the poverty line, must get dhoties. That was, I think, the understanding of the AICC. I think, the AICC resolution must be taken by the Government as a mandate. Undoubtedly, time is running out of the Eighth Parliament. Even then there is some time for the Government to consider and come before the House with proposals

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to implement these resolutions. I know that this Government has accepted that in principle and something is coming up. But some people say that there is no money. I say still there is scope for taxing the rich. Some people say that there is no wheat. We have a bumper harvest this time. If there is a record production of foodgrains and with that some millions of people go without a square meal a day, that is the total failure of our planning. I do not understand how we can say it to be a good planning if on the one hand, the foodgrains are cornered or hoarded by big farmers with the assistance sometimes of banks also and, on the other hand, there are people who do not get a square meal a day. There should be schemes like mid-day meal so that at least the poor school child gets one square meal when he goes to school. By that he can enhance his grasping power. The attendance ratio will increase and drop-outs decreased. Such benevolent measures should have been implemented without any hesitation by the Government.

So far as my city is concerned, I must point out that the textile problem still remains unresolved. I had to go on an indefinite hunger strike. Thanks to the intervention of some friends, I had persuaded myself to end the fast. A formula was agreed upon that a committee would be set up and steps would be taken to revive as many mills as possible, and whenever it is not possible to revive the mills, a timebound programme for alternative employment will be provided. Two months' time was granted. Unfortunately, in these two months nothing has taken place. So, the textile problem of Ahmedabad remains where it was when I ended the fast, that is, on 15th February. I have been put in a situation where I might have to consider resumption of the struggle. But the Government of India can surely help in the problem of textiles.

First of all, the textile policy requires to be reviewed. The obstinate 'no' to take over is not justified. After all, if the NTC or the Gujarat State Textiles Corporation or the

State Corporations make cloth, lot of contribution to loss-making is made by the mismanagement or even corruption which has entered the public sector as much as it was in the private sector. Therefore, we can curb them and make the public sector more viable so that we may not have to shudder at the idea of taking over sick units. In any case, there are certain other areas where the Central Government can be helpful. A Committee set up by the Gujarat Government has recommended to the Central Government two things so far as the rehabilitation relief is concerned. One is that at the moment, rehabilitation relief in textile mills to the unemployed is granted by the Central Government only when the final liquidator is appointed, when the official liquidator is appointed that is, when it goes in finally for liquidation. We have requested the Government that as soon as the provisional liquidator is appointed in connection with a textile company, the rehabilitation relief should be made available to the workers.

At the moment, only eighteen months' wages are paid as rehabilitation relief to the workers. The Committee, which included the M.Ps., the Minister in-charge of Industries in Gujarat State and also the Textile Labour Association, recommended that instead of eighteen months wages paid to the workers, let there be thirty months' wages paid to the unemployed workers by way of rehabilitation relief, spread over five years, so that in five years the worker will get on an average fifty per cent of monthly wages. It will be a sort of relief to him. In five years he may be able to find an alternative employment. This is where the Central Government can surely be helpful to the textile problem. This year we have witnessed the closure of large number of factories. So, something should be done to arrest the process of closure. Let the lobby be unmasked. Let there be put more teeth in the Industrial Disputes Act so that the unscrupulous employers do not close down the units when it comes to the stage that it is not running in profit, after having reaped profit for several years from the textile units and other units, after having even siphoned off money from out of the profit drawn from

those textile mills, and not only that, after having illegally siphoned off money drawn from the banks also. Rs. 4,100 crores of our nationalised banks are drowned in the sick units. If the Finance Minister is kind enough to appoint a Commission on how the banks' money advanced to these industrial units has been used or misused, that will throw a great light on how the managements have been mismanaging the public funds drawn by them or advanced to them by the Government in order to modernise their units or in order to help the sick industries grow healthy. Instead of that, they are misusing or misapplying funds for their own ends. Therefore, there is a need to appoint a Commission and this is what I want to make as a special point. Let the Government appoint a Commission to go into the reasons of closure, how far the bad managements are responsible for this and what are the other causes, and especially, how far the funds derived from the profits of the units as also the banks' funds or public institutions' funds are applied or misapplied. That will be a Vivian Bose type of Commission. In order to go into this type of working in the private sector, it is necessary.

Public Sector is always made a subject matter of criticism, but the private sector is more guilty. They are misusing the funds. The only thing is that they have got friendly relations with the Press and other people. So, their misdeeds are not coming to light. Public Sector is a matter of easy access. So, anybody can come and criticise it.

About balance of payments, the Finance Minister has made a very good point, but I would still urge that there is a lot of scope for short-listing the importable items. We can do without luxuries. We should cut our coat according to the cloth. The people of our country will be very happy if they are asked to do without any import except the import of most essential items which are very necessary for industrial growth. Otherwise we can do without any imported luxurious items. Why don't we try to discipline our style of living so that imports are avoided as far as possible? I would also request the hon. Finance Minister to impress upon the Textile

Ministry and the Government in general to make effort in exploiting the export potential of textile. We have a lot of potential outside. Wherever we go outside the country, we find that the Indian textile goods are very much in demand. The only thing is, we have to orient our policies so as to fully exploit the export potential. That will give a prop to our industries here and also help reopening of many sick units and partly solve the problem of unemployment.

Sir, with these words, I again take this opportunity of congratulating the Finance Minister for his balanced budget. Sir, the Prime Minister's emphasis on anti-poverty programmes has very well been reflected in the budget. I only wish god-speed in implementation of this programme successfully and of course it is a bold effort so far as these programmes are concerned. The approach of our poverty alleviation programmes should be more effective and more forth-right and more meaningful so that in the coming months, the Parliament Members can go to the people with their better record of results.

DR. PHULRENU GUHA (Contai): Mr. Deputy-Speaker, Sir, I welcome the Finance Bill of 1989. But, Sir, I am sorry to point out certain defects in our functioning. The National Commission on self-employed women has submitted its report about a year back. But on an enquiry through questions, I came to know that it is still under the consideration of the Government. On my further enquiry, I came to know that the report from different Ministries and the State Governments have not been received yet. I am sorry to say that recommendations of the different Ministries and the State Governments have not been received because it concerns women and indeed because it concerns women. Sir, I am very sorry to say that though the Prime Minister is trying his best to do much, as far as possible, to improve the condition of the women, the attitude of some of the Ministries and the State Governments is not at all helpful. What can be done under such circumstances? I can place a number of unhelpful attitudes before this august House. But, Sir, since the time is very limited, I do not

[Dr. Phulrønu Guha]

want to go into the details and consume the time of the House.

Sir, I would like to remind the hon. Finance Minister through you, that when he was the Minister of Planning, I had discussion with him regarding the opening of a Planning Cell for women under the auspices of the Planning Commission. I had a feeling that he had agreed with my suggestion. But he left the Planning Commission just after the discussion I had with him. I would like to emphasise that if a Cell for women is created in the Planning Commission where reports on the welfare of women from all Ministries and the State Governments can be received and a comprehensive report could be prepared by the Planning Commission so that the people of the country will know how much work is done by the Ministries and the Departments in different States. Sir, it is most necessary to take immediate steps to see that the Equal Remuneration Act of 1976 is given effect to and steps be taken against those institutions or persons who have not implemented it in letter and spirit. Sir, with great pain, I would like to point out that in many places the Equal Remuneration Act has not been implemented. I do not want to mention those places and organisations where it has not been implemented. But on a surprise check, it can be found out.

Sir, it is known to everybody that unless the conditions of villagers are improved, there cannot be any progress. With great pain I say that many villages are without drinking water. In my own constituency a number of villages do not have drinking water because in a certain portion of my constituency tubewells cannot be sunk in the villages. You will be surprised to know that only the other day during the recess I went to my constituency. When I was coming from one point to another point, the driver of that car in which I was travelling wanted to put some water in the radiator of the car, but over a long distance of more than 15-20 miles there is no water in any tubewell. That is the condition. So, what I say is that not only the

drinking water, leaving aside water for the farmers, many villages are without proper roads and without any primary school. Some minimum programme is to be taken up to improve the condition of each and every village. So, you please ensure that some minimum programme is introduced so that each village gets minimum facilities.

Sir, we do not have national water policy as yet. India is fortunate to have rivers and seas all round, but still we have not yet developed the irrigation programme for all agriculturists in the country. If in all places we can produce crops twice a year, the condition of people in the villages will improve.

Sir, there is allotment of money for adult education. In this connection, I may mention that I was an adult education worker during my school days. I would like to say that the Government allots money to different institutions and also to different States. I would like to suggest that all these institutions run by the State Governments or by private bodies must be inspected regularly.

Sir, I now come to the health centres. You know the condition of different dispensaries and hospitals. The horrible condition of hospitals in many of the metropolitan cities is known to all of us. I come from a city supposed to be a very big metropolitan city. But what is the condition in the hospitals? If you go there you will find that there is no difference between man and dog or any other animal so far as the treatment there is concerned. Even when there are beds in the emergency wards, they say 'no bed'. It is no use going to somebody else. I can tell you, Sir, from my own experience that last year when I had a serious accident, I went to one of the Government hospitals. I was examined there—I do not want to go into the details—and later on I was told that there was no bed available. But I was told by the Minister concerned afterwards that there were three beds. That is the condition there, that is the attitude of the people there. I don't blame the Ministry.

Sir, what is the attitude of the Depart-

ment of Health of West Bengal? If they treat people like us who are well known atleast in our State like this, what will happen to the ordinary people? There are no medicines in the villages in many of the dispensaries. I do not want to go into it, because, if I say so, you will say that it is State Government's business, you have nothing to do. But I would like to take this opportunity to inform you. Sir, another point is about family planning. Lot of money is spent, but what is the result? If you go to villages in any part of India, particularly in West Bengal, you will find in the villages a large number of small children, because the family planning programme is not properly executed. In this connection, I also like that this should be examined.

Sir, I now come to education. The creches are meant for the children of working mothers. We have started running creches for the last twenty years. It is gradually increasing, but it is far far behind the schedule, because half the population are women and 45% of those women are working. I know 50% are women. Out of that 45% are working and if they want to send their children to the creches, where are the creches? Apart from that, the teachers of creches must be trained properly. In some places they are trained, but not in all places. Unless the teachers are trained, the children in the creches cannot be properly trained because that is the grounding for our future generation. We should not forget that. I have seen creches which are run properly. Would you believe, Sir, that the primary school teachers come to these creches and ask for the children to be taken to their schools, because these children are properly trained and they become disciplined and good. Sir, that is why I say that we must lay great stress on creches and we must train our teachers properly.

Sir, only one sentence about the communal disturbances, which speak for themselves. Sir, there is a programme for creating awareness among women. I would say that it should be for both men and women. All men and women should be equally aware about the condition of the country, not only

about the laws, not only about the Acts, but also about what is needed to be a citizen of India.

SHRI H.M. PATEL (Sabarkantha): I would like, at the outset, to refer to this fact that the Demands for Grants of only three Ministries were fully discussed in this House and it would probably cover a fraction of the total budget because it covers the amount of expenditure on those three Ministries only. In what way can we really say that taxation is sought to be granted without representation. Or, is it with representation? There may have been unusual circumstances. Of course, every year the Demands for Grants of only a small number of Ministries are covered and some of the most important Ministries are left out. The time has come, it seems to me, when we should take up this question very seriously and consider how best we can really examine them and subject these Demands for Grants to a serious consideration by the representatives of the people. I understood you to say that sometime ago, you had yourself submitted certain suggestions and proposals. I hope that they will be considered very soon. I had also written some three years ago to the Speaker on this subject, when he said, "Yes, this is a matter which is under consideration." But at the same time, several years have already gone by even of this particular Lok Sabha and yet, nothing seems to have emerged. I hope that the Finance Ministry itself realises the seriousness of the situation. In fact, I would like to ask if the Finance Ministry's Demands for Grants have ever been subjected to scrutiny? Never. Why?

The Finance Ministry is now concerned with a number of executive matters also and therefore it is time that the Finance Ministry's Demands for Grants should also be considered.

Having said that, I would like to—although for various reasons it was not possible to speak on the Budget in the general discussion—refer to only one matter. And that is the way in which the imposition of 8 per cent surcharge was made. It was pat-

[Sh. H.M. Patel]

ently wrong and its constitutional validity, I am told by no less a person than Shri Palkiwala, is not free from doubt. But that apart, it virtually increases the tax by four per cent. Therefore, this was against the policy which the Finance Minister sometime ago had indicated lowering the taxes and not increasing. In fact, a great deal of credit was taken for such a policy. Also it was done in the wrong way, because, by the increase as a surcharge the State Governments do not get any share of it at all. Was it deliberate? Was it done with a view to depriving the State Governments of their fair share?

The other point is that the whole of the amount that you will get not only remains here at the Centre but you are going to use it for financing a rural employment programme. A rural employment programme by itself is a very desirable thing. You can finance it and you can give grants for the purpose as you are doing for various anti-poverty programmes. But by doing it now in the way you are establishing a danger and totally unethical convention. When you say that it is going to be linked, in an election year is it really a proper thing to do? It would mean that while there is no State financing of the General Elections, normally the surcharge will be used for financing in effect the ruling party at the next General Election.

I think, it is a very serious wrong convention that has been created. I hope this will be reconsidered seriously.

I am sorry to see that, no thought, has been given to the serious, most dangerous and potentially most explosive situation that faces that nation today. Non-plan expenditure, subsidies, administrative expenditure etc., amount to Rs. 54,347 crores in 1989-90 which far exceed the total revenue receipts which amount to Rs. 52,630 crores in 1989-90. The revenue receipts are expected to cover, to meet not only non-Plan expenditure but also to meet a significant, sizeable portion of Plan expenditure. Now so far as this Budget is concerned, the revenue re-

ceipts will not even cover the non-Plan expenditure, and the Whole Plan expenditure will be financed through deficit financing and borrowings. What is the situation of borrowings? The total outstanding liability both internal and external debts of the Government of India will be as high as Rs. 2.6 lakh crores, at the end of 1989-90. Interest payments of Rs. 17,000 crores have to be found in 1989-90 and that amount is equal to 77% of capital receipts. The interest payments are likely to rise to Rs. 24,000 crores in 1990-91. These are mind-boggling figures. Fiscal prudence demands a serious reduction of total expenditure, particularly non-Plan expenditure. Such gestures as you have made in this Budget for reducing expenditure such as freezing Defence expenditure will not suffice. You may well ask yourself why is revenue not rising fast enough? Tax evasion is one of the major reasons. There was a committee which was appointed in this connection. The Government sponsored report on Aspects of Black Money in India published in 1985 highlighted many telling illustrations to the effect that increasing public expenditure is a major source of black money generation. The leakages pervade all areas of expenditure, be they capital goods brought from abroad, civil work carried on in the country or the so-called poverty alleviation scheme. It is a fact that Government has quite rightly assigned large sums of money on anti-poverty programmes but, have you found out how much of those large sums have gone to those for whose benefit those programmes and sums were intended? The actual beneficiaries have been totally different people. In fact, it is astonishing that it is almost forgotten now that there is such a thing as black money although the quantum of black money is rising every year and today the figure is astonishing and dominates the economy.

The Government has invested something like Rs. 71,000 crores or more in commercial enterprises. And what return do you get from them? It is barely 3.4%, after interest and tax. If you exclude the oil sector, then the rest would be mostly in the red. Far from generating surpluses for the Budget,

they are a drain on it and yet, what is being done about it? What steps are you taking about it? Is it not time for you to seriously consider reducing this drain? That is where privatisation comes in. Don't you think that you can raise some resources that way? I think, the time has come for us to give serious thought to this situation. We need to act in this way and for that, we need to have the will to act. We need courage, first of all, to accept the facts of the fiscal situation which is serious. You are running fast into the debt trap. In 1992 you will be there unless you take the matter seriously and take serious steps to avoid that.

I do not wish to say anything more. I have said enough to warn you. As things stand today, we are living well beyond our means. If we continue to do that, we will lead this country into a serious fiscal mess.

[*Translation*]

SHRIZAINUL BASHER (Ghazipur): Mr. Deputy Speaker, Sir, I rise to support the Finance Bill. I agree with Shri Haroobhai Mehta and Shri Patel that we should find out a way through which the various demands for grants could be discussed in the House. Unfortunately the demands pertaining to three ministries could only be discussed this time and a number of issues could not be considered. The demands on which discussion could be held pertain to the Ministries of Energy, Agriculture and External Affairs. Shri Patel has rightly said that we could discuss only a part of the Budget and the major part of the Budget could not form part of our discussion.

This year, mostly the Opposition Members may be held responsible for this. These people created such a situation and started raising such issues which were not so significant and which have consumed all the time of the Budget debate. This is such a time when the Parliament members get an opportunity to express their opinion about different departments, to raise their problems, to elicit information and to give direction to the Ministries. But, we did not give any importance

to it and completely ignored all these important matters. As a result, no debate about various departments could take place in this august House. Although it has not been possible to discuss all the demand of all the departments every year, yet discussion regarding most of them had been possible. But this year even this could not be done. That is very unfortunate. I fully agree that there should be some provision and some way should be found out so that the Lok Sabha may exercise full control over the budget.

I would like to draw the attention of the hon. Deputy Speaker himself has also mentioned. While the hon. Finance Minister was making his statement about granting certain concessions, then you said that price-rise is one the increase. Today, the situation is such that the Government has not been able to control the price-rise. Every year, the prices start increasing before the presentation of the Budget. When the Budget is presented, taxes are levied and concessions are given, these the concessions do not reach the consumers and they have to bear more burden of the tax than what has been levied on a commodity. Thereafter, the same condition continues. It seems as if there is a difference between what is moved in the House, what is passed in the Budget and what the consumer has to pay in the market. There does not seem to be any control over the situation.

When I refer to the prices, I mean the market prices and not the wholesale prices. Your Ministry may satisfy itself on wholesale prices but there is a wide difference between the wholesale and the market prices. We know that while replying to the debate you will read out in the House the details pertaining to the wholesale prices supplied by the Government departments to prove that the prices are under control. But I am talking about the market prices. A commonman has nothing to do with the wholesale prices. That is a interest only of the businessmen. For the common man, it is only the market price and the ruling price which matters and the Government should take steps to control them.

[Sh. Zainul Basher]

14.00 hrs.

You are a good administrator and have good knowledge of the Ministry of Finance. I would like to request you to take strict action this year so that the ruling prices may be reduced. The concessions given by the Government do not reach the common man for example, if concession given on a television set, which is a means of entertainment for the common man does not reach him and it is sold at the same price, then on the one hand the Government suffer the revenue loss and on the other hand benefit intended to be given to the people did not reach them. Therefore, this is of no use at all.

Mr. Deputy Speaker, Sir, I would like to say certain things about the other Ministries because as I said we could not discuss the demands of many ministries. I would be, therefore, utilizing this opportunity, to draw the attention of the Government about the miserable conditions of handloom weavers. Ever since the introduction of our new textile policy, the handloom weavers have been affected to the worst. All our cotton textile industries—whether powerloom or organised sector have been adversely affected. Today the condition of the handloom weavers is miserable. The prices of yarn are sky high and the finished goods are being sold at a very low price. The result is that today the handlooms are closing down in a large number and our traditional weavers have to work as labourers to sustain themselves. The Government should pay attention to this. The handicraft corporations in the States are responsible to supply yarn to the weavers at a low price and purchase the finished goods from them. Today the situation is that these corporations have stopped purchasing finished goods and the payment of the weavers of many months is outstanding against them and they are not prepared to pay. Their argument is that they have a huge stock of cloth—whether it is janata *dhoti* or other handloom cloth, and it is difficult to sell it, therefore they are not in position to make

payments. The condition of the weavers is very miserable.

The new Textile Policy has been welcomed by a number of hon. Members with the hope that it will help in improving the conditions of the weavers and handloom workers. However, their condition has only worsened. Similarly, synthetic yarn has been given much importance in the new Textile Policy. In our Import Policy more concessions have been given for synthetic yarn. As a result, handloom and cotton textile is suffering a great set back in comparison to synthetic yarn. A number of people are dependent on cotton textile, first of all the farmers and then the handloom workers, weavers, powerloom workers and the big mills in the organised sector. As Shri Harroobhai Mehta pointed out, all the mills in Ahmedabad are closed. Today all the big textile mills are getting closed and the funds meant for cotton textiles are being diverted to polyester yarn producing mills. The Government could not provide any benefit to the common man through the facilities given for the imports. Only 3-4 business houses have their monopoly in the trade and they are cornering all the benefits. A very big organised cotton textile sector, which was a major source of providing employment to the people since ancient times, in our country, is moving towards its ruination. Today not lakhs but crores of weavers, mill labourers, textile workers, powerloom operators are all moving in a direction where they will be ruined. Now the time has come to review the textile policy. We will have to review it and make such arrangements that will save the textile sector, whether it is handloom, powerloom or the organised sector. Besides, a large number of people dependent on it will also be saved. This needs utmost attention to be paid immediately.

Today, there is acute shortage of drinking water in the country. As the winter ends and the summer starts approaching, which ever area we tour in our constituency, we get the same complaint of shortage of drinking water. Drinking water supply is an important part of our 20 point programme. The Govern-

ment has provided funds for the purpose but they are inadequate. The Uttar Pradesh Government has requested for funds for installing 50 thousand hand pumps. The Government should grant the funds at the earliest. If the Government does not agree to this proposal, there will be a serious crisis because the population in those villages is increasing every year where there is acute shortage of drinking water. Ground water level is going down because of the consumption of water for irrigational purposes, this also needs special attention to be paid.

We have not able to discuss education in the House. Today education in our country has got divided into two categories. First kind is the one which is given in those primary schools most of which are not housed in proper buildings and students have to sit under the shade of a tree or under open sky. On the other hand there is the public school education. The public schools are situated in big towns and hilly areas. Public schools have also been opened in some of the villages where students go to study in proper uniform. Their parents pay Rs. 70-100 to educate their children but what would be the fate of those whose poor parents can not afford to pay so much money. Today the condition of primary school education is beyond description. The hon. Finance Minister as well as the entire House is aware of it. The Government has opened Navodaya Schools to give admission to the intelligent and bright students but how many students can the Government admit in those schools. The Government has silenced those poor people by providing them a small facility so that 200-400, student may study there. But, the rest of the poor students are still getting education in the same way in these old primary schools...*(Interruptions)* Cannot we make improvements in the Primary School's system of education? Is it not possible to make arrangements for providing equal opportunities of education? I have been demanding for long in this august House that all schools should be upgraded to the standard of the Public Schools and if it is not possible to do so, the Public Schools should be done away with. Let there be uniform

system primary education. There should be no discrimination in that. The first principle of democracy should be to provide equal opportunities of education. I would like to draw your attention to this point.

Next, I would like to draw your attention towards Aligarh Muslim University. This university has been given minority character by the Government which has been appreciated by the whole country. Our present Minister of Finance was perhaps the Minister of Education then and he had played a very active role in the matter. However, the situation today is such that there has been no sitting of the Court of this University for the past one year and I think, it will not be arranged in near future as well. the democratic character as provided in University Act is being undermined and the vice Chancellor is functioning in a dictatorial manner. Representations have also been given many times in this connection and the Education Ministry has also been intimated but no solution has been found so far. What was the need of giving a minority character, a democratic character to the Aligarh Muslim University when the provisions of the Act and the different rules and regulations are being disregarded. I would like the hon. Minister to pay special attention in this direction so that the Aligarh Muslim University which has been provided a minority status and a democratic character functions accordingly.

I would now like to draw your attention towards the Gazipur Opium and Alkaloid Works factory. This factory is 100 years old. I have been demanding for its modernisation for a long time and the Ministry of Finance has also sentioned the required sum for it but no work relating to modernisation has been undertaken so far. You might be aware that the Department of Environment has filed a case against this factory and the court has given a verdict for its closure on the grounds that is effluence is polluting the river Ganga. I had also written a letter in this connection and the hon. Minister, Shri Panja and others have taken some action as well for which I would like to thank them. This opium factory has also developed such primary devices

[Sh. Zainul Basher]

which will prevent the effluence from polluting the Ganga but a permanent solution has not been found so far. As far as I remember the Finance Ministry had sanctioned Rs. 54 lakhs but despite that, modernisation work has not been undertaken. I would like that the hon. Minister should get the matter investigated and fix the responsibility in this regard. There is a talk that a conspiracy is being hatched to close down the factory and some people from the hon. Minister's Department are also involved in it. In case it is true, it will give rise to discontentment among the people of that area. This 100 year old factory is the only such factory which utilises the opium cultivated in that area. Therefore, the opium growers will suffer substantially in case of the closure of this factory.

With these words, I support the Finance Bill and hope that the hon. Minister will accord special attention to the issues which I have raised in my submission.

[English]

KUMARI MAMATA BANERJEE (JADAVPUR): Sir, I rise to support the Finance Bill, 1989 brought by the hon. Minister, Shri S.B. Chavan. I would like to congratulate the hon. Minister for certain concessions that he has given in this Bill. One Telugu Desam member said in his speech that this is the election manifesto of Congress party. I want to remind this Member—though he is not here—that he should think over it. It is not the election manifesto. It is the people's manifesto. What is our election manifesto we will show it after some days. This election manifesto will be an extraordinary one. It will hurt the heart of their Chief Minister, Mr. N.T. Rama Rao. (*Interruptions*)

I agree with Shri Haroobhai Mehta and others that this is the first time we did not get any opportunity to discuss Defence, Industry, Human Resource and Home Grants because there was no time. But I think through this Finance Bill we can cover some of the

important points, of course, which are related to Finance Ministry.

We were expecting that through this Finance Bill at least our hon. Minister will give some relief to the middle class or lower middle class people by raising the Income-tax limit from Rs. 18000/- to Rs. 30,000/-. But we find no such relief has been extended through this Finance Bill. So many people come to us and request for raising the Income-tax limit as it is most important for the middle class people, Government employees and industrial workers. As such, I request the hon. Minister to raise the Income-tax limit from Rs. 18000/- to Rs. 30,000/-. It will help the common people and it will also enhance our image.

14.19 hrs.

[SHRIMATI BASAVARAJESWARAI *in the Chair*]

As regards hike in prices I raised this issue last Friday in this august House and the Minister was kind enough to intervene in the subject. Government says there is no price rise whereas actually there is price rise. What is happening is that the price hike is varying in different parts of the country. In Tripura the price hike is different from that of West Bengal. Likewise is the case in other places also. There is no uniform price rise at any place. Now that becomes a problem for the common man who goes to purchase from some shops. He is charged one price at one shop and another price at another shop. Government should pay serious attention to this matter. There is Essential Commodities Act and other Acts but their implementation is very poor. If I want to know how many black-marketeers had been arrested during the last five years I cannot get the exact figure. I do not know how many black-marketeers have been arrested and I find there is no punishment awarded to them. If such a situation goes on then there will be no control over the businessmen and they will be raising the prices as per their sweat will. So, the Government should see that hike in prices is controlled.

Regarding the sick industries, you have said in your speech that you have given special concession to the sick industries. I am grateful to you that that. I would like to congratulate you on behalf of the working class. But I would like to request you to amend the Sick Industrial Provisions Act. You have set up BIFR in 1987. But what happened? We have registered the sick industries cases with BIFR. What are the activities of the BIFR? You will be surprised and astonished to know its activities. Instead of reviving the sick industries, they are now recommending for their liquidation. If this thing is going on, I do not know what will be the achievements of the BIFR. You can remember that last time, you were kind enough to call for a meeting with Mr. Keshav Mahendra the Proprietor of the Machinery Manufacturers Corporation of Calcutta, the Chairman of the IDBI and myself also. In that meeting, we have decided that workers will appeal to the BIFR to review this decision so as not to liquidate this company. What happened afterwards? Mr. Keshav Mahendra was also present in that meeting. He is fully responsible for these industries which are going to be sick. Sir, I am saying this with full authenticity. I am telling you he is absolutely guilty. If it is not true, you can punish me for which I will never mind. But what happened? Mr. Keshav Mahendra who is responsible for the industrial sick units, diversified all the funds from Calcutta units to Mysore units and when these units became sick, he ran away. He through his advocate has pleaded with the Bombay High Court for liquidation and yesterday, the Court has passed the order. What is the fate of the workers? 4000 workers are on the road. Some workers have even committed suicide. For how many days will you allow like this? These industrialists and capitalists are now raising their hands through these financial institutions. The IDBI, IFC, IRDB and also the management are responsible for this. When a capitalist is going to close down the industry, nobody is taking action against the capitalist. Even the Government is not blacklisting them. But the Government is going to give maximum money to those capitalists and industrialists. And when the workers are on the road, nobody is

there to look after the interest of the workers. As a Member of Parliament, I tried to meet Mr. Vengal Rao so many times. Yes. He is an effective Minister. I met him so many times. He assured me that he will now allow to liquidate this company. This is on record. After that, due to their negligence, the Bombay High Court has passed the order. I would like you to recall this. Please re-open this company and help the workers. Otherwise, I will not be able to continue as a Member of Parliament. If I cannot help the workers, I have no right to continue as a Member in this House. I request you to look into this case and try to expedite the matter with Mr. Keshav Mahendra. Either he should amalgamate this with MMC or the Government should take over this unit. There should be some solution. I know that according to the Government industrial policy, it is not going to take over the sick industries. I do appreciate it. But in some cases, Government should change this industrial policy for the benefit of the workers. Consider Metal Box Company. Everybody knows this name. It is one of the most glamorous companies of the country. What happened is that we have registered this case last year with BIFR. The Board for Industrial and Financial Reconstruction has become the Board for Industrial and Financial liquidation. They are only recommending for liquidation. It is a matter of shame. Yesterday I went to attend a meeting of the BIFR. Sir, do you know the proposal of BIFR? They said that some entrepreneur has come and they have given some proposal that out of 6800 workers, 2600 workers will be retrenched. And then they will reopen this industry.

You have already declared some rehabilitation package for the sick industries. I request you to kindly have this matter expedited through BIFR so that they can avail of this opportunity and they do not retrench these workers. If there is any communication gap, they may not implement this. This mental company must open immediately.

Then, I have mentioned several times about the unemployment problem. This is one of the burning problem of our country.

[Kumari Mamata Banerjee]

Government has already given the slogan of *Bakari Hatao*. In the Budget speech, you have announced Nehru Yojna Programme for the unemployed youth. In our country, the number of unemployed educated youth is three crores. I do not know what is the actual number of uneducated youth. The employment ratio is very poor. The women employment ratio is only 2 per cent. That is the situation. You must do something immediately so that we can solve the problem. Otherwise, the youths are likely to go astray and get frustrated.

Further, I have raised several times the question of abolition of the fee required to be paid in the form of postal orders by the unemployed youth while sending their applications for various jobs. For scheduled castes and scheduled tribes, you have already abolished this fee, but not for the general category candidates. If you agree to this request, at least the unemployed youths can apply for the various jobs without any financial burden.

Then, a word about the activities of the nationalised banks. In my constituency, the State Bank of India have opened two branches. They invited all the CPI members, but they did not invite me. It is very surprising. All the bank officers belonged to a particular union. I, think, there are some guidelines from the Government in this respect. When these branches were opened in my constituency, they should have invited the local Member of Parliament, irrespective of the party he or she may belong to. I want to bring it on record that though the two branches have been opened in Pailan Bishnampur in South 24 Parganas and Kabardanga in South 24 Praganas, within my constituency, I was not invited to the inauguration of these two branches. This should not be allowed to happen.

Then, I want to make one point about DRI, differential rate of interest. If a loan of Rs. 5000 is advanced to one person, he pays 12 per cent interest, while in the case of

another man, it is 4 per cent, though both the beneficiaries may come under the same category. There is some discrimination in this matter. I would request that through this scheme, there should be only one uniform rate of interest, that is 4 per cent for the poor people without any discrimination.

Sir, I would like to request you that the pending projects like the Haldia Petrochemical Project and the Salboni Mint Project which are pending with the Finance Ministry should be cleared.

In my State there was a drought and there is a scarcity of water. People are not getting even drinking water. The Central Government should look into this problem seriously so that the people there could feel that the Central Government is behind them.

In the end, I would like to say that the Machinery Manufacture Corporation and the Metal Box unit should be given highest priority. I met the Prime Minister today and he told me that he will do something in this regard. I would like to request you to please amalgamate this company with MMC; otherwise, I cannot say what step I will have to take to fulfil the workers demand. You please guide us and advise us as to how the workers should be helped so that they may not starve.

PROF. SAIFUDDIN SOZ (Baramulla):
Madam, Chairperson, first of all, I must partly repeat what I wanted to say yesterday. We have not discussed demands of most of the Ministries. I had noticed last year that some of the very important Ministeries had been left out. When you start compromising, then you come to a situation when you do not discuss the demands for the Ministeries of Home, Defence, Human Resource Development and the host of Ministeries. In fact, yesterday I had suggested that the discussion on the External Affairs could be stopped and instead we could discuss the demands for the Ministry of Human Resource Development, because sometimes I feel that education is very basic to the development. It is very painful to note that we are discussing the most important Bill called the Finance

Bill, which covers all the demands, without expressing the aspirations and difficulties of the people.

I cannot enlighten a veteran, seasoned and a very experienced Minister that we have in Mr. Chavan, but I want to raise the basic question and some solution has to be found out. How do you discuss these demands? At least I am blank because I have not studied and also not expressed myself. We do not take any lesson from what happens in the world.

Hon. Speaker had suggested in 1985 that there should be Budget Committees and the then Parliamentary Affairs Minister had come forward with an assurance that the Budget Committees would be instituted. Many parliaments of the world have done that. These committees can produce the report and at least those reports we can understand and discuss. But we have not done that. I want to remind the august House as to what happened in the House of Commons. Our basic question is that is time. I was told that so many issues were brought before this august House and we wasted the time. So far as this Session is concerned, this is basically a Budget Session but the Budgetary demands have not been discussed. So, I would say, why should we close at 6 o' clock. We can run the House till late in the night. This is not unique for this Parliament. The House of Commons has done it. The usual time of the House of commons is much more than that of our Parliament. It starts at 2.00 o' clock and closes at 10.00 P.M. in the night and sometimes they sit till the midnight. I would like to quote from a very important document. It says:

"The House of Common meets at 2.00 and its sitting normally goes on until 10.00 P.M. and often up to midnight."

Therefore, two things can be done; either we can extend the time of the House or we can extend the time of the Session. Whatever it is, we should have discussed the demands for the ministeries of Defence, Home Affairs

and at least the Ministry of Human Resource Development.

Madam, you have been the Speaker yourself. Our Hon. Speaker also wants that the Budget committees should be there and the Budget should be discussed. We should learn a lesson from what happened in Europe and in many other parliaments. I want to share the latest development in the House of Commons in this regard. You may be knowing much more than myself but I want to share my study in this regard.

MR. CHAIRMAN: Prof. Soz, you please come to the point because the time is limited.

PROF. SAIFUDDIN SOZ: Madam, I will come to the point but this is very important information and it should go on record. I don't say that I can enlighten the House but I am sharing my experience. The point is that we have to form committees. In Britain there are so many committees like the parliamentary committees that we have. What they did in 1979:

"Significant developments have taken place in Britain. (Our Parliamentary democracy is very much akin to Britain that is why I am giving you the example) 14 new Committees were established in 1979 in addition to the existing 11 committees like the Public Accounts Committee. These committees are designed to oversee the principal Government departments and the semi-public bodies associated with them and make ministers accountable to Parliament."

Here, Madam, Chairperson I would like to invite your attention to the fact that they make Ministers and other civil servants fully accountable to Parliament. Now, nobody is accountable to this Parliament and to the Lok Sabha.

I would like to raise a basic question and that is what is the principle behind the Constitutional provision that the Money Bill

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will come only in the Lok Sabha. Why should Money Bill come only in the Lok Sabha? It is because this is the House of the People. It is because that we represent the people at the grassroot level. We know their aspirations. We know their difficulties. Still, we are not being allowed to express their difficulties. How do we then put our thumb on these Demands and just say 'Yes'? Of course, these demands will be passed. But we are going against the very basic principle of representing the people in the Lok Sabha.

Madam, now you want that I should come to the point. These are basic things. We are eroding the functioning of the Lok Sabha. We are eroding the prestige of the Lok Sabha. This is people's House. Their demands are not being voiced at all.

THE DEPUTY MINISTER IN THE MINISTRY OF SURFACE TRANSPORT AND DEPUTY MINISTER IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (SHRI P. NAMGYAL): That is what your friends were doing.

PROF. SAIFUDDIN SOZ: No. They also raised some national issues. Because of that some time was wasted. But you find a solution. I was prepared to sit for the whole night. We must do that. Why not?

Madam, Shri Zainul Basher was just now speaking here. I was very much interested to tell you something about the Ministry of Human Resource Development. How money is wasted at the university level? How research which is not relevant to the society is being conducted? I would also raise a question regarding Aligarh Muslim University where the Vice-Chancellor—I do not know whether Mr. Chavan will communicate it to Shri Shiv Shanker or not—is running it according to his whims. He has not convened the Court. All MPs have exercised their viewpoints on this issue. We are going to meet the Minister, tomorrow. The point is that the Court is not meeting. Even the representatives who have been chosen by

this Parliament for meeting in the Court have not been allowed to meet. This is a high-handedness of the vice-Chancellor. Where do you speak these things, if we do not speak in the Lok Sabha? These things will happen, if the demands are Guillotined. I know Mr. Chavan. When he was the Chief Minister of Maharashtra, he never wanted that the Demands should be Guillotined. He must not be feeling happy, if we Guillotine these Demands. You will not know what has happened. You will not know what we had to talk. How can you enlighten the Minister for Human Resource Development?

Madam, what has happened over a period of time is that even the Demands for Ministry of Defence are not being discussed. That is the tragedy. So, in future the Finance Minister must come forward in consultation with the hon. Speaker and the Minister of Parliamentary Affairs for getting a Government proposal for the constitution of the Budget Committees.

As the time is very short, now I want to make some important points about my own State and also about other things. Firstly, I agree with Kumari Mamata Banerjee when she suggested that the Income Tax limit should be raised from Rs. 18,000 to Rs. 30,000. You know about the fixed income group. There are people who are running their own business. They know the tricks of evading taxes. But what can a Government servant do?

SHRI HARISH RAWAT (Almora): Even Rs. 25,000 is okay.

PROF. SAIFUDDIN SOZ: No. It should go up to Rs. 30,000. You must draw a balanced Budget. The hon. Finance Minister knows that the fixed income groups cannot evade tax. They pay the tax. Sometimes *Lakhpatis* people don't pay tax because they know the tricks of evading tax. So, that limit should be raised to Rs. 30,000.

Then, I want to say a word about Inflation. I want—when the hon. Minister rises to reply to this debate, which may be com-

pleted tomorrow or the day after, I do not know—that he must kindly inform us as to how does he want to control inflation in this country. The index of prices of articles of mass consumption is much better known to the hon. Finance Minister. The prices have been rising. I will give you one example of meat because I am a non-vegetarian. I want to bring to the notice of the Hon. Finance Minister that over the last eight months, the price of mutton has been rising by at least Rs. 2/- per kg. per month. I am prepared to show him the rate list of the last eight months. If it is Rs. 40/- per kg. today, then you can calculate what would be the rate eight months back. I can predict, that every month, there will be increase of Rs. 2/- per kg. It is a protein. For those people who are non-vegetarians, mutton is an essential item.

Similarly, take the example of Cereals and Vegetables. The prices of these items are rising and incomes in the pockets of people are not commensurate with the increase in prices. Therefore, I want the hon. Finance Minister's reaction to the market situation. It is because I say that the prices of articles of mass consumption have been increasing. Whatever may be official figure, that is only theoretical in nature. But on ground, the prices of articles of mass consumption are increasing. So, there should be some solution on the inflationary spiral.

Then, Madam, I want to say a word about banks. Kumari Mamata Banerjee referred to banks. I will not just refer to certain Banks as to what they are doing. I will be referring to the situation evailing in the banks throughout the country. The banks are not answerable at all. I raised a question three years ago. Why do not the Public Undertakings Committee look into the functioning of the Banks? The Chairmen of the Banks have become Lords in their chairs. As long as they get into those chairs, they can approach the politicians for support. In fact, they are doing it. Once they get into those chairs, they don't accept any proposal which may be genuine either from the MP from the Minister. I have explained to Mr. Faleiro as to how a bank officer hurred in the air his assurance to me

regarding a bank premises in Srinagar. They do not care. Because they are not answerable. I raised a question about judiciary. It is also answerable to Parliament. We are people who make laws. So, fradulant practises are going on in the banks and the banks are not answerable to anybody in the country neither to the Parliament nor outside the Parliament to the Minister or for that matter not even to anybody else. Once they become the Chairmen and Managing Directors, they become laws unto themselves.

So, the banks have to be brought under the purview of a Parliamentary Committee and that Committee could be a Committee on Public Undertakings.

The States deserve some consideration. I think, the hon. Finance Minister should consider about it. I will not take time of the House about it because Mr. Patel and so many members have already explained to you. I will give a broader picture of this. I want the Centre to be strong, as the Sarkaria Commission has said. But even the Sarkaria Commission has said that there should be financial devolution because you cannot have a strong Centre unless you have strong States also. I know the taxes are being collected by the Centre; even the surcharge is also being collocated by the Centre; this will leave lesser and lesser amount of money with the States. So far as financial devolution is concerned, the hon. Finance Minister may not find time to discuss in this time but when he has time he may kindly consider how to strengthen the financial position of the States.

PROF. N.G. RANGA (Gunter): How?

PROF. SAIFUDDIN SOZ: He can find out a solution to the problem. The States are not happy because they want more and more money. It is not only this parley we will have with the Planning Commission and we will come with a begging bowl; there should be a permanent source of strength to them; that should be provided permanently. Jammu & Kashmir State has not received a proper share from the financial allocation for the overall development. Four years ago, I put a

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question. What is the total investment in the public sector industry and what is the share of the Jammu & Kashmir State? The answer was that it was 0.07 per cent. The total investment in the public sector industry was Rs. 30,000 crores and our share was 0.07 per cent. The HMT unit was also getting in a bad shape, but on my suggestion, Mr. Vengal Rao tried to revive it. It goes to his credit. He is a man of action. He removed the General Manager and put it on the sound foundation; it is working well. But don't we deserve more funding for the development of the State? We have raised this issue but nobody has gone deeper into it.

There is no money for electricity and we have cuts for four days during winter. The life was totally dislocated. Himachal Pradesh is far better than the Jammu & Kashmir State economically. We do not grudge for that. I raised a question about it. For Himachal Pradesh, you give 90 per cent as grant and 10 per cent as loan while for Jammu & Kashmir 70 per cent as loan and 30 per cent as grant. We have been convincing the Finance Ministry about it. I could raise many more issues regarding Jammu & Kashmir State.

We have tourism sector which should be developed; we have handicrafts. For the overall development of Jammu & Kashmir State, we deserve a very good deal. In far-flung areas, in Ladakh, in Jammu, in Benny and other areas, we have difficulties about road transportation. There we have lot of tension.

With these words, I support the Demands for Grants which are covered by the Finance Bill. But I make a strong appeal before the hon. Finance Minister that he must understand and appreciate the demands that I have put forward before him.

[Translation]

SHRI BANWARI LAL BAIRWA (Tonk):
Madam Chairman, Sir, I rise to support the

Finance Bill.

Madam, the hon. Minister of Finance has presented a very commendable Budget and it should be said that its thrust is towards the eradication of unemployment which is welcome.

Madam, the hon. Minister of Finance has given certain exemptions and concession. I would like to congratulate him in this regard and hope that the benefit of these concession will reach to the people of the country.

The correct Budget is a pro-poor Budget and provisions have been made for all those areas which are backward whether it is a class of people or a state. In this context, I could like to submit about by own state in partlular.

The severe drought situation which prevailed last year was perhaps unprecedented in the century. The condition of Rajasthan was miserable and the people had to face extreme hardships. However, I and the people of my state are grateful to hon. Shri Rajiv Gandhi for providing special assistance on account of which we were able to tackle the situation and the people did not have to suffer any special calamity. Although there was large scale loss of cattle heads, there was no loss of human life and we are for ever grateful to the Central Government for providing relief assistance to tackle this crisis. But when there are such calamities, however big efforts we may make, the impact remain for a long time. The impact is still felt in Rajasthan and the people of the State are struggling against it even today.

There were good rains last year but were not adequate to make good the deficit of the previous year. The production of foodgrains is still inadequate but there has been a record production of oilseeds. I think that the production of oilseeds in Rajasthan has been unprecedented. But I would like to inform the hon. Minister that there is acute shortage of foodgrains in the State. The State Government should remain prepared

to meet the crisis and the Central Government should provide necessary assistance in this regard.

We are having scanty rainfall in Rajasthan for the last 4 years with the result that tanks and wells have dried up. The underground water has also gone to deeper levels. Ground water is being ceaselessly drawn out but it is not being replenished in the same measure. In every village there is acute shortage of drinking water. The problem of water specially for the cattle is grave. In this connection, Rajasthan Government has sent a contingency plan to the Central Government and has requested for a minimum amount of Rs. 10 crores. The Central Government should provide this amount to the State immediately otherwise the State will have to face serious crisis of drinking water.

I would also like to state that in addition to supplying drinking water for human consumption, arrangements should be made for providing water to cattle as well. If small water tanks for the cattle are not constructed, it will not be possible to solve the water crisis which has affected the cattle in this state. Therefore, small tanks and deep wells should be constructed in the villages in order to save the cattle wealth of the state.

The drinking water crisis in Rajasthan is not merely an year old problem but it is a permanent feature of the State. However, the state Government is taking several measures with the assistance of the Centre. Rajasthan Government had made a proposal for the Bisalpur dam project which will definitely solve the drinking water crisis prevailing in the areas of Ajmer, Kekra, Beawar and Nasirabad.

But at the same time I would like to bring to your notice a very significant point. It is proposed to supply water for irrigation purposes in addition to drinking water to other tehsils of Tonk district from the Bisalpur dam. But only 23 villages in Deoli tehsil have been shown under irrigated area and the remaining villages have been left unirrigated as their level is higher. It is an injustice to Deoli

tehsil, because even now drinking water to Ajmer is being provided from Banas river only. Due to this, water level of the river flowing in Deoli tehsil has gone down. Even today Deoli is suffering because of Ajmer. It is by no means justified if Deoli tehsil remains deprived of water even after the construction of Bisalpur dam. I, therefore, request that the area may be got surveyed agains and irrigation facilities provided to remained villages which have not been covered by lift irrigation. With the construction of Bisalpur dam, 22 villages will be submerged under water and as a result thereof the farmers will have to move from that area. I request that the people who may be displaced should be provided alternative land. They should also be rehabilitated. they may be provided with residential accommodation and some employment so that they may not roam about in search of the same.

I will fail in discharging my duty if I do not make one submission to the hon. Minister of Finance. The Banas river flows in a 40 mile area in Tonk district and the farmers of the area grow melon, cucumber, tomato, onion and water melon along the river side. This year these crops were affected by diseases due to shortage of water resulting in losses of crores of rupees to the farmers. The farmers have reached the stage of starvation. Had pesticides been provided to the farmers on time, the present situation would not have arisen. You have stopped manufacturing of pesticides whereas their manufacture and distribution is very necessary. I request you to give compensation to these farmers and arrange some occupation for them so that they may earn their livelihood and save themselves from starvation.

The hon. Minister of Finance has presented a nice Budget this year which consists of a lot of good things. For a long time I have been feeling on thing. There are certain ugly practices being followed in our country. It is not at all good that rights oil of some body is carried by some other person on his head. You will not find such practice in any other part of the world. I want that this practice should be done away with.

[Sh. Banwari Lal Bairwa]

The Government in Rajasthan has been facing financial crisis due to drought situation in the State. Last year arrangements were made to dig wells under R.L.E.G.P. and N.R.E.P. But 32000 wells remain incomplete. The Government of Rajasthan has placed a demand of Rs. 115 crores for this purpose. If the demand is not met the wells will become useless. If the Central Government sanctions this amount, the poor people, the Adivasis and Harijans could be benefited. Otherwise, the money which has already been spent on this work will go waste. The entire labour will go waste. These people will get the benefits of this scheme only when the financial assistance reaches the State. Apart from this, financial assistance had also been provided last year to construct houses for Harijans and Adivasis. The houses remain incomplete and remain unused. The Central Government had given this money under N.R.E.P. and R.L.E.G.P. It is requested that more funds may be provided in order to complete these houses. The Government of Rajasthan has perhaps, sent a demand for this and I request you to kindly sanction the amount asked for therein.

15.00 hrs.

With these words I express my gratitude to the hon. Minister of Finance for presenting such a nice Budget. I welcome the Finance Bill.

DR. G.S. RAJHANS (Jhanjharpur): Madam Chairman, I support the Finance Bill, which has been presented in the House today. However, I think it necessary to submit a few points in this regard.

A lot of concessions have been given. But I do not think that despite all these concession, there will be any impact on the price situations. We had a discussion in the House quite recently and arrived at a conclusion that the whole-sale prices are not increasing, consumer prices are not increasing but one has to see reality in the market. It is not a question of theory. We can just

please the people through jugglery of figures. You go to market and see for yourself, how rapidly the prices are rising. It has become very difficult for a common man to make both ends meet. You may say anything you like, but people will look at the facts. The people go out to purchase various items and pay 4 times price. The hon. Minister of Finance is making good efforts in this regard. A couple of days before, he had said that deficit financing would be controlled. He had also given indications that fiscal monitoring measures are being adopted. Shri Chauhan enjoys the reputation of a strong administrator and I am hopeful that he will be able to curb the trend of rise in prices.

So far as the Government expenditure is concerned, it was said that efforts were being made to control Government expenditure. But he does not, perhaps, know that a lot of wasteful expenditure is being incurred. I had said this thing earlier also and am repeating the same thing now. Telephones have been provided at the residences of the all officers of the level of Secretary. Additional Secretary and Joint Secretary. I shall give a small example. All of them have provided with S.T.D. facility. Today one can have telephone talks in any part of the world from Delhi by availing S.T.D. I say with full responsibility that the monthly telephone bill of an officer drawing a salary of Rs. 3000 only comes to Rs. 50,000, Rs. 40,000 and Rs. 30,000. But there is none to check it. Who pays this money. It is you and I who pay the money. When I raised this point during the last session also and I was asked to report if any such cases come to my notice. There is nothing to report. I am also not a police officer. I am telling you that this type of things are happening everywhere. You disconnect the S.T.D. and ask the officers to book lightning calls when they want to do trunk call and see how much money would be saved. To-day, Government money is being misused indiscreetly. Similarly, wasteful expenditure is being incurred under other heads like stationery and transport etc. It could have been understood if the money is spent on development purposes. But money is being spent indiscreetly. As a Finance

Minister, you have to enforce strict discipline in so far as the Government expenditure is concerned. It does not matter if somebody, some bureaucrat or some Minister is displeased by your action. If you do not do so, we will face a horrible future. A few days back the Finance Minister had stated that a state of recession is likely to occur in India. People who are conversant with problems of economics know that this recession is thousand times more dangerous than price rise. The process has already started. The economist of the world have forecast the situation which is likely to occur very soon. On the one hand the industries will become sick and stagnant and on the other hand inflation will rise. The situation will go out of control at that time. Now you can control it. But once the stagnation gains momentum you will not be in a position to control it. I am not concerned so much about the centre, but I am much worried about the States. You look at the States, they are having their own ways. We console ourselves that we released crores of rupees to the States under 20 Point programme, R.L.E.G.P., N.R.E.P. or the I.R.D.P. and expect that everything will be all right. But in the name of these programmes people misappropriate the money. The politicians, bureaucrats, engineers and contractors swindle that money. I am giving you a very small instance. Under the 20 point programme it has been provided in our State that 25 per cent of the money will be spent on social forestry. Perhaps the same practice is followed in other States also. But in reality even two per cent is not being spent. The forest officers swindle the entire money.

The Forest Officers swindle most of the funds meant for reviews schemes. But no audit takes place. No Government have paid any attention to this aspect. Similarly, there are many other measures also, which can be taken. We feel while sitting here that all is well but in reality the situation is not satisfactory. There should be proper monitoring system for this purpose.

The hon. Minister has referred to export. It is a matter of great pleasure that our export has increased but the other thing

pointed out by him is also equally important. Many important companies working in the Corporate sector have not been able to increase their export to the desired extent. If it is so, the Government should review the situation. It is high time to take strict action. Very few countries give such incentives to encourage export as those given in our country. In spite of all this, the medium and small size industries have been able to increase their export while the big companies have not. What is the cause behind it? If we discuss exports, it would take much time. They cannot match the international standard. Their export items are inferior to their specimen, which brings a bad name to the nation. Still there is large scope of increasing export. We are lucky that there has been a rich harvest and we are in a position to export foodgrains. There is great possibility of this export in Asia itself. If attention is paid towards this aspect, we can export the foodgrains within the Asian countries, Shri Rajiv Gandhi has done a commendable work by constitution an independent Ministry for food processing. There is every possibility of exporting the processed food all over the world. The Government should consider this matter seriously.

I would like to lay emphasise on one thing more that maximum attention should be paid towards generation of employment opportunities. It is good that a proposal has been made in the current Budget to implement Jawahar Rozgar Yojana. I would request the Government that instead of implementing the scheme in a few selected districts it should be implemented all over the country by mobilising more resources for this purpose. Nehru Rozgar Yojana must be implemented in all the districts of the country, for, it would not be possible to identify extremely backward districts. Every Member of Parliament would plead for his own district and those who fail to bring this scheme to their district, would lose their popularity. It is, therefore, necessary that this scheme should be implemented all over the country at the same time.

I would like to say one thing more before

[Dr. G.S. Rajhans]

I conclude. You must have observed that the prices of paper are rising high and many booksellers and newspaper publishers have protested against this. On the other side paper factories are suffering heavy loss. I feel that there is something wrong in our planning. If the prices continue to rise with this speed, it would lead to further illiteracy in the long run.

The most important thing I want to assert is that maximum attention should be paid to control population. Otherwise the entire planning, budgeting and the whole efforts of the Government would prove unsuccessful. At present we are not feeling the urgency. But one day we would realise that population explosion causes negation to growth in production. Family Planning education, too, is not provided in satisfactory manner. Television advertisements are so obscene that one cannot look at them while sitting with the family member. Such advertisements should be telecast late in the night only. The Government will have to convince the people that they cannot lead a prosperous life unless they adopt family planning. I had gone to China. The Chinese Government have adopted the method of incentives and dis-incentives to control the population. For instance, if a person submits an affidavit stating that he has one child and he would not have any more child in future, he gets five increments but if it is detected that he has more children after wards, he is liable to lose ten increments. You can also check the population explosion by adopting the method of incentives and dis-incentives.

In the end, I would like to submit one thing more. My constituency in Bihar was hit by a severe earth-quake but the Central Government did not provide any financial assistance to the affected people. I would make a humble request to you to pay attention towards this. The affected people had to live in the open in winter and are still living in the same conditions in scorching heat. When the Central team was sent to survey the situation, Government employees were on

strike. I would urge the Government to send a Central team again to assess the actual loss and provide financial aid to the victims of earthquake in Bihar.

In the end, I would congratulate the hon. Minister of Finance that he has presented very good budget and Finance Bill. My only submission is that prices should be controlled by introducing strong measures.

[English]

SHRIMATI D.K. BHANDARI (Sikkim):
Sir, I oppose the Finance Bill, 1989, specially Clause 26—Extension of Direct Tax Laws, that is, (i) Income-tax Act, 1961, (2) the Wealth Tax Act of 1957, and (3) the Gift Tax Act of 1958, to the State of Sikkim. This has been done in violation of the agreement by which Sikkim became a part of India. The political agreement embodied in Article 371F of the Constitution guaranteed protection to the institutions existing in Sikkim such as the Sikkim Legislative Assembly, the judiciary system in Sikkim and also continuance of the laws in force in the territory of Sikkim till they are repealed by competent Legislature or competent authority. This was done and incorporated in the Constitution to maintain the special status of Sikkim or the distinct identity of the Sikkimese people. It is the moral duty or responsibility of the Government of India to see that the people of Sikkim come into the mainstream and feel at home and become proud Indian citizens rather than pushing them over the wall by encroaching upon and eroding the provisions under Article 371F of the Constitution of India.

The people of Sikkim who were ruled by an autocrat ruler were agitated against the ruler and opted for democracy and subsequently merged with India. They had very high hopes and aspirations when they merged into India, but today they are now a disillusioned lot because whatever rights they were enjoying even during the rule of Chogyal were taken away, as for example, the seat reservation for all ethnic group—this demand has been gathering dust in the

offices at the Centre for more than 10 years. On top of that now these tax laws which are being extended without consulting or taking into confidence the competent authority i.e., the democratically elected Government of Sikkim.

Madam, the Income Tax Manual, 1948, in force in Sikkim has been found to be an existing base for recovery and realisation of revenues by way of income tax to the State of Sikkim which stood at present at Rs. 3.5 crores and is likely to be extended to Rs. 7 crores per annum.

By the extension and enforcement of the Income Tax Act 1961, the right of the State of Sikkim is lost and the law in force in Sikkim will become nugatory and thereby the constitutional guarantees which were embodied in Article 371F of the Constitution of India are violated.

It is noted that by introduction of the Income Tax Act, 1961, the Government of Sikkim will be deprived of its financial resources of revenues whereas the Government of India will not get any substantial financial gain.

Sir, if we speak of the economy of the State of Sikkim, it is a fragile economy. We are thankful to the Government of India for the generous grant extended to Sikkim which has the highest per capita expenditure in the country, but no effort has been made to establish any income generating schemes or projects either in public or private sector since the merger of Sikkim into India. Income is mainly agro based. Income generated thus is mostly invested in housing sector in urban areas which you may feel taxable. But you cannot call it a clever way to dodge tax payment. There is no other earning and investment avenues are not wide. No industry worth the name is set up. Income-tax was an incentive for investment for medium and small industries to come, which would provide employment to local people. But with the extension of these taxes the few industries which are running will also go away from the State.

Merger of Sikkim saw tremendous changes—unplanned growth and unrestricted expansion. In fact, socio-political system should have been carefully nursed to meet the challenges of the situation. In this environment, the carpet baggers move with their inducements to the simple, shy and poor people which seem to have threatened to completely change the very fibre of life in the simple society. A few cunning people reap benefit out of this situation.

Now the question arises, should these local people be penalised for lack of political, administrative, legal and social foresight? Should these local people be penalised or punished for such expropriations when the exploiters seem to scot free. It is true that there are loopholes in the laws in the case of both the Excise Act and the income-tax law. But these are not because of the fault of the local people. The givers of the Constitution should have envisaged the problems in 1975 itself.

Gift tax may be levied. Transfer of money may be rigidly controlled, if not banned. But the entire innocent people should not be punished by such extreme measures for the sins or crimes of a few culprits. 'Allen Camuses'—The Outsider—is applied absolutely here. The poor Sikkimese does not know what for he is being punished. The law is alien to him. So, against the notification, the Council of Ministers of the State of Sikkim and the public of Sikkim have demonstrated effective protests by resorting to total *bandh* of the State of Sikkim on the 2nd and 3rd January, 1989 and 17th to 19th of April, 1989. Every section of the people of Sikkim was opposed and is opposing the denial of the rights of the State of Sikkim to continue its own laws including the Income-tax Manual, 1948. The Legislative Assembly held its urgent session on 21st April, 1989 opposing the extension of the Direct tax laws.

More than 300 people came down to Delhi to stage a *dharna* at the Boat Club to register their opposition to the extension of these tax laws. I would like to thank the Prime Minister that at his instance, the ruling Party

[Smt. D.K. Bhandari]

of Sikkim, namely Sikkim Sangarsh Parishad had withdrawn their agitation as the Prime Minister had accepted the proposal forwarded by the State Government to constitute a committee to examine this issue.

Since the matter is under consideration of the Prime Minister and since he has assured the Chief Minister of Sikkim that a Committee will be constituted to examine the issue of extension of the Direct tax laws to Sikkim, I would like to request the hon. Finance Minister that consideration of clause 26 of the Finance Bill be deferred till such time as the Central Tax Panel on Sikkim will submit the report and not to adopt this clause, as it is today.

[*Translation*]

SHRIGIRDHARILAL VYAS (Bhilwara): I rise to support the Finance Bill of 1989. I welcome the concessions announced by the hon. Minister of Finance in his speech with the special reference to the exemption of excise duty on black and white T.V. sets. Similarly some concession has also been given in case of colour T.V. sets. I would like to make a special mention about of two-wheelers. Two wheelers are used mostly by Class III, Class IV employees and people of middle class. The tax levied on them would hit common man. Partial relaxation in the tax amount will not be helpful. If excise duty on two wheelers is totally exempted, the Government employees and common man would feel great relief. It is very necessary. Similarly the duty exemption on plastic articles is also a welcome step and we are grateful for many other facilities provided by the Government. The proposals for increasing foreign exchange deposit and other resources and to control deficit financing are welcome steps. It is written in the 34th clause of the Memorandum.

[*English*]

"Under the provisions of Section 4 of the Expenditure Tax Act, tax is chargeable at the

rate of 10% on any chargeable expenditure incurred in a hotel to which the Act applies to discourage conspicuous consumption, it is proposed to enhance the rate of such tax from 10% to 20%.

[*Translation*]

The Government have taken a commendable step. My assertion is that the tax levied on hotel industry has been increased from 10 to 20%. Similar policy should be adopted towards Chairmen and the Managing Directors of Public Sector Industries who lead much more luxurious life even than the Minister of Finance in the Government of India. So tax should be levied on their expenses in order to get the detailed information about the expenditure of Public Sector industries incurred on luxuries of life. Levying tax on all those luxuries would enable the Government to know, how they spend lavishly and how they made our industries uneconomical. Similarly Private Sector industries should also be controlled. All the expenses on the luxurious life of big industrialists are borne by the industries. They show fictitious accounts of their expenditure in the name of their companies and thus evade taxes. So attention should be paid towards them so that they may not be able to evade taxes and the Government may get more revenue. I had given a suggestion last year too and you have obliged by reducing 5% tax on the income between rupees 18 to 25 thousand. You have not paid full attention towards this. You said that the amount was increased from eight thousand to twelve thousand and then fifteen thousand and at present it is eighteen thousand. In reality the value of money has decreased many times since then. Last year also, I had requested to raise the exemption limit to Rs. 25 thousand. It would provide a considerable relief to the class III and class IV employees and people of middle class who have big families to support and thus the economic condition of the country would further improve. The reduction in tax would subsequently increase the revenue. Big industrialists who are forced to pay surcharge—50-60 percent, evade taxes only because they have to pay heavy

amount for these taxes. Due to this, they evade tax, if you reduce the rate of taxes, the people themselves will come forward to pay the taxes. Therefore it is utmost necessary to reduce taxes. It will provide much relieve to the people. You have decontrolled cement and Aluminum, it is a praiseworthy step. The number of industries has increased manifold but there is need to understand the mentality of three industrialists. They are after money only.

15.31 hrs.

[SHRI SHARAD DIGHE *in the Chair*]

Government should come forward to help them if they serve the country through exports because it will improve position of our country. Therefore, there is a need to observe that quality of the product does not go down. They should maintain quality so that there is demand of our cement in foreign countries. Earlier when there was levy cement, it was available at less prices. But when levy has been removed you should fix the cement price keeping in view the difference between levy cement and non-levy cement prices so that common man is not put to hardship same is the case with aluminium because aluminium utensils are used by the poor people. If prices are kept down, it will provide relief to the common people. Therefore, there is a need to monitor the prices and if they will be monitored by the Government and Finance department, poor people of the country will be benefited. Decontrolling of cement and Aluminum is a good step. But Government should keep it in mind that if the prices do not go up, it will be a nice thing. Earlier we had de-controlled the tyres. But you must have observed that prices of tyres have increased manifold. No control is exercised by Ministry of Industry on it. Because of this, you had to import tyres from abroad, so that you can compete with them. It will give great relief to the people if tyres are made available to the public by the companies manufacturing tyres in India at lower rates by determining the prices on the basis of cost of production plus some profit. In this connection, you should give direction

to the Ministry of Industry to try to make such arrangements so that common people are not put to hardships. You have imposed high taxes on cars. Earlier you had declared that vehicles over 1000 c.c. and cars of other types would be made available in India at cheaper rates. Maruti car was made available at Rs. 57,000 per car but today its cost has touched Rs. 1 lakh. It is a far cry to provide cheap cars, you always impose more tax on them. I face no problem because—I do not own car. But you talk about providing cheap car and keep on increasing taxes every time, your aim will not realised. A promise had been made to the people of the country by you that one car per family would be made available at cheaper rates so that they can take their children to some tourist spot or elsewhere for recreation and also do their job. This intention is not being fulfilled. Therefore there is a need to pay attention toward it also. Low cost cars should be made available in the country so that middle class people can also avail of this benefit. In order to provide relief to the masses, an announcement was made by you about land that there should be no tax on it. Therefore, I request the hon. Minister that the prices of land in urban areas have shot up ten times, hundred times and two hundred times. You should have a look on the increase of the prices of land. You can yourself imagine the conditions prevailing in cities in so far as land is concerned. In big cities like Delhi, Calcutta etc. land is not available even at the rate of Rs. 10 lakh per bigha which was available at the rate of fifteen to twenty thousand rupees per bigha 20 years ago. Land is not available at the rate of Rs. 5 lakh per bigha adjacent to Jaipur at present which was available at the rate of Rs. 2,000 per bigha 10 years earlier. You have stated in the explanation that the lands which fall within the revenue area of 8 k.m., no tax will be imposed on them. I may submit to the Finance Minister that the people who use the land for agriculture purposes, no tax should be imposed on them but if the people take undue benefit, wants to sell the land at increased prices to earn money by constructing shops and houses, want to sell it by dividing it into plots or want to misuse it in some other way, people have earned

[Sh. Girdhari Lal Vyas]

lakhs, crores of rupees by selling lands.

You can find numerous such agents in cities, who have become millionaires in this way by increasing rates of these lands, therefore there is a need to stop the misuse of the land in the jurisdiction of the cities and it should be checked. Urban lands have become gold mines. If such lands are exempted, it will be very unfair. No tax should be imposed upon those lands if the same are used for agricultural purposes but the people who sell it by cutting small plots, construct houses, shops and set up factories, tax should be imposed on them properly so that Government can earn revenue on a large scale. It is very essential to make such arrangements.

I want to make a submission in connection with Gadgil Formula. The State of Rajasthan lacks resources and is backward. There is famine there after every 2nd or 3rd year. You must have also been fed up while providing relief. You had granted Rs. 600 crores for help to drought affected people of Rajasthan, we are very thankful to you for the same. Had you not helped on time, people of Rajasthan would have starved to death. Shri Rajiv Gandhi and you have sustained the people of Rajasthan. People in rural areas got employment which provided great relief. We cannot do a good turn in return for your favour but famine persists in 4 to 5 thousand villages of Rajasthan this year also, there is a great need to provide assistance. You have not sent any team to our State till this day in order to assess the situation prevailing the villages of Rajasthan. Rajasthan Government has sent a memorandum to you urging immediate relief of Rs. 100 crores so that relief work can be carried on there. More money has been demanded but Rs. 100 crores has been demanded immediately. There is a acute shortage of drinking water in Rajasthan. Rs. 54 crores has been demanded by the Government of Rajasthan for the purpose immediately so that drinking water can be made available in rural as well as urban area. It is

very essential to made such arrangements. You have provided great relief to Rajasthan in this regard last year. We hope that you will help us this year also generously because we have been suffering for so many years. It will have an adverse effect on the people of Rajasthan if you do not help us now. They may ask that the Prime Minister and the Minister of Finance gave assistance at the time of drought but why are they not providing necessary relief now. Our people are starving in the absence of any relief, therefore it is essential to make some arrangements at an early date. Kindly ponder over the situation seriously. The Minister of Finance is very sympathetic and I hope that he will do help Rajasthan.

In the end, I want to submit some points regarding Jawahar Rozgar Yojna. You have amalgamated R.L.E.G.P. and N.R.E.P. and Jawahar Rozgar Yojna into one and 120 districts have been taken from the entire country under it but I may submit that entire rural area of the country should be covered under it instead of 120 districts and this Yojna should be implemented there. The Finance Minister has been Chief Minister of Maharashtra for a long time. The away you have implemented Employment Guarantee Scheme in Maharashtra under which rural unemployed youth were provided employment, a similar scheme should be implemented at all India level and in every State so that no poor may remain unemployed without work, he may get work without any break and thus earn his livelihood regularly. There is a great necessity of making such arrangements.

In the end, I submit that there is a long standing demand of my district for setting up two spinning mills. Please pay some attention to it also. Our Minister for Textile says that he does not get assistance from the Finance Department and therefore, these mills are not being set up. Thousands of cultivators who have deposited their money are feeling restless. Therefore, it is my submission that you should pay attention towards setting up the mills.

My second submission is that lot of foreign exchange can be earned through Rajasthan. Mica is available in huge quantity there. Therefore, you should open a mica factory. You will earn one hundred to hundred and fifty crore rupees from it. If this factory is set up, it will earn a lot of foreign exchange and the people of this area will too get employment. Therefore, I urge that my these two requests should be acceded to.

Mr. Chairman, Sir, with these words I support the Finance Bill.

[English]

SHRIMATIBASAVARAJESWARI (Belary): Mr. Chairman Sir, at the outset I would like to congratulate the Finance Minister for having presented the Finance Bill to this House. While he was delivering his speech, he extended more and more concessions towards ten items out of which the concessions that he extended for a mini cement plant with rotary kiln is also welcome. As he has stated already, after hearing so many suggestions and recommendations from various fields he has tried to reduce the tax on black and white and colour TVs. I feel that it is not a luxury item; but it is an essential item because one should enjoy after the work. It is an instrument of entertainment. I would request the Hon. Minister at least to further reduce the price of black and white TVs.

I want to make a very firm case before the Finance Minister. As you know farmers are everyday crying for a remunerative price. Farmers are not getting the remunerative price and the consumers are also not benefited. But the middlemen are eating away the entire thing. This is the phenomenon throughout. Till now we could not solve this problem. How best we should solve it is left to the Government.

Whatever we are doing are of temporary nature; nothing permanent has come out. My suggestion is that either we have to reduce the cost of production or we should subsidise. We are giving subsidies to the

weaker sections; but that is not enough. The farmer should be encouraged to grow more because the population is growing to such an extent that we cannot neglect it. If you go on neglecting it, a day will come when we have to starve or get food from outside which is a shame on our part. God has given us enough wealth and there is plenty of resources in our country.

When I was reading, just I came across one thing. Somebody asked Panditji as to how he was going to repay the huge loans which are borrowed from outside India. He said, one day he will sell the granite stones and repay the loans. He had such a vision. Now what is the cost of the granite? What amount of money are we getting after exporting the raw granite stones to various countries? There is enough resource in this country. The only thing we must do is to make efforts to see that all this wealth is properly explored and used by the Government. But we are not doing that. Therefore my suggestion is that cost of production should be reduced.

I would request the Finance Minister that as far as crop loans are concerned, we should try to give it at a concessional rate of interest. That is, it should not be under any circumstances more than 9%. All duties on agricultural equipment like tractors and other implements should be removed. Unless we do this, I don't think we can reduce the cost of production and try to see that the consumer is benefited. So, we have to accept either this or the other thing. So once we accept that the cost of production should be reduced, the farmer should be relieved from all the burden and he must be allowed to grow. Whatever we ask him to grow, he is ready to grow. When a call was given to the nation that we are short of oil seeds and pulses, immediately he responded and now we are surplus in oilseeds and pulses. That is our farmers attitude. So we must have confidence in him. The moment the Government gives a call, he is ready to grow and give it. When that is the case, we must see that the farmers are benefited; the farmers are getting a remunerative price. Here I

[Smt. Basavarajeswari]

would like to say that the farmers have borrowed loans from various institutions like cooperative institutions and also scheduled Banks, which may be private loans. In States like Maharashtra, Karnataka, Andhra Pradesh when farmers borrow loan from the cooperative institutions, interest and penal interest portion is written off. That is called "Dandapattu". It is a very known word. In olden days also, when the interest and penal interest exceed the principal amount, automatically the interest and penal interest portion is written off. That was the practice even at the time of Shri Rajagopalachari in Madras. That is to be extended now.

A farmer when he borrows money from a cooperative Bank, gets a concession. But when the same farmer borrows money from a scheduled bank, he is not getting it. He is very honest. He does not want to cheat the Government. The moment he gets the money, he will be the first man to repay it. So we must have confidence in him. Under various circumstances, he could not repay the money; may be due to drought, floods, when he does not get remunerative price, due to pest-attack, due to fall in price in the market, etc.; because of these, the farmers may not be able to repay the money. Now loans have been very much accumulated and I have been pressing for it. When the Agricultural Fair was organised in Delhi, the farmers from all over the country came and visited the Agricultural Fair. I have asked them about their problem. They told their problem and asked me to put-forth it before the Prime Minister and the Finance Minister. I did my best; I have already represented it to the Finance Minister and you may kindly look into it provided if the principal is paid in lumpsum. We do not want that principal amount to be written off. We do not belong to that category. We are prepared to pay the principal amount either in bulk or in two or three instalments, as you may prescribe, within a stipulated time. That I will assure on the floor of the House on behalf of farmers. This you have to consider seriously and you please give a reply to this.

There are so many irrigation projects in our country. We have spent so much of money on canals which went waste. When we cannot produce anything by spending so much of money, then what is the use? So the projects which are incomplete should be completed within a stipulated time.

Another thing is that wherever these irrigation canals go like Maharashtra, Karnataka, they are having black soils. The soil has become salinated and we cannot utilise that water as a result we are facing another problem.

Now, we have come to know that cement in our country is in surplus. We are thinking of exporting it. Why don't you use the cement for lining the canals so that it will be a permanent thing? You please do it. Instead of using the tar and other things, for constructing roads, why don't you use it so that it will become pucca roads. You are constructing roads with black-brick, which is a temporary one. Once you do it with cement, it will be a permanent one, for years together. You just think on these lines.

Regarding Steel Projects, we have got abundant mineral wealth in this country. I come from Hosepet region, where anyone can see heaps of Manganese and Iron ores. It is 100% high-grade ore, which we are exporting to other countries. It is being carried in railway wagons to Madras Port or some other port. Again the same steel comes back to our country. The raw-material goes to Japan and again it comes in the form of finished goods. By the end of this century we will be short of steel in this country. Government is encouraging housing programme throughout the country. Now everybody will be anxious to put permanent structures. We welcome that. Such being the case how are you going to meet the demand of steel in this country unless you produce for yourself more steel? You should set up a steel project wherever it is possible. Why don't you include Vijaynagaram steel plant in the Eighth Five Year Plan? It will be an asset to the country. Madam Indira Gandhi laid the foundation-stone for this steel plant. While laying

the foundation-stone she said it will come into shape early. Everybody there has emotional attachment towards this steel plant. The ore that is available there is of high-grade.

We are not doing justice to agriculture. I have seen so many small machines in the exhibitions whereby we can get tonnes of grass and fodder. Let us take vegetables and fruits. A lot of research has been done on these things in various countries like Korea, etc. They know the value of land. We still do not know the value of land. We are wasting so much of land. We should not keep even one inch of land vacant. That should be our future plan. Until and unless we do that there may be again shortage of food. Today there is shortage of power and the industries are suffering. Tomorrow there may be shortage of food and should be start thinking on this line then. We should try to plan properly. There should be proper future planning.

Then we are not paying much attention towards water management. Today in every irrigation project we are facing a problem. Water is not being used judiciously. When the rainfall is there the water flows in the canals. Nobody looks after the fact that we are wasting lot of sweet water. We do not know the value of sweet water in this country. In the foreign countries the whole system about water management is computerised. The moment there is rainfall the water is stored in a particular distributory and whenever it is necessary the water is released. Here we do not have all those things. The rivers will be flowing automatically whole night and there is no control. Nobody looks after that. Water management should get priority over agriculture research in our country. Unless you do it any number of irrigation projects which you may build will be creating one problem or the other and the farmer will not be getting water at the appropriate time. This is what is happening in Karnataka. We lost worth Rs. 350 crores of paddy and oilseeds as the water was not available to farmers during the summer season. Due to mis-management of water the Tungbhadra reservoir was empty. As

such they could not give water. The farmers are very much agitated over this. Unless water management is done in a proper way we are going to face such a severe problem in future also.

Then, Sir, smuggling is growing everyday. We have not been able to stop it. No doubt you are doing your best. Gold is also smuggled into India. We have much attachment for gold. We do not deny it. As ladies we have got much attachment to gold. Why don't you allow gold at least for Mangalsutra. For Mangalsutra we need gold. Do you think we can put plastic *talis*? This is not our customs.

Why don't you think over it? You should allow something to be purchased by the poor. How can they purchase at the rate of Rs. 4000 per thola? Sir, once we read in the newspapers that the Government is seriously thinking to revise the gold policy. They should get at least ten grams so that they can make their *thalis* out of it. We do not want any big ornaments. But at least one should have the minimum. That is our custom. We do not want to go away from that. We should try to stick on to what our forefathers have done. That is the only symbol which a married woman is wearing. That should not go away from our country. This is my personal request. We should try to revise the gold policy. Even if you bring from outside, at a cheaper rate, at least one family should have ten grams to twenty grams. I am not asking for kilos. I am only asking for grams.

Regarding steel, we have been telling every now and then that the industries are losing very much. They are highly power intensive units. The tariff rates have gone very high indiscriminately and also the inputs like electrodes. When the Ministry of Steel and Mines have recommended to you that the excise duty should be reduced, it should be so at least for the mini-steel plants. I do not want to come in the way of big undertakings. We should always bifurcate between small and big. When we compare the bigger man with the smaller man, and

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make an uniform tax system throughout, how can that burden be borne by the smaller one? How can the smaller units bear the burden? There are so many units which they have started in the remote corners. They will always incur heavy transport charges. With all that, we want to decentralise the industries which we have started in the remote corners. When the Ministry of Steel and Mines have recommended for the reduction of excise and customs duty on the imported scrap, I think the Ministry of Finance has increased the customs and excise duty on imported scrap and rolling products. These are the things which we have to think over to see that the industries should not collapse because already many of the industrial plants have become sick and they are on the verge of closure. I would request once again to re-think in this matter and whatever subsidies we have extended in the previous year's budget for the fertilisers and pesticides are not reaching the farmers. I do not know as to where they are going. On the other hand, a shortage was created in the market and each bag of fertiliser was sold at Rs. 20 higher than the market price. This trend has been created in the market. The farmers do not get the facilities which we have extended for the pump sets, fertilisers and pesticides. I think the multi-millionaires are getting the benefits. You have to think over all these very seriously.

As my friend, Mr. Vyas has stated, cars should be sold at a cheaper rate. Every man needs a car nowadays. Everybody has to tour long distances to reach offices and even the middle class man would like to have a car at a cheaper rate. Now the present companies cannot afford to produce as per our requirements. The rate is very much high. Therefore, to put an end to this, you should see that as far as cars are concerned, they should be produced in this country at a cheaper rate.

Regarding housing facilities, they have to be extended. More money should be channelised for the housing banks because

as on today very few banks have started giving loans for construction of houses. That will be utilised in the urban areas by the urbanites. Even the poorer people and the rural people should get this benefit. We should try to earmark a percentage for the rural man to get the benefit out of it. Otherwise, the entire amount which has been earmarked for the housing purposes will be taken away by the affluent classes and the poor man will be denied of this facility.

Regarding unemployment, our sister has said very much about it. I think by schemes like NREP, RLEGP, we are trying to solve this unemployment problem. Here, I would like to make a small request. At least, one person from an agricultural family should be given employment. This will be solving the problem in future.

SHRI ABDUL RASHID KABULI (Srinagar): Mr. Chairman, Sir, at the very outset, I would say that in Kashmir we have been experiencing a lot of tension and serious kinds of upheavals by new generation in the recent past. There are many factors responsible for this development in Kashmir. There are political and sociological reasons for this, though the economic factor is the most important.

Today, the younger generation of Kashmir feels that their territory is land-locked. There are no viable roads; we have only one Srinagar-Jammu highway and it also gets blocked for months together. Besides, they have to face many other problems. I feel the Government of India should look into this matter why the younger generation is feeling isolated and frustrated. It is the responsibility of the Government of India to come to their help so that they do not go out of control. We are experiencing new trends in Kashmir and we can stop it only by giving a healing touch, by giving them solace. In the rest of the country, there is a network of roads, railways; development and industry go side by side and many people get other opportunities. Unfortunately in Kashmir except the traditional handicrafts and carpet weaving, there is not much scope and those industries

are also diminishing in stature and production and the people are suffering that way.

We have enough water resources. Can't the Government of India give us help in Hydel projects like Uri and Dulhasti? We could have produced ten thousand megawatts of electricity. We are not self-sufficient in electricity though we have a great potential of producing electricity on our own. We could have been self-sufficient as also exported the commodity to other States and earned money.

As far as the industry is concerned, we do not have any heavy industry. Kashmir ecology and environment should also be taken into account. During the tenure of Bakshi Ghulam Mohammad as the Chief Minister, a watch factory was set up at Srinagar. It had shown good results. While in the rest of the country, there has been expansion, I do not know, why in that unit in Srinagar, there has been no expansion. I cannot think of any justification for that. This aspect also needs to be looked into by the Government of India. I would make a strong plea on behalf of the younger generation of Kashmir, who are starving and suffering for want of suitable employment. This problem, I know, is of primary importance in other State also. But you have to assume that Kashmir a land-locked territory is given more opportunities.

You have failed to give the people of Jammu and Kashmir a good tourism also. Tourism has not been developed as it should have been. Government should have done something positive for the betterment of people there, but nothing solid has been done.

Same is the case with the fruit sector also. We export a lot of fruit, but at the same time, we should have thought of setting up fruit processing projects, like juice-making etc. But perhaps money is not available, technology is also not available and consequently the people continue to suffer.

Recently, the Chief Minister of Jammu

and Kashmir has been raising an accusing finger towards the Government of India that it has failed in providing him with sufficient funds and he has gone to the extent of saying openly in a Press Conference in Delhi that the Accord has failed and thereby the expectations of the people there have not been met. But at the home front, he says I have been given enough and I am being magnanimously helped by the Centre. This is the tone he is using in Kashmir, but in Delhi he has been just saying the contrary. I would like to know whether the Government of India is really squeezing him of money. Does the Government of India not help him? We would like to know, whether after the Accord was finalised between the National Conference and the Congress (I), the Government of India has been helping the State as it had been doing in the past. The fact remains that expectations of the people were raised as the Chief Minister say has been saying after the accord, whether or not on that score also, you are going to help him taking note of special conditions prevailing in the State. But, at the same time I would say, Sir, it is the responsibility of the Government of India and the Finance Minister. Sir, this is my personal experience, as a Member of Parliament, that you have been helping us to some extent but I do not know to what extent because it is between the Chief Minister and the Government of India. But as far as my knowledge goes, funds have been regularly going from the Centre to the State. Sir, it is a very backward State and it needs extravagant financial support of the Centre. As far as we know, and you have to answer to this House, the State Government has been wasting the money. The money which could have been used for the betterment of the people and for the development of the State is misused and mis-appropriated. I can give you one or two examples, where the money was given for the developmental purposes but was misused. Rs. 18 crores were misused and wasted on cable car project. It was of no benefit to us. It could not revolutionise the tourism there. Rs. 18 crores is a big amount and it was wasted. The Chief Minister must be asked and he must be questioned as to why did he squander this money

[Sh. Abdul Rashid Kabuli]

which could have been used for the betterment of the State.

Then there was a city forest which was developed by our Governor. He was instrumental in creating a very beautiful and a colourful example of ecology. But what happened to it? It was cut down. Thousands of trees were destroyed in that city forest, and you would not find it any longer. On the contrary, because the Chief Minister enjoys Golf, it was turned into a Golf Course. Rs. 10 crores is being wasted on that. I would like to ask since Kashmir is in turmoil, and we had our own problems, how does the Government of India allow **

For him it was the only necessity. This money should have been used for a better cause.

Unfortunately, I can give you the details how when there was turmoil in Srinagar, there were police firings and agitation was going on, the Chief Minister was enjoying moving in down town Singapore. Even the photographs appeared in the Hindustan times, the Navbharat Times and many other papers ** while Kashmir was burning. The Hon. Minister is answerable to the Parliament and to the people of Kashmir. So, I would like to ask him why this foreign exchange is being misused. It was not only once, but a number of times our Chief Minister went to England, Australia and Singapore and to other places and that too with a trape of at least 100 persons for publicising tourism. It is of no use for us. It is just like an old story of the French Revolution. People were revolting against the regime of Louis-XVI and they were asking for bread. The Queen asked, "Why are they not taking cake if bread is not available?" Is this the way we are going to develop our State? This is the shameful way things are going on. When there are problems, when he has to face the music, then ** Hundreds of people have been killed during his tenure. The Congress Party is also responsible for this State of affairs. They have to own their share of follies. The

Government just condemns the agitators and say that they were pro-Pakistanis.

So, this is my earnest request to the Hon. Minister that these were our problems. Kashmir has not shown any progress. It is lagging behind. The discrimination is going to boomerang on the national interest. These young men were asking for genuine rights and for job opportunities. And what is the answer to it? Bullet is the answer. Dozens of people have been killed before my eyes. Therefore, I say, the funds which you give to the State kindly assure yourself that these are utilised for the betterment of Kashmir.

You have to develop our industries. We have potential for handicrafts and carpets. It can give you sufficient foreign exchange. The Government of India can increase foreign exchange earnings by developing the carpet industry and also many other small handicraft industries. But, today, they are in shambles. Nobody is looking after them. Nobody bothers about these industries. The artisans are dying. Their art is dying. Who is going to come to their rescue? It is not only the question of artisans. But the question is that they are earning foreign exchange for you. They are earning money from the foreign market. It is a prized gift to have a Kashmir Shawl in the world market and also to have a Kashmir carpet. It is the artisan who is suffering. I would request the hon. Minister to kindly look into it. I would also like to mention here that nationalisation of banks has not given any relief to the people of Kashmir. I represent the artisans' and the workers' lobby. I have been saying these things from my own bitter experience that when they go to the banks for loans development of their industries, they are flatly refused. The corruption is rampant in the nationalised banks as far as Kashmir is concerned.

Therefore, kindly look that those artisans, the workers, who are suffering exploitation of middlemen just like bonded labours you give them freedom, honour and respect and so on. For that, you kindly make available the technology. Secondly, the bank

**Expunged as ordered by the Chair.

loans should be easily made available to those people. Bankers should not force them to pay the bribe which they cannot pay.

[*Translation*]

SHRI DAL CHANDER JAIN (Damoh): Mr. Chairman, Sir, I support the Finance Bill which has been presented in the House. I would like to thank the hon. Minister of Finance for providing central excise duty relief and customs relief in some items to the tune of Rs. one hundred and twenty two crores. I hope that the prices of these items will certainly fall and consumers will get those items at a cheap price. But the price of other items should also decrease.

Mr. Chairman, Sir, some districts in Madhya Pradesh are facing acute drought and it has created a difficult situation there. There is acute shortage of drinking water in our Bundelkhand area. The State Government is making arrangements for drinking water and water for cattle. But I would urge the hon. Minister of Finance that relief funds should be provided to the State Government for fighting the drought.

A lot of money is spent in the implementation of different schemes and there is scarcity of funds for the schemes itself. So I would like to suggest that a committee should be constituted, which should ensure that the expenditure on implementation should be less than the expenditure on main scheme. Development schemes should be completed at the earliest to set up industries.

Earlier, subsidies were provided to the backward areas by the Centre. Later, that policy was changed. This subsidy was given to set up industries in the backward areas. But many of these schemes are incomplete as difficulties because the subsidies have been stopped. The hon. Minister should categorically assure that the subsidies would be provided by the centre to set up those industries.

I would like to congratulate the hon. Minister for launching Jawahar Rozgar Yojna

for the weaker sections. Only 120 districts has been included in this scheme. I would like that the Bundelkhand area of Madhya Pradesh should also be included in it. This is a very backward area. People in this area have never even seen a train. The area is so poor and backward that there is no railway station near about also. I mean to say that no doubt our country is progressing but there is regional imbalance. It is going at a slow pace at some places whereas it is very fast at other places. I would like to submit through you and through this House that this imbalance should be removed. In providing facilities, priority should be given to those places, where there are no railway lines, no industries and no development. There is a saying.

"Kahin to Ghina ke Ghana, Kahin sukha chana nahin".

A lot of development is taking place and new schemes are made for some areas and new industries are set up there, whereas no attention is being paid to no industry areas. It is like providing more food to the areas where there is adequate food and not providing it to the areas where there is acute shortage. There is not a single industry in Panna district. There is a stone quarry, which provides employment in nearabout 20 thousand labourers. But the Forest Act creates problems for them as those mines are on the forest land, even though there is not a single tree on the land. The mine was closed under the Forest Act but was reopened for 2-4 months and was again closed down later. Consequently, the labourers have to migrate to other places in search of jobs. I would urge that proper amendment should be made in the Forest Act. The Hon. Prime Minister has given assurance that he will constitute a Cabinet sub-committee to look into the developmental works which has been stalled due to the Forest Act. At some places the electric lines do not reach due to this Act, as the officials of forest department do not allow it. So this Act should be made practical.

The depositors get 10 per cent interest on the deposits in banks, but in Government undertakings, the rate of interest is 13 1/2

[Sh. Dal Chander Jain]

per cent. So there is no increase in the bank deposits. People will be encouraged to deposit money in banks if the rate of interest is somewhat increased in the bank deposits. For the last two three years, it has been suggested by every one that the income tax limit should be raised to Rs. twenty five thousand instead of Rs. eighteen thousand. I would like to urge to you to reconsider it. You have given some guidelines regarding wealth tax valuation. I would suggest that these guidelines should be enforced from retrospective effect, so that the disputes about wealth tax can be solved. This will not only benefit the department but also the assesseees. In gift tax, there is only one tax rate above twenty thousand. In the present context, there should be slab system in it.

There are about two lakh sick units in our country. Capital worth crores of rupees have been blocked in it when a person gets ill he visits different doctors and even specialist. Similarly, the sick units should be revived by carrying out various investigations on them. These industries will help in solving the problem of unemployment in our country and the capital invested in them will also be used. As there are consultative expert committees for other works, similarly, there should be all-India-base-wise and regional wise consultative expert committees for re-starting these sick units. Strict actions should be taken against those people, who have deliberately and intentionally made their unit sick by bungling Government money. These people should not be spared at all. The hon. Minister of Finance has indicated in his speech that some amendment would be made in the Gold Control Act. I would like to remind him that gold has a special importance in Indian culture, particularly women have a great attraction for it. He indicated some improvements in the Act. In order to check gold smuggling the Government is considering to give some exemptions to the people who bring gold from the foreign countries. This will not only check the gold smuggling but also decrease the rate of gold in the country. Another important point is that there

is acute scarcity of paper in our country today whether it is writing paper or news-print. Within last one year, there has been 40 to 45 per cent increase in the rate of paper. The hon. Minister of Finance should pay attention towards it and bring down the price. This is an artificial shortage which has been created by vested interests. It should be investigated and efforts should be made to improve the situation. I would like to thank the hon. Minister of Finance for increasing the pension of freedom fighters to Rs. 750/- from Rs. 500/-. But no policy has been fixed yet, for those who participated in the Goan movement. A lot of freedom fighters who took part in Goan movement are being harassed, so their cases should be considered sympathetically and they should also be brought in the same category. Besides the cases of those persons who took part in different movements in the Indian princely states or were associated with institutions like prajamandal should also be considered sympathetically. A lot of difficulty in implementing the schemes made by the Central Government for weaker sections. The Government should try to make a formula which would benefit them permanently and their work is done at the first instance.

SHRI BALA SAHEB VIKHE FATIL (Kopargaon): I am grateful to the hon. Minister of Finance for providing a relief of Rs. 122-123 crores in direct and indirect taxes in the third reading of the Budget. Relief has been provided particularly in the fields of T.V., plastic cover, paper and paper board manufacture. This is an election year, so the people say that it is an election Budget. But if you compare it with the Budgets of the previous years you will find that maximum taxes have been levied this year though minimum taxes should have been levied in view of elections this year. In spite of that economists, industrialists and small shop-keeper have welcomed this Budget. There is some fall in the prices also. The hon. Minister of Finance has mentioned that import-export and trade deficit, are a matter of concern. We should think about it seriously. In spite of bumper production of foodgrains, we could not achieve the procurement target. The

farmers did not get remunerative price for their produce. Traders are buying wheat and paddy. The estimated production of sugar was 10 million tonnes but as we did not achieve it we have to import it. There should be selective import of the things if there is less production. Trade deficit can be reduced to some extent if massive export is done. Otherwise how can the deficit be reduced in future because consumer goods have to be imported. There is no other alternative. A financial discipline in respect of expenditure should be enforced in the centre as well as in every State. There should be less of mismanagement. The Government has not taken a final decision on Crop Insurance although our State is raising a bumper crop every year. In the present—day situation, Crop Insurance is a must. A provision of Rs. 1 lakh has been made in this year's Budget, but this is only a token amount. Crop Insurance Scheme should be made compulsory for all crops. This will help in reducing the deficit, otherwise it may increase. These days even those who do not need loans ask for them and we are forced to give money to them. Such deficits will not arise if we consider the village as a unit and apply this Scheme to all crops. Benefits are enjoyed by farmers who take loans but once this Scheme is implemented, even farmers who have not taken loans will be benefited. Today there is a tendency to seek a loan some how or the other in order to reap the benefits of insurance.

The concessions given to the poultry sector for the development of rural areas are most welcome. Along with this, some concessions should be given for dairy development also. This will help increasing milk output in the country. Nothing has been done for rural areas through the Food Processing Ministry. There are plenty of agro-based industries, and agro-chemical complexes are also in the offing. But the Government should decide on some basic policy for food processing in the country. Although every body feels that this will benefit farmers and provide jobs to the unemployed, but I asked five questions on this subject, of which one was starred and four were unstarred. To all the

questions the hon. Minister gave the same answer. The reply was that no clear-cut policy has been formulated yet. Today agro-based industries and food-processing industries have become the monopoly of big houses without any participation of workers or farmers. I suggest that all projects in this sector should be set up either under the co-operative sector or in rural areas. Soft loans should be made available to the people living in rural areas. I heard that till now 32 big industrialists have got foreign collaborations in this sector. They are setting up their industries in and around cities only. This will not benefit farmers or the unemployed in any way. The highest technology required for it is not available with us and we will have to make arrangements for it. Although your Ministry is not directly concerned with this subject I want these industries to get special attention.

Another industry I want to mention is that of bagasse. Today there is an acute shortage of paper in our country. There is a demand for paper everywhere and bagasse is an energy-saving material. We want to conserve our forests. In the Budget it has been mentioned that:

[*English*]

"Paper and paper board containing not less than 75% by weight of bagasse is totally exempted from excise duty."

[*Translation*]

This is a good step and the concessions given to the jute industry are also welcome. But a long-term policy spanning over 10-15 years should be framed. People should be encouraged to use more of bagasse in paper production. More so because this is a new technology which has a definite edge over the present technique which is not economically viable. More of soft loans should be made available to industries which use bagasse in production of paper and newsprint. At present forests are being cut to produce paper and even in this process 50% bagasse can be used. No special problems

[Sh. Bala Saheb Vikhe Patil]

are encountered in its processing. Therefore, I would request for a long-term policy for this purpose. Bagasse can also help in the production of electricity. Then there will not be any need to cut trees and paper will also be available in abundance. Recently, Government announced exemption of excise duty on bagasse and modernisation is also going to be effected in this field. People should be encouraged to use bagasse by giving soft loans and modernising its processing. When we talk of farmers, we must assure that they get remunerative price for their produce. There is a need to change the term-lending system and the credit system for farmers. I have had a talk with NABARD and they too are doing something in this direction. The rate of interest on term-loans should be reduced. Similarly rate of interest on the loans should be reduced in the event of a natural calamity. Penal interest should be done away with. This type of interest may be continued in Bihar and other areas where there are no proper land records, but at other places penal interest should not be charged because due to penal interest the entire land is choked. Here the land, house and other assets of the farmer are auctioned to recover the loan but in case of an industry running in loss the private property of its director or partner is never auctioned. Therefore, this penal interest and the auctioning system should be done away with. Until then the farmer will not get justice.

The interest on loans for 'Mechanization, of the farm should be reduced because mechanisation has led to increase in employment potential in Punjab, Haryana, U.P. and Maharashtra. It is wrong to think that mechanization in the field of agriculture will reduce employment opportunities. On the contrary, mechanization has led to a manifold increase in employment opportunities. Mechanisation in dry areas calls for water management through drift and sprinkler irrigation. For these areas 75% loan is given but for desert-prone areas, only 50% loan is given. More of irrigation facilities should be provided to increase productivity. I am afraid

that we shall have to face a lot of problems on account of foodgrains and sugar because very low prices have been paid for the produce. Remunerative price is declared but commodities are not available at that price in the market. Members of the Agriculture Price Commission are full time members. But the three farmers who are to be inducted as members would be on a part-time basis. I feel this will not serve the purpose and farmers will not get a fair deal and a reasonable price for their produce. This will not benefit small farmers at all because at all because their productivity is very low.

Although I would not like to go into the details of the 20th Point Programme, yet I would touch upon the point of 'head Bank' mentioned in it. At the most 30% of farmers have benefited from it and in 50% of cases it is being misused. The remaining 20% has benefited to a marginal extent. According to the survey conducted by the Zila Co-operative bank and other Banks, there could be a greater dependence on the farmer and his land. There should be no penalty interest on loans given under the term-lending system. There should be a re-scheduling of this loan and in no case the interest should exceed 6 per cent.

Now let me come to the leaders. Leaders of political parties graduate from village to tehsil to district headquarters. Later when they become Ministers, they stay in the capital and forget the village altogether.

Mr. Chairman, Sir, now I shall talk about schools. The son of a rich and powerful man will never attend a school frequented by commoners. He will go to a public school, Central school or even to schools where admissions can be secured through payment of bribe or huge donations. That is why the condition in villages is deteriorating day after day. What is needed to improve the situation is encouragement to food-processing, agro-processing and agro-based industries. Otherwise we cannot improve the lot of farmers and labour. Farmers will not get remunerative price for their produce. So the Government and the farmers should estab-

lish this co-operative in the joint sector.

Regarding housing there is a strange thing. A housing bank has been set up for local people and several loans are being disbursed. Bamboo is produced in Chandrapur district of Maharashtra. It is sold to paper mills at a rate of Re. 1/- or Rs. 1.50 but to people who need bamboo to construct huts, it is sold at Rs. 10/- or Rs. 15/-. Why this double standard? Subsidies are given to industries but not to those people who want to construct huts of bamboo. How can people use local material in this way and how does the Government expect to promote housing?

As to giving loans the Government should ensure loans to farmers and labour, otherwise they will not benefit. This will benefit only the employees of banks, officers and Government employees. Loans are given to those with a regular monthly income. A person with an uncertain income does not get a loan. In this way a farmer is not given a housing loan because his income may get delayed due to natural calamities. I had formulated a scheme worth Rs. 18 crores. I have been demanding the amount for the past 3-4 years but not even Rs. 50 lakhs have been released so far. Today, nobody is prepared to give loans to farmers and labour. We approached the housing bank and HUDCO several times but they asked for a State Government guarantee because they apprehended who will pay money in case of default. The State Government expresses its inability in standing guarantee for farmers and labour, as well as housing societies. Schemes are made but they do not benefit to the desired extent.

I want the Government to pay attention to water management, farm mechanization, agro-based and food-processing industries. Exports should be increased and import of consumer goods should be done on a selective basis. Otherwise there will be an increase in trade deficit, which will ultimately lead to a total finance deficit. The Centre should instil discipline among States which

are running over-drafts. As this is the election year, States too want to make a deficit Budget. The State which have submitted budgets have shown deficits and none of them has dared to increase taxes. The hon. Prime Minister and the hon. Finance Minister have increased taxes even though this is an election year but their counter parts at the State-level have not done likewise. Instead they are running over drafts. This could lead to a loss or even inflation. We have to pay attention in this direction. With these words I express my support for the Bill and request you to consider my suggestions.

16.42 hrs.

STATEMENT *RE*. OPERATION OF THE NATIONAL SECURITY (AMENDMENT) ACT, 1987 IN RESPECT OF THE DISTURBED AREAS OF PUNJAB AND CHANDIGARH

[*English*]

THE MINISTER OF HOME AFFAIRS (S. BUTA SINGH): Sir, on the 3rd March, 1989, the Prime Minister had intervened in the discussions in this House and *inter-alia* made some important announcements regarding Punjab. I take this opportunity to inform the Members of this House of action taken on an important part of that announcement, namely the operation of the National Security (Amendment) Act.

As the Members would recall, in 1987, Parliament had passed the National Security (Amendment) Act, 1987, which introduced a new Section, 14A, in the National Security Act, 1980. This Section provided that in respect of the "disturbed areas" of Punjab and Chandigarh a person may be detained for a period exceeding three months without reference to the Advisory Board in specified circumstances and for a maximum period of detention of two years. Certain time limits in the parent Act for completion of various procedural steps were also enhanced by this Amendment Act.