

in respect of Rajasthan and Karnataka, the highest bidders have made a representation that their bids are higher than the reasonable price worked out by the Committee. There has been some mistake in their evaluation. These two representations are under the consideration of the Government. Pending such consideration, these two circles have been excluded from the second round of financial bids. My point is, you yourself have given the scope that there may be some mistake on the part of the Tender Evaluation Committee. Kindly inform this august House what was the procedure that was adopted by the Tender Evaluation Committee?

MR. SPEAKER : I am not going to ask the Minister to respond to any of these points unless they are given to us in writing.

SHRI RANGARAJAN KUMARAMANGALAM (Salem) : May I just have one minute Sir?

MR. SPEAKER : Is it on this subject?

SHRI RANGARAJAN KUMARAMANGALAM : Yes, Sir. Mr. Speaker Sir, honestly from the bottom of my heart I wish to congratulate you on finding out a solution, which you were attempting to find out, to the impasse that arose. But the fact is, momentous situations have developed and they have taken a size and picture which is horrendous. The fact is that we are dealing with thousands of crores of rupees. Even if one looks through the statement on the history of the whole tender process, there is a lot that needs to be said and should have been said which has not been said. This statement looks as if it is a neat cover-up.

My protest is not, I repeat not Mr. Speaker Sir, against the process which you have set out. I shall give in writing all the questions that I want to raise. I have gone in detail into these issues and I am aware of what is going on. I only want to say that I myself and Shri Brar, in protest against the statement which is a cover-up job, are taking leave of this House. We are walking out.

SHRI JAGMEET SINGH BRAR (Faridkot) : I share my colleague's view on this.

18.06 hrs.

*At this stage, Shri Rangarajan Kumaramangalam and Shri Jagmeet Singh Brar left the House.*

SHRI SOBHANADREESWARA RAO VADDE : We have not been permitted to raise the questions and the Minister has not given the answer. In protest we are walking out, Sir.

18.06½ hrs.

*At this stage, Shri Sobhanadreeswara Rao Vadde and some other hon. Members left the House.*

18.07 hrs.

## DISCUSSION UNDER RULE 193

### Economic Situation in the Country - Contd.

[English]

MR. SPEAKER : Prof. Susanta Chakraborty may please continue his speech.

SHRI P.C. THOMAS (Muvattupazha) : Are you not walking out?

PROF. SUSANTA CHAKRABORTY : Well, I am wise enough.

MR. SPEAKER : This is very strange. It is not good for a Member to say this.

SHRI P.C. THOMAS : Their Party has decided to walk out, Sir.

PROF. SUSANTA CHAKRABORTY : I know what my Party has decided to do. I know better things to do also.

MR. SPEAKER : You do not this kind of instigation or make such insulting remarks. They are not good. Like a gentleman he was sitting there and now he is speaking and you say certain things like this!

PROF. SUSANTA CHAKRABORTY : You should learn to behave.

MR. SPEAKER : Prof. Chakraborty, please do not prolong it. Now you may continue.

PROF. SUSANTA CHAKRABORTY : I was indicating that many of the economic indicators which had shown an upward trend in 1994-95 have begun to show a downward trend in 1995-96; be it industrial production which has come down to around eight percent from more than ten percent or export growth which has come down to nearly 12 percent from more than 18 percent or import growth which has come down to 15 percent from about 50 percent or commercial credit which has come down to 17 percent from over 20 percent.

18.08 hrs.

(Mr. Deputy Speaker in the Chair)

So, there are signs of a slowing down all round. The overall rate of investment as a percentage of GDP has declined from 27 percent in 1990-91 to about 20 percent in 1994-95, the latest year for which the CS estimate is available. The capital expenditure as a percentage of GDP has come down from 5.9 percent of GDP in 1990-91 to 3.4 percent of GDP in 1995-96.

So, going through the statistics, in every sphere of our economy there is a sign of decline and not

improvement as claimed by the Finance Minister. The current panic, into which I am not going in detail as Shri Nirmal Chatterjee will speak on it and others have spoken already, in India's foreign exchange market ought to alert us as to the fragility of the base on which the liberalisation programme has been erected. The single demonstrable achievement of which the Finance Minister is very vocal is our foreign exchange reserve, the amount that we have built up. But all of us know that this amount has been built up because of portfolio investment, the entry of funds through Hawala routes and such mysterious channels as the other capital in the capital account of the balance of payment. Out of a portfolio capital of the order of seven billion, the other capital amounts to around four billion. Only Rs. 9 billion are left.

Sir, we cautioned the Finance Minister that the burgeoning exchange reserves are putting a burden on the overall economic and particularly monetary situation of our country and that such measures as partial convertibility of rupee in early 1992 and abolition of dual exchange rate system later that year resulted in further devaluation of the rupee. That was also not noticed. The assertion of the Committee Minister that after the latest correction, the rupee can only appreciate and the assertion of the Finance Minister after the devaluation-I quote-"The rupee can henceforth only gain" have been proved wrong. Contrary to official claims, the rupee is still very much pressure and is likely to sink further before it stabilizes at about Rs. 40 a dollar.

This is the situation. All this means that less and less of money or capital will be available for growth, development and the condition of the people of our country will come down and down. That is our main concern. If this sort of a devaluation of rupee continues and if the economy that has been ushered in ushered in continues, there will be more of inflation and nothing would change.

The question is a question of collection of money, collection of fund and to make expenditure in a planned manner, in a rational manner. Surely, I know the Finance Minister will claim - and he will rightly claim - that the collection from tax this year has increased to a great extent. Even the collection from corporate tax has also increased to a great extent. Granted, the aggregate tax payment of the corporate sector has already increased by over 38 percent, showing a healthy trend. But then, the pre-tax profit has increased by a massive 55 percent during the same period. The share of taxes in the pre-tax profit, as a result, has declined sharply from 24.47 percent last year to 21.8 percent now. Whom are we benefiting? Why do some people not pay tax? Many of the large companies like Reliance Industries or

Tata Steel have not paid any tax at all. What reply do you have? Who will bear the burden? Whose belts are you going to tighten? It is that of the poor people. You are doling out money to the rich and the ordinary people are starving.

It is in this context, in this economic situation, in the backdrop of this economic situation that I most humbly like to remind the hon. Finance Minister that the inflationary price rise is because of your ~~fact~~. You must look at the broad money supply. I am not going into the detail. I am not going to explain it. You must look at the public distribution system. We are not revamping the public distribution system. How is it going on? Have you ever cared to distribute fourteen essential commodities through the public distribution system to the poor people of our country? Have you ever thought that there is enough buffer stock? There is no dearth of supply actually. Inflation, traditionally, is a case where too much money chases too few goods. But in our country, there is no want of goods. There is enough of goods. Still, there is inflation. So, goods are there, but prices are rising. You must look into that. Again, I have already said that from the public distribution system people are receiving less because they have no purchasing power.

You have to increase the purchasing power of the people. How to do that? In order to do that you must take recourse to land reforms. We do not gain anything when you say that a law is passed for land reforms measures. But you should have strong political determination and the political will to implement it. You are not going to implement it. You are speaking of resources crunch. I would like to refer to the Report of the Project Monitoring Division. As on 30.6.1994 there were 383 projects for monitoring of the Project Monitoring Division.

Mr. Deputy Speaker, Sir, the Finance Minister is busy. Mr. Minister, you are busy. I want to draw your attention.

THE MINISTER OF FINANCE (SHRI MANMOHAN SINGH) : Nothing new is said.

PROF. SUSANTA CHAKRABORTY : There is nothing new from you also. You talk of work culture, you talk of performance and about the Government that works. But the Report mentions about the position regarding schedule of 383 projects, 213 projects were delayed; projects on schedule 143, date of commissioning not finalised - 22. The number of projects delayed was 213 and because of the delay, the project cost has gone up from Rs. 9,963 crore to Rs. 13,638 crore, i.e. it has increased by 24 percent. Who will bear the burden? I know you are not responsible. But the Government functions on collective responsibility. Of the total cost over run,

more than Rs. 22 crore is accounted for the delayed projects. Why these projects should be made? There is budgetary provision for it. They come out with the report which says that the projects are delayed due to resource crunch. So, you have no resource to bear the cost of the projects that you undertook, that you declared in the Budget. Is it a good Government? Is it a good management of finance and good management of the country? That is the question.

Sir, in conclusion I would like to say that this economic policy has led this country to such an economic situation, has led this country to increasing poverty, increasing unemployment, increasing internal and external debt. It has almost led this country to a debt trap. So, there is an urgent need for a change in the reforms package as announced by the Finance Minister in this Parliament at the dictates of the World Bank and I think a different and alternative policy is needed. We have placed that alternative policy in many of our discussions in this august House. We hope that the hon. Finance Minister will look into and do some good to the country. The country is on the brink of ruin. But the people will not allow Dr. Manmohan Singh or his Government to bring the country to disaster. They will fight against it. I am sure they will defeat it. Dr. Manmohan Singh, even if you throw money to the people in the name of meeting the social needs of the people on the eve of elections, that will not be able to secure votes for you. In the coming elections your party is sure to be defeated and people will give you a befitting reply.

MR. DEPUTY-SPEAKER : Mr. Rao, the time allotted to this subject is two hours. It has already consumed four hours. May I request you to stick to your timing?

SHRI SOBHANADREESWARA RAO VADDE (Vijayawada) : I will be brief, Sir.

A very important item is under discussion in this House. The external debt burden is leading to around 100 billions dollars and the internal debt burden has increased to around Rs. 4,80,000 crore. At the same time, it is surprising to find that 16 billion dollars worth projects related to foreign assistance is still unutilised. I would urge upon the hon. Minister of Finance to take necessary steps to utilise this fund assistance as early as possible so that the money would be utilised as early as possible so that the money would be utilised, the projects could be completed and the fruits could be enjoyed by the people of this country. The trade deficit is increasing, the exports are increasing by around 15 percent while the imports are increasing at the rate of around 20 percent.

We are finding so many new cars, all luxury cars being permitted into this country. There may be a few buyers, but a lot of foreign exchange is being spent in this way. But at the same time, the Finance Minister who is, of course, a friend of farmers - he is having in his heart of hearts, an affection towards the farmers - surprisingly, is not permitting the import of small tractors. I do not know the reasons for that. When they are permitting import of foreign cars like Mercedes Benz, Limousines - even if somebody can afford, they are permitting Rolls Royce also - they are not permitting the import of small tractors.

SHRI MANMOHAN SINGH : We are not allowing import of any cars.

SHRI SOBHANADREESWARA RAO VADDE : But you are permitting them to import the machinery or the engine, saying that for some years, the engines will be imported and later on, we will manufacture them here itself. It happened even in the case of Maruti also. Even now large number of parts are being imported.

What I want to bring to the notice of this House is that recently the Planning Commission's mid-term appraisal which was submitted, has stated that neither the poverty is going down at the expected rate nor the employment is being created as promised by the hon. Finance Minister on several occasions on the floor of the House. What I want to urge upon the hon. Finance Minister is this. Of course, the credit goes to you and also to late Shri Rajiv because when he was the Prime Minister, he started the liberalisation process. Now, you have started the deregulation and delicensing, etc., It is not bad in principle. But now what has happened is, in the name of liberalisation, instead of strengthening our domestic capabilities and the efficiency of our domestic industries and instead of making our products more competitive in the world market, through the liberalisation policies you are permitting our domestic industries to die and you are allowing the multinational companies to enter into the country with all their might. How can you expect a person who has been starving or who is on a fast for a month to fight with a wrestler? I do not understand this. With their enormous money power the products which are advertised in the very very powerful media like TV, will capture the market and our Indian companies which are manufacturing such products cannot compete with them.

You know that there is a washing soap company called *Nirma*. Later, one of these multinational companies called Proctor and Gamble has come forward with a soap namely *Wheel*. For three years, they were incurring losses. They did not mind their loss of a few crores of rupees because their turn

over is something like lakhs of crores of rupees in the whole world. They could afford to lose that at that time and after three years' period, they have succeeded in establishing themselves in the market.

My point is that the hon. Finance Minister and the Government, at least at this eleventh hour, must understand and diagnose where our policies are leading to. Our ultimate aim should be to make our country strong. We cannot depend upon those multinational companies. They are not having any love for us because there are nearly 25 crore middle-class families. They are coming to exploit this market.

I wonder that when there are nearly two lakh villages which do not have all-weather or even metalled roads, our Government is proposing to spend billions of dollars in the name of superhighways like in Europe or in America. I do not understand the reason. For whom are you trying to help? Is this Government of the people and by the people? You are taking loan from those foreign companies to build superhighways. At the same time, you are neglecting the rural villages. Even after 47 years, is it not really shameful that two lakh villages are not having all-weather roads? Or are not the people, who are living there, to be helped? An old man has to go. A pregnant woman has to go for delivery. There is not even drinking water. There are not even sanitation facilities. The Planning Commission itself has accepted that even after the end of the Eighth Plan, hardly 15 percent of the rural population will be having only adequate sanitation. We are not against liberalisation. Our liberalisation policy is to help our people. That is our point.

Similarly, what has happened in respect of petroleum products? ONGC has invested lakhs of rupees. In Krishna-Godavari basin, they have invested Rs. 2,000 crore for exploration of oil. Oil was found in Rava oilfield. You will wonder about it. It took a lot of time to bring the paddy, to hull it, to mill it and to prepare food. And exactly at the time of serving the food, somebody else is coming to take away the food. They have given it to Videocon Consortium. They have given Panna and Mukta Oilfields in the Western offshore to the Reliance Company. My point is: are not Indian oil companies, namely, IOC, Bharat Petroleum, Hindustan Petroleum capable of doing it? Is not the ONGC capable of doing it? The ONGC is doing so much dredging in Korea. Then, why have you given it to Videocon for a song? Just for Rs. 300 crore, you are allowing them to take profits to the tune of thousands of crores of rupees.

The hon. Minister has just now made a statement here. Mr. Rajiv Gandhi had invited Mr. Sam Pitroda. He has evolved a technology suitable for Indian

conditions. Nearly 200 entrepreneurs had started small industries taking technology from the Department of Telecommunications. And now our great Sukh Ram is permitting thousands to die. He is inviting the multinational companies. For what reason? We do not know about it. He said that the telephones are to be given a top priority. Is it a very essential commodity?

Now I talk about power. Our Bharat Heavy Electricals Limited is doing exceedingly well. Many a time, it has been winning open bids in competition with so many other multinational companies. ...*(Interruptions)* If you have patience, I will reply to every question. If our Government encourages the BHEL, it can itself become a very big multinational company. I congratulate the Maharashtra Government for taking a daring step. Because of the strong attitude taken by the Maharashtra Government, the great Enron company has been compelled to bring down their cost by more than Rs. 1,000 crore. The cost of per unit of power to be supplied to the Maharashtra Electricity Board has been reduced substantially. If they had not done that, the same thing would have been repeated throughout the country.

My point is we can give maximum opportunity to our indigenous enterprises and industries and when we are not able to produce enough, we can get assistance from foreign companies and get their production. I have great respect for the hon. Finance Minister. This is the fourth year and we are at the fag end of the term. Why are the economic reforms not touching agricultural sector? Sir, it is contributing 30 percent to the gross domestic product.

SHRI MANMOHAN SINGH : You go and see the coastal areas in Andhra Pradesh as to how APEDA is functioning.

SHRI SOBHANADREESWARA RAO VADDE : You are correct. It is because of the enterprising nature of the small farmers or local fishermen or the entrepreneurs. I am very sorry to say that APEDA has helped only 5 percent of the entrepreneurs. That is what I was about to say before concluding my speech. As I have got a small opportunity to speak, I would like to tell exactly that point. Today, banks in general are not cooperating. They are not giving loans to small people and small farmers or small entrepreneurs. They are not even cooperating in respect of the implementation of the Government schemes like DRDA, SEPUP and so many other schemes. In general, they are not cooperating. Four years back, our hon. Prime Minister has said that this Government will introduce a new crop insurance scheme in place of the old comprehensive crop insurance scheme to really take care of the problems

of the farmers in case of calamities and their losses. But till now, they have not brought forward that new crop insurance scheme. At least, this should be introduced on trial basis like one district in each State, as promised by the Prime Minister himself and the Finance Minister has also stated it. Today, I have seen some bank guidelines. Higher authorities are writing to their branches not to give loans to poultry units with less than 2000 or 4000 birds. But the same branch is extending crores of rupees to big fellows who start with 10,000 or 20,000 birds. Many a time, they do not have enough securities or property but somehow they are able to influence politically or the bank manager or regional manager or the general manager and are able to get crores of rupees. But after some time, of course, we know what will happen. Similar is the case with the insurance companies. I have met the hon. Finance Minister and represented to him about the prawn farmers cultivating in brackish water. Sir, if everything is well, then why is the insurance scheme necessary? Insurance scheme is there only to meet such eventualities and to help those poor or small farmers at the time of crisis to enable them to stand on their legs again and continue their economic activities. Unfortunately, this is not being done in respect of those prawn farmers cultivating in brackish water who are giving foreign exchange worth about Rs. 2500 crore. They have given you very precious foreign exchange. Kindly look into these things and see that your liberalisation efforts are meaningful and they help the common man. Only then it will create lot of employment opportunities and enhance the purchasing capacity of the people which will ultimately lead to the overall development of this country. It is high time that the Government should reconsider its present policy. The way you are moving forward the economic reforms should be corrected. Unless you give first and top priority to agriculture and allied activities, second priority to rural, small and medium industries and then priority to the top industries, any lakhs of crores of rupees or billions of dollars you pump through loans from other countries is not really going to bring any substantial change in the conditions of the people of this country.

With these few words, I thank you very much for giving me this opportunity to speak.

SHRI K.P. REDDAIAH YADAV (Machilipatnam) : Sir, I would take only few minutes.

Sir, so many hon. Members have spoken on the present economic scenario in this country. To understand it is its totality, without going into the minor things and without any partiality, I want to present to the House certain facts which would highlight what has exactly happened during the last four and a half years. Before I do that, I must thank

our hon. Prime Minister and the hon. Finance Minister who has led our nation to prosperity by bringing back our economy on the rails which was on the brink of a disaster in 1991. What was the situation in 1991 and what is the situation now? we can get a clear picture by comparing these two periods. Every hon. Member has said that in 1991 the economy was in a very bad shape; our economic growth had gone down; we were not even in a position to pay for a week's import of crude oil; there was not sufficient foreign exchange and the entire bureaucracy was demoralised. In 1991, the first job that our hon. Prime Minister and the hon. Finance Minister...

SHRI HARI KISHORE SINGH (Sheohar) : ...and yourself!

SHRI K.P. REDDAIAH YADAV : Please listen patiently. Please do not disturb me. I will try to present a clear picture. They had given an assurance to the Indian bureaucracy saying, 'well, we are here, you take your own decisions; bring the situation back to normal and we will stand by you'. That was the first thing that these two great leaders of this country had done. It is after all this bureaucracy, the engineers and other professionals who are doing the job. We have to give the direction to them. That is why we are sitting here in the Parliament. We have to give the correct direction and guidance to these people and they - the hon. Prime Minister and the hon. Finance Minister - have done that.

Sir, the economic situation turned for the better in the following year, i.e. in 1992 and 1993. All the leaders have got the experience before them. The cement industries in the private sector have grown like anything. They have produced 65 million tonnes of cement. The CII which is a public sector undertaking had gone red and is still sinking. With this background, our Prime Minister had opted for economic and industrial liberalisation. It has given good results. Our Prime Minister has also promised to the nation that he would preserve the public sector undertakings as they are. In cases where there are not resources for their revival, only such PSUs would be handed over to the private parties or the foreign entrepreneurs.

Sir, all of us know about the balance of payments problems in 1991. We were exporting goods worth Rs. 24,000 crore against an import of Rs. 36,000 crore. Now, the gap between import and export is very marginal. In 1994-95, we have reached an export target of nearly Rs. 60,000-70,000 crore. The gap in our balance of payments position has also decreased. The hon. Members would understand that we have paid the IMF and World Bank loans in advance. How could we achieve that? Simply by

compartmentalised comparisons, you cannot criticise the economic policy of this Government. We might have committed some small mistakes; we might not have been able to achieve the target in certain cases but in order to understand the overall economic achievements of the Government under the leadership of our Prime Minister, we also must have to understand the achievements of the State Governments.

Sir, the State Government of Andhra Pradesh, Bihar, Uttar Pradesh and many other States are now starved of funds.

They are not able to pay the salaries. You must be ashamed of it. The Governments of Bihar, Andhra Pradesh and Uttar Pradesh are diverting the funds given for the rural development works without getting the permission from the Centre. That is shameful...*(Interruptions)*

SHRI SOBHANADREESWARA RAO VADDE : As far as Andhra Pradesh is concerned, it is not correct...*(Interruptions)*

SHRI K.P. REDDAIAH YADAV : I am telling this because I know your position. You are not in a position to give salaries...*(Interruptions)*

SHRI HARI KISHORE SINGH : You are the greatest admirer of the Chief Minister of Bihar...*(Interruptions)*

SHRI K.P. REDDAIAH YADAV : You are simply accusing and pointing a finger against the Central Government. You must understand. To understand the economic scenario of the country you must compare the performance of the State Governments and the performance of the Central Government. Then you will understand where you are...*(Interruptions)* Even I know the financial position of the West Bengal Government...*(Interruptions)*

SHRI SOBHANADREESWARA RAO VADDE : Who is controlling the DTC in Delhi? Government of India is controlling DTC. They are not getting salaries for two months...*(Interruptions)*

SHRI K.P. REDDAIAH YADAV : We have got foreign exchange reserves of nearly Rs. 62,000 to Rs. 70,000 crores...*(Interruptions)*

SHRI HARI KISHORE SINGH : Who said that?...*(Interruptions)*

SHRI K.P. REDDAIAH YADAV : We have enough agricultural production. Agricultural production has reached the maximum during these four-and-a-half years and we are unable to provide transport facilities to export our foodgrains to other countries, that is the situation. That means, we have achieved our targets on food front. On industrial front also, an improvement of nearly 8 percent to 10 percent in

production has taken place. All our steel industries are performing very well and the Steel Authority of India have shown profit of Rs. 600 crore per year. Like that, many other industries are showing profits. Therefore, Sir, our...*(Interruptions)* Our Prime Minister and our Finance Minister have taken only one stand, that is, to solve the problems of this country technology is the only answer. That is why, he has made our country to sign the GATT Agreement, the World Trade Agreement. Unless we import technology, the poverty of this country can never be solved by slogan mongers like these persons. It is only the technology which can solve our problems. That is why, Sir, we have signed the the GATT Agreement, the WTO Agreement whereby we can have some improved paddy seeds and wheat seeds and so many vegetable seeds, thereby our production can automatically improve by 100 percent at a time. That is why, with his long experience and statesmanship, our Finance Minister have concluded all these agreements with the world countries.

Therefore, Sir, I congratulate the hon. Finance Minister, and the Prime Minister...*(Interruptions)*

MR. DEPUTY-SPEAKER : Mr. Rawale, speak only for five minutes.

SHRI K.P. REDDAIAH YADAV : I am sure that the people of the country will definitely give their support to our Prime Minister and the Finance Minister in the coming elections also. You are all dreaming that you will have honey days. But in the future you will be isolated.

MR. DEPUTY-SPEAKER : My difficulty is that this shall have to be completed. The time allotted was two hours.

*(Interruptions)*

AN HON. MEMBER : Sir, we can have it tomorrow...*(Interruptions)*

MR. DEPUTY-SPEAKER : No, there is no questions of tomorrow.

*(Interruptions)*

SHRI NIRMAL KANTI CHATTERJEE : Will you permit me for one intervention?...*(Interruptions)*

MR. DEPUTY-SPEAKER : My difficulty is that it has been decided in the Business Advisory Committee. If any decision taken by the Business Advisory Committee is violated, it carries no meaning. So, let us stick to it. Kindly oblige.

SHRI NIRMAL KANTI CHATTERJEE : Sir, may I be permitted to draw your attention on the decision taken in this regard? When it was decided that there are important issues which have to be discussed, the hon. Speaker indicated to us that it is not exactly

a discussion like discussion under Rule 193. He specifically uttered these words, let me mention them:

"That unless irrelevant, anybody who wants to speak would be allowed to speak fully."

That was his approach.

MR. DEPUTY-SPEAKER : Mr. Nirmal Kanti Chatterjee, you are internally independent, externally sovereign to interpret the things which are highly favourable to you.

SHRI NIRMAL KANTI CHATTERJEE : Sir, I am not interpreting the things. I am almost quoting it verbatim. When Mr. Chacko was in the Chair, he had a wrong understanding.

THE MINISTER OF STATE IN THE MINISTRY OF HUMAN RESOURCE DEVELOPMENT (DEPARTMENT OF YOUTH AFFAIRS AND SPORTS) AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (SHRI MUKUL WASHNIK) : Mr. Deputy Speaker, Sir, quite a number of Members have participated in this discussion. The hon. Finance Minister would also like to speak and there are so many important Bills and other important issues which the House has to discuss. Therefore, I will request that you may kindly ask the Finance Minister to give reply.

MR. DEPUTY-SPEAKER : The observation made by the Minister is really correct.

SHRI NIRMAL KANTI CHATTERJEE : Sir, I feel very much aggrieved not because of me but what the hon. Speaker has said is being violated by other.

MR. DEPUTY-SPEAKER : Mr. Nimal Kanti Chatterjee, every political leader has made a wonderful contribution and they have made in-depth study. The hon. Minister has been hearing them very patiently. I think, justice should be done to him also.

SHRI JASWANT SINGH : Sir, now that you have said, in fact only to set matters right the hon. Speaker has directed that the debate must end today. Therefore, the hon. Minister be shown the courtesy of permitting him to reply today...*(Interruptions)*

SHRI NIRMAL KANTI CHATTERJEE : Please bear with me. That was the position, but in the meantime so many things happened in the day and that curtailed the time. That is why this problem has arisen. He wanted to give time to the Members and on that basis the estimate was that it will be concluded today. If these statements made by the Ministers and other things had not happened then it could have been finished today.

MR. DEPUTY-SPEAKER : It is so nice of you and you have represented your feelings in the House. Now please sit down.

*[Translation]*

SHRI MOHAN RAWALE (Bombay -South Central): Mr. Deputy Speaker, Sir, before coming to power in 1991, this Government has said in its manifesto that inflation would be controlled in 100 days, now I would like to tell this Government about the hike in prices of all the essential goods. Today the price of Mong is Rs. 23 per kg. Urad is Rs. 26 per kg.

*[English]*

MR. DEPUTY-SPEAKER : Mr. Rawale, this is a repetition. If you have any new points you please come out with them.

*[Translation]*

SHRI MOHAN RAWALE : Mr. Deputy Speaker, Sir, I am proud of the clean image of the Finance Minister. The economy of country was quite weak when this Government came to power but at present the rate of inflation has increased. The Government should accept its failure in view the increase in price index. I should seek Minister's reply as this question with reference to Shri V.S. Rao's statement I would like to mention that now the cost of power generation has been reduced under the Enron Project and Rs. 1000 crores profit has been proposed therefrom. I would like to know as to why sugar was not bought at the time when its prices were 450 dollar per tonne in the international market and the country was facing the its shortage. Later on, though we had the stock of sugar but sugar was bought because its prices were high. Was there any conspiracy behind the deal? Was it a part of any plan to recover the election expenditure? I would like to know from the Government as to why sugar was not bought at the time when prices were low? Why it was imported at a higher price?

I would also like to say something about another scandal which is bigger than Bofors. A party was awarded the contract to supply urea at a rate of 202 dollar per tonne. But it has not supplied 1 lakh 60 thousand tonnes of urea. Then the Chairman of MMTC placed another order to supply urea at a rate of 246 dollars per tonne. More than Rs.3000 crores were involved in this scam which is a bigger amount than that of Bofors.

*[English]*

SHRI P.C. CHACKO (Trichur) : Mr. Deputy Speaker, Sir, let him better, speak on the Economic Policy...*(Interruptions)*

*[Translation]*

SHRI MOHAN RAWALE : It directly related to the economic policy. Will the economy of the country not

be affected by a loss of Rs. 5000 crore? Harshad Mehta has also made an embezzlement of Rs.5000 crore? Where this money has gone? The hon. Finance Minister should tell where that money has gone and where it is going today? The plight of poor people is deteriorating day by day. 40 percent population of the country is not getting anything. For whom these leaders are running the Government?

Textile mills are also facing severe problems. They are incurring losses. The whole public sector is incurring losses because officers are involved in corruption directly. I do not want to repeat the issues raised here earlier. I seek clarification from the hon. Finance Minister about MMTC. I would like to know as to why the same firm was given contract when it has not supplied 1 lakh 60 thousand tonnes of urea.

Before concluding I thank you for allowing me time to speak.

[English]

SHRI NIRMALKANTI CHATTERJEE : Sir, I want to exercise my right that I have derived from the Speaker's statement...(Interruptions)

THE MINISTER OF STATE IN THE MINISTRY OF INFORMATION AND BROADCASTING (SHRI P.M. SAYEED) : Sir, may I submit that when his name was called, he himself pointed out that Shri Chakraborty will speak from his party...(Interruptions) He is a senior Member and he should not behave like this.

SHRI NIRMAL KANTI CHATTERJEE : I have said that he precedes me. I have not said that I will not speak. I have said that in the list submitted, the first name was my deputy leader; his was the second name and mine was the third name. I want to exercise my right. Sir, if you do not allow me, I will walk out...(Interruptions)

MR. DEPUTY-SPEAKER : You should never walk out. You are a senior Member.

SHRI NIRMAL KANTI CHATTERJEE : Sir, let us extend the time today if you want to complete it...(Interruptions)

MR. DEPUTY-SPEAKER : Can you complete your speech within five minutes?

SHRI NIRMAL KANTI CHATTERJEE : Let me see, let me try...(Interruptions)

MR. DEPUTY-SPEAKER : Shri Ramashray Prasad Singh, Shri Tej Narayan Singh, every Member of each party cannot participate in the debate on each subject. The leader of the political parties have given the names and on that basis, the list has been prepared. As per the list, the names are called.

Shri Nirmalji, you are an expert in this subject. I will be highly thankful to you if you could summarise it in such a fashion that you could finish it in five minutes' time and you are capable of doing it...(Interruptions)

[Translation]

SHRI TEJ NARAYAN SINGH (Buxar) : You always talk of rules whenever my turn comes. I would like to know as to whether the rule are for me only...(Interruptions)

[English]

SHRI NIRMAL KANTI CHATTERJEE : What I am doing is, I will cut out my speech. In fact, my intention is very simple. One of the problems that I faced with the Finance Minister is very simple. All of us respect him as an economist etc. But he has fallen among unworthy people and that generates some problems. I will defend one part of Dr. Manmohan Singh and I am against the other part of Dr. Manmohan Singh and that will facilitate his reply.

I begin with like this. Sir, the first is, why I am saying this will be indicated. He says something about the price rise. These are the simple figures. I will not repeat them at all. I will give you the latest figures that we have got. For May, June, July and August, the consumer price index number has crossed two digits. He was suggesting that while it comes down, it comes down rapidly. He has said, he believes in whole-sale price index because it is a comprehensive index. There is another comprehensive index which he has not mentioned. That is the GDP deflator. As we know in the service sector, apart from the commodity sector, if you take the air fares, if you take the rise in hotel fares, the GDP inflator is higher than even the more less comprehensive whole-sale price index. On the other hand, it is the consumer price index which is rising faster than the whole-sale price index, as I indicated, for the last four months.

I will not repeat it because we had a discussion on price rise. I will just mention this that we are doing out mid day meal to the students. I will not mention about other commodities. Now one of the basic requisites for primary education is of papers. Now here is how paper prices have risen. Let him tell this. In 1991, it was Rs. 14 per kg. In 1994, the paper price rose to Rs. 32 per kg. In the month of April, 1995, it was Rs.42 per kg, three times more. You provide mid day meal, deny them paper on which not only he writes but on which books are also printed. This what is happening in the economy. This is all that I want to mention about prices. I want him to satisfy the House on this.

My second point is that employment has been talked of. I specifically mentioned in the discussion on price rise about the good part of Dr. Manmohan Singh. Does he not feel that he owes an apology before the country? He promised one thing but could not deliver it. It has been mentioned both in terms of prices and pushing back of prices and trying to defend in the sense that the inflation rate is not that high. This does not prevent him to say so despite the company he keeps.

About unemployment situation, the promise was - it has been mentioned - 10 million persons a year. The Planning Commission, in the Eighth Plan said that in the course of five years, if not 50 million - in five year it would have been 50 million - 43 million people would be provided with jobs. Now the present position is, only 19 million persons after the completion of more than three years, according to their statement, have been provided with jobs. The statement has also to be questioned. In the backlog the estimate was 17 million in the year 1992 and in reply to a question, it was stated that now the present estimate is 18.7 million persons. Now even these figures are suspect for a simple reasons. The calculations are made on the basis of, very funnily, - Dr. Manmohan Singh knows - that we are spending on Jawahar Rozgar Yojana so much.

19.00 hrs.

The calculated rates are so much; so many mandays would be generated. Therefore, if days by days we divide the mandays, so many people have been employed. This is the kind of calculation. He knows no less than we know that of hundred rupees of such expenditure, the estimates vary no more than between thirty rupees to seventy rupees which reaches the proper person. Therefore, even these estimates are suspect. He should have the courtesy, he should have the honesty because of his past to admit these things and apologise before the country.

The third point which I want to make is a very simple one. Sir, what is happening because of the pressure of prices, because of this quality of employment? This has been mentioned, I am just linking them up. The people below the poverty line in the course of last three to four years have increased. There can be a debate on statistics. But the conclusion by the experts calculating this is that over the last few years it has increased. The claim continues that it decreased in the late 80's. But everybody says that it has increased and one can easily understand why and how it should be so.

My next point is about devaluation. Much has been discussed elsewhere also about devaluation.

We know that several stages were crossed. One stage was that of stability. A pride was being taken that the currency is stable. Then, another stage was there that in the market there will be no intervention to hold on to that stability. Then, another phase was there when, in fact, there was intervention. And the current and last phase is beneficial for us. Why is it beneficial to us because it will cut down on imports and it will generate more exports. Now, I want him to answer. It is true that if there is a devaluation, the potential for export will increase. It is also true that if a devaluation, the potential for export will increase. It is also true that if there is a devaluation then there is a tightening on imports. I will ask him which are the imports and which are the exports that will be tightened. Does he think that a purchaser of a Mercedes Benz at Rs. 20 lakh would be inhibited from purchasing that? No, Sir. He will not be inhibited. Who will be inhibited? It is Dr. Manmohan Singh and the Government of India. When there will be a necessity of importing pulses from outside, when there will be a necessity to import edible oil from outside, they will say: 'we cannot subsidise. This instrument acts in these two different ways affecting the different segments in this way.

Please look at the exports. Which exports will be benefited? It will be only those exports which are not import-intensive. Because the cost of imports is increasing, therefore, that will have an impact on the export prices also and exports will be hampered. Those sectors which are not import-intensive, their potential will increase. What is that sector? That sector concerns our agriculture. That sector concerns our cottage industry and small scale sector. And what happens? We will be forced, in order to meet the problems of balance of trade and payment, to export and to ask: 'What are necessary to ask?' It is not the luxuries for the components of which we are importing.

Just now he was responding to some one. We are not importing. No. This is whether the worst part of Dr. Manmohan Singh is evident. We are not importing a Mercedes Benz. What are you importing? We are importing a Mercedes Benz in a completely knocked-down or semi-knocked down condition and we are assembling them.

There will be a difference between the import of the total Mercedes and this. Why do we say that we should indigenise the manufacture of the part going into the car? I once agains underline this simple point that those persons for whom the refrigerator companies are bringing in refrigerators, each costing Rs.2 lakh or Rs.3 lakh or Rs.4 lakh, they will not be affected by devaluation. Those persons for whom this Sony and other TVs, costing

Rs.3 lakh and Rs.4 lakh are being marketed, they will not be affected. It is the common people, for whom imports are sometimes necessary, who will be affected. We insist that let there be import intervention in the area of pulses. Last time we said that let there be import intervention by sugar. But you will come here to say that you do not have enough funds to subsidise these items. So, these are the persons who will be affected.

Now I come to the next point. It is a very peculiar situation when somebody takes pride in devaluation. He was mentioning on another occasion that did our forefathers not campaign in another area - one shilling six pence. Right. And yet, if we look in the long range of history, let us remember that the most priced currency at one time in the world was Pound. Why? Because Great Britain was the strongest economy. Then, for a long period, it was the Dollar which dominated. Why? Because it was the United States which was the strongest economy. Today that Dollar is declining - not for the last two or three months. Today which are the strongest currencies? It is the Mark and the Yen. They are strong because their fundamentals are strong - that is the word usually used - and if the fundamentals are strong, why should there be devaluation? But it is perfectly possible that the word fundamentals are understood in different ways by different people. I shall come to that also.

There is another problem. We are told that with regard to exports as a percentage of imports, our position is improving. Right. It can improve further. The only thing that he forgets is a simple thing that today exports have to meet, along with a few other things, not only our import obligations but also our debts. We have not only to make imports, we have imported debt also and we have an obligation to meet that debt. Now, what is the volume of debt? The foreign debt is nearly Rs.3,00,000 crore. As far as I could get from the Economic Survey, it is Rs.2,70,000 crore. So, that obligation is there. When he was referring to debt service, it is this that was being underlined. As a percentage of GDP, how indebted are we, can you imagine? The figure of our total GDP for 1993-94 was Rs.7,00,000 crore. It could be that today it is Rs.8,00,000 crore - that figure is not provided by them. Our debt is Rs.3,00,000 crore foreign and Rs.4,00,000 crore internal. Our debt is equivalent to our GDP. It is this that is becoming dangerous. And we have to pay interest also. For foreign debt we have to have foreign currency but for internal debt, we have to have our own income. Instead of tackling the problem, they have consulted the dictionary in order to find out a new word.

A new word is now being thrown about which is not about deficit in the budget. But it is 'primary deficit'. Why is it that it is called 'primary deficit'? It is because the interests have to be excluded, as if that is not part of our obligation. They think if we just use that word 'primary' that saves the situation. But it does not.

Therefore, what I am suggesting is that this is the kind of problem which has been hinted at by others and, perhaps, I am summing up the things a little. I want to mention about one thing. Yesterday, during the discussion on supplementary Grants, I was very sad to see the pattern of expenditure. There is a big fiscal deficit, uncontrollable deficit. As the elections come closer this deficit will be still bigger. Why is it so? He need not be told that it is the revenue deficit which is more ruinous than the other part. This deficit is occurring despite the fact that in terms of fundamentals our capital expenditure was more important and that is being cut despite this deficit being there. That was our fundamental thing. As I said yesterday during the debate on the Supplementary Grants, I was trying to see that at least requesting this expenditure there will be a bias towards the capital expenditure. But, to my regret I discovered that the revenue expenditure, once again, is more. Their demand is more for revenue expenditure than for capital expenditure.

Sir, I know you are looking at the clock.

MR. DEPUTY SPEAKER : I will be very happy if you kindly cooperate. Please conclude.

SHRI NIRMAL KANTI CHATTERJEE : Yes sir. I am rapidly coming to a close.

Sir, I have got a simple question. People ask me about it. Why is it that this is becoming unmanageable? Sir, here is a document which I want to lay on the table of the House if you permit. Are our revenues not increasing? They are. I am very proud of it. But he will never say one thing. The better part of him will want him to say but the worst part of him will not permit him to say that whatever revenue rise is taking place that is not adequate. Why is it not adequate? Certainly the revenue is raising. It is partly because of real growth and more because of the rate of inflation. Here is a list, about which I mentioned to him earlier, of 5,000 companies each earning more than one crore of rupee as profit. Do you know how much income tax they pay? Sir, elsewhere it was mentioned that the Reliance company was never paying tax. Do you think that it is the only company? Here is the list. There are 5,000 companies who do not pay any tax at all. In this list there are some who pay tax with all the noises about very high rates of taxation etc. The maximum rate of taxation here is only 8 per cent. Is there no resource?

why do you keep such loopholes in your tax proposals? Despite tremendous pressure in the form of fiscal deficit you are not amending it and in fact this is a not a new provision at all.

Shri Pranab Mukherjee is not here. I would have complimented him. There was a time when he was the Finance Minister, he introduced one thing. We were repeatedly fighting with him at that time in the Consultative Committee meetings. He agreed that 30 per cent tax would have to be given from the gross profit, whatever deductions may be there. Unfortunately, after two years, this clause was taken away and we are told that we cannot manage our finances and we refuse to manage our finances.

I can lay this document on the table of the House. There is nothing secret about it. If you permit me, I will do that.

There is the other problem. In the economy it is said that there is a tremendous stringency in the banking and financial sector. It is right.

There is no doubt and as a response to that, call money rates went upto 135 per cent. The banks borrowing from other banks had to pay in order to meet some obligations at that high rate. Nobody will mention it. There is a crunch. Nobody will ever mention it to you and I will lay that paper also on the Table of the House, provided the Chair permits me. It says that Rs.37,000 crores of bad debt is there in the bank. What does it mean? It means that Rs.37,000 crores of advances are locked up in the bank. Why?

Sir, liberalisation has been talked about. The condition of liberalisation, as has been indicated, is transparency. In the course of the last few years it is precisely in the opposite direction that they have brought in amendments in the Banking Regulation Act, by inserting secrecy clauses. It is not a situation of helplessness at all. I do not believe that the Indian people are helpless. I do not believe that we have to bow our head before our foreign masters, multinationals or their institutions. These things are possible. There is one condition only. Whom do we want to please in the economy? Are you here to represent the vast masses, 75 or 80 per cent of the population or are you here to satisfy the foreign multinationals, Indian big business, smugglers and stock market brokers? It is this that has to be decided. It is this, if his better part - I do not say his better half asserts over his worse half, the problems can be solved.

Sir, I will mention one or two points more. It is sometimes said that the fundamentals are all right. Why? The industry is growing. I am surprised and I feel disgusted when these kinds of contradictory statements are made. Last year it was said that our

imports are fine and they are picking up, but mainly capital goods were coming. This year it is said that the economy has improved significantly, because capital goods are not being imported. It is disgusting. No sensible economist will talk in this fashion. Fundamentals do not mean only what is happening today. Fundamentals mean, where are we going? This is determined primarily by your investment rate.

Sir, they take credit about agriculture and say that agricultural prices have risen. I have a statement here and I want to mention that. The investment rate, not only, is not rising comprehensively. It is coming down. Look at agriculture. Look at the quality of the replies that are doled out to us. It says that the investment in agriculture at 1981 prices decreased from Rs.4,864 crores in 1980-81 to Rs.4,792 crores in 1989-90. This has possibly devastated the past. After that, it declined. However, according to the quick estimate for 1993-94, it increased to Rs.5,228 crores. One does not feel ashamed to claim credit for these things. In four years, the difference in growth is nine per cent. In four years, the growth in investment is nine per cent when the rise in price in those four years is near about or ranging between 40 and 50 per cent.

This kind of statement that it can come from a Party which is ruling such a country like ours is because they have no concern for the country at all. No responsible and sensible person will try to take credit on the basis of these kinds of facts. Sir, I am concluding by making this simple statement.

MR. DEPUTY-SPEAKER : Shri Nirmal Kantiji...

SHRI NIRMAL KANTI CHATTERJEE : Sir, will you not permit me to conclude also?

MR. DEPUTY-SPEAKER : Nirmal Kantiji, if you are really gracious to conclude it within one minute, I will with folded hands salute you!

SHRI NIRMAL KANTI CHATTERJEE : Sir, I want to draw your attention to a simple thing. Everybody knows it, I need not tell him, that growth is not the sufficient indicator, the growth is helpful. It has been pointed out by very responsible economists that along with growth — the example I will quote is that of Kerala — if there is equality or less inequality in the economy, if there is adequate health and low mortality rate in the economy of the children, then only the Asian Tigers could prosper. When they embarked on liberalisation, they tried to see that these things have been achieved. It is this equality and it is this reduction of infant mortality which has been underlined. Now, the point is that they are all underlining, as my colleague here mentioned, that one of the simplest methods of equality is in terms of land reforms. You cannot do but perhaps and it is so

simple they have underlined it. They have underlined it in the book. It is equality and struggle of the masses, Kerala has a higher female literacy than China, Kerala has lower infant mortality than China. Kerala has better health provisions than China. Why is it so? The simple reason is that the masses have struggled. There is a strong left movement within the Congress, in order to get the inclination in organisations of the poorer sections of the masses. I did not mention West Bengal. But since Mamta Benerjee is not here, permit me to mention that also. They have also mentioned West Bengal that even in terms of limited reforms like Barga Operation, like Panchayat System, they have generated a kind of rural market which can be a basis of take off. If you don't do that, you try to liberalise, what you can only have is : wealth in one area and abject poverty in another area and that is the story of Brazil and that is the story which Mexico underlined.

Thank you, Sir, let me have the reply.

MR. DEPUTY-SPEAKER : Thank you very much. Mr. Tej Narayan Singh and Mr. Ram Ashray Prasad, kindly excuse me this time. Three political parties have put their points. Now, hon. Minister of Finance.

SHRI MANMOHAN SINGH : Mr. Deputy-Speaker, Sir, I am very grateful to the hon. Members who have participated in this debate.

I think, it has been essentially a repetition of the arguments we have all heard in this House before. Let me begin by saying that it is not our claim that all is well with the economy. Considerable and significant progress has been made in tackling the basic maladies of our economy, we have put a collapsing economy back on the rails and that if we persist in this path in the years to come, we will be able to tackle more effectively than ever before the task of removal of poverty, the task of removal of unemployment and the task of improving the quality of living of our people.

Shri Nirmal Chatterjee reminded me the growth is not sufficient. I entirely agree with him. But as he himself said, one of the basic conditions for achieving or for improving the quality of our life is to create more jobs — more jobs can come only out of higher growth. While growth itself may not be a necessary condition, growth, I believe, will generate necessary resources, tax revenues with which we will be able to do those very things which he reminded us, which are essential for improving the quality of life, that is, more spending on health, more spending on education, on family literacy etc. All these things can be done only if the economy is robust, if the revenues of the State are improving. This is the basic

motivation of our economy. We are not, in any way, reeving on our cherished national objective to get rid of this ancient scourge of poverty, ignorance and diseases which still afflict millions and millions of our people. Now, the real issue is, how do we get to achieve this objective.

I have heard Jaswant Singhji, I have heard Nirmal Babu, I have heard many other speakers. I think some of them have picked up the holes, and I am not going to dispute that. But let me say that having listened to all of them, if you are searching for a consistent approach to planning of economic policies, I am afraid, I did not detect that sort of approach in what has been said. But that does not bother me because I know that we are just on the verge of elections; people, therefore, like to exaggerate. But I draw comforts from what is happening outside this House. I think, three days' ago, *the Times of India* quoted a speech that was made at a Harvard Seminar by Shri V.P. Singh where he said that 'if I were to voice my true feelings about economic policies, I would not be in the Opposition'. That tells you something about the change that has come about. Three days ago, *the Times of India* carried an interview with Shri Chandra Shekhar. I have great regard for him, I have great respect for him; I have served him. I that also, he said that he did not want to reverse what has happened, that he only want to strengthen the anti-poverty programmes — that is entirely our own way. That is exactly what the Prime Minister has been saying. Yesterday, Shri Atal Bihari Vajpayee spoke at the FICCI Seminar. Let me say that when I read that statement and what is often said by our B.J.P. friends in the House and sometimes outside, I think there is a vast difference. There is, I think, a lot of common ground in the country; and even on the left, when you hear Shri Jyoti Basu speaking to the American Audience, I think is a very different tone from what Nirmal Babu speaks in this House. And fortunately, the improvement in the means of transport and communications is now so great that people know where they stand.

Now, I was referring to yesterday's speech by Shri Atal Bihari Vajpayee. Shri Jaswant Singh spoke very eloquently. Now, let us look at this word 'Swadeshi'. It is the Congress Party which has led the struggle for freedom of our country. We take pride in the role that the Congress played in securing Independence for India. Swadeshi was an instrument of national regeneration. But then, Panditji himself once asked : "What is the meaning of Swadeshi in the world that we live in today where no nation can be ever self-sufficient?" And then he said, "in an interdependent world that we live in, the very meaning of Swadeshi is self-reliance, that we should

be able to finance all our imports through our own domestic efforts by way of exports and normal inflow of capital.'

Now, our friends on the BJP have been making a great deal of noise. But I think this is one issue on which they have been corrected by the supreme leader of Shri Mohan Rawale who has pointed out the irrelevance of the type of things that the BJP friends have been saying. I do not have any desire to quote Balasaheb Thackrey. But I think what he has said on this subject is now a common property. He has given several interviews on the subject. Yesterday, when I read Atal jis speech, I found that he exactly defined 'swadeshi' as I have defined again and again on the floor of this House that in the changed context of an increasingly interdependent world that we live in, the true interpretation of 'swadeshi' in the world of today is working for self-reliance. I venture to say that we have worked in that direction. When we took over, less than 60 per cent of our imports were being financed by our exports. But today our exports finance nearly 90 per cent of our imports which is a positive step in the movement towards self-reliance.

When we took over, we were borrowing from abroad. Our Current Account deficit was \$ 10 billion in 1991. It was equal to three-and-a-half per cent of our GDP. Last year, it was no more than 0.6 per cent. I am not saying that we have solved the problems of indebtedness. That has increased. But we have set in motion a process that if this path is pursued, the debt service ratio, which is declining - it has declined steeply since 1991 - will further decline. So, in another five or six years, India would be able, I think, to reduce greatly or to get rid of the debt. It cannot be done overnight. If I had, for example, wanted to do away with debt in one go, then there would have been such a massive unemployment in this country which you have never seen ever before. So, we have deliberately adopted a gradualistic strategy of strengthening the export base, substituting debt-creating type of flows by non-debt creating types of flows. We have had, I think, a considerable amount of success and all that I am saying is that it is not that we have solved all the problems of this country. The problems of a country of India's size and complexity cannot be solved in a period of four years. But I do assert that what we have done is correct. I think if we had gone the way we were going in 1991, India would have been probably in the same position today in which we find the Soviet Union. We have prevented a collapse of our economy. We have strengthened the growth impulses. We may not have achieved full employment. But we have created conditions in

which employment can grow year after year at a higher rate. I do not buy the argument of those who are trotting out figures - I think they are baseless figures, I would like to say with all responsibility - that poverty is increasing and also those who say that agricultural labourers' lot has worsened. We have given data in the Economic Survey that notwithstanding the rise in price - I sympathise with those who are, I think, sufferers as a result of price increase - the overall evidence is that the rise in agricultural wages, the strengthening of the Anti-Poverty Programme, strengthening of the Public Distribution system, particularly in areas where there is hard-core of poverty, has, on balance, which led to a situation where after an initial decline in real wages of agricultural labourers in 1991-92, there has been a rebound. I am not going to say that either on the price front or the employment front or the fiscal front or even on the balance of payments front we have reached the resting point. There cannot be any resting point. We have a large unfinished agenda before this nation and we will work to achieve the goals of getting rid of poverty, ignorance and disease.

Sir, on prices, I have made a comprehensive statement.

The deceleration in the inflation rate is quite clear in the current year. It is true that there is a lag between the wholesale price index and the consumer price index. But the way the wholesale price index is moving, I feel reasonably confident that the movement will also be reflected, after a lag in consumer price. But I have also said that I am not satisfied with the progress in the control of inflation. That is why, our Government have done whatever it could do to ameliorate the sufferings of its employees. Last year the Pay Commission came with their Interim Report and said that our pensioners and our employees needed an interim relief. Even though our financial system was in a difficult situation, our Government agreed to give an extra amount of Rs. 1650 crore to ameliorate their hardships.

Similarly, as I mentioned yesterday in my speech, we have strengthened the Anti-poverty programme. We have strengthened the social assistance programme. Even though Prof. Nirmal Chatterjee may decry about the role of mid-day meals, I think all over the country there is today a universal agreement that if we want to promote the cause of literacy, then probably this is one measure which will help. That does not mean that I do not share his concern about paper prices. But I think, I cannot say that all things can be done. The essence of what I would say is that, on the whole, we are moving in the right direction.

On fiscal deficit, throughout the 1980s particularly in the second half, our fiscal deficit was 8.5 per cent. We were able to borrow from the domestic market. We were also able to borrow from abroad. But in 1990-91, we reached a situation where foreigners were also not willing to lend their money. Also the rising burden of interest did create a domestic debt problem. Now how do we deal with that? We cannot deal with it overnight. We have dealt with it firstly on external front to reduce the current account deficit. We have worked to reduce the current account deficit. If it was 3.5 per cent when we took over, it will be no more than 1.5 per cent of GDP this year. If the bulk of the current account deficit in the past was financed by recourse to commercial borrowings, we are now trying to finance it as much as possible by recourse to non-debt creating type of flows. As far as domestic debt is concerned, we have also been trying to control the fiscal deficit. But there are limitations.

Now revenue deficit has been mentioned. It would have been easy for me to control the revenue deficit. Nearly fifty per cent of the money that the Central Government gives to the States goes in the form of grants. All that appears as a part of the revenue expenditure. Similarly, bulk of the expenditure on rural development, is towards grants to the States. All the expenditure on education and health is a part of revenue expenditure. And, therefore, in the Indian situation when the Indian State in the business of financing vital social expenditure, the simple-minded distinction between the revenue account and the capital account have their limitations. This is not to mean that I say that this country can pile up unsustainable revenue deficit. How can we curb revenue deficit? Shri Nirmal Chatterjee mentioned about the need to increase the tax revenues. I assure him that while staying with the system of moderate tax rates, we will broaden the base of taxation. We will collect more revenue. We will bring all tax evaders to book. I have assured the House before and I think, there will be no flinching on that commitment.

Certain suggestions have been made also. I am amenable to all good suggestions and we will work to strengthen our tax system as an instrument of raising resources in a non-inflationary way as a means of promoting both savings and investment and encouraging risk-taking ventures in our country.

That is one route. We are working towards that end and this year fortunately despite massive reductions in import duties, our import revenues have done much better than I have projected in the budget. The same is true of the personal income tax. The personal income tax in the months of April to

October has gone up by as much as 38 per cent. The biggest beneficiaries of that are going to be the States, since 77.5 per cent of that goes to the States. Similarly the corporate tax is also doing much better than I have projected in the budget and if the current trend persists, I should collect about six to seven thousand crores more than I had budgeted. All that I am saying is that we are making thousands crores more than I had budgeted. All that I am saying is that we are making efforts to improve the tax system.

The second part of the ladder is controlling expenditure. What are the constituents of expenditure? There is first, of all, subsidies. We need proper targeting. But we need subsidies in support of programmes to help the weaker sections of our society. Food subsidy has a role, limited fertilizer subsidy has a role and we will not do anything which will hurt the welfare of the poorer sections of our society. so, I have limitations. I cannot therefore do away with subsidies.

With regard to the public sector, we have a large number of public sector undertakings. Their resource generating capacity is well known to the hon. Members. But we cannot overnight change the resource generating capacity of the public sector. Over a period of time we must revitalise the public sector, so that it generates more resources. Simultaneously, those which are loss making and are a burden on the budget, we should cut those losses. Hon. Members say one thing in the House; but the amount of pressure that Shri Nirmal Chatterjee and his colleagues bring to bear on me in support of loss making units that budgetary subsidies should continue to be given, I think should also be noted. I would say that our Government will restructure the public sector, but it takes time. Meanwhile, we have said that we will not retrench. We have said that in loss making units we will not hurt the interests of workers. Even if enterprises are loss making, we will continue to pay the wages, the salaries and the bonus. If I have to take on all those commitments, then there are limitations of where can I reduce the expenditure. The only lasting solution to the problems of the fiscal deficit is to broad base the tax system. That process is well under way. The reform of the customs, the reform of the corporate tax that has been attempted in the last three or four years, I feel confident, in years to come, will yield ample dividends by way of revenue buoyancy which is already in evidence.

Beyond that, the interest is a contractual obligation. The only way I can reduce the interest burden is by reducing the fiscal deficit. There also if expenditure cannot be controlled severely in the short run, we have to move on a gradual corrective path.

That is a path that we have deliberately adopted. One way would have been, we could have a larger and more ambitious programme of privatisation. This is what countries like Mexico did. By a massive programme of privatisation they sold the public sector along with their management to the private sector, generated large resources and used that to retort it. But frankly speaking, there is not enough consensus in our country in that direction. Therefore, we have been very cautious in disinvestment.

Shri Jaswant Singhji brought up the issue of disinvestment. I have been associated with disinvestment. We have been learning by doing. There may have been imperfections which we have been correcting. But I can say in all truthfulness that the programme, as we have adopted, is free of any touch of scandals.

I think, if anybody brings to my notice any particular instance, I will be very happy to look at that particular instance ...*(Interruptions)*

SHRI HARI KISHORE SINGH : You look at the telecom sector. You will find what is happening ...*(Interruptions)*

SHRI MANMOHAN SINGH : That has nothing to do with disinvestment.

I think, an issue has been raised with regard to the external value of the rupee. Let me say that you look at the history of other countries. Shri Nirmal Chatterjee quoted the history of various countries. He said Japan today is a strong gaint. But how did Japan reach this status? Those of you who have studies the modern history of Japan since the Meiji Revolution of the late 19th century would know, for nearly fifty to sixty years, Japan industrialized on a deliberately undervalued currency. This is how Japan built up its competitive capacity. This is how Japan came to acquire a higher share of world market. But when I listen to our friends, both on the extreme right and on the extreme left, I am reminded of a famous saying of Keynes: 'Very often practical men are slaves to some defunct economists'. This is a classic case where I think the needs of our country are not in tune with the thinking of Shri Nirmal Chatterjee.

I think, population control and the value of the rupee are two issues, on which I often find the extreme right and the extreme left agree. But I think, today, much water has flown down the river Ganga and people recognize that the only way this country can become self-reliant is to realign its full development potential, eliminate its dependence on artificial props like aids, to have a dynamic, competitive economy and that we would be able to finance all our imports through our export efforts. An

overvalued exchange rate is a disservice to the cause of self-reliance. An overvalued exchange rate is making India dependent on foreigners. It is not a wise counsel for moving towards self-reliance. It is to perpetuate India's underdevelopment. It is, therefore, something which this country must recognize. the facts are there for everyone to see.

We have reduced the import duties. We have strengthened the competitiveness of our economy. Some Members were saying that we have ruined the Indian industry. In fact, all segments of Indian industry, in the last two years, have been booming. Last year, the capital goods industry registered an increase of 24 per cent. Now, we have proved the prophets of gloom wrong. I have heard, in this every house, Shri Nirmal Chatterjee predicting the dire consequences of import liberalization. Four years have passed. Now, the Cassandras have been proved wrong. At least, he should have the courage to own up that things have not worked out the way he predicted. The Indian economy has emerged out of that crisis. We will now build on the achievements of the last four years. We need another five years to get rid of this scourge of poverty, ignorance and disease. Sir, Shri Jaswant Singhji brought up the issue of capital markets. I think, in the history of India, no government has worked to streamline the functioning of the capital market as this government has done. We have removed the capital issues control. I have been the Secretary of the Ministry of Finance. I have seen that for every little thing that the industry of Finance. If they wanted to raise money, that had to come to the Ministry of Finance. If they wanted to fix the premium, they had to come to the Ministry of Finance. If they wanted to go to the market at a particular time, that required an approval.

I was not in favour of this over bureaucratization of our economic processes. At times, it also give rise to complaints of arbitrariness creating uncertainty and also corruption. So, we eliminated capital issues control so that hereafter these decisions can be taken by our enterprises where they should be taken, *i.e.* in their Board rooms. Simultaneously, we gave statutory powers to the Securities and Exchange Board of India. Now, the Securities and Exchange Board of India has laid down all the rules and codes of conduct for all the principal actors in the capital market - brokers, issuers of capital, underwriters and sub-brokers. Now, it takes time before we change the culture of the capital market. I have said on more than one occasion that in the past Indian capital markets have paid inadequate attention to the interests of genuine investors. They have been too much driven by the interests of issuers and brokers. They are going to change that. That process is underway. Shri Jaswant Singhji has mentioned

about duplicate shares. Duplicate shares *per se* are not illegal. There are distinct provisions in the Company Law where the companies can issue duplicate shares. But if somebody issues duplicate shares in violation of rules and regulations, I will certainly bring it to the notice of the hon. Minister that this should be looked into. Shri Jaswant Singhji had mentioned about the role of the UTI. I have already asked the UTI Board to look into and satisfy itself and satisfy me that no irregularity was committed on the part of Unit Trust of India in these matters of share transactions which have come to the notice.

Similarly, the Securities and Exchange Board of India is going to look into the role of the stock Holding Corporation which is the custodian of these shares which have been mentioned by Shri Jaswant Singhji. They are also going to look into the role of all the other people who have been involved in these transactions. I would assure the hon. Members that I am interested in utmost transparency, equity, fairness and investor protection in our capital market. That is the direction in which we are moving even though I would be the last person to say that there is no scope for further improvement. This is an evolutionary process but the path is a path, we feel we are on the right path.

Now, Shri Jaswant Singhji brought up this wider issue of corruption of the economic management and reducing in bureaucratisation of economic processes. I do agree with him that that is the direction in which we ought to move. Liberalisation is not a licence for our manufacturers, for our producers to work against the public interest. Liberalisation is not a licence to exploit Indian consumers. Liberalisation is not a licence to work against the interests of this country and even when foreign companies come in, they have to operate within the four corners of laws, rules and procedures laid down in our country.

Now, the deregulation by way of removal of industrial licensing system, I would respectfully submit, is a step in the direction of removing corruption. There are still some sectors where there are residual industrial licences. I think over a period of time we should get rid of that also. The removal of substantial amount of import licencing is a step towards the removal of corruption. We have removed import controls from capital goods and intermediate goods. I know in the old days businessmen used to pay a very high amount to people to find out what are the loopholes in the red book, *i.e.* the Import and Export Book. We have eliminated the scope for those type of things. Consumer goods are still on the banned list. I have said that this is a matter on which

the House should reflect because I believe that we can protect our consumer goods industries through tariffs and through exchange controls, but if you are going to have these import controls and justify them in the name of *swadeshi* and all sorts of things, then you will have, I think, considerable scope for corruption still built into our trade regime.

I respectfully submit to this House that we have to consider this. We have reduced the excise duties and we have reduced the import duties. Now, the hon. Members have complained that this has not been reflected in reduction in prices. Now, I would not say that all companies have not reduced their prices. Many companies have reduced their prices. But there are companies which have not reduced their prices because they feel that we have created a system where their input costs go down, but there is not enough pressure on them from the market because if we have a regime in which imports are totally banned, they have a near monopolistic position. So, their input costs go down, but they are under no pressure to reduce their final prices. Some people have said, I think, Shri Chakraborty also said, that their profits have gone up. Their profits have gone up precisely because of the mistaken ideology that you people hold that we should not be liberalised.

Let me say that when I talk of liberalisation of consumer goods, I am not saying that India should be flooded with imported consumer goods. I think, we should have a foreign trade policy, tariffs and exchange controls which will provide and should provide legitimate protection to Indian Industries. But we should not have a regime which as often in the past has happened, that consumer goods were available but they became available, courtesies : smugglers. Anybody who has lived in Bombay, in Madras or in Calcutta would tell you that for the last 20 years, almost every imported consumer goods was available in these metropolitan cities, but courtesies, smugglers. For 50 year, they pretended that India does not need import of gold and yet we know that large amounts of gold were being smuggled into India year after year, smugglers made fortunes, they acquired tremendous amount of influence as a result of all that, there was illegal import of gold. Our Government has worked to reduce, I think, the scope for smuggling. The reduction in import duties, elimination of import controls, liberalisation of import of gold, these are all apart of that process. But there is still, I think, ground to be covered.

We have now thrown open infrastructure sector to participation by the private sectors. I do agree with the hon. Members that since we cannot recreate

conditions of perfect competition in infrastructure, there will be need for regulatory authorities, but these regulatory authorities must regulate the conditions of entry, must provide the level playing field and that the rules of the game should be as transparent as possible. Maybe, some mistakes were committed when we opened up the power system. But there is such a thing as learning by doing. I think, lesson have been learnt. Instead of decrying the process of liberalisation, let us work together, to have a system which is not as I said, a lesson to cheat our country, whether by domestic producers or by foreign producers, but enables the market processes to be used in the service of our people, to strengthen our economy, to strengthen our resolve to move towards an economy which subserves the larger interests of our people.

Sir, this is the broad thrust of the economic policies that our Government have been pursuing. I would conclude by appealing to the hon. Members that it take years to build confidence, but it takes very little time to destroy confidence. We may have differences among parties; competitive politics is a fact of life. It is a stuff which reinvigorate the parliamentary democracy, but nothing is achieved by denigrating or denying the achievements of our nation. These achievements of the last four years are not the achievements only of the Congress Party. The fact is that we have saved the collapsing economy and that we have converted a crisis into an opportunity to build a healthy economy.

**20.00 hrs.**

It is tribute to India's farmers. It is a tribute to India's workers. It is a tribute to India's entrepreneurs. Only a few moments ago, the House, as a whole, paid a handsome tribute to the scientists and technologists of ISRO. In the same way, I think, our farmers, our workers and our entrepreneurs deserve the compliments of this House.

I have several friends in the world, in the banking community. In June, 1991, they were all saying, well, maybe your country does not have more than six months before you declare bankruptcy. From that situation, we have come to a situation where today India figures on all the top journals and newspapers of the world as a success story. This sort of debate does not weaken the self-confidence of the Indian people.

I think, India is on the march. Even in West Bengal, I compliment the young man of West Bengal, Shri Jyoti Basu, for the lead that he is giving to build a new West Bengal Free from the fear of war and exploitation. As I look around, all Chief Ministers, I think, are basically today of the same mindset.

Yesterday, as the hon. Chief Minister of Gujarat spoke at the CII, I did not see much difference in what I say and what he said.

There may be minor differences about emphasis with regard to the consumer goods. But I think the healthy attitude is there. I heard Shri Jaswant Singh when he was asked a question about his views on 'Coca Cola'. If I remember correctly, he said: why do you get worried? We will have more choice. We have got more drinks.

I think, that is a sign of march of our nation. As I said, when I read statements of Shri V.P. Singh, when I read statements of Shri Chandra Shekhar, when I read statements of Shri Atal Bihari Vajpayee yesterday at the FICCI, I am encouraged to believe that a new India is in the making. Let us make a success of it so that by the end of this decade, we should make the future happy. That is the collective wish and resolve of all the people of our country. And this House, I think, should strengthen all our people in that solemn resolve.

SHRI NIRMAL KANTI CHATTERJEE : We are not satisfied with his reply...*(Interruptions)*

MR. DEPUTY SPEAKER : The hon. Finance Minister has congratulated you.

*(Interruptions)*

MR. DEPUTY-SPEAKER : You have made a wonderful contribution.

SHRI NIRMAL KANTI CHATTERJEE : I hear him patiently without interrupting him. It is most unfortunate. Earlier, we pointedly raised questions and he has refused to answer them. So, we walk out in protest.

**20.02 hrs.**

*Shri Nirmal Kanti Chatterjee and some other hon. Members then left the House.*

*[Translation]*

SHRI TEJ NARAYAN SINGH : We are walking out of the House because we are not satisfied with the reply of the Government.

**20.03 hrs.**

*(Then Shri Tej Narayan Singh left the House)*

*[Translation]*

SHRI MOHAN RAWALE (Bombay-South Central) : Mr. Deputy Speaker, Sir, no clarification has been made about Urea. This has resulted in price rise in the agricultural commodities ...*(Interruptions)*

[English]

SHRI SOBHANADREESWARA RAO VADDE : It is only lip-sympathy that you are extending to the farmers.

MR. DEPUTY SPEAKER : I was under the impression that you were very much impressed by the reply of the hon. Finance Minister.

[Translation]

SHRI MOHAN RAWALE : Urea was procured at the rate of Rs.246 per tonne whereas the contract was awarded to the company which was reluctant to supply 1,60,000 tonnes of Urea at the rate of Rs.202 per tonne. We want a clarifications in the regard.

[English]

MR. DEPUTY SPEAKER : Mr. Mohan Rawale, we are still sitting in the House. The concerned Minister will be there.

(Interruptions)

MR. DEPUTY SPEAKER : All right, you will be given an opportunity. Now Dr. Satyanarayan Jatiya will speak.

[Translation]

SHRI MOHAN RAWALE : That is why the prices of agricultural commodities and eatables have risen. Corruption is in the root cause of this whole phenomenon. It involves a scandal of Rs.3,000 crores- an amount which is more than that of Bofors.

DR. SATYANARAYAN JATIYA : Mr. Deputy Speaker, Sir, I listened very keenly to what the hon. Finance Minister said but no measures have been taken to transform the living standard of the common man and to mitigate their sufferings inflicted on them by inflation. The Government has tried to create a very good atmosphere but the benefits of the new economic policy have not reached the intended beneficiaries. The condition of the rural poor farmer and labourer has worsened. The Textiles industry a source of earning bread for many workers is on the brink of being perished.

The result of inviting foreign companies and collaborating with them has not been as good on the life of general public as we had visualised. Hence, the Government should take effective measures to salvage the common man of the difficulties faced by him due to the prevalent economic situation so that he becomes happy. So, some concrete measures of respite should be announced...(Interruptions)

[English]

MR. DEPUTY SPEAKER : Honourable Finance Minister has given an exhaustive reply.

(Interruptions)

[Translation]

SHRI MOHAN RAWALE : Why was Urea procured at a higher price of 246 per tonne when they did not supply 1,60,000 tonnes...(Interruptions)

[English]

SHRI MANMOHAN SINGH : It has nothing to do with the economic policy. You may put this question to the concerned Minister.

SHRI MOHAN RAWALE : Sir, it comes under the economic policy.

MR. DEPUTY-SPEAKER : If you want to have a particular answer to your question, you may put the same question following proper procedure, bring it on the floor of the House and get a satisfactory reply.

[Translation]

SHRI MOHAN RAWALE : I did not get a satisfactory reply to it. Therefore, on behalf of Shiv Sena, I walk out in protest.

20.04 hrs.

*Then Shri Mohan Rawale left the House.*

DR. SATYANARAYAN JATIYA : Sir, my point is that we failed to take measures to meet the shortage in the Power Sector and all the industries, trade, commerce and farmers are faced with power shortage. But the Government has not been able to take appropriate measures. Hence, the common man is in trouble...(Interruptions)

[English]

MR. DEPUTY-SPEAKER : So, you are all very happy that the hon. Finance Minister has replied exhaustively to the debate.

Now, we shall take up the Supplementary List of Business, namely, Papers to be laid.

20.04½ hrs.

## PAPERS LAID ON THE TABLE

### Notification Under Customs Act, 1962

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKHARA MURTHY) : Sir, I beg to lay on the Table a copy of the Notification No. 165/95-Customs (Hindi and English versions) published in Gazette of India dated the 7th December, 1995 together with an explanatory memorandum seeking to prescribe preferential rates