

also could not get electricity supply to their pumpsets. So, the farmers in Tamil Nadu could not carry on their agricultural works. Neither they could save the present crops nor could raise fresh crops. All the cultivable lands are fastly becoming deserts.

The farmers have no work or job to do to earn their daily bread and project their family and cattle. The Tamil Nadu Government have not taken any steps to save the people of Tamil Nadu, especially farmers and poor people, from famine and serious drought situation. I, therefore, appeal to the Central Government to direct the Tamil Nadu Government to take steps on war-footing to provide power and electricity to save the people from total agricultural and industrial destruction.

(vii) NATIONALISATION OF SWADESHI
COTTON MILLS, KANPUR

SHRI BASUDEB ACHARIA (Bankura): In 1977, there was a serious imbroglio in Swadeshi Cotton Mills at Kanpur. There was police firing in which a large number of workers were killed. There was agitation and strike and as a result of this in 1978 all units of the mills spread over different parts of the country were taken over by the Government of India and placed under management of National Textile Corporation. These mills were taken over for five years. This five-year period will expire on 1st April, 1983. As yet, no steps have been taken either to nationalise the mills or to extend the take-over period. The workers are very restive. If the mill is reverted to the original owners, the workers would resist it by all means and there is a great apprehension of unrest.

I urge upon the Government to take immediate steps to nationalise these cotton mills.

13.50 hrs.

GENERAL BUDGET 1983-84—GENERAL DISCUSSION—Contd.

MR. DEPUTY SPEAKER: Now we take up the Budget (General). I request Shri Pranab Mukherjee, the Finance Minister to reply.

THE MINISTER OF FINANCE (SHRI PRANAB MUKHERJEE): At the very outset I would like to express my gratitude to all the distinguished Members who have participated and made...

SHRI SOMNATH CHATTERJEE (Jadavpur): Also those who wanted to participate but could not do so.

SHRI PRANAB MUKHERJEE: They can do it on the Finance Bill.

THE MINISTER OF DEFENCE (SHRI R. VENKATARAMAN): Melodies heard are sweet but sweeter still are those unheard.

SHRI PRANAB MUKHERJEE: They have participated and made their contribution on various aspects of the Budget proposals. At the same time the overall performance and the economic management has been scrutinised by distinguished Members of the august House. As many as 59 members including two of my colleagues in the Ministry have taken part in the discussion and you will excuse if it is not possible for me to reply to all the points the hon. Members have made, by referring to their names. But that does not mean—if there be any omission—that they have not made any valuable contribution. Each and everyone in his own way has made his contribution.

Before I touch the various points which have been commented upon, I would like to make a few general observations. I do recognise the job of every Finance Minister is uncomfortable and the day I took it over, my distinguished predecessor warned me by saying, "Now I pass on my sleep-

(Shri Pranab Mukherjee)

less nights to you." Sir, it would have been easy for any Finance Minister to please everyone simply if he could have...

PROF. MADHU DANDAVATE:
Sleepless nights and dreams.

SHRI PRANAB MUKHERJEE:
That somebody has suggested to switch over to pipe dreams.

So, Sir, as I was saying, if a Finance Minister had only a magic wand by which he could always reduce the tax and increase the appropriation, he could please everyone, but, in reality it is not possible. I had to take various measures to mobilise resources. I had to take some painful decisions and the reaction is obvious.

In regard to the reaction I would like to point out that when the members were making their contributions, I tried to find out, particularly with reference to some professional critics, I would say and I found out even not in the contemporary period, but even from the days of the distinguished TT Krishnamachari and Morarji Desai, almost the same type of phraseology has very often been used—pedestrian budget...

SHRI INDRAJIT GUPTA (Basirhat): Same phraseology from both sides.

SHRI PRANAB MUKHERJEE:
'Budget without any direction' 'Rudderless budget', 'Hurting common man', and so on, irrespective of the contents...

AN HON. MEMBER: 'Capitalist budget'.

SHRI PRANAB MUKHERJEE:
For instance, my distinguished colleague who participated in the debate, the other day, Shri Indrajit Gupta, when he made his contribution—if I am not correct, he can correct me—in 1963, almost 20 years ago and while commenting on super tax...

AN HON. MEMBER: He is a young man.

SHRI PRANAB MUKHERJEE: ... on companies, he said 'Nothing has been done and much more should have been done'.

SHRI INDRAJIT GUPTA: You better quote me.

SHRI PRANAB MUKHERJEE: It will take more time. What I am saying is more or less the pattern of criticism remains the same.

SHRI INDRAJIT GUPTA: It is bound to be.

SHRI PRANAB MUKHERJEE: Sir, somebody has said that this is a rudderless budget. There is no direction. Sir, to step up Plan outlay in the neighbourhood of 26 per cent, I do not know, whether it is directionless or rudderless. Somebody has commented upon it as 'small minded'. Even in one editorial it was suggested that before 5 p.m. on 28th February somebody should have whispered in to the ears of Finance Minister 'think big and be bold'.

Sir, to introduce the concept of minimum tax in the corporate sector which has been commented upon by almost everyone on the Floor of the House, if not outside, or to plug the loopholes by re-introducing wealth tax on the closely held companies or to take measures to plug the loopholes in the name of charitable trusts on which comments have been made and studies have been conducted almost over a decade, I do not think how somebody can come to the conclusion that these are absolutely nothing.

SHRI INDRAJIT GUPTA: But who created the loopholes first?

SHRI PRANAB MUKHERJEE:
Loophole is being created in the system of which we find comrade Indrajit Gupta is to bring out. He told

my budget that this is not a budget at all. It is the scrap book of a tax collector. And in the system we find a most distinguished revolutionary bringing out a scrap book where almost all the daily necessities of life right from suji, flour, etc. have been taxed except the colour TV and film. Therefore, this is the system which produces!

SHRI SOMNATH CHATTERJEE:
What is the incidence?

SHRI PRANAB MUKHERJEE:
Hardly any item is left which we do not use in our daily life. I think in the given situation it was necessary. What I want to drive at and point out is that in the system it happens. Even after Shri Indrajit Gupta simply changes his position from there to here, I think, he will have no other option but to bring about another scrap book and, perhaps, that scrap book may be too lousy and it may not have even a little bit of professional touch.

SHRI INDRAJIT GUPTA: Anyway let us wait for that day.

SHRI PRANAB MUKHERJEE:
Sir, I have tried in my budget proposals to give a direction—direction which I mentioned—and somebody has taken exception why I am calling it a philosophy of my budget. I wanted to give direction that in the situation in which we are living we cannot allow to have ostentatious expenditure. We must create a situation in which people will have incentives for savings and investment and there will be clear disincentive for spending. Twenty per cent dis-allowances on certain areas which I have introduced and which have been criticised and obviously by the corporate sector in a big way really, I do not find any justification of allowing expenses under these heads. I will give you just two examples.

14 hrs.

Recently we have introduced the executive class in our domestic Airlines. You will find that all these

are full on company accounts. A couple of years back I don't think that the company executives suffered or their efficiency went down because they did not have the facility of travelling in the executive class. We see big advertisements coming in English dailies. The subject of the advertisement is, what type of pumpset should be used by a Haryana farmer or a sugar cane grower in U.P. Who is going to use the pumpset or the agricultural equipment? Is he going to do it by going through the advertisement published in the national English daily? And if I come with the proposal that this type of expenditure is not to be allowed, I think, I have done the correct thing. I have no hesitation to do that. Even within the framework of the existing law I would have liked to straightway introduce some sort of Expenditure Tax because it is necessary today to curb expenditure, to avoid expenditure. I do not agree with those who say that merely by spending we will be increasing our efficiency. In our system we should have in-built arrangement where spending should not be rewarded. This is the logic which I have extended even to the export sector. Exporters are complaining that I have withdrawn the concession. It is not my intention to put them in difficulty. Whatever expense will be necessary to promote exports abroad 100 per cent will be deducted. They will get the allowance. But it would not be correct to say that if you spend 100, you will get 125 or 100-plus. That means, some incentive is being given for not earning but on spending. I want to simply rationalise it. I don't think these measures are simply the job of a tax collector or placing some proposal in the form of a scrap.

I have increased the expenditure on the outlay on the 20 point programme; it is stepped up to Rs. 10,000 crores. It is not a small amount. No small minded Finance Minister could provide such a huge amount of money to those sectors which are directly concerned with the removal of poverty in the rural areas. It is always a fashion for the opposition to say that

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nothing has been done in the rural sector. Even in the morning we heard this; they like to use phrases like, 'this is a country of beggars', 'our whole economy is collapsing' and so on. They say, we are not even in a position to meet our debt commitments. I will come to that part a little later. But what I want to point out is this since the beginning of the planned economy we have built up this country. It is not correct to say that nothing has been done; we have built up the country by our collective efforts. We have built up the public sector infra-structure where in monetary terms the investment is more than nearly 24 or 25 thousand crores of rupees. We have built up this system whereby out of that total investment which we are making for our developmental effort, the share of foreign assistance is only 2 per cent. India is one of the very few developing countries where we have been able to do it. We can feel proud of it. Sometimes there may be some lapses here and there. That does not mean we have not achieved something. It is no use saying that we have not been able to do anything. Always there will be a gap between aspiration and achievement. I do not know any society where there is no gap between aspiration and achievement. We can feel proud of what we have achieved and from the past we can take lessons to move forward.

Sir, coming to the areas of certain specific points which the hon. Members mentioned particularly, to the point as to whether we have managed the economy in a better manner and risen to the occasion which has been created as a result of the drought on which we have no control, I have no intention to make any comparison between the period when Janata Party was in Government and the time we came to power. But this has some relevance. That is why I would like to mention it here. If you see the effect of 1979 drought, you will find that there was the impact of the economy. We had a negative growth

rate of 15.5 per cent in agriculture in 1979-80. This year the anticipated decline is only 3.0 per cent. In Industrial sector there was a negative growth rate of 1.4 per cent. We are having a positive growth rate of 4.6 per cent on the top of 8.6 per cent which we achieved in 1982-83 and in the period when you had drought, your whole-sale price reached to the point of 21 per cent and this year upto date, it is much less. Nobody from the Government has claimed or mentioned this level of price because it is bound to fluctuate. The other day while making his observation, Mr. Maitra was saying that it would have been more in February. But it would be more during this year. So, every year with the exception of last year, when it was in downward trend, so far as the wholesale price is concerned, it increases, it starts moving up. Therefore, it may happen so, but if you take the overall annual average, you will find, when it was about 21 per cent, this is, in the full year of 1979-80, in 1982-83 it is much less. It is 2.8 per cent and odd. Therefore, these are the differences between the bad management and the good management. If we could not have tackled the economy, the situation would have worsened and we would have landed ourselves into a negative growth. We would have landed ourselves into an inflationary situation, in the neighbourhood of 20 to 21 per cent and we would have landed ourselves into a much more difficult situation. Whereas we have been able to achieve a little bit of success.

Sir, I would now come to the area of certain specific proposals and specific comments which have been raised by my old friend, Mr. Ravindra Verma. He has made out one particular point which, I think, I should explain in a little more detail. Always he has pointed out that there is a difference between B.E. and the R.E. and I do not know whether in any one particular year it has not happened. There may be an exception in one or two years, but throughout the period of last 25 or 30 years, if you look at them, you will find that

it is always there and even during the three years' period to which he was a part of the Government, there was the difference. I am quoting what was their difference, because our difference was fully known. In 1977-78, the deficit in the B.E. showed Rs. 84 crores and it went up to Rs. 975 crores in R.E. In 1978-79, it went up from Rs. 1071 crores to Rs. 1590 crores and in 1979-80, for which you cannot take the total responsibility . . . would you like to make any comment, Mr. Varma?

SHRI RAVINDRA VARMA (Bombay-North): What matters is, what was raised through pre-Budget and post-Budget imposts and what effect that amount had in reducing or increasing the gap between the Budget Estimate of the deficit and the actual deficit?

SHRI PRANAB MUKHERJEE: I will come to that. In 1979-80, it went up from Rs. 1382 crores to Rs. 2700 crores. I do not want to hold total responsibility for that, because he was partly responsible.

SHRI RAVINDRA VARMA: And partly you.

SHRI PRANAB MUKHERJEE: Yes, at least for three months.

SHRI RAVINDRA VARMA: For putting them in.

SHRI PRANAB MUKHERJEE: There I do not agree with you, who put in whom.

Then in 1979-80, the figure went from Rs. 1382 crores to Rs. 2700 crores.

Even in certain areas where you wanted to derive at, in certain important social segments, there has been a difference between the BE and RE. It has happened during your period and it has happened during our period also. I am afraid, in our system, it may have to continue; somewhere it may increase, somewhere it may not increase.

Secondly, the objection was taken why we are going for price adjustments before budget. I think I have explained it in a little detail last time, when I was replying to the debate; and I would not repeat it. But I would like to re-emphasise that this is absolutely necessary in our system, if we want to make our public sector units viable and if they are to fulfil their contribution to the national economy. You also did it, and you wanted to know how many times. In 1978, you increased the price of steel two times. In 1978-79, on various commodities from steel to aluminium, and on many others, you did it three to four times. The question may be that it may not be of that magnitude and obviously, it would not be of that magnitude. You cannot get that much amount on petrol during your time, when your production was in the neighbourhood of 10 million tonnes, and today it may be in the neighbourhood of 21-22 million tonnes. Definitely, I would get much more than what you could get in those days. When your coal production was much less, naturally your net kitty and net availability would be much less, than what we are having today when we are increasing our coal production to 125-130 million tonnes. Therefore, that difference would be there. But it is not that you did not do it; you had to do it and I fully support that you had to do it, and it was necessary and we also had to do it.

SHRI INDRAJIT GUPTA: Just before the budget.

SHRI PRANAB MUKHERJEE: It is not a question of before or after the budget. I would like to make one point clear. The administered price mechanism and taxation proposals should not be mixed, and these cannot be mixed. If the private sector has its own right to determine the price of its own product, public sector obviously should have that. Parliament may sit in scrutiny, Parliament may give its judgement, whether it is right or wrong, Parliament must be kept informed, but you cannot treat it in the same way. The services

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rendered by the public sector organisations, products produced by the public sector organisations, if you want to treat them as the commercial organisation for profit, services and goods, you must treat them at par so far as the leverage of price mechanism and services are concerned.

While dealing with Shri Ravindra Varma who is a good friend of us, and no doubt, one of the most brilliant speakers this House has, and it is always a pleasure to listen to him, and sometimes when I listen to him....

SHRI SOMNATH CHATTERJEE:
He is silenced now.

SHRI PRANAB MUKHERJEE:
I am not getting him silenced.

SHRI PAVINDRA VARMA: I am waiting for what follows the but....

SHRI PRANAB MUKHERJEE: In the concluding part of his speech, he advised me: "For God's sake, 'you quit'".

SHRI RAVINDRA VARMA: Not you.

SHRI PRANAB MUKHERJEE: You, not singular, but plural, I mean. I have no objection to that. Here, when I say 'I', I mean 'we'. We have no objection, provided we are sure that the country will be in the safe hands of Shri Ravindra Varma. But unfortunately, he is not in that position, not even to provide an Opposition, what to speak of position. This is the real unfortunate situation in this country. Even when the people decided that the opposition would rule the country, they had to borrow a traditional Congressman to head that Government in the form of Shri Morarji Desai. They had to have Shri Ravindra Varma, Shri H. N. Bahuguna, or Shri Jagjivan Ram or Chaudhary Charan Singh, and the process has not yet come to an end. And we ultimately had in the latest contribution from this side to that

side our good friend, Shri Maganbhai Barot. And this is the real tragedy of the Opposition in this country that we are to provide people from here to there. So, I have no objection to quitting. I have no objection to handing over the country to the safe hands of Shri Ravindra Varma or his colleagues provided they are in a position to accept it.

SHRI KRISHNA CHANDRA HALDER: Sir, in this process one day you will come here.

SRI PRANAB MUKHERJEE: I don't mind to be there.

SHRI MAGANBHAI BAROT (Ahmedabad): In the process we will be from here to there.

SHRI PRANAB MUKHERJEE: I don't mind. You have reminded me of some very good point. Here somebody has said that we have lost our citadel in Andhra. Yes, we have lost our citadel. As a Partyman I am sorry, we have lost but as an Indian I feel proud that voters and the electorate of that voters and the electorate of Andhra could decide whichever party they would like to have, they would choose that party. And as a Congressman we are proud that we have been able to establish these democratic traditions in this country that nobody is indispensable here and no party is indispensable there.

(Interruptions)

Here Sir, we can feel proud of that as a Congressmen that we have been able to build this country.

The other day, Shri Bahuguna—don't find him here—said that how can he talk now, because all the pigmies are sitting here. What the pigmies can do? When stalwarts like him behave like pigmies, naturally they make room for the pigmies. Therefore, the problem in this country is that when we talk, we totally forget our responsibilities.

The CPM leader was very much vociferous about losing the citadel by the Congress Party. But he has for-

gotten that as late as in 1952, it was also a citadel of the Communist movement and the national parties have been wiped out from there. Therefore, you may have some sort of satisfaction that the Congress Party has been wiped out from Andhra.

SHRI SATYASADHAN CHAKRABORTY: We wanted your defeat, that is why we are happy.

AN HON. MEMBER: Sir, their party has also been completely wiped out.

SHRI PRANAB MUKHERJEE: Sir, in Bengal there is a proverb that a mad man gets pleasure in slaughtering a cow. That sort of satisfaction I don't mind.

PROF. MADHU DANDAVATE (Rajapur): We were wiped out because we concentrated in Karnataka.

SHRI PRANAB MUKHERJEE: Now, I come to a point which was raised by my friend, Shri Maitra, about the public sector units. Sir, I took a little credit about the performance of the Central public sector undertakings and I think I have done so rightly because the performance of the Central public sector units are improving and we want to build up public sector culture and we want to have a vibrant economy which will depend on public sector. The total number of profit making units in the first nine months of 1982-83 are 87 units earning a profit of Rs. 1,255.78 crores. There are loss-making units also. The loss of 76 units is Rs. 896.34. The total profit is 359.44 crores. It is true that substantial contribution has come from the oil companies. But it is equally true in respect of others, which are loss making units, because we had to take the responsibility of these units, not because of the economic viability of those units, but only to meet our social commitment. In Bengal we took over a large number engineering units, a large number of sick jute mills, a large number of sick tea-gardens, textile mills to see that the employees are not thrown out of job. To meet this social commitment we

had to take them over knowing fully well that this would not be made economically viable. And if we accept that position, how can you come and complain that these units are not making profit? We cannot have two things at the same time. But, Sir, the funniest part is that Mr. Sunil Maitra claimed that if they came to power, they would show how to run the public sector undertakings. If I have not heard him wrong, the exact words he used are—and I quote—"We will show them how to run the public sector." And I am simply telling this House how they are running the public units. Only about two units. The first is State Electricity Board, West Bengal.

PROF. MADHU DANDAVATE: This is a civil war among Bengalis.

SHRI PRANAB MUKHERJEE: Their contribution to the Plan during the Plan period—contribution means a minus, i.e. a negative one—Rs. 230 crores; and cash loss Rs. 140 crores. And the same is the story with the Road Transport Corporation. What is their negative contribution? Rs. 92 crores. West Bengal is the State where, and rightly so, I myself advised the Chief Minister that he should increase the tariff rate; and they have increased the tariff rate for electricity.

SHRI SOMNATH CHATTERJEE: You advised them, and then you are criticizing.

SHRI PRANAB MUKHERJEE: I have not said it, I am saying that it is justified; but what has been the result. It is the highest, i.e. 55 paise per unit; and it generates more darkness than light. That is the state of affairs. You have to pay the highest, but you are not to generate light. (Interruptions)

SHRI SOMNATH CHATTERJEE: Will you listen to me for half a minute? As the Finance Minister of India, if you are criticizing the performance of West Bengal Government... (Interruptions)

SHRI PRANAB MUKHERJEE: No; no. I am coming to that.

Disc.

SHRI SOMNATH CHATTERJEE:

If that is so, should we not have a discussion, Sir. He is occupying a very high office.

SHRI PRANAB MUKHERJEE: It is a small casual remark. I fully support whatever measures West Bengal Government has taken; and I am not criticizing them. You are totally mistaken. You are not taking the humorous part of it. It is not the intention.

SHRI SOMNATH CHATTERJEE: About the performance of the State Government undertakings he has been criticizing. I am prepared to have a discussion on the floor of this House.

SHRI PRANAB MUKHERJEE: No; I am not criticizing either the West Bengal State Electricity Board, or the West Bengal Road Transport Corporation. What I wanted to point out is this... (*Interruptions*)

PROF. MADHU DANDAVATE: Neither appreciation nor criticism is permitted in the House.

SHRI PRANAB MUKHERJEE: I am neither appreciating nor am I deprecating. What I am suggesting is that Mr Maitra said: "We will show you how we will manage". I simply indicated how they are managing. (*Interruptions*) I am speaking on your behalf now.

SHRI SOMNATH CHATTERJEE: Mr. Pranab Mukherjee says this, knowing how many extra people they have employed there. (*Interruptions*) He should say that. (*Interruptions*)

SHRI PRANAB MUKHERJEE: I am coming to that (*Interruptions*). It is one of the major reasons.

SHRI SOMNATH CHATTERJEE: What steps do you take to meet the human failure what is the subsidy paid to Delhi Transport Corporation every year? Rs. 20 crores.

SHRI PRANAB MUKHERJEE: One of the reasons. I know is that per bus,

in the West Bengal Road Transport Corporation, they employ twelve persons, whereas they can be economical if they employ six persons. That is why I am talking about 'how to run'. If you want to run it with more people. (*Interruptions*).

SHRI SOMNATH CHATTERJEE: Sir, let him be fair and honest. Who took those people in? He should not go on accusing.

SHRI PRANAB MUKHERJEE: I am not saying that (*Interruptions*).

SHRI SATYASADHAN CHAKRABORTY: Sir, on a point of order.

SHRI SOMNATH CHATTERJEE: He singles out West Bengal.

MR. DEPUTY SPEAKER: Mr. Chakraborty, the Minister has yielded. You should ask for it under some rule.

SHRI SATYASADHAN CHAKRABORTY: Under rule 376.

THE MINISTER OF CHEMICALS AND FERTILISERS (SHRI VASANT SATHE): It does not apply at all.

SHRI SATYASADHAN CHAKRABORTY: You will understand it. It is very important (*Interruptions*).

SHRI VASANT SATHE: The fact is that they are in the red in West Bengal.

(*Interruptions*)

SHRI SATYASADHAN CHAKRABORTY: This House is discussing the Union Budget and our Finance Minister is defending his own budget (*Interruptions*) He is discussing the budget of a State and commenting on it but the Finance Minister of that State is not present here. So, I want your ruling whether it is permissible or not. If you say that this is permissible then you must give us a chance as representatives of West Bengal to defend the budget and accuse them. (*Interruptions*)

SHRI PRANAB MUKHERJEE: I do not know how Shri Satasadhan Chakraborty and Shri Somnath Chatterjee have decided that even the word 'West Bengal itself is unparliamentary.' (*Interruptions*) I am not referring to West Bengal. Let them bear with me that West Bengal chapter is closed. (*Interruptions*).

SHRI SOMNATH HATTERJEE: I hope his temporary sojourn to Gujarat does not mean that he has forgotten Bengal. (*Interruptions*). He has brought in the whole of West Bengal today. Let him justify it. (*Interruptions*).

MR. DEPUTY SPEAKER: The discussion was initiated by Shri Sunil Maitra; and he has started with Shri Sunil Maitra; he is only replying to Shri Sunil Maitra and certain things he had said; he is entitled to do it.

(*Interruptions*).

MR. DEPUTY SPEAKER: In a democracy, we can discuss anything and every thing here.

(*Interruptions*).

SHRI VASANT SATHE: It shows that they are exposed.

(*Interruptions*).

SHRI PRANAB MUKHERJEE: Administrative expenditure as a percentage of the total budget is increasing.

MR. DEPUTY-SPEAKER: You say some good points about West Bengal to satisfy our colleagues here.

SHRI PRANAB MUKHERJEE: For what I say I am owning the responsibility. Regarding 50 paise, I am owning the responsibility, not you. So, what is wrong with you. (*Interruptions*).

..

PROF. MADHU DANDAVATE: I have a constructive proposal. Let him get himself elected to the West Bengal Assembly and discuss the matter there. (*Interruptions*).

SHRI PRANAB MUKHERJEE: There too, I can tell you that one of my friends says that they know what we are doing there. Administrative expenditure as a percentage of the total budget is increasing. Suggestions have been made even to the extent that, why don't we have some sort of an expenditure commission. Here we shall have to keep in mind that all non-plan expenditure is not wasteful. The cost of maintaining all the assets which are created out of the plan investment in our system goes to non-plan expenditure. Even the interest from the capital to furnish plan outlay is also treated as non-plan expenditure. There are certain areas of non-plan where hardly there is any area where we can reduce it. Nobody is going to suggest that I should reduce my Defence expenditure; nobody is going to suggest that I should reduce subsidy which we are providing for food and fertilizer or to the weaker sections of the community; nobody is going to suggest that subsidy in the form of providing and projecting jobs where sick units are to be taken over should be reduced. Therefore certain areas are there where it is difficult to reduce it, but still, we are making some serious efforts; and what has been the effect? would like to tell you that in 1979-80, in terms of percentage, the administrative expenditure was 3.8. In 1980-81 it was reduced to 3.7, in 1981-82 to 3.53 and in 1982-83 to 3.18.

Sir, coming to another aspect on which I hope the Members from West Bengal will allow me to speak a little more peacefully, it was said that in our exercise we are trying to see that the State Governments do not get their share. It is totally wrong. When I made my tax proposal, I did not definitely take into account whether the share of the Centre has increased or whether the share of the States is decreasing. Every tax proposal has its own rationale. Besides, when I increase customs Duty, it is not my intention that by my increasing the Customs

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Duty then I will not have to part with the Excise Duty collection to the States. If I am to make the domestic industries flourish, if I am to increase the Customs Duty, if we want to prevent a situation where this country will be utilised as the dumping ground of the industrialised countries to export their products to this country, to overcome the crisis created in the industrialised world, it is not the consideration whether the State Governments will get less or whether the Central Government will get more.

Similarly, when I give concessions in the Excise Duty, it is not that I am depriving the States of their share. What I am trying to do is that in order to give a fillip to the economy or to respond to a particular situation created in the economy what has to be done. I try to do it.

AN HON. MEMBER: What about the income-tax surcharge?

SHRI PRANAB MUKHERJEE: Coming to income-tax, this is a point on which I would like to react.

It has been the demand in this House, almost universally it has been the demand in this House, and this also relevant to the points made by some hon. Members like Shri Ravindra Varma, Shri Agarwal and Shri Indrajit Gupta—that the share of direct taxes is decreasing and that of indirect taxes is increasing. How is it happening? It would happen because my predecessors in the 'sixties could bring income of Rs. 6,000 within the personal tax net and it is almost a universal demand that even the exemption limit should be increased—not merely 15,000 as it is now. When my distinguished predecessor, Shri Venkataraman did raise it to Rs. 15,000, it was highly appreciated and not only appreciated, still the demand is there

to go further. Therefore, if the tendency is to exclude more and more people out of the tax net, then definitely the share of the States will come down. But this time, you will appreciate that I am trying to put the gear in the reverse direction. Obviously, they will lose because of the concessions which I have given by reducing the tax rate on the first slab and by increasing the Standard Deduction.

The second point is, you will have to keep in mind that we are not unaware—we are fully aware—of the needs of the State. When I decided to take the responsibility of the deficit which stood on 31-3-1982 at Rs. 1,743 crores, I did not consider that it would increase my own deficit, for which I have been criticised on the floor of this House. If you simply take the figure in percentage terms, I think it has increased by 24 per cent. But if you deduct Rs. 1,743 crores you will find that it would come to about fourteen and odd per cent. But I had to take that responsibility and in my Budget speech itself I announced that we are going to give to the States more than Rs. 1600 crores which is more than what was anticipated at the time of planning, to augment their plans. Because I know that out of 97 crores of revenue, a little more than 51 per cent will have to go to the States and the performance of the Plan will depend upon the State Governments and they should be in a position to implement it. Therefore, it is not the intention that, in our tax planning or in our tax proposals the objective is to deprive the States of their legitimate share due to them. We try to rectify the defects if in that process the States have to suffer. And particularly, the States' contribution has increased in the last two or three years, that is, 1981-82, 1982-83, and 1983-84 and I do feel that it would be possible to take care of their future programme.

Not only that. We are proving various concession. We are taking note of their requirements.

AN HON. MEMBERS: Why do you not increase the list of additional duties?

SHRI PRANAB MUKHERJEE: Last year, you will recollect, I increased it by Rs. 35 crores, if I remember aright. I thought, I should do it somewhat more.

Another area in which my proposal has been criticised is that I withdrew concessions which the corporate sector was entitled to have in the name of rural development. There my point is very simple. The basic responsibility of rural development lies with the Government of India and with the State Governments. In a welfare State, it is the responsibility of the State. I do not mind if the corporate sector contributes in that. But what has been the experience? I will give you the example of one State. In Maharashtra, projects worth Rs. 300 crores were approved by the appropriate agencies. Out of that only Rs. 6.2 crores or Rs. 6.3 crores were actually spent. That means, you are creating a situation where projects are being approved and high hopes are being raised, but ultimately they do not get translated into reality. If they want to contribute, I am not preventing them to contribute. What I am suggesting is that if you want to contribute, you contribute in a fund which will be created. The apprehension expressed by my good old friend, Shri Maganbhai Barot, that there is a possibility of misuse, I can assure him that there is no possibility of misuse. When the scheme of this programme is laid down, I will come before Parliament for taking its suggestions and approval. It will be put to scrutiny. Even from the Prime Minister's Relief Fund we cannot contribute to the political parties. So, there is a regular system in which it will have to be operated. If there is an apprehension, he can suggest ways and means and we can rectify it (*Interruptions*). I am not yielding. We will have to take Vote on Account also. The point is that I am not denying the right of the corporate sector to involve themselves in the process of rural development. If they want, they can do it. Even I assure them through this House that

if they want to involve themselves, they can be involved in choosing the programme and in identifying the areas of operation. But simply they get concession and do nothing, I would not like to have that type of a situation.

Mr. Indrajit Gupta expressed his concern in regard to the balance of payments position and debt servicing. At the same time, he expressed his very strong views and resentment about the IMF conditionalities. I am putting the question in a very straightforward manner. He said that we would have to reduce subsidies to the essential sectors. But what has been the actual effect? In the last three years, have we increased the subsidy or reduced it?

AN. HON MEMBER: On fertiliser?

SHRI PRANAB MUKHERJEE: We have increased it. We have not reduced it. The figures are there. Food subsidy we have increased. Fertiliser subsidy we have increased.

He was also saying that we had to open the floodgates for imports and that this country would be converted into a dumping ground. In the same breath he was criticising me as to why I had increased auxiliary duty on customs on two occasions.

SHRI INDRAJIT GUPTA: I did not say that.

SHRI PRANAB MUKHERJEE: You might have not criticised, but other have. And all of you come in the omnibus term 'opposition'. You oppose whatever we do.

Third was that it will create a situation in which we shall have to open the doors for the multi-nationals. It is known at least to Mr. Indrajit Gupta that the total contribution of the multi-nationals in this country in the process of industrial development in the corporate sector is less than two per cent of the total investment and if you talk of turn-out. I can give you the figure of turnout also and it would not be much. You can say that we have liberalised our

(Shri Pranab Mukherjee)

policy. When have we liberalised? Last time I argued this point and ultimately you conceded. The point is that they anticipated what would be the IMF conditionalities and they framed their policies suitably. It has been suggested that there is an apparent contradiction regarding the economic declaration in what Prime Minister told in the NAM and in her Press Conference. There is no apparent contradiction. When Mr. Venkataraman attended the first meeting of the World Bank and IMF, he raised the same point. When last year I addressed the Interim Committee, I raised the same point that the developing countries cannot accept a straight jacket formula of development. Each and every country has its own ethos, has its own socio-economic compulsion and if you have one simple model of economic development, dependence on mere commercial borrowings cannot be expected of the developing countries and, therefore, IMF conditionalities cannot be that which will put the developing countries in difficult situation. There is nothing new in it. Mr. Venkataraman, in his capacity as Governor of IMF and World Bank raised this issue, I myself raised this issue, our Finance Minister has raised this issue in all international forums. Mr. Bahuguna wanted to know what pound of flesh we are to pay. I told on a number of occasions on the Floor of this House that we have to be careful under the situation in which we have to go. Balance of payments situation is known to you, deficit in the international trade account is well-known to you and because of this adjustment programme, this year what has been the effect. I have mentioned in my Budget Speech that the drawing from the foreign exchange reserve and the erosion in foreign exchange reserve upto November was in the neighbourhood of about 170 crores per month. I have not said that we have been totally able to turn the corner but we have been able to arrest that erosion and in the months of December and January, instead of net erosion, there has been positive accretion to the tune of almost 200 crores of rupees. As a result, We have been

able to avoid the erosion and there has been a little accretion. I am talking without taking into account the IMF loan otherwise somebody may get up and up and jump that we have drawn more from IMF. Precisely to make the mid-term adjustment, we have to go to IMF and we have taken that advantage and tried to adjust. It is not true to say that we have not gone in a big way for import substitution. We have gone in a big way for import substitution. Cement import has been reduced, dependent on imported petroleum is going to be reduced to the extent of 23 per cent.

SHRI INDRAJIT GUPTA: The prices are also falling.

SHRI PRANAB MUKHERJEE: That is a later phenomenon. I listened to your observation. What happened after the presentation of the budget, you expected me to take into account as an astrologer. I think you should have some patience to have a good news. You may go to the extent of saying that even Britishers have reduced the price of North Sea oil. Even if they have reduced the price. I am not going to get anything from them. I would have been happy if they would have given something to us.

SHRI INDRAJIT GUPTA: Those who are giving have also reduced.

SHRI PRANAB MUKHERJEE: What I want to point out is that we have reduced our dependence on imports to some extent on fertilisers, on cement and substantially on petroleum. I can take the House into confidence and say that the investment which we have made in the oil sector was in the neighbourhood of Rs. 4,300 crores and that the anticipated expenditure at the end of the Sixth Plan would be more than Rs. 10,000 crores. The country will get benefit from 1985 onwards because of the substantial increase in the oil production and in the industries down-stream, the industries based on petro-chemicals. Therefore, import substitution and exports are also picking up. But the difficulties are known to the hon. Members.

I would not like to go into further details of the points which have been raised, because I am almost ending the time allotted to me.... (Interruptions) Perhaps, Shri Somnath Chatterjee is too seasoned not to know that there is a little difference between my colleague in the Railway Ministry and myself. Whatever we do—we do it sometimes—it is at the time of the Finance Bill. All the same, I will give you some good news on kerosene.

As hon. Members are aware, on the 14/15th February 1983, the news came that dual pricing for kerosene was introduced. The main objective of the scheme, which was fully explained by the Energy Minister in Parliament shortly thereafter, was to ensure that the weaker and vulnerable sections of the population obtained kerosene supply at the subsidized rate, while at the same time; the activities of anti-social elements in adulterating HSD with kerosene were effectively curbed. It was recognized even at that time that the implementation of this scheme would call for effective working of the public distribution system in regard to kerosene. It was for this reason that, immediately after the scheme was announced, a meeting of the Secretaries of Civil Supplies Departments was convened. It was agreed at that time that the matter would be reviewed after about a month, in the light of experience gained in the field in different States. Accordingly, the State Civil Supplies Secretaries' meeting was again convened on 15th March 1983, when the position was reviewed. The general consensus was that until the public distribution system, particularly in the rural areas, was adequately streamlined, the implementation of the new scheme, though highly laudable in its objective, might lead to dislocation and inconvenience to those very users, for whose benefit it has been devised.

Government have also taken note of the complaint of malpractices that have been indulged in by anti-social elements, in the wake of the implementation of the new scheme, leading to artificial scarcity and blackmarketeering. In view of the

above, Government have decided, with immediate effect, to restore the single price system for speaker sene.. (Interruptions).

SHRIMATI GEETA MUKHERJEE: Sir, on a point of order.. (Interruptions)

SHRI PRANAB MUKHERJEE: As regards the price, it will be the same as the previous subsidized price, with a small increase of 10 paise per litre. Government hope that, as a result of this, kerosene will be freely available, particularly to the weaker and vulnerable sections of the society.

This announcement, which I have made on behalf of my colleague in the Ministry of Energy, would also indicate that the Government is not only responsible, but it is responsive to the needs and urges of the people. Here I must give credit to the opposition, as well as members on this side of the House, because there was no difference between what they said and what our friends from this side said. I am happy that I have been able to concede the almost unanimous demand of the House.

14.50 hrs.

(Mr. Speaker in the Chair)

Sir, we have also taken the decision that adequate arrangement for providing soft coke as an alternative to the use of kerosene be made and my colleague in the Ministry of Energy will look into it.

Sir, before I conclude, I would like to reiterate my gratitude to all the hon. Members, and here if I may be permitted to say, let us not be judged by our own thinking from a particular point of angularity. And I must give compliment to my good old friend, Mr. Satish Agarwal. The party to which he belongs is totally opposed to us on every point. But I must tell that some of the proposals which I have incorporated in my budget came from the recommendations of the Public Accounts Committee and he appreciated it. He appreciated it in regard to the misuse of these allowances. In regard to the concept of minimum corporate tax, somebody has expressed, particularly my friend Mr. Maganbhai Barot, that some of them may not even give it.

[Shri Pranab Mukherjee]

I would not like to explain the scheme in detail, but I would like to say that the only deduction they will be entitled to have is depreciation and after that we would like to have that minimum corporate tax element implemented. And, here it is not so much that I am practically talking to the outside public through the floor of this House because this issue was not debated, but in that respect we were agitated, and some of the top critics have mentioned—always the critic's is the last word. That I admit.

Within a minute I will finish by telling a story of how always the critic's is the last word. Two hunters went for hunting. Then a duck was flying and one of them tried to aim at that, but before that the other clever chap shot the duck and the duck fell. And then the critic obviously will have to tell his friend, 'Why did you waste your ammunition?' The other replied, look I hit it and I got the bird'. Then the critic said, 'Well, you could have got it otherwise because the bird would have been killed even by the fall itself. You have wasted your ammunition.' Therefore, you may take the position that some developments in this country would have taken place irrespective of the measures which we have taken. But that is not correct. I do admit that some of the measures have gone away. I don't say that they have not, but in the given situation there is no option. Even in the given international situation, if you want to pro-

tect the plan—and I do hope we have been able to do it, we will be able to maintain it—there is hardly any option. I can just follow the quotation from *Hamlet* and say: 'If I be cruel to you, only to be kind'.

SHRI MAGANBHAI BAROT: Sir, I want to....

(Interruptions)

DEMANDS FOR GRANTS ON ACCOUNT (GENERAL)—1983-84

MR. SPEAKER: I shall now put the Demands for Grants on Account (General) 1983-84 to vote.

The question is:

"That the respective sums not exceeding the amounts on Revenue Account and Capital Account shown in the third column of the Order Paper, be granted to the President out of the Consolidated Fund of India, on account, for or towards defraying the charges during the year ending on the 31st day of March 1984, in respect of the heads of demands entered in the second column thereof against Demands Nos. 1 to 109."

The motion was adopted.

MR. SPEAKER: So the Demands for Grants on Account (General), 1983-84 are now passed.

Demands for Grants on Accounts (General) for 1983-84 voted by Lok Sabha

No. of Demand	Name of Demand	Amount of Demand for Grant on account voted by the House	
1	2	3	
		Revenue Rs.	Capital Rs.
MINISTRY OF AGRICULTURE			
1.	Department of Agriculture and Cooperation	66,37,000	..
2.	Agriculture	15,36,74,000	123,55,26,000