

SHRI MOHAN DHARIA: If you want, we can give fresh notice.

MR. DEPUTY-SPEAKER: Whatever the Minister has to say he has said. It is all before the House. If you want to resort to any other course, the rules are there. It is up to you and for the Speaker to decide. Let us take up the next item.

SHRI JYOTIRMOY BOSU: I want a clarification.

MR. DEPUTY-SPEAKER: This is over. Nothing more on this.

SHRI JYOTIRMOY BOSU: I have given notice under 377.

MR. DEPUTY-SPEAKER: I have not allowed you. (*Interruptions*)

Will you kindly sit down? There is a limit to the motions under 377. One has been allowed, that of Mr. Limaye and I do not see that any other motion has been allowed. That means that yours has not been allowed.

SHRI JYOTIRMOY BOSU. Whenever anything is disallowed, we are intimated.

MR. DEPUTY-SPEAKER. I do not know.

SHRI PILOO MODY (Godhra). I want to speak on the Budget.

MR. DEPUTY-SPEAKER. I will call you later. What do you want, Mr. Banerjee?

SHRI S. M. BANERJEE (Kanpur): With your permission, I want to raise a very important matter which concerns the Central Government also. I have been writing letters to the hon. Speaker.

There is a textile mill called Swadeshi Cotton Mills in Kanpur. They are manufacturing many articles for defence. This Swadeshi Cotton Mills have declared an illegal lock-out.

MR. DEPUTY-SPEAKER: Mr. Mody.

14-35 hrs.

GENERAL BUDGET, 1975-76—GENERAL DISCUSSION—Contd.

SHRI PILOO MODY (Godhra): Mr. Deputy Speaker, Sir, we are discussing this year the annual Budget under a situation which is about as grave as the country has ever faced. We have, through mismanagement of the economy over the last 10 to 15 years brought about untold misery on an innocent population of a rich country destroying not only the fabric of our society, destroying the economy of our country and also our reputation abroad. Sir, all the details I need not go into.

Five diseases have crept into the country. high prices, inflation, corruption, shortages of every description and injustice of every type. This sorry discontent in the country has not been able to find any legitimate avenue of being able to express itself. You take the entire system of our democracy starting from Presidency and ending with, you just now heard, the mass media, you will find that all the institutions of democracy which would make democracy viable in a country have been eroded beyond description.

Take the case of the President himself. I do not think I need to tell you what has happened to the office of the President. But what a situation and position it has been reduced to! We learnt recently that the President had to travel all the way to Assam at the time when the Barpeta election was going on. He did not actually go to Barpeta, but he stopped 15 or 20 miles short of it. Having gone all the way to Barpeta and stopped a few miles short of Marpeta and having called leaders...

THE MINISTER OF FINANCE (SHRI C SUBRAMANIAM). On a point of order, Sir. Can he discuss actions of the President?

MR. DEPUTY-SPEAKER: I will read out the relevant rules since the Minister has drawn my attention. I think it is 352(6). It says: "A Member while speaking shall not use the President's name for the purpose of influencing the debate." Now I had occasion to say the other day that there were certain offices that one should rather leave out from any controversy. Of course, that is a multi-way operation. You should leave out and others also should leave out. I would request you to avoid this. And secondly, as I said, it has nothing to do with the Budget. Why bring in irrelevant things? Your time is limited.

SHRI PILOO MODY: On a Budget, I think, the Budget speech is not the occasion for talking only in terms of rupees, annas and paise.

MR. DEPUTY-SPEAKER: Mostly.

SHRI PILOO MODY: No, Sir. It has been traditional that the Budget...

MR. DEPUTY-SPEAKER: I would request you to avoid reference to the President.

SHRI PILOO MODY: If this is going to happen then I won't speak because you know very well what the rule is, what the practice is and what the convention is.

DR. HENRY AUSTIN (Ernakulam): He is not only referring to the President but he is deliberately casting aspersions on the President and casting aspersions on the impartiality of the President.

SHRI PILOO MODY: I am glad to see that the President at least needs defence over here. Coming to the question of Cabinet and Council of Ministers. . .

MR. DEPUTY-SPEAKER: That is quite in order.

SHRI PILOO MODY: The Council of Ministers are supposed to be jointly

responsible to Parliament and through Parliament to the people. We have seen over a period of time that this joint responsibility has remained only on paper. We have seen in this House the Finance Minister make one statement, the Minister for Economic Affairs make another statement and the Minister for Industrial Development make a third statement, all contradicting each other and sometimes in the course of one day! As far as joint responsibility is concerned, you have seen the manner in which Mr. Dharia's exit was arranged and if joint responsibility ever existed, it has all but been done away with.

Next comes Parliament. Look at our condition. I read in the paper today that procedures of Parliament have gone so haywire that all methods of dealing with problems of national importance, problems about which people want to hear, problems concerning our economy, are being brushed aside just because of some rule or a little technicality or sometimes only whim and fancy. Even regular things like points of order are now no longer being permitted, although I will be the first to admit that there has been misuse of it in the past with good reason, deliberately and with the connivance of all concerned. A definite and deliberate attempt is being made to see that nothing emerges out of Parliament that will in any way be inconvenient to the Government.

SHRI C. SUBRAMANIAM: Rule 207 says:

"On a day to be appointed by the Speaker subsequent to the day on which the Budget is presented and for such time as the Speaker may allot for this purpose, the House shall be at liberty to discuss the Budget as a whole or any question of principle involved therein".

So, I respectfully submit that the discussion has got to be on the Budget as a whole or on any question of principle

involved therein. No doubt there can be some room for moving a little away from that, but this sort of thing is not relevant to the budget at all.

MR. DEPUTY-SPEAKER: I have myself said that these things are not relevant to the discussion of the budget. As you know, it is very difficult to keep the members within the arena. But you are doing it at your own expense, because you have very limited time.

SHRI PILOO MODY: I am very thankful to the Finance Minister because he has illustrated the point I was making that Parliamentary discussion is sought to be stifled by reading some book, which unfortunately he did not understand.

I am coming to the opposition. I am not saying that the opposition is not to blame for all that is going on. Definitely we are to blame but we have a certain responsibility which exceeds the responsibility of the Government, and that is to see that fact become known to the public, for which sometimes we have to stretch the procedure in order to proceed. Take the condition of the judiciary. A great deal has been said about how it has been sought to be influenced by the executive.

MR. DEPUTY-SPEAKER: Your speech has gone hay-wire. You used that word in some other context, but I must use it in relation to your speech!

SHRI PILOO MODY: If you like, I will speak at 4 o'clock when somebody else may be in the Chair. You and I both know that it is the best parliamentary practice that in a budget debate, anything can be said.

I come next to the question of media, which we have been discussing here and which you find is in shambles, the manner in which it is proceeding, in order to help a miserable Government cover up all its faults in every

conceivable sort of way. Things like this are going on in this country; dialogues are also going on. You know that some time back, a committee was appointed to separate this media from this Government, but nothing came out of it. The Report of the Chanda Committee remains on the shelf. On the 6th March, you had the greatest show on earth here in New Delhi. What did Indian T.V. show? It showed a dozen people walking three feet apart and it said, "the procession is proceeding." Then it took a shot at the Red Fort showing a few people in the distance and said that the procession had assembled. Then it showed a few quick shots during the procession. The final shot was that of Jayaprakash Narayan sitting in a chair on top of the dais and it said that he was addressing the meeting.

SHRI AMRIT NAHATA (Barmer): The greatest show on earth made by Cecil De Mille was circus.

MR. DEPUTY-SPEAKER: I am not stopping you, Mr. Piloo Mody. I am only appealing to you that if nothing else appeals to you, at least the sweet voice from the corner, it should appeal to your reason.

SHRI PILOO MODY: Normally, I have shown the voice some courtesy. Today, it is making me angry. She wants me to compare what we did here on the 6th March with some crowd in Calcutta. I do not see any relevance in it. We have over here, Indian T.V. depicting the March 6 show in caricature form. We have recently read this "Poppit," who functions as a President of the Congress, called it a big "flop." I would like to show this 'flop' to the rest of the House, what a 'flop'. I don't think you have seen anything like this in Calcutta. This is what they consider, a 'flop'. I want to know if they consider this as a 'flop', what do they consider as a success? I would be happy to place these photographs on the Table of the House or at any rate circulate them among the Congress Members.

[Shri Piloo Mody]

We had an issue earlier today about the Barpeta election fraud. On the face of it, it is a mathematical impossibility, for the candidate, Mr. Goswami, to have lost after the election results of two counts had already been declared. If you know anything about the procedure by which election votes are counted, one-third of all the constituencies are counted together, after each constituency has been mixed up. In the first count, he was leading by 27,000 votes; in the second count in all the nine constituencies—he was leading by 41,000 votes; and in the third count, all of a sudden, he not only lost his earlier lead of 41,000 votes, but then he also lost by another 38,000 votes—a swing of 69,000 votes. It is a mathematical impossibility and the odds against such a mathematical impossibility must be something like one billion or trillion and yet they expect us to believe it! If you say that there was nothing unusually wrong, then what has happened to the candidate who was coming with certain proof to show to this country, to this Government, to all of us, that this is the manner in which the fraud has been committed? He is arrested, he is put in jail and his evidence is taken away from him! This is hardly.... (Interruptions)

Go on saying it. It won't save you. It won't save her. It won't save us. There are many people like that who are available, some with sweet voices, some with not such sweet voices!

Therefore, Sir, we have electoral fraud of every description and we talk about electoral reforms. Are you serious? When all the parties having met in a Committee and having agreed on certain things and made five principal recommendations, Government has not sought it fit to implement those recommendations. Now, the Prime Minister said only the other day that she was anxious to have a dialogue, that she would like to sit down and see how electoral reforms....

MR. DEPUTY-SPEAKER: Have you seen the Hindustan Times of today? It had a lot of things to say on this.

SHRI PILOO MODY: Either listen to me or read Hindustan Times which says the same thing. Then, Sir, there is oppression, oppression of every type, oppression which is a result of the use of MISA, that universal law of the jungle. If you have MISA, you do not need ordinary law. You can go on making the law every night and applying MISA, every morning. Therefore, you have a situation, Sir, where you have a law applying to innocent students, the same law applying to opposition leaders, the same law applied to smugglers. And the same law, I think, will be used some day against the little "tit-willow" over there—she might well have been bars at the moment! Sir, with the introduction of MISA and extension of this emergency, this hypothetical emergency which is supposed to exist in this country, we have ruined completely the fabric, the logic of our society.

We have had a very interesting thing over here, Sir. We heard the Finance Minister the other day, in the case against Biju Patnaik, ask rather jeeringly, and I would say rather feebly, about how money can be hidden behind sarees? And holding on to moneys that belong to my party, he tried to justify that because it was hidden in somebody's cupboard, it could not belong to a party. Sir, I would like to tell Mr. Subramaniam and I am very sorry to have to say this. But there is...

SHRI C. SUBRAMANIAM: I thought your demand was confined to the corridor only. But, you have brought it here.

SHRI PILOO MODY: I have brought it here because your remarks were not restricted to the corridor. There is a saree walla, merchant in Delhi. His name is Ram Chandra

Krishan Chandra. His address is Ajmal Khan Road, Karol Bagh. He was raided by income tax officials last year and they found imported synthetic yarn, sarees, 50,000 dollars in cash and 22 lakhs in rupees—and the raid was carried out last year. Now, all these articles have been returned to him, including the sarees, the synthetic yarn, the nylon sarees, the dollars and the cash have all been returned because Dr. Shankar Dayal Sharma, the then President of the Congress certified that these goods belonged to the Congress Party. Then, you have some check to snide at me about a few rupees being hidden in sarees? All of it was returned on the certification of Dr. Shankar Dayal Sharma. Kindly make a note and check up—that all this belonged to the Congress Party, and the goods were returned. I want Mr. Subramaniam to know that two can play this game. If you want to smear, by all means, go ahead, but don't do it against my party; otherwise, you will be paid back twice over.

You know, what they have been doing to industrialists, Sir? Industrialists, one after the other, are being called in, and false cases are being put; sometimes, MISA cases are being put against them, which they have no intention of pushing forward. They are being called in and told 'You are paying money to Jaya Prakash Narayan; that is why, this case is being prosecuted; unless you stop this practice; you will find members of your family in jail. I can give you chapter and verse and names of people and the Ministers involved, if you like.

AN HON. MEMBER: Please do.

SHRI PILOO MODY: I will. You want it now?

AN HON. MEMBER: Yes, now.

SHRI PILOO MODY: Yes, I will tell you. A member of the Singhanian family was summoned by the Prime Minister and was told this; and a warrant was issued against a member

of his family for some foreign exchange violation, and he was told that 'You have been paying money to Jaya Prakash Narayan', when he pleaded innocence, that he had not seen Jaya Prakash Narayan and that he had never met him. When he was telling that he had not seen him nor had any member of his family seen him, he was told 'Don't do it'. But you know what he had to go through; he had to muster a dozen Ministers of this Government to go and verify and testify on his behalf before the Prime Minister, and even so it cost him Rs. 50 lakhs. Now, are you satisfied? Now, Sir, we have a case over here. Unfortunately, the Member is not present. He is a very important, gentle, Member of the Opposition.

AN HON. MEMBER: Mr. Goenka?

SHRI PILOO MODY: No, not Goenka; I leave Goenka to you. There is a Member here who has been pressurised and pressurised and pressurised into supporting the Congress, actually not one Member, but two Members, both Members from Madhya Pradesh. I would like to mention also the famous raid on the hoarded gold in Jaipur. Perfectly all right, in your list of business, Mr. Finance Minister. But why did you summon the Maharaja to Delhi? Why did you ask him to join the Congress Party and why did you offer him a ticket in the next election? (*Interruptions*)

Therefore, in this picture of total darkness....

SHRI N. K. SANGHI (Jalore): I rise to a point of order. Is it proper on the part of the hon. Member to bring in such a thing and spread such a canard and express on the floor of the House that the Maharaja has been called by the Congress Party and had been asked to join the Congress Party

MR. DEPUTY-SPEAKER: Order, please.

SHRI N. K. SANGHI: If the hon. Member is going to make certain allegations, I think he should have given notice of it that he is going to raise certain allegations on this matter so that we could have seized of this matter. Under the rules, it was required of the hon. Member that he should have given notice that he was going to make allegations against the Government... (Interruptions)

MR. DEPUTY-SPEAKER: Since a point of order has been raised, it is my duty to settle it.

Now, in the first place, I must say that Members should be restrained, self-restrained. They should be very sure of the facts before they make a statement, because it is expected that every Member speaks with a sense of responsibility. That is one thing it is expected of the Members.

Secondly, the rule of expunction is used only under certain very limited circumstances. Here, Mr. Mody is making a charge, may be a wild charge, against Government, against the ruling party... Whatever it is. There are so many of them here. They can refute with all the strength they have. It would be inhibiting the right of debate if we are to put all kinds of obstructions on what the Members say. I leave it to the Members to settle the matter, not to use the Chair for this purpose.

15 hrs.

SHRI PLOO MODY: Therefore, Sir, we have a situation in the country when there is total darkness, leading to complete frustration. It is hoped that everyone in this country is looking for. Fortunately, that hope has been revived, very legitimately, very slowly but very surely by J. P. That hope is being revived by the process of creation of a national alternative. That hope is being revived by all the people beginning to see that there is

a simple constitutional way by which the oppression of this Government can be set aside. If this is high tragedy and it is high tragedy for some of them, this is what has happened.

In this connection, I would like to advise the Congress Party one thing. I was particularly keen that the Prime Minister should be here because, when I say things about her, I would like to say things to her face, not behind her back. Unfortunately, she is in the Rajya Sabha and is not even listening to me at the other end of the line. It is this party, the Congress Party, that has to develop a psychology. It is not the end of the world if they have to sit on these Benches. It is not going to destroy them. In fact, it will do you an enormous amount of good.

I would like to tell the Prime Minister herself that she must make a psychological adjustment that if she is sitting here on this side, it not going to be the end of the world for her because the way things are happening... (Interruptions). I beg of you, Mrs. Maya, not to interrupt. Any other voice I could have permitted. But how could I allow her voice?

MR. DEPUTY-SPEAKER: You know what *Maya* means? *Maya* means mercy. And you are begging mercy.

SHRI PILOO MODY: Obviously, she is a misnomer.

Therefore, I would like to appeal to the Prime Minister to bring about a change in her attitude. That is necessary. I cannot see a situation in which even if she is defeated at the polls, the Prime Minister will get into her car, drive to Rashtrapati Bhavan and give her resignation. That is why I want to persuade her in believing that being in the Opposition is not the last thing in the world. There are many worse things than this. Many of us feel that it is much better to be here and to have a conscience than to be there

and have to put a hat on their conscience. So, the time has come for all patriots to come together.

You hear a lot about the dialogue that is being suggested. The Prime Minister has suggested a dialogue. I suggest that she starts having a dialogue with her own Council of Ministers first. Thereafter, if she feels sure of herself, she should have a dialogue with the rest of her party. Only after having a dialogue with her own party, she can approach us for a dialogue with the Opposition. I cannot see how one can have a dialogue with the Opposition if one is not prepared to have a dialogue with one's own Council of Ministers and one's own party. Mr. Dharia's purge is welcome by us because Mr. Dharia's presence in the Council of Ministers was an embarrassment to the Opposition. He was the only honest Minister there and honest Ministers just don't survive. Therefore, it was a very serious embarrassment and I am glad that that anomaly has now been cleared up and rectified.

Therefore, the real conflict in the Congress Party, Sir, is between the faction here and the faction there.

MR. DEPUTY-SPEAKER: Why do you bother about the Congress Party? You can bother about your own

SHRI PILOO MODY: You find a situation in which the Guptas—Bhupes there and Indrajit here—in Parliament, the Danges outside and Brezhnev abroad have, in conjunction with Shrimati Indira Gandhi and her "Poppit" Congress President, conspired to sell this country, by betraying the people, to a certain type of ideology. As far as the Indian Communists here are concerned, they are our flesh and blood and we have to tolerate them in the hope of improving them. We hope that they will improve and change their attitude.

But I do not want a foreign Government dictating to us what we should be doing in this country. And this influence has been increasing day by

day. I do not know why, when in 1967 an inquiry was demanded as to how American money was being used in India, the report submitted by the CBI to the Government on the use of foreign money was never published. If that report had been published, it would have revealed a great deal.

We know what happened in the Presidential election of 1969 and the Parliamentary election of 1971. Therefore, instead of fighting off this foreign influence, the poor Prime Minister has been purging her Council of Ministers of all Indians! And therefore it is that those who do her bidding, sit behind her and raise fictitious points of order. But they know that the day of reckoning is not far away—when they will have to face their God.

I would like to say one thing before I talk of the budget. (*Interruptions*) The moral of the story is that the Congress must follow somebody and listen to somebody; and, therefore, somebody very close and dear to them once said that "Swaraj means not the acquisition of authority by a few but the acquisition of the capacity of all to resist authority when it is abused." These words were said by Jawaharlal Nehru and it is Jayaprakash Narayan who is bringing Swaraj to India.

MR. DEPUTY-SPEAKER: You have taken 35 minutes instead of 19. I can give you two more minutes; please try to conclude.

SHRI PILOO MODY: I don't know whether I will finish, but I will try.

Now, a few things about the budget. Fine speeches don't make good budgets. I must congratulate the Finance Minister; he made a fine speech.

MR. DEPUTY-SPEAKER: You have made a departure today from your usual way of speaking.

SHRI PILOO MODY: Yes, I do at times.

[Shri Piloo Mody]

If I may start again, the Finance Minister made a fine speech, but pious hopes and fine speeches do not make good budgets. (*Interruptions*) If Mr. Subramaniam is to be applauded for a fine speech, he has to be condemned for not understanding it himself, because everything that he has done in his Budget is a negation of what he has talked about. I am sure that it must have been some philosopher who wrote his speech and some butcher who prepared his Budget. I do not think he was involved in it at all.

What is the avowed objective of the Budget Development. Will the Finance Minister explain to us how development would take place if the security of our country, Defence, has become a sacred cow and nobody is supposed to discuss it to say that this money is being wasted or spent otherwise? I am told, because of the propaganda that is being made by these fellows—the CPI—regarding lifting of the embargo on arms supply, that they have even refashioned the Budget in order to increase the Defence expenditure. But it is not merely money that will do this. Somebody has to sit down and see whether this is being effectively used, and if the rest of the Government is any indication how money is being use, I think, the Defence budget needs to be probed into properly.

'Growth' is a word which is anathema to the Budget. If there is one thing that will not take place in this country as a result of this Budget is growth. As far as social justice is concerned, this is merely a euphemism, a word for describing the Congress hegemony. It is a way of getting votes for the Congress and nothing more. There is no social justice at all.

He talks about thrusts in agriculture and energy. Neither agriculture nor energy has been provided the sort of funds that are necessary to bring

about the sort of development which he talks about in his speech.

There are things like Compulsory Deposits—Compulsory Deposits for people of the age of 80 and 85! Why don't you at least frame logical and rational rules?

Take the question of *khandsari* sugar. Out of a total of 7,000 units employing 16 lakhs of people, three-quarters of them have closed down; that means, 12 lakhs of people are out of jobs. Why? It is because the compound system has been removed and instead of that there is a 17½ per cent *ad valorem* tax on it, increasing it six-fold! What about the cost of its collection and the building of godowns.

Then there is the question of power looms. From Rs. 10 a loom, he has increased the tax to Rs. 200. Who, in his right senses, would increase something from Rs. 10 to Rs. 200? Also, the greatest incidence is falling on units of less than four looms.

Thousands of people are employed in the poultry business. I am speaking now on the small scale things, leaving the big industry to handle him in his Cabinet room. Fifty per cent of the poultrys are closed down because of the poultry tax which needs to be removed.

Then, there is one per cent excise on everything. One per cent even on books? Have you exempted at least books?

I do not think he understands what development is. Development is largely based on the dynamics of individuals and local communities, not on your budgets, not on your plans, but on the dynamics of individuals and local bodies. It is the multiplication of human energy that produces development. Governments can only stimulate or stifle; they cannot create energy. This Government, through its policy, has destroyed everything. Did anybody do any thinking on that subject?

The classical Marxist concept of class warfare was not overcome at the turn of the Century by philanthropy or charity. It was by the new technology that it was overcome. It was new technology and electric power that brought about the change, that made it possible for people to get education. It was overcome by education and the application of knowledge to work. That is the only way to eliminate poverty. Has anybody given any thought on that? No. The Government's policies in all these years have been chasing the immediate problems in preference to producing results. Concentration is fundamental to any developmental effort. In the short run, you may prevent a collapse, but you have not solved any problem. Therefore, in conclusion, I would like to say that it is not wealth that the Finance Minister needs; it is vision that he needs.

SHRI N K P. SILVE (Betul): Mr. Deputy-Speaker, Sir, I am starting with a very serious handicap. The distinguished speaker who has preceded me, has come out with a very entertaining speech for the last forty-five minutes I take the budget debate a little too seriously and I consider that at least in matters which are as serious as a discussion on the budget at a time when the country's economy is in such a precarious state and the circumstances threaten the very system of parliamentary democracy, while discussing the budget which is one of the most important instruments of revitalising our moribund economy, I thought the minimum that we could do here is to avoid what was worse than Hyde Park Oratory.

I only wish to submit to you, Sir that if the distinguished speaker, who preceded me, Shri Pilloo Modv, is serious about the allegation, he has made about the Barpeta elections having been rigged—and if he is really serious in his allegations that what has happened there is sheer mathematical impossibility, then I submit to him, that whatever we may have done to

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rig the election according to him, and in saying so he is not only maligning a very eminent institution like the Election Commission and the people there, but he is also showing a great lack of confidence in our courts and judiciary. There is the provision for election petition. And if it is possible for him to say before this House with such confidence that our victory is an absolute mathematical impossibility, it should be completely possible for him to prove it before the court of law to the hilt that the election had been rigged. It is no use making mimicry, wild allegations and baseless charges that makes it an extremely poor budget speech.

Usually, he combines humour with some sense, but the thought that this was one occasion where sense and sensibility should have nothing to do with what he was talking, except in the last few minutes, when he tried to say a few sensible things. Whether we agree or we do not agree—at least we can adopt a serious approach in the matter.

Coming to the merits and demerits of the budget proposals, if they are to be collated and critically examined with some degree of objectivity and impartiality, any critic or any judge will have to keep in mind two supreme and two paramount inhibiting factors under which these budget proposals were framed by the Finance Minister. The two supreme factors were the extremely delicate phase which the country's economy has now reached where it was utterly necessary to ensure that the process of stabilisation of the prices which commenced some time ago in October is duly maintained. It was in the midst of this delicate circumstance firstly that the Finance Minister had to formulate his budget proposals, that is to ensure the stability of the prices. The second inhibiting factor was that despite very severe constraints on resources of the country, there was imperative need to accelerate the pace

[Shri N. K. P. Salve]

of the economic growth without higher deficit financing than he had to content himself with.

If these two inhibiting factors are duly borne in mind in the context of which the Finance Minister formulated his budget proposals, any sensible critic would say that with whatever he has come out is possibly the best in the circumstances.

I would like to commence my observations on the Budget by formulating what precisely are the tasks before the Finance Minister in the context of the economy as it does exist to-day in the country, in the context of the difficult period we have gone through the 20 gruelling months in which there was a continuous spiral of rising prices? What is the Finance Minister's main task? What is the main challenge for 1975-76? In the formulation of this challenge I cannot do better than refer to what is stated in the Economic Survey itself. On page 5, the Survey says:

"Nevertheless, the continuing concern with problems of stability has to be matched by selective stimuli at strategic points, designed to raise the rate of saving and investment in the economy. Unless the economy grows, even price stability in a poor country such as ours will elude us. This is a measure of the challenge that policy planners will have to face in 1975-76"

Later, while evaluating the outlook for 1975-76, on page 51, this very challenge is formulated and a little differently, in these words:

"In the short run, we have only a limited margin of manoeuvrability in bringing about a sharp acceleration in the overall rate of growth. Nevertheless, economic policy planners must grapple in 1975-76 with the task of raising the rate of growth of national income in years to come beyond the trend rate of 3 to 3.5 per cent which seems to have become

the unenviable lot of the economy in the last fifteen years."

Only one more quotation from the report of the Reserve Bank of India on Currency and Finance. It is also while evaluating the situation and the challenge for the ensuing year. In the last sentence it is stated,

"While concerted action will be necessary to step up exports as much as possible, the major thrust of our policy has clearly to be in the direction of raising real resources for stepping up domestic investment and production."

Therefore, what is it that Finance Minister was called upon to perform? What was it that was necessary for him, to meet the challenge, to meet the task that was ahead of him which, by all standards, a difficult one. Firstly, supreme efforts are needed to stabilise the prices in the midst of known imbalances which exist in the position of demand and supply of basic wage goods and in the midst of the most predictable certainty about the uncertain agricultural production and food procurement. With these supreme efforts are linked up the relentless efforts required to transform the entire spectrum of the whole economy of the country and to vitalise the same so that it becomes resilient to pernicious forces, which forces have caused the greatest harm to the community as a whole, particularly to the vulnerable sections of the community. This could not be achieved without making proper efforts to bring about a rapid growth in the economy of the country. And growth cannot come about purely by making speeches in the Parliament. Growth, the concept of which we hear about much these days, will only come when there is a maximisation of production and optimisation of efficiency in productivity. And that cannot come about unless there is a large investment. I cannot think of a growth allround, of augmenting production or productivity, unless there is massive investment and the massive investment itself

would not come unless we mobilise the resources and the savings.

Such were the conflicting demands on the Finance Minister when he was formulating his proposals to ensure that he has to levy tax and yet not to levy too much tax so that there is no disincentive to the people and also that he does not go beyond the marginal limit for deficit finance and yet, he had to find sufficient money for planning and development. Therefore, when he started formulating the Budget proposals, he found that already in the year that is to go by on the 31st March 1975 he would be ending with a deficit of Rs. 625 crores. These were his predicaments. These were his difficulties and in the context of this background, he had to formulate his proposals and when he formulated his proposals, he found that there was a gross deficit of Rs. 464 crores for 1975-76. And to bridge up, part of that deficit, he came about with direct and indirect taxes and it is with that I propose to deal now.

Before I come to that, I happen to read a criticism in the *Economic Times* and the same criticism was repeated by our friend, Shri Virendra Agarwal—he promised to be here; yes, he is here at the moment—the criticism is that the deficit that the Finance Minister has worked out for 1975-76 in a sum of Rs. 225 crores, after giving effect to the Budget proposals, according to the observations in the *Economic Times* is a 'jugglery of figures'. *Economic Times* stated as under. It is dated 1st March 1975.

I would not have taken care of it, but it is an eminent and important financial journal. It was repeated by Shri Virendra Agarwal.

The *Economic Times* says: "for example he has concealed the real size of the overall budgetary deficit for 1975-76. This is not Rs. 464 crores but Rs. 794 crores, i.e. Rs. 330 crores more. After taking into account the new fiscal measures the uncovered deficit would still remain as much as

Rs. 555 crores. The statistical jugglery includes the assumed credit of Rs. 230 crores and re-cycling of the allegedly frozen funds of the order of Rs. 100 crores." It, therefore, adds to Rs. 464, Rs. 230 crores, being the credit from Iraq, Iran and Abu Dhabi in respect of the oil and petroleum products which our country is going to import. Then there is an increase of Rs. 100 crores which is to be withdrawn, from the deposits made by the employees and Income Tax Act from the Reserve Bank and to be used by the Government of India and plus it is stated there is no budgetary provision of nearly Rs. 400 crores in respect of six additional instalments of D.A. and if all this is added up, a net figure of Rs. 1194 or Rs. 1,200 deficit is worked out by the critics.

As a student of Accounts I am unable to understand the criticism of this eminent journal. The answer is simple. Rs. 230 crores is no concealment of deficit as far as I am able to understand. It is in this year that we import petroleum products. We will be selling them and this is the money which would be credited to our accounts. As and when the payments are made to exporting countries they would come on the payment side. It is quite simple. I fail to understand where is the concealment, where is the jugglery.

As to the 100 crores this is the money which has been frozen, which is immobilized, which is lying with the Reserve Bank of India. Now, because of the improved position in our economy, because of the greater price stability this amount is being withdrawn by the Government. The original idea was that this much money must be withdrawn from circulation so that the adverse effect on account of disproportionate expansion or the money supply would be neutralised to some extent but because of improved position a part of frozen deposits would be withdrawn for development programme. This amount will be given to the employees or the depositors as and when it becomes

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due to them and it will come on the payment side. Where is it that the budget is sought to be juggled?

AN HON. MEMBER: Is it not the liability of the Government?

SHRI N. K. P. SALVE: It is the liability of the Reserve Bank. Government will draw this money from the Reserve Bank. As and when it pays either to the Reserve Bank or the assessee it will come on the payment side. Where is the question of any jugglery whatsoever

As to the Rs. 400 crores D.A I think there has been so much of criticism in the papers everywhere. I must take a little time and point out what is the Government's thinking on this matter. I shall refer to the Budget speech of the Finance Minister. But why only in respect of Government employees should every price rise be neutralised by giving added D.A. *ad infinitum*? The D.A. has been paid upto 272 index. Now it is 334 or 335, I am told. May be, Government is considering. To what extent it will go on neutralising this sort of price rise and why is it that it should only be in respect of a very privileged class? Therefore, Sir, this is what the Finance Minister has stated and I welcome his approach and I do hope that he will be able to strike hard bargain with the Government employees and drive it home to them that it would be at the cost of the less privileged and under-privileged and vulnerable sections only that any further D.A. can ever be paid. After all what is a budgetary deficit? It is a tax on the entire community as such. If this Rs. 400 crores is to be paid to be paid to the Government employees, it will have to be borne by everyone in the community. The Finance Minister said that 'In a country where there is considerable unemployment and underemployment an excessive pre-occupation with the current consumption of those who are fully employed erodes investible resources

and seriously affects the pace at which new employment opportunities can be created to alleviate the sufferings of those who are unemployed'.

I hope this philosophy would be borne in mind when they carry on the dialogue with the Government employees. In the end he says:

'While I am, therefore, aware of the hardship caused to Government employees by price rises,—'

It is much greater hardship to those who are non-Government employees—

'I earnestly hope that in our forthcoming discussions the dearness allowance question will be considered in the larger perspective.'

Sir, nothing can be more delirious, more harmful, more pernicious than to force the Government to give to the tune of Rs. 100 crores by expansion of artificial currency. This is my reply to the widely-made criticism regarding the jugglery in the figures of the Budget, and about non-provision of the D.A. which might have fallen due as a result of rise in price index.

The Finance Minister, after taking into account various imperatives of the economy, was able to make a provision of Rs 5960 crores for the plan. This is about 55 per cent of total Budget and is 23 per cent over what was spent for development work in the last year. 21 per cent of total budget has to go for Defence. A country like ours cannot afford 21 per cent on Defence expenditure. However, I earnestly hope that our neighbours would soon become our friends and in their country and in our country we will be able to divert these resources to better use which are at the moment going to defence, and that this would be diverted for the emancipation of those who are living below poverty line.

After these provisions the deficit was still Rs. 464 crores which had to be reduced to Rs. 225 crores. And in that

context the Finance Minister was called to make provisions and changes in direct taxes and indirect taxes. I will refer to direct taxes first. He has not made any change in income-tax of corporate sector or noncorporate sector except that in the corporate sector he has abolished the rate differential in respect of closely held industrial domestic companies. Such companies were subject to the rate of 55 per cent on the first 2 lakhs and at 60 per cent over and above that. He has raised the entire taxation at 60 per cent and this is a very rational change he has effected to bring it on par with widely-held companies. However, I do want to point out that the purpose of introducing this concept of widely held companies and the concept of companies in which the public are substantially interested and the structure of their taxation requires looking into and requires re-examination. These concepts were brought in so as to prevent tax avoidance under a corporate veil. Corporate taxations this aspect is indeed important which has to be borne in mind by every responsible Government. I hope the Finance Minister will find some time for examination. I hope he will take up the point and deal with it in his reply. The Finance Minister should kindly examine whether the monopoly houses are getting the maximum benefit out of these concepts and whether or not they are able to amass large amounts in their companies whereas small entrepreneurs are forced to fritter away their funds by way of payment of compulsory dividends. If they do not pay dividends they are liable to pay a very heavy penal income-tax. Smaller entrepreneurs are mulcted with the liability which is much higher than those which are borne by monopoly houses. While you have to protect yourself against possible avoidance of tax under a corporate well it has to be ensured that you do not introduce concepts in fiscal legislations which may directly or indirectly help in concentration of more and more wealth in monopoly sector.

Income-tax in non-corporate sector is left untouched by the Finance Minister. Here he did not come to the expectation of many of us who thought that tax exemption limits would be raised to Rs. 7,500.

If the Finance Minister has not been able to raise this limit to Rs. 7500. I do hope that he might concede giving some exemption which would raise the effective limit, of exemption, keeping in view the ever declining value of the money. You may have Rs. 6,000 as the exemption limit. When the purchasing power of the money is declining so steeply, the limits of exemption given to a person from direct taxation must have a direct relation or a direct nexus to the purchasing power of the rupee.

In that connection, I may point out that the Finance Minister proposed a new section 80 FF in terms of which he announced giving certain relief to parents whose children are studying either in colleges or are engaged in technological studies—in postgraduate courses. In that respect I want to make one submission to the hon. Finance Minister. I am sure he will concede my request. He has left out the schoolgoing children completely. It is harsh on the parents who can hardly afford education of the schoolgoing children who are not given any relief. Relief for schoolchildren must also be provided. Let the deduction be made available to an assessee who earns an income upto Rs. 12,000/- per annum or let that limit be brought down to Rs. 10,000/-, 9,000/- or 8,000/-. But let them be given deductions—the parents—whose children are studying in schools and who are really hardhit on account of the inflationary spiral.

Sir, to be able to revive the capital market, certain incentives have been proposed—the most important incentive and stimulus which has been proposed by the Finance Minister is the relaxation of declaration of dividends above 12 per cent. In fact, I thought that on this announcement, the capital investment market would

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react more liberally and they would be more buoyant. But, that has not come about as yet. But, I do ardently hope that when this legislation is passed the capital market will respond. It is not clear from his speech whether declaration of larger dividend above 12 per cent will be subject to upper limit of 33 1/3 per cent of the gross profits or not. There is wide speculation about it. I hope that when he realises he will make that clear.

SHRI INDAJIT GUPTA (Alipore): You would like it to go above 33 1/3 per cent.

SHRI N. K. P. SALVE: There is a basic difference in your philosophy and my philosophy. Our philosophy—our party's philosophy—is that we live in a mixed economy. We accept the mixed economy as the very basis of our national policy. Therefore, if the mixed economy is to exist, then both the public and the private sectors must function together; they must coexist.

SHRI INDRAJIT GUPTA: Then why did you take the credit to restricting the dividend with so much of hullabaloo last year? Now, you are pleading for more.

SHRI N. K. P. SALVE: I have never pleaded for this. You make it clear whether it is subject to 33 1/3 per cent limit or not.

SHRI INDRAJIT GUPTA: Why do you want?

SHRI N. K. P. SALVE: So far as I am concerned, I may submit that it should have been left to the companies to declare the dividend if they so choose. It should have been left to the companies declare any dividends they want—but it should have been frozen in the hands of the shareholders. The shareholders of course should have the right to a return on capital. Because we are worried about the investment market, I do

not know how they are going to augment investment. Can there be investment without profit motive? That may be so in a communist country. We are living in a country which is not a capitalist country—but a country where we have very highly regulated economy. That is the basic difference between your philosophy and ours. Now, personally, I think that if it once comes in this form that you can declare the dividend but you can pay it only after the Act expires, then the declaration is a highly theoretical consolation to a shareholder. He gets no money. He gets promise for future payments after the act expires.

SHRI INDRAJIT GUPTA: But the money can be used by Government.

SHRI N. K. P. SALVE: That is why I said that moneys which are not meant for expansion of the company must be allowed to be used for payment of dividends. It must be paid. Why should not the shareholders get a return on them? It is profiteering and racketeering and is deplorable. A reasonable profit is the right of every honest entrepreneur.

Sir, the extension of tax holiday on the new industrial undertakings has been extended. It is a very important change which the Finance Minister has made and to this Shri Indrajit Gupta will pay special attention that to attract corporate savings into the higher priority industries, exemption of inter-corporate tax has been restricted only to fertilisers, pesticides, paper and cement. I am sure Mr. Indrajit Gupta wants investments to come into these sectors. It is a different thing that they do not respond but the Finance Minister has made certain efforts.

Sir, pesticide, has now been included for initial depreciation. I happened to be the Chairman of a Select Committee which dealt with this question of initial depreciation and at that time the entire Select Committee wanted

pesticides to be included as an industry for initial depreciation but the Secretaries of the five economic Ministries of the Government of India stubbornly opposed and maintained that this cannot be included for the purpose of initial depreciation. The bureaucrats have a funny way of working. They keep rules as supreme. Now, the Minister has said in his speech that having regard to the importance of pesticides in our economy for increasing agricultural production I propose to extend the initial depreciation allowance to fertilisers. This policy was opposed by the bureaucracy six months ago. It would have been better if they had agreed to at that time to this idea of initial depreciation. I want another suggestion which was made by us and opposed by the bureaucrats to be considered by the Finance Minister. It is that confining this initial depreciation to industries mentioned in the Ninth Schedule, which are the core industries and industries in backward areas; whether the Finance Minister is willing to consider that initial depreciation should not be taken into account for considering the written down value of the assets in question.

Sir, a word about the indirect taxes. Indirect tax net has undoubtedly been cast very very wide and is going to fetch Rs. 288 crores. But I submit that the proposed enhancement of lives is exceedingly discreet and it could hardly have been more restrained than this. None of the items which go into the basic wage goods has been touched by him.

Sir, the Finance Minister has come out with a novel feature. The novel feature is the imposition of one per cent *ad valorem* duty but, as Mr. Mody has rightly pointed out, what will happen to the books. The Finance Minister should give careful consideration to this point. The second aspect is about *khandsari*. I am happy that he has made this change about *khandsari*. As regards the levy on sugar which has been raised from 30 to 37.5

per cent it is clear that it is not going to affect the poor man because this does not affect 65 per cent of the production meant for internal consumption. It is only applicable to 35 per cent of the total production and out of that also 15 to 20 per cent would be exported. In fact I would submit that we have to ensure that a certain percentage is made available compulsorily for export quota. This is what I have to submit about the direct and indirect taxes. Sir, I am coming now to the end of my speech. Sir, the problems in our economy have arisen because of four reasons. The first of them was that there was a grossly disproportionate expansion of the money supply. The second one was that there was unsatisfactory production and procurement of foodgrains in 1974. The third one was, there was a steep spurt in prices of petroleum products and fourthly, there was a sharp rise in the prices of imports of essential raw materials including that of foodgrains. We must avoid pitfalls with our experience in the past and in that context, I have the following suggestions to make. My first suggestion is that, keeping in view that national income is not growing beyond 3 per cent to 3.5 per cent, expansion of money supply must be very strictly kept within 2½ per cent and could go maximum up to 4 per cent only under desperate conditions. My second suggestion is that the public distribution system all over the country must be expanded and streamlined and all essential commodities must be distributed in the next three years with utmost efficiency by the public distribution system so that the vulnerable sections of the society which had a very raw deal all these difficult months are rescued from the clutches of the wolves of the society, the profiteers, the racketeers and the hoarders. In this context, I welcome the announcement made by the Agriculture Minister about the wheat procurement at the State level and I do hope that the policy of the trade in foodgrains being carried on by the State will be pursued tenaciously. An announcement has been made that there is a complete

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and substantial reversal of policy and the trade in wheat would only be through the monopoly Government agencies. My third suggestion is that for new industries in basic wage goods and of mass consumption, we should give Income tax exemption of total income up to 50 per cent of capital employed if situated in the backward areas. The public sector must enter in a big way to manufacture basic wage goods so that in the next 3 to 5 years, imbalance in supply and demand of such goods become a tragedy of the past. My fourth suggestion is this. The searches and seizures by the income tax authorities have helped the de-hoarding process more than unearthing black money. I must congratulate them for this. Something good has come out of this. We should streamline the working of the Directorate of Inspection and Investigation and encourage massive searches to make hoarding most unprofitable and kindly keep smugglers out of business as you have been doing.

Sir, nearly Rs. 20,000 crores are invested in public sector enterprises. Their working must be streamlined and efficiency in productivity augmented so that in the next three years, they must start yielding not less than Rs. 2500 crores annually to the Government. Without such return, massive resource mobilisation will never be possible. The balance of payments position is very disconcerting. The supposed increase in export is illusory. In 1974-75, in the first eight months, while exports increased by 36 per cent, imports have increased by 54 per cent resulting in adverse trade balance of Rs. 425. Indian goods are one of the best and cheapest in the world. Unimaginative monolithic bureaucracy which exist primarily for its own sake, with its ruthless inefficiency, cannot be trusted to sell our goods abroad. You must devise pragmatic and dynamic means to double your export in the next two years. This is the greatest opportunity. We have tremendous opportunity for augmenting our exports.

Then, Sir, procurement of food-grains is on the most unrealistic basis. The procurement price of wheat must be fixed at Rs. 125/- per quintal. Five per cent income tax must be levied on those agriculturists who have the benefit of public irrigation. If this is done, we will be collecting Rs. 750 crores in the States which can be used for subsidising the food as well as paying for our exports. Lastly, I suggest this: do not make laws, rules and regulations which most of the honest and responsible citizens are compelled to observe only in their breach. An honest citizen without an unreasonable greed must be allowed to survive with honour and dignity in society. Without ensuring this the double standards which we have adopted will never disappear. Having done this, make corruption and economic offences high treason against the nation and punish the offenders ruthlessly, irrespective of their status and position.

SHRI INDRAJIT GUPTA (Alipore): My friend Mr. Salve, than whom perhaps the Finance Minister will not find a more able and enthusiastic advocate seems to be labouring under the delusion that there is some sort of 'integral link up between that document which is called the Economic Survey and the budget speech which is the fiscal philosophy of the Government and the budget proposals. He quoted extensively from the Economic Survey and I also propose to quote some things which he quoted but for a different purpose in order to show that the Economic Survey says one thing and the Finance Minister does something quite the contrary.

Whatever else this Budget may be, despite everything that Mr. Salve may try to say, it is not a budget for growth. It is not a budget which is going to lift up the Five Year Plan out of the stagnation in which it had found itself during the last three or four years. We had zero

rate of growth in agriculture and 1.5 or 2 per cent rate of growth in industry. A budget of growth means that the process of growth which has been interrupted, in a very serious way in the last two or three years can be resumed. I am afraid that this budget does not inspire that hope or confidence, that stagnation will be broken. It is on the other hand very much a budget which will allow businessmen, particularly big businessmen of the organised corporate sector to intensify their plunder. The basic problems of the economic crisis which we are facing need to be very squarely tackled. I am afraid that they are sought to be explained away and the idea is propagated that they are more or less inevitable factors and hence they have to be accepted; within that framework we must do whatever we can. The whole outlook and philosophy is half-hearted; it is a philosophy and outlook which has no determination and will to break the stagnation.

For example Mr. Salve quoted that the Economic Survey had listed four main factors which had made 1974-75 "a year of unprecedented economic strains in the history of independent India." It lists them as; disproportionate expansion of money supply, unsatisfactory production and procurement of foodgrains, price increase of oil and fertilisers and, fourthly "overall international environment of inflation" The last two of the above four factors, I am prepared to concede, can be described, as indeed they had been described by Government leaders, as the so-called 'global phenomenon. Global insofar as they refer to the capitalist countries, not to socialist countries. What about the first two factors. Are they global phenomena necessarily? We have no answer to it. Disproportionate expansion of money supply and the unsatisfactory production and procurement of foodgrains are the first two factors. I cannot for the life of me see how these are primarily external factors at all. One of them

flows from the credit policy of our banks and financial institutions. The other one flows from the retreat which the Government carried out on the question of State-trading in foodgrains in order to appease the rich and affluent sections of the farmers. There is nothing international or global about it at all. It is because Mr. Subramaniam's speech tries to ignore or cover up this reality that it does not give a correct or an honest picture of the real crisis we are facing. Dependence on food imports to which he referred could not be reduced simply by pumping in new high yielding seeds and fertilisers or pesticides or other inputs; he laid so much stress on these. Nobody denies these things if supplied in adequate quantities to the farmers would have marginal impact. But this is a sort of what I might call narrow technological approach. It is devoid of any appraisal of the institutional and political obstacles in the agricultural sector which have become deep rooted in our economy. For example, I should like to ask: what percentage of the farmers in the country taken as a whole can really take advantage of such technological inputs? There are certain areas in the country where there are certain affluent people who can corner a lion's share of the technical inputs. If you take the country as a whole—we are talking about boosting up food production in the country as a whole—what percentage of farmers can take advantage of those technological inputs? There is a mass of poor peasantry and the number of people who are absolutely landless, call them agricultural labourers or landless people, is growing from year to year. According to the Economic Survey, the number of landless people in 1961, 14 years ago, was 15 million; now it is 47.5 million. Even if the food output goes up marginally in absolute terms, where is the serious attempt at procurement? A good crop does not necessarily mean that food comes within the reach of the common man. Where is the serious attempt for procurement by State

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Governments? The State Governments are lowering their targets for procurement and admit failure and say: we cannot get this much. I am glad that Mr. Salve mentioned this. There was a question the other day and Mr. Subramaniam could not give a categorical reply; it related to the extension of the distribution system to the rural areas to protect the vulnerable sections of the community from the near famine and famine conditions which were experienced in so many parts of our country last year.

16 hrs.

What about land reforms? What about the actual distribution of the surplus land, and thereby giving to lakhs of people in the country side a more direct incentive to toil and produce? These are the institutional-cum-political factors which have to be tackled, and this cannot be got round simply by saying that we are allocating more money for seeds, fertilisers and pesticides. This is what I meant when I said that there was a dichotomy between what the Economic Survey says and the kind of outlook that is projected in the Budget.

The Economic Survey has said:

"There is considerable evidence to suggest that India's agriculture seems to have lost the momentum for growth it exhibited in the late sixties, and the production of wheat which offered the greatest promise has been declining since 1972-73."

Am I to take it that this decline, this stagnation, this lack of momentum has been due only to the fact that enough technological inputs have not been supplied? Or, is it due to a certain progress which is taking place in the country side where the fruits of prosperity are being garnered by a relatively small handful of people and impoverishment is growing, where the institutional changes of bringing about land reforms are not being carried out, where procurement is being obstructed at every steps?

16.02 hrs.

[**SRI ISHAQUE SAMBHALI** in the
Chair]

The distribution machinery in the countryside is not there, it breaks down at the slightest challenge.

Similarly, I am afraid that Mr. Subramaniam has been silent on the question of the unrestricted or undesirable increase in money supply. He has not said anything about the deliberate stoking of the fires of inflation which is going on as a result of the tie-up between the big banks on the one hand and bank credit and the credit supply by the financial institutions on the other. What is the use of shutting one's eyes to this?

This is one Government talking, I presume. In yesterday's newspapers, his colleague, Mr. Pai, is quoted in the newspapers as having addressed the meeting of the Opening of the Risk Capital Convention floated by the Industrial Finance Corporation to help promotional activity. Mr. Pai is a very important Minister of this Government, holding a very important portfolio. This is what he is reported to have said at this Convention:

"Mr. Pai was highly critical of the present attitude and role of financial institutions whose policies, he felt, accentuated the greater and greater involvement of the larger industrial houses. Mr. Pai was particularly critical of the financial institutions playing safe and gravitating towards larger industrial houses which, he said, had the facility of inter-corporate investments and should be able to look after themselves better by drawing on their own strength. These houses, Mr. Pai said, raised very little resources from the market and came constantly to the financial institutions for loan assistance and investments, including their equity. Mr. Pai said these policies have resulted in the bigger houses receiving greater and greater importance and they have begun dominating the domestic economic and industrial

scene. Since these houses claim that they enjoy the confidence of the people on the basis of their good management and good dividend record, they should have mobilised resources from the general areas of the people."

This is what Mr. Pai says. If this is what is being done by the financial institutions of the Government, the same thing is happening with the Banks. The raising of the bank rate by three or four per cent which was done cannot significantly curb the demand for credit so long as the price and profit expectations of the industrialists and traders remain buoyant. Credit trends show that banks are unable and unwilling to prevent use of credits for building inventories and with-holding stocks from the market. And this trend, now I wish to say, has been further accentuated by what has been done last year. Last year, restrictions on dividends and higher profits made by many companies led to more retained earnings. Dividend restrictions mean much greater liquid internal resources remained with the companies. It is true, they were not distributed to the shareholders but neither have those liquid resources increased utilisation of their capacity. There is no increased spending to use them for further expansion. These retained earnings; what have they been used for? Have they not been used for purposes which are inflationary in their impact? Then there has been a recourse by non-banking companies to raise deposits from the market. This went on merrily. It has caused fall in the bank deposit; it has caused diversion of resources from LIC, Unit Trust, provident fund, etc. And these deposits which are raised by the non-banking companies are used for building up inventories which are not subject to Government scrutiny. This inflationary trend is being allowed to go on aggravated and get accentuated. And the plain truth is that these big business men and capitalists are interested only in their profit margin. They are not interested in production as an end

itself. Here again, may I remind Mr. Salve of what has the Economic Survey said? It says that it will be unrealistic to assume that the major break through in the rate of industrial production is round the corner because in India there is a sheltered domestic market for industrial products and the incentive to expand by cutting down cost and prices is very largely absent. In such an environment even when objective conditions are favourable to an expansion of output, there is often a tendency on the part of industry to rig up prices and profit margin by restricting their output." These are not my views. This is what the Government Economic Survey itself has said. So whom are we fooling? The whole legacy of the Budget has come to what the *Statesman* has called editorially this morning 'Package of concessions'. The *Statesman* has very approvingly written in its editorial today that the Budget boils down to a package of concessions. I am not going into tax holiday and all those things which were listed by Mr. Salve in the hope that they will placate them, they will cooperate and like good boys will go in for more production and investment. What are we to do? Rub out, forget all the bitter experiences that this country has gone through in this wonderful mixed economy. I am not pleading for communism here. You cannot get communism or socialism like that. But a mixed economy does not mean that you allow one part of the economy to do whatever it likes.

Now, Sir, let us see the jugglery with the high sounding anti-inflationary measure of dividend restriction which was imposed last year, a ceiling of 12 per cent. What is the result of this? It has further encouraged wasteful ostentation and luxury spending in the corporate sector because more liquid resources are lying in their hands. That is number one. Number two, the corporate sector used it in order to make a big hullabaloo in the country which is echoed by Mr. Salve that there is no

[Shri Indrajit Gupta]

incentive to investment. All investment has been killed and, therefore, it must be relaxed and, therefore Government immediately must accept this argument. And now the higher dividend declaration is to be allowed though not to be distributed just now for two years. Higher dividend to be allowed at what level, nobody knows. He asks a pertinent question. Is it 23.3 per cent or will it go beyond that? Nobody knows. The Government has not taken the House and the country into confidence. These questions were asked of the spokesmen of the Ministry in a Press conference which was held immediately after the Budget. But all the detailed reports which came out show that he did not reply to that. It is true that the additional amount will not be paid to the shareholders just now but neither will it be impounded.

SHRI N. K. P. SALVE: What do you think of removing the limit on dividends and impounding the same in the hands of the shareholders?

SHRI INDRAJIT GUPTA: Last year a posture of equitable treatment was struck: On the one hand, companies will not be allowed to declare a higher dividend. On the other hand, the wage-earners and salary earners must part with half of their extra DA and additional wages which will be impounded and frozen. What I am trying to say is now whereas no relief has been given to the wage and salary earners, the dividend declaration ceiling is being removed and that extra money is left in the hands of companies to be used as they like for any purpose, which means more wasteful spending and more inventory building, but no corresponding relief on the other side. I hope the hon. Minister will explain this. Against these impounded compulsory deposits from wage and salary earners, Government is going to borrow Rs. 100 crores from the Reserve Bank, obviously to spend it. It is a funny thing. Does not the Government's concern for restricting

money-supply, which was the main reason for asking the wage and salary earners to make compulsory deposits, sound a bit hollow when you find that Government is going to take Rs. 100 crores as loan from the Reserve Bank against those deposits and put it into circulation? It is just a hoax on the working people. The impounding legislation was passed in July, 1974. At that time the All India consumer price index for the working class was 311. In November it rose to 402. We would like to know for what purpose the wage earners were asked to make that sacrifice. The subsequent stabilisation of price index he has talked about is illusory because that is a stabilisation from that level. We began with 311. It went to 402. From there, if it comes down to 400 or 399, you say prices are being stabilised!

The inflationary crisis is a chronic symptom of the present crisis of the economy because it is basically a capitalist economy. You have made sure of only one thing. There is no provision in the budget for DA for the Central Government employees beyond 272 points. That is categorical. They cooperated with you and agreed that the DA due to them upto 272 points would be put into the provident fund etc. and they would not take it immediately. But what happens after 272 points nobody knows. No provision has been made for it.

I come to the taxation proposals. Rs. 750 crores are the identified tax arrears, apart from the huge amount of tax evasion which is going on undetected. In spite of this, there is a big boom in the central tax revenue. Collection of revenue has gone up considerably and the whole pattern of the new taxation proposals is to give what the Finance Minister called a stimulus to the organised corporate sector, but to cripple the small-scale and unorganised sector and even to cripple the public sector in some cases, as in the case of copper. What is your idea. You want to finish off the Hindustan Copper Corporation

SHRI C. SUBRAMANIAM: You do not understand it at all.

SHRI INDRAJIT GUPTA: Yes; please explain it. You want to piece the common man through a fresh round of price hike. These proposals have been welcome by nobody but by the monopolists, their journals and the stock exchanges. The reason is quite clear. If we see the percentage share in the total tax revenue of indirect taxes, in 1950-51 the percentage share of indirect tax in the total tax revenue was 56 per cent; in 1965-66, it had gone up to 71 per cent and in 1975-76, it has gone upto 82 per cent. The percentage share of the direct taxes has come down, in the same period, from 44 per cent to 29 per cent and from 29 per cent to 18 per cent. No wonder, some people who are liable to direct taxes are very very happy about it.

As far as additional excise duties are concerned, despite whatever the official spokesman may say that they will not increase prices by more than one per cent or two per cent and so on, this exercise is carried out every year; we know it. But it does put up prices all round and it does disturb the common man's budget. He has also a budget. The common man has his family budget also and that budget is completely disrupted every time. But even after this, the estimated deficit financing, of course, will prove illusory, as it had in the past, because there will be no corresponding increase in the supply of goods and food. The allocations which have been made are, in real terms, actually less than last year's. If the allocations in absolute terms are increased by 20 per cent or 23 per cent, it actually means that you are giving less money than last year, because in the meantime, the prices have gone up by 30 per cent, and therefore, there cannot be any corresponding increase in the supply of commodity and food to counter-balance this deficit financing. In fact, it will far out run the supply.

do not want to speak about *khandsari*. It was mentioned here, I am glad, by two speakers on the opposite sides of the House. I have also been receiving alarming reports that the *khandsari* units are closing down. What is the idea? The free sale sugar you are taxing. All right. Previously, you were taxing 30 per cent free sale sugar. Then it was made 35 per cent. People who cannot get enough sugar in the levy sale, that is, on the rationcards, they have to buy a part of their requirement of sugar from the free sale sugar of which the prices, of course, are being put up. But why *khandsari* should be taxed? Then power-looms have also been mentioned. Why not alcohol? I do not understand it. Government never seems to be bothered about alcohol.

As far as petrol is concerned, I agree. There are affluent people with cars in this country, apart from taxis and scooters. Let us leave them out. But may I know one thing from you and it is this? People who have got cars, doctors or other small people, why should they have to foot the petrol bill for Ministers' cars? This increase in price in petrol means that every time the expenses on running of thousands of official cars, staff cars, Ministers' cars and so on will go up and it is the common man who has to foot that bill. He is being taxed to pay that bill. Why should he do it? These are highly immoral things which are being done.

There is one percent *ad valorem* duty imposed on all other items which are not specifically mentioned and on all production units employing 50 or more workers. I plead with Mr. C. Subrahmaniam to consider that whether at least the small scale sector should not be left out of this. Why do you want to cripple the small scale sector? I do not know it books will come within this. Nobody has raised that point. I don't think in any country of the world, there is an excise duty on books. It means a duty on knowledge. Books are not actually manufactured

[Shri Indrajit Gupta]

that way. Of course, they are printed in the presses and published and press comes under the definition of Factory Act. As far as I can understand, books will be included.

So, Sir, I accuse the Finance Minister of producing a budget which will only raise prices further but thereby will de-stabilise the economy still further. Now there are big advocates of destabilisation, as he knows, abroad and inside the country, whose whole political approach and political objective is based on the theory of destabilisation. You know it very well; so I do not have to spell it out. Nothing could please them more than destabilisation. These external and internal forces, which are working for destabilisation, have been spreading more economic unrest and chaos in the country. And they can be exploited by reactionary parties. I say this budget is the biggest assistance to JP's movement that can possibly be there. All this mock fighting here by Shri Piloo Mody will not take in anybody. Instead of fighting this danger, you are helping it to grow. Instead of seriously trying to hold the price line, because you have got a certain bias, it is making you put the burden on the ordinary consumer and the small businessmen, and to give a free rein to what is called the corporate sector, which is really the big business. They are the biggest gainers from inflated prices. This will only bring things to a more explosive point. Politically, the explosive point is already coming in this country, and this budget will not help to improve the matters. In fact, it will accelerate this crisis further. Please look at it from this point of view. It is these people who want that there should be destabilisation of the economy. And if you want to fight them, it has to be done not only politically but you have to fight them on the economic front also.

This budget, as I said earlier, holds out no hope of breaking this stagnation of development. And if you ask me "please give an alternative budget"

or if you say "well, if you are the Finance Minister, what would you do?", I am prepared to make some proposals, if I am given another half an hour to speak. But he knows our proposals very well. We repeat them every year on the floor of the House. So, I am not going into that whole list. But I will say one or two things again.

For instance, structural changes in the agrarian economy are necessary. It has nothing to do with socialism or communism. It is a question of breaking the relics of the old past, the feudal obstacles which are there in the economy. You cannot modernise Indian agriculture simply by saying "I will give you pesticides, fertilizer, water and seeds", though they are no doubt important.

SHRI PILOO MODY: But let them start with them at least.

SHRI INDRAJIT GUPTA: Then, there should be effective check on the growth of the monopolies, including multi-national corporations. If it is not done, you will never be able to cope with this question of black money, of losing resources, potential resources which have been drained out in so many ways. You will never be able to do it and you will never be able to get industrial development by placating these gentlemen, who are not interested except as far as their profits are concerned.

Effective price controls and control of the distribution system of essential commodities is an absolute must, as Shri Subramaniam himself said in reply to a question the other day. I have not got a copy here but I am sure he stands by his word. There is no other way of effectively checking and controlling the price except to have control over the distribution system, which will bring at least the essential commodities within the reach of the common man at controlled prices, fixed prices. But the implica-

tions of bringing about such a distribution system are very far-reaching. That means you will have confrontation with certain powerful vested interests. Whether you are prepared to do that, you must tell us.

There must be big and bold investments. Where? In the state sector. But there your philosophy now, which began by saying "no more nationalisation" ended up by saying that even in the public sector some of the units are prepared to sell shares to the public.

SHRI PILOO MODY: A sound policy.

SHRI INDRAJIT GUPTA: Of course, you are completely with them, I know. This is where you unite with them. That is the tragedy of the whole system.

SHRI PILOO MODY: But they would not do it because of you. If they are prepared to be sensible, I will support them. I am not ashamed of that.

SHRI INDRAJIT GUPTA: That is the biggest certificate which you have got, Mr. Subramaniam.

SHRI C. SUBRAMANIAM: He says I am not doing it.

SHRI INDRAJIT GUPTA: Kindly do not go along this path which you are taking, which is basically the part of surrender to those interests who are trying to blackmail you by holding the economy in their grip, particularly the industrial sector. And this way if you now suddenly adopt this policy that investment in the State sector must be held back, it does not work. We are not able to run it properly and efficiently. Therefore, go slow on this and try to cajole and persuade these private sector people to go and invest more which they will never do and they take the money from your institutions and your banks. They don't pay the bill.

Therefore, Sir, the broad outlook of this budget is totally a negative one and disappointing one, it is not meant for growth at all and therefore, I am sorry to say that we cannot support this budget at all. There are many things in the budget. If I pick out them one by one it will take a lot of time for me to discuss on them. But I am talking about the broad attitude, the broad philosophy, the broad pattern of tax proposals and these are surely negative ones, they are anti-democratic and they are not democratic because the general majority of people, the mass of people are being hit and it is only serving the interests of a few who are in any case trying to hold the economy to ransom.

SHRI PRIYA RANJAN DAS MUNSI (Calcutta South): Mr. Chairman, I welcome the budget on certain specific features and in view of the present difficult economic and political situation. Sir, the budget as we see it today, and the budget speech of the Finance Minister in which he has specifically expressed his own views and the views of the Government show that the country is trying its best to check inflation on one hand and on the other the enemies of our basic economy on both the industrial and the agricultural fronts. Sir, the human efforts like compulsory deposit scheme, anti-smuggling drive operation and the tendency of the Government policy to control the expansion of money supply have to create an impact and we cannot say at the moment that we are prospering. At the same time, we should not unnecessarily get disillusioned that we are doomed. So, with these views I would like to make my comments on the budget proposals as placed by the Finance Minister on the floor of the House. I just want to cite two or three examples before I go to the detailed content of my speech today. As from our own party, Mr. Salve and as from the Opposition party, Mr. Indrajit Gupta, have tried to confront us with the issue of mixed economy or no mixed economy. Sir, with all the capacity that I possess in

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the party and in this Parliament, as a completely committed soldier of the socialist movement, I can surely say that the concept of mixed economy is not one which implies that it is the only means to achieve socialism. It is only a process being tried as an experimental measure. We should isolate ourselves from it ultimately if we have to achieve socialism and it should be avoided from the scene of our society.

With all confidence, I may quote Pandit Nehru and his dream which came to reality, the speech not of 1947 not of 1955, not the speech where he tried to emphasise on socialistic pattern of society in Avadi and the concept of democratic society in Bhubaneswar but his speech of 1929 in Nagpur, at the 44th Session of the Indian National Congress. He said:

"I must frankly confess that I am a socialist and a republican and I am not a believer in Kings and Princess and in the order which produces the modern kings of industrialists who have greater power over the lives and fortunes of the men than even the kings of old."

I would also like to quote another line which will clinch this argument of the concept of mixed economy.

"But the balance has been and is terribly weighted on one side and to maintain this *status quo* is to maintain injustice and exploitation. The only way to right is to do away with the domination of one class over another."

If this is the concept of Pandit Nehru in 1929, in 1975 when you are facing extreme inflation in the economy and the economic condition as such is not sound enough, as per the Budget Speech of the hon Finance Minister, I must try to suggest with all my capacity certain features which the Government must try to adopt within the framework of Budget proposals.

As regards the effective steps towards improving food situation, as the Finance Minister has rightly suggested, we are all anxious about it. The Finance Minister's Speech or his Budget proposals give two pictures. One is the mobilisation of the resources and the other is to meet the gap and to project a new picture of the next year's economy. These entirely comprise a complete document of Budget or trend of economy of a country.

Resource mobilisation through direct and indirect taxes and our effort to gear up the economy should be the things to give emphasis on development of agriculture. When I hear the slogans, like, more production of food, more development of agriculture, I really get inspired, being a citizen of a developing nation. But I do not understand, when the Government puts more emphasis on development of agriculture, more production of food and more assistance in the form of pesticides fertilisers, etc. for the growth of agriculture and for more production, why should the Government keep quiet? Why should the Finance Minister not make an exercise to see that the resource mobilisation also comes from the agricultural sector, through agricultural income-tax in a very big way?

I say this because, now-a-days, it is a fact that in Punjab and Haryana which is called a land of green revolution or in the belt of Godavari and Andhra Pradesh to which area Mr. Reddy belongs, all persons possessing 20—30 acres of land are enjoying all the benefits of the Government, whether in terms of power or irrigation or fertilisers or pesticides. They are growing more food. According to the figures of the Reserve Bank of India Economic Survey, it is not coming to the mouths of the people for not having effective public distribution system, not having a bold and scientific procurement policy and not having sufficient incentives to the landless labour as Mr. Indrajit Gupta said.

I think, it will further create frustration. The hungry people may get food for today or tomorrow in the name of giving food like doles by showing sympathy or mercy. Again, the kulaks, the rural landlords will use their money in such a fashion that, ultimately, another anti-smuggling drive will have to be launched after, say, five years. I say all this because I have specific information. I ask the Finance Minister: Is it not a fact that, as he is fighting against smuggling in Bombay, Calcutta, Madras and other places, there is another smuggling going on in the rural areas which I will call as power smuggling? In Bengal, Bihar, Orissa and in Western UP., you go and see and check up from the Energy Ministry that there is smuggling of power. At the rate of not less than 30 per cent, smuggling of power is being done deliberately by those who are possessing 20—30 acres of land. Who is to pay for that? You are not at all increasing the rate of electricity. It is kept as it is. I do feel that in the name of increasing food production, after 10 years, I do not know who will be there....

SHRI C. SUBRAMANIAM: Anyhow, you will be there.

SHRI PRIYA RANJAN DAS MUNSI: I do not know. Therefore, I would like to propose one thing. You kindly look at the position. I would like to clarify my point further. On the basis of land tenure system and land reforms, with sufficient support price and minimum wage policy, if it is done, I do feel that the production would be more. How is deficit budget to be met? Deficit budget is to be met by more resources. And how can more resources be generated? It is in terms of more production. And how can there be more production. Unless there is a self-sufficient economy; and there are less imports and more exports. If there are less imports and more exports, if there is more production and equal distribution, then a self-sufficient economy can be evolved.

3910 LS—11

I would like to say a few things before you today about agricultural resource mobilisation. The revised estimate of Rs. 270 crores allocation includes Rs. 50 crores for the Agricultural Finance Corporation and Rs 25 crores or so for the rural electrification programmes and other things. I have already spoken about power smuggling in the rural areas and about consolidation of the financial strength in the rural areas. The new Finance Minister will try to convince me that more food production will ultimately increase the national economy in terms of distribution—the quality of distribution—and in terms of national growth. But what I fear is that if, in this year also as in the last year, the purchase price and the fixed price of wheat go up higher and higher, (I am thankful to the Government for restricting the price of cotton) in no terms will we be able to call off the distaster which we will have to face in the next four months. Already there has started a sympathetic feeling for those who came to Delhi with Jayaprakash Narain in a great procession. They are getting encouragement now a days and if the price of wheat and other things go up, automatically, it will further strengthen the hands of Jayaprakash Narain. I entirely agree with what Mr. Indrajit Gupta has said in this regard.

So, what I would like to submit is that the agricultural production programme should be made more effective through the public distribution measures. Otherwise, it will not help us; it will help the hoarders and millions of people will further starve.

MR. CHAIRMAN: Your time is only 10 minutes.

SHRI PRIYA RANJAN DAS MUNSI: You will have to give me some time. I would like to say another thing about a very important item—about the import of petrochemicals, food-grains and other things. How can we meet the budget or the bill of imports? Of course, it

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is by the effective performance of exports. This morning, while listening to the answer of the Commerce Minister in regard to MMTC—why petro-chemicals were not being taken etc.,—you might have been thinking as to what could be the basic reason behind it. But I would like to say that there is sluggishness in the total output of the industrial sector. Things are not being taken—many things like steel and other things. Day before yesterday, when I went to contact the Steel Minister, somebody was coming out—the General Manager of a factory—and he was telling me that the materials are not being taken because the power for purchasing things is not there. Without the purchasing power, the right to purchase and the enthusiasm or incentives for purchasing are not there. Therefore, at the moment, if we are to remove this problem, we have to take a look at the position of purchasing power. An example of global inflation had been given and how it reflects on every country. That is true, and it is a serious matter. In spite of the various steps taken by the Finance Minister, the purchasing power of the people is still so low that they cannot meet the bill of even 3 to 4 per cent of whatever is going to the market at the moment. Therefore, we must look to the increasing of purchasing power. The fertiliser bill is going up. I am glad that the Ministry has allotted sufficient funds for fertilisers, etc. But why only for chemical fertilisers? Why not for organic manure also? If we have the tendency to increase only the import and production of chemical fertilisers and if we ignore the organic manures again the bill will go up and in no case the rural peasantry or the agricultural people will get justice. We have no funds allotted for organic manure. This is one of the defects in the process of thinking of agricultural revolution in this country.

Now I come to the unemployment problem. It has been answered on the floor of this House that the number of educated job-seekers on the live register of Employment Exchanges as on 31st December 1973 was 3901.6 thousands and the number as on 31st December, 1974 was 4032.2 thousands. The employment generated in 1973 was 119.8 lakhs in the public sector, in 1974 it was 124.9 lakhs in the public sector and 67.7 lakhs in the private sector. You will be surprised to know that the nationalised banks are taking much more interest in giving advances and loans for investment to the monopoly houses and the private sector than to the small scale industries. I have figures with me, and if I had time, I could have explained it in detail. What is going on in the nationalised banks is not clearly reflecting the policy of the Government and the Ministry. Why I have cited the unemployment problem is because this is the basic problem, on account of which people are going to Mr. Jayaprakash Narayan's movement; some young people have been drawn there for two or three days. Of course, they know that they will frustrate them also. Even then, they are going there. I am citing only one example in this regard.

Regional imbalance in the economy is one of the important points for the discontent in the nation at the moment. I can cite my own State and Orissa in this regard. We had the First Finance Commission, the Second Finance Commission, the Third Finance Commission and the Fourth Finance Commission. You will be surprised to know about the peculiar arrangement that was made by the Planning Ministry. It was decided that where the realisation was high and the population was less, no incentive should be given. At that time, in my State the realisation was high and the population was less; therefore, we were deprived of grants-in-aid from the First to the Fourth Finance Commissions. When the Fifth

and the Sixth Finance Commissions came, the decision was that no incentive should be given to places where the population was big and where the realisation was less. Now in our State the population is large and the realisation is less. Again we are being deprived of grants-in-aid. This is a deliberate attempt. I would like to say that the nationalist movement and the extremist movement were started in my State not by the blessings and the dynamic talk of Mr. Mao-tse-Tung, but because of the serious imbalances for which the proposals of these Finance Commissions were responsible. If it continues, I repeat, it will not only strengthen the hands of Mr. Jayaprakash Narayan; it will strengthen the hands of the right extremists and the left extremists. To avoid that, I would request the hon. Finance Minister to see that the Sixth Finance Commission do give equal justice for all the States.

With all these feelings, I would like to conclude my speech. I congratulate the Finance Ministry for their effective role against the smugglers. But that cannot be stopped unless they confiscate all their properties. I do not know whether my friends from Andhra are here. Some smugglers have been caught in the Godavari area. They have a link in the rural agricultural belt also. There are people who are shouting about urban property ceiling and also about land reforms. For your information I would like to submit that many of these kulaks are now having properties in the urban areas; at the same time, they have black and shady dealings in the rural areas also. My appeal to the Finance Minister is not to be discouraged by their shoutings but take immediate steps for both urban property ceiling and land reforms so that these people are trapped.

SHRI MURASOLI MARAN (Madras South): Sir, I am very glad that the son of Tamil Nadu has been given the honour of presenting the nation's budget after a long lapse of time. We all

know that wherever Shri Subramaniam goes, he would leave a mark; whether good or bad, that is a different thing. When he was Finance Minister of Madras, the budget of Madras State crossed hundred crores. Here he came and the budget of Government of India has crossed the ten thousand crores level.

I want to congratulate the hon. Minister for the clear-cut identification of the twin priorities of food and energy and for earmarking adequate allocations. The question is, how is he going to implement them? Had we achieved what all we had planned on paper, there would not be any need for re-emphasising agriculture and energy which are the very A.B.C. of development of a country like India.

In the Economic Survey, it is mentioned that the year 1974-75 was a year of unprecedented economic strains in the history of India. If we have a look at last year's Economic Survey, we find the same words. This has become the repetitive theme for the past so many years. Our economy is out of joint not for this year, or last year, but for the last one decade.

In this survey, it is stated that during 1973-74, national income increased by 3.1 per cent. I beg to contest these figures. We know that it is a quick estimate of the Central Statistical Organization. We all know, what happened to the quick estimates of Central Statistical Organization during the year 1972-73. The Central Statistical Organisation made a quick estimate and indicated 4 per cent increase of national income. But what happened to that later? They had to eat their own humble pie. They had a re-survey and accepted that the national income 1972-73 had declined by 9 per cent. I feel that they have made a mistake because it is very clear that during that year, the official estimate of food production was only 111 million tonnes. Now the latest figures are 103 million tonnes. There is a drop of 7 per cent. We are having a minus growth rate or a negative growth. Our national income has dec-

[Shri Murasoli Maran]

lined. Absolutely and relatively our performance is the poorest in Asia, definitely poorer than that of China and Pakistan, perhaps better than the war-devastated Bangladesh.

Delay in decision-making at the appropriate time has increased the costs. For example, in my State, for the 4th stage of Kundah Hydro-electric Scheme, there was delay of 4½ years on the part of Government of India to decide whether generating machine could be imported from Canada or Russia. The result was that while in 1967, the cost was 119 lakhs, it has now increased to 1154 lakhs. Then take for example, Kalpakkam Atomic Power Plant. It should have been ready by 1974, it seems now that it would not be ready even before 1980. It is said that a change in the technical know-how from Canada to France has caused this delay.

The Finance Minister gets encomiums from all other States because of the budget support for the power sector. We, from Tamil Nadu, are, however, disappointed at the provision for Neyveli Lignite. It is only producing 1 million tonnes against the target of 6.7 million tonnes. There is a programme to convert the fertilizer plant from oil firing to lignite, but we find that only five crores have been provided for the year 1974-75, whereas last year, an amount of Rs. 44.77 crores was allocated.

Take the case of the Tuticorin Thermal Station. The total financial requirement is Rs. 119 crores and the annual requirement is Rs. 25 crores. The Central Water and Power Commission agreed for Rs. 17 crores but the Government of India allotted only Rs. 6 crores in the next year. So, definitely the first unit will not be commissioned in 1978. So also the second unit will not be possible before 1979

Every Finance Minister who adorns the seat there in the Treasury Benches never forgets his State. We had the late-lamented Shri T. T. Krishnamachari from Tamil Nadu as Finance

Minister. There are several public undertakings even now which stand as monuments of his efforts here. Now, I want to put a question to hon. Minister, Shri C. Subramaniam. What are you going to do for Tamil Nadu? What is going to be your contribution?

I have two suggestions. As he knows well, we have used up our water resources. We are far away from the coal fields. We have been demanding that the Kalpakkam atomic power station should be expanded. We are also demanding a second mine cut to support a thousand megawatt power station. The total potential of Neyveli will be 2000 million tonnes.

Experience has shown that we should take a bold and telescopic view in these matters. When I ask the Finance Minister who represents Tamil Nadu in the Cabinet, it should not be mistaken that this is an open call for favouritism. In a federal set-up there is always a competition to grab resources. In fact, what I would implore the hon. Minister from Tamil Nadu is to follow the practice that was practised day in and day out by his other colleagues from the States like Maharashtra and Uttar Pradesh. I do remember that during 1971 Andhra Pradesh asked for a central assistance of Rs. 77 crores but it got only Rs. 43 crores. Tamil Nadu asked for Rs. 67 crores and it got only Rs. 60 crores. I would only repeat what the Statesman of June 17, 1971 has said:

"Maharashtra asked for Rs. 38 crores but, for unstated reasons...."

These are the words used by the Statesman.

"...the Centre gave Rs. 49 crores." They asked for Rs. 38 crores but got Rs. 49 crores. So also UP got Rs. 106 crores, the highest amount. So far given, of central assistance to any State in India. The reason is very obvious. The Finance Minister was from Maharashtra and the Prime Minister is from UP. . . .

SHRI DARBARA SINGH (Hoshiarpur): It is the largest State That you forget.

SHRI MURASOLI MARAN Is not this favouritism practised here every day? That is why my request to the hon. Finance Minister to come to the help of Tamil Nadu.

SHRI VASANT SATHE (Akola): What is the population of these States?

SHRI MURASOLI MARAN Let us not go into that Even now they get the largest central assistance

SHRI VASANT SATHE Population is not relevant?

SHRI MURASOLI MARAN: I do not deny it But only the other day, no less a person than Shri K. Hanumanthaiya, a former Cabinet Minister, accused that the South is being neglected in the matter of railway lines. For example, he said that more than Rs. 6.5 crores allotted to Tamil Nadu for development of new railways has been diverted to UP or Bihar during Mr. Mishra's time (Interruptions) Of course, the Minister has refuted it, but that is only for record purposes

I know regarding Tirunelveli-Kanyakumari railway line foundation was laid in 1972 by no less a person than the hon Minister It is due for completion in 1976, but it has not gone beyond the foundation stone

SHRI VASANT SATHE You are spoiling your case by bringing in parochial considerations

SHRI MURASOLI MARAN You are parochial

SHRI VASANT SATHE Even if you have a temptation, you should not

SHRI MURASOLI MARAN Let us face the facts Here, where everybody is parochial, why should I not be? There is no rationale or logic in the allocation of funds I am pleading for

my State and I want my part of India should be developed and enriched.

SHRI VASANT SATHE You say that We will support you But don't say that the Minister belongs to that State, therefore, 'do this'

SHRI MURASOLI MARAN. He should follow the footsteps for his colleagues. This is what I wanted...

THE MINISTER OF FINANCE (SHRI C SUBRAMANIAM) You are not helping me

SHRI MURASOLI MARAN I know the hon Minister is not such a type We all remember the events of 1969.

SHRI VASANT SATHE Actually you are tying his hands even if he wants to do something for Tamil Nadu as in that case the charge will be that he is indulging in favouritism.

SHRI MURASOLI MARAN But he should be bold enough to face that charge like his other colleagues I know the Finance Minister was not of such a kind During 1969 we had drought and the Centre came in a very big way to help At that time Shri Subramaniam issued a statement that everything was green in Tamil Nadu. I could not expect any kind of favouritism If he could not help Tamilnadu, let him not stand in the way of what Tamilnadu should get ultimately Absolutely there is no considerable provision for the three steel plants In the Hindu of 2nd March 1975 the following has appeared

"Work on the three new steel plants in the south has been postponed for the time being because of their long gestation nature, a spokesman of the Union Finance Ministry said to-day"

This has come from the official spokesman of the Finance Ministry The DMK got the steel plant for Salem by using the political leverage during the pre-1971 period when Tamilnadu had no representative in the Central Cabinet I know hon Minister Shri C.

[Shri Murasoli Maran]

Subramaniam is one of the god-fathers of the Salem steel plant. Now it seems that programme has been postponed not only in Salem but in other two southern plants also. I have a doubt that there is a conspiracy to sabotage the southern steel plants. They are, in fact, the commitments of the Fourth Plan. But at that time the expansion of Tatas was never contemplated. Suddenly, a gentleman from Tatas joins the Steel Ministry. Suddenly everything changes in the Steel Ministry. Even though the Tatas have no ways and means and the Centre have to finance the entire operation, that was taken up on principle. This is the thin end of the wedge. As Dasturs and the Consulting Wing of the Hindustan Steel were engaged in preparing the project report of the plants, the job was given to a Japanese firm. Again Tatas wanted to modernise. Government stepped in and the prices were almost doubled. It seems Tatas are in difficulties or they are not in a position to modernise their plants. The straight answer is nationalisation. But you did not do it. You nationalised Indian Iron and Steel Company, but you did not nationalise Tatas, even though LIC and other public finance institutions are holding 40 per cent of the share.

Sir, Mr. Wadud Khan until yesterday an employee of Tatas joined the Steel Department. Then they sabotage the steel plant. Expansion of Bhilai and Bokaro was taken up. I want to put a question. Have you ever examined the comparable figures of expansion of Rourkela and Bhilai? No, because you wanted to please the Soviet lobby. Here, for this purpose Wadud Khan is of very ideal type because he has two faces—once face looking towards the Communist Party—the Soviet Lobby because he was a former card holder of the Communist Party and at the same time as a former employee of Tatas he was looking towards Tatas. The result is that the southern plants are postponed. Very soon, it will be

no wonder if they are abandoned. The General Managers of Vijay Nagar and VIZAG are sitting here in New Delhi for the last two weeks. That is why I want a categorical answer from the hon. Minister, what is he going to do? Is he going to postpone or abandon the southern steel plants? If abandonment or postponement happens during Mr. Subramaniam's period, it will be like the mother strangulating her own child.

Sir, regarding the overdrafts, the southern States are not treated on par with some of the northern States. On 21st February in answer to a question the hon. Minister said 'Giving overdrafts to States are stopped completely. Mr. Mavalankar put a question to which the Minister said: 'No sensible Government will ask for overdraft and even if they ask we won't give'. That was the answer given. There is a news item which has appeared on March 1 which says: 'U.P. and Bihar have run-off overdrafts with the Reserve Bank of India, a Finance Ministry spokesman admitted.' The Minister said that nothing is there on 21st February. This news item continuing says: 'The Reserve Bank of India did not and could not refuse overdrafts to the States because of their political influence with the Centre'. This is from Mail. What happened when southern States like Kerala and Karnataka which wanted overdrafts last year? They were refused. Kerala's cheques were not honoured. They could not pay contractors. They could not even pay their employees.

17.01 hrs.

[SHRI DINESH CHANDRA GOSWAMI in the Chair]

I do not know why the Minister replied like that on 21st February while answering the question. I want a clarification from the Minister, as otherwise, it would be misleading the House.

Regarding food subsidy there is discrimination. From 1969-70 to 1974-75 an amount of Rs. 746 crores have been

spent. This is essentially for wheat. During this year 1975-76 the Ministry allotted Rs. 295 crores for import of food and it is essentially wheat. For import of wheat the subsidy works out to Rs. 55.92 per quintal. In case of indigenous wheat the subsidy works out to Rs. 4.98 per quintal. In the case of rice, this is procured at about Rs. 125 per quintal on an average and this is being sold at Rs. 150 per quintal as against an economic cost of Rs. 148.26, thus enabling the Centre to make a nominal gain of Rs. 1.74 per quintal. They make profit in rice but at the same time they subsidise wheat. So, in these total of 7 or 8 years an amount of Rs. 1141 crores have been spent in subsidising wheat and in importing wheat. It is a very sensitive area. Same concession is not shown to south. Tamilnadu is one of the grips of drought. The Finance Minister knows this very well. We wanted to import food from Thailand; we were told that Thailand is ready to give and even United States can spare some rice but this was denied to us. While you import wheat at huge cost to the exchequer you subsidise wheat, why should you not do that for rice also? For a hungry person food is the first essential thing. We have been told: Change your food habits. It is very difficult to change the food habits overnight. This kind of statement will not be tolerated by rice eaters. I want to put a question: Are rice-eaters treated as second class citizens? At least to create an impression among the common man that they are treated on par with wheat eaters, at least to create the psychological feeling. I would request the Minister, let him use his good offices to import something, let him get a token import of rice from America or Thailand. We have got the Finance Minister from Tamil Nadu after TTK and Home Minister Shri Brahmananda Reddy, after Rajaji. Now we are having Shri T.A. Pai in a very important portfolio. It seems, it is thought that by giving sufficiently higher jobs to these people, the people of South may remain satis-

fied. Sir, we want a legitimate share in the development fund of India. I want to repeat here what Shri Virendra Patil said in the Rajya Sabha. I quote:

If the centre continues its step-motherly attitude and ignores the development of the South, then, in due course, it will have to pay a heavy price for that."

These words may be very familiar to the hon. Finance Minister. These are the words uttered by Shri Virendra Patil in the Rajya Sabha.

Again before the budget was released on 21st February 1975 a news item appeared in the Economic Times. It said that with their successive signs of fond hope, industrialists expect the Union Minister for Finance, Shri Subramaniam's budget to bring cheer to the private sector. In fact, I think the hon. Minister for Finance has not belied their hope. A bunch of concessions has been proposed to them like the restoration of tax holiday, exemption of intercorporate dividends derived from new companies etc. Once again the emphasis is on production and not on social justice. Out of the tax proposal of Rs. 288 crores, 278 crores are due from indirect taxes alone. In fact, he has increased the levy on free market sugar. Why? He has given his answer in part B of his statement that it is with a view to reducing the consumption of sugar for less essential uses and releasing more quantities for export. What is going to be the additional export because of this effort? He further says in Part A, that the export next year will at least be of the same order as this year. Is it not contradictory? I hope the Minister will explain the situation clearly. He says that the price of levy sugar will not go up. It is not so. If will rise and I want him to know that this will earn a profit of Rs. 190 crores for the sugar barons. In fact Mr. Subrama-

[Shri Murasoli Maran]

niam has made a fiscal history by levying 1 per cent advalorem excise duty on everything produced under the sun in India. It is very clear that that is in the nature of a multipoint tax. It partakes the colour of turnover tax also. In India half the goods are produced by the public sectors alone. So, due to the increased cost, the profits of all the public sectors undertakings are likely to be reduced and the multiple effect on price by the proportionate excise duty will be felt next year. I would request the Minister to be selective in this item. He brought all the commodities in the tax net. As Shri Piloo Mody and other said even books have been included in the tax net. I would request the Minister to be selective. In this kind of impost, by putting in an advalorem tax of one per cent, he has eroded into the limited sphere of the States also. Further, from the past several years, almost every year, we have been increasing the excise duty. Whenever the Finance Minister is itching in to raise the excise duty, nobody has said as to what is the effect of the excise duty on the price structure. How much has it contributed to the increase in prices? So, it is hightime that the Finance Ministry should have a call to study the effect of excise duty on the price structure.

The private sector is now very happy because of the concession given by the Finance Minister. For example, the tax concession is already extended to hotels. It is nothing but prevention of priority. We all know that a four crore luxury hotel is equivalent to the construction of 8,000 low cost houses of Rs. 5,000/-each. If you construct a four crore luxury hotel, we are offering the construction of 8,000 low cost houses at Rs. 5,000 each. There are not enough material and financial resources to build both the luxury hotel and 8,000 low cost houses. Sir, in the same logic if we build a luxury hotel, 30,000 poor indians will continue to be homeless. Again if you construct Rs. 4 crore hotel you are postponing 1000 primary health centres. You are exten-

ding the development rebate concession to ships acquired before January 1977. Recently Garden Reach Shipyard Calcutta built a luxury liner at the cost of Rs. 6½ lacs. It means we are deferring building 2 ships for common-man's travel. By the same logic if you manufacture 3 cars at the cost of Rs. 1 lakh you defer production of one passenger bus. If no further distinction is made between luxury and essential production, and between small and large houses or if income inequalities have lost their place in your economic agenda or if public sector is relegated to the background then it is your duty to tell the country. What is the Planning Commission doing? It seems there is Plan holiday. The first year of the Plan has been irrevocably lost. Where is the Fifth Plan? It is not to be seen. Formerly budget was the instrument of Plan implementation. Now, budget determines what the plan should be. Now, we are virtually on a Plan holiday. The only satisfaction is that the Annual Plans are not discontinued. The Annual Plan is nothing but arithmetical addition of allocations in the Central and State budgets. What happened to the proclaimed objects of removal of poverty, self-reliance, zero foreign aid, curbing of monopolies and reducing inequalities? What happened to your much advertised programmes of employment and minimum needs? The allocation is either non-existent or negligible. The special nutrition schemes for slum and tribal children, rural manpower schemes, and national loan-scholarships which have been started by the Centre with a lot of fanfare are now continued by States without any additional Central assistance.

I would say that this budget rings the deathknell of the ideology put across to the people during the mid-term poll. At the end I would say if there is no Plan or if there is Plan holiday then it is the duty of the Government to tell the House and the people about it. I say to the hon. Minister that there is doubt in our mind that South has been neglected. All the three southern steel plants have

been abandoned. You are favouring States like U.P. and Bihar by giving them overdrafts. We have doubts in our mind. Even in your budget you have allocated a lot of resources and have subsidised wheat but that concession has not been shown to rice. I would request you to please clarify about Salem Steel Plant.

SHRI NIMBALKAR (Kolhapur): Sir, I do not know whether I should consider myself fortunate or unfortunate for having to speak after and from Tamil Nadu. But I assure you I will not take the stand of the Shiv Sena. Instead I will try to amuse with a different kind of outlook towards this budget.

Sir, every year my wife and I have a treat on budget day. After hearing the prevailing Finance Minister's speech for an hour or more, I collect my bundle of papers and make a eline for home, as far as possible avoiding everybody. My wife greets me with a bundle of newspapers dated previous year's 1st of March. In them I read the comments made by my prominent and not so prominent colleagues on this and that side of the House. With due respects to them all, I thank them for providing yearly material for hilariousness. Without wanting to ridicule anyone, Sir, after a period of one year not only do the assessments prove mostly inaccurate but also sometimes farcical. It is as if the mischievous press reporters set us a trap every year, and year after year some of us fall into that trap just to satisfy our vanity and see our names in print! Nor are we, Parliamentarians, alone in this the so called financial experts are, if anything, even worse! Whereas the comments of the politicians run along expected lines—the Opposition having a dig at the Government; the Congressmen thinking that under the given circumstances, no Finance Minister could have done better—the experts insist on predicting with actual figures, which prove hopelessly wrong! For instance, last year the Finance Secretary of the Department had the gumption to say that the budget will affect prices only to the extent of $\frac{1}{4}$

per cent! He went wrong by a full century—if he had said " $\frac{1}{4}$ century" he would have been more correct, for the prices actually rose by 25 per cent.

On budget day, Sir, I take the entire family to a treat to whichever happens at the moment to be our favourite restaurant, since we know that it will be the last meal we can have there before the prices go up further and the quality of food deteriorates!

I there are heavy taxes on cosmetics, Sir, then on the way home from dinner I choose the most opportune moment to tell my wife, with the best smile I can muster, that she looks best in natural colours! This year, however, since my wife was present in the galleries to listen to the budget, she was able to surprise me by returning the compliment. "Well" she said "I know the prices of shaving cream and blades will be also up this year, but I think you will look quite all right even with a beard!" Well, Sir, much as I am thankful for a considerate wife and much as I enjoy and respect the friendship of both the Speaker and Shri Chandrasekhar, growing a beard is not exactly my cup of tea!

SHRI VASANT SATHE: That has also become costlier now.

SHRI NIMBALKAR. Speaking of tea, Sir, that is "the most unkind cut of all" Just as the French would not like their wine prices to go up—they consider it a staple drink—so, nothing could hurt the Indian people more than the taxes on tea. I would like to remind the Finance Minister that once for raising the price of beer by only one penning in Bavaria the people of Munich actually revolted. I can only hope that this tax will bring about no more than at the most a storm in the tea cup!

At least one State has come round to realise the wisdom of the kind of taxes I have always proposed, and I am thankful that my own State of Maharashtra is giving the lead in this. It is raising tax for its full-employ-

[Shri Nimbalkar]

ment programme; it may be described as a "need-based tax". Unfortunately, including the salaried class also in this is a move in the wrong direction. But one thing is certain that Maharashtra's full employment programme will only succeed if other States also join it, and this can only happen if the Centre takes interest not only by providing funds, even more funds, but also by persuading other States to adopt similar moves. The same thing applies to the monopoly procurement of cotton programme. The Maharashtra Government would do well to have the nearby States like Karnataka, Andhra Pradesh and Gujarat follow the same policy. Only then will they succeed. Here again it is the Centre that must take the initiative in uniting the States for this purpose.

Some people have been wrongly impressed, in my opinion, by the unprecedented increase in the tax collection of 1974-75. In money terms, the Centre's tax revenues rose by 27 per cent over 1973-74. However, the average rise in prices between 1973 and 1974 has also been of the order of 27 per cent. Since from December 1973 to December 1974, the rise amounted to 19 per cent, even with the most optimistic estimate, the real increase in tax revenues can be just about 8 per cent. This period also saw a rise of 3 to 4 per cent in the yield of the new levies, although it is as high as 12 per cent in money terms. However much any Finance Minister may use his fantasy in inventing the new taxes, the fact remains that in 1965-66, the Government had virtually exhausted many new avenues for raising taxes. It should, therefore, be obvious that tax revenues can now be increased by only raising industrial output. The fortunate part of it is that the outlook for this is by no means bleak.

Deplorable as it is, ever-increasing reliance continues to be placed on indirect taxes. The percentage of share of indirect taxes to the total tax revenue of the Central Government which was 56 per cent in 1950-51, was

71 per cent in 1965-66, and is bound to be about 82 per cent during 1975-76. Correspondingly, the direct taxes were 44 per cent in 1950-51, 29 per cent in 1965-66 and only 18 per cent during 1975-76. The compound growth rate in total tax revenue between 1974-75 and 1950-51 works out to 11.58 per cent, the corresponding growth rates being 7.63 per cent in direct taxes and 13.32 per cent in indirect taxes. Between 1950-51 and 1960-61, the compound growth rates of direct and indirect tax revenues were 5.27 per cent, 10.18 per cent and 8.27 per cent respectively. The corresponding growth rates in the 1960s were 11.6 per cent, 14.55 per cent and 13.61 per cent respectively. I have always maintained that indirect taxes invariably raise the prices of commodities and therefore, turn out to be a huge burden on the very poor in our country.

Naturally, the textile industry feels very much let down because of the taxation proposals which burden that industry to the extent of Rs. 49.10 crores. The increase in the compound levy on powerlooms is Rs. 200; that means from Rs. 10 it has gone up to Rs. 200. I do not know whether it is intended to destroy this industry altogether. I must request the Finance Minister to reconsider this aspect of it. Also industry is going to produce less cloth. There seems to be a pragmatic approach where rationalisation is concerned. Some realistic measures to accelerate the growth of investible savings which might produce the answer to the problem of rising prices, inflation and shortages have been introduced, though the budget to some might appear on the whole to be growth—and investment—oriented. I must say that ultimately if I have to pass any final criticism on this Budget, it is that it amounts to being neither fish nor fowl.

SHRI SATYENDRA NARAYAN SINHA (Aurangabad): The House knows that we are passing through a severe economic crisis. Prices have no doubt come down a little in the re-

cent past few months but the Economic Survey has cautioned that it should not generate a sense of complacency that inflationary pressure had been contained. The Finance Minister has also referred to this in his budget speech. He had stated that inflationary pressure had only been curbed but it has not yet abated. Against this background the Finance Minister was required to present the budget proposals before the House. As I listened to him I must confess that it appeared to me to be a refreshingly new approach to problems. The tone and tenor of the budget speech was different from that of his predecessors' but basically the strategy and the measures to combat the problems facing our economy are the same.

The Finance Minister has rightly accorded priority to energy and agricultural production, because agriculture accounts for almost one half of the national income. He has provided a large allocation for agriculture and he has expressed the hope that productivity would be increased and sustained at a higher level. I am sorry I am unable to share the optimism expressed by the Finance Minister. He was also Food and Agriculture Minister. He should know the snags in the way of increasing agricultural production. In the Budget speech he says that the causes of the sluggishness in agriculture had been analysed but he has not taken the House into confidence. May I ask: why is it that we have not yet been able to achieve self-sufficiency in agricultural or food production? You will remember that since 50's, ever since we embarked on planned development we have been emphasising the need for self-reliance in food production. We were assured that we would be reaching self-sufficiency by the end of the Second Plan. But even after 25 years of Independence, the beginning of the second year of the Fifth Plan, we are still far behind the goal. Why is it that we have failed? Is it not a fact that those failures are responsible for causing a certain amount of cynicism in us and do not inspire confidence and hope in the premises made by the Government?

The Finance Minister has made large allocations for agriculture. It was Rs. 193 crores this year, in the budget for the coming year, we are going to have Rs. 270 crores. But mere allocation of large funds does not convey an assurance that the tasks set before us will be fulfilled unless we made effective institutional changes in our framework; so long as these changes do not take place, the fear is that success will continue to elude us. Mr. Indrajit Gupta while commenting upon the budget proposals and programme for agricultural production also referred to the need for bringing about structural changes. He emphasised the need for speedy implementation of land reforms. In my State I know that almost all the legislations to bring about structural changes in the rural sector were passed more than 15 years ago but they have not yet been implemented. The result is that the benefits and facilities that are provided by Government are availed of by the affluent, the more resourceful of the farmers to the detriment and neglect of the smaller farmers; there is thus sluggishness in agriculture.

Secondly, the State machinery also has failed to provide the required inputs in time. Thirdly, the instrument of execution is rusty. We cannot afford to take an ostrich like attitude towards the problem of corruption which has rendered the instrument inefficient. We have got to see whether the administrative apparatus is a fit instrument to execute the programmes that we are taking up. If bureaucracy is not imbued with the same spirit, the results are difficult to achieve. They will present the greatest bottlenecks in the matter of achieving higher production or greater results.

So, while on the one hand I appreciate the determination of the Finance Minister to revive the economy; I should like to remind him that he must also look to the apparatus through which he wants to execute the schemes. Is it not a fact that Government's cash programmes involving massive expenditure had ended in

[Shri Satyendra Narayan Sinh]

crash? Is it not because of this that the response of the people to the budget proposals is not enthusiastic, but hesitant, cautious, if not incredulous. Therefore, my submission would be that it is time that the Government should get the top most priority. I find changes that should be brought about in the social structure and economic structure so that whatever plans are formulated are executed without dilution of the noble ideals and objectives set before the country. With regard to agricultural production, I should like to make one more submission. In the order of priorities, I should like to make the suggestion that irrigation should get the top most priority. I find from the budget speech that it is being proposed that each year a million hectares of irrigation potential should be created. My personal experience is that if we concentrate on minor irrigation, they give quick results. The strategy of having cluster of tube wells had yielded good results in the past. There is need for taking up this programme if you want to provide irrigation facility in a short time.

The Finance Minister has provided for a plan outlay of a bigger size, 17 per cent higher than the current year's plan. This is an indication of his earnestness to impart dynamism, to the stagnating economy. This is as it should be. But, Sir, we should look to the content of the plan, its potentiality. In order to judge whether this Plan is going to help solve the problems facing the country, we have to see what is the potentiality for raising the GNP. Secondly, we have to see to what extent this is going to generate employment potential. We are all aware that unemployment problem is becoming acute. Due to the rise in prices and depreciation in rupee value, I think, the number of persons living below the poverty line must have gone upto 55 per cent. It is to be seen to what extent this Plan is going to generate employment potential and tackle the unemployment. Thirdly, to what extent these Budget proposals are going to reduce the gap between

the rich and the poor. As far as I have been able to see, I do not find that these Plan proposals pass the tests enumerated just now. So far as the production aspect is concerned, I have already said that there is need for institutional change in the frame work. Secondly, with regard to industrial production, although the industrial production has registered some increase, but I am afraid despite the concessions given by the Finance Minister, the capital market has not been activated yet. And I do not know whether the kind of climate for savings and investment which the Finance Minister wants to create, will be created. But with regard to reducing the gap between the rich and the poor, Mr. Chairman, you will note that we will have to look to the taxation measures. This year the Finance Minister has not taken recourse to direct taxation but in order to finance the Plan of the size of 5,900 crores and odd he has had to take recourse to indirect taxation. Since 1956, we have been depending far more on the indirect taxation. The problem has been: how you are going to control the prices, contain inflationary pressure and generate requisite climate for productive activity. I am afraid, the taxation measures are bound to affect the prices. The Finance Ministry spokesman has said that they are not likely to affect the prices and the items which have been taxed account for only 11 per cent in the total price index. But they have ignored the effect of the chain reaction. And, I would submit, Sir, that the Finance Minister has to be very very careful in ensuring that the prices do not go up. With regard to some of the items which have been brought into the tax-net this year, I would refer to the innovative taxation measure to levy 1 per cent on unspecified items produced by factories employing not less than 49 persons in the case of power operated factories and more than 99 workers in the case of non-power operated factories. It has been referred to by Shri Piloo Mody and Shri Indrajit Gupta that this taxation measure will also hit hard the publishers of books. You are

virtually going to tax knowledge and education. We are already far behind in the matter of education. If you are going to levy excise duties on books, you can appreciate the hardship that will be faced by the school-going and college-going children. I submit for the consideration of the Finance Minister that books should be exempted from this tax.

Regarding khandsari, I am told that compounded levy has been given the go-by and they have been taxed as other products. This has resulted in the closure of some of the khandsari factories and 12 lakhs of persons have been thrown out of employment. I invite the hon. Minister's attention to this question also.

The Finance Minister has said that his attempt has been to contain inflationary pressure. The new imposts are going to put up prices. There is no significant reduction in the expansion of money supply, as I find from the papers supplied to us. Deficit financing of the order of Rs. 540 crores is already there because we owe to the Reserve Bank Rs. 540 crores during the current fiscal year and this has to be covered by resort to deficit financing. There is no provision for payment of the additional DA instalments which have already fallen due. The Finance Minister said, he is going to hold discussions with representatives of the employees. But my fear is, unless the prices are brought down and the essential commodities are made available to the employees at controlled prices and the public distribution system is strengthened, you will be taxing the patriotism of the employees too much. And if you have ultimately make provision for additional DA, the deficit shown in the budget would become much greater and again you may have to take recourse to deficit financing. And, again the prices will go up, upsetting all calculations. If you fail again and there is deterioration in the economy, the political consequences will be grave. My friends are obsessed with Jayaprakash Babu and his movement. You

do not realise that Jayaprakash Babu is in a way strengthening your will to tackle the problems which are confronting the country. You are not able to deal with your colleagues against whom there are allegations of corruption. You are not able to tackle the administrative machinery which is corrupt. Jayaprakash Babu is doing nothing more than trying to strengthen your will to act, and by awakening the people's power and organising it, he is enabling them to tackle the problems effectively, if you fail.

AN HON. MEMBER: On which issue?

SHRI SATYENDRA NARAYAN SINHA: On those very issues which are confronting the country today and causing hardships, on account of which the people have risen in revolt against you. You cannot take an ostrich like attitude towards these problems and simply say, these are reactionary people and they are subverting democracy. You must meet them squarely on the political ground and take steps, so that we do not go on suffering any longer. Otherwise, the political consequences will be very grave for you.

SHRIMATI MAYA RAY (Raiganj): Mr. Chairman, I rise to support this Budget. As I walked into the House this afternoon, I found the hon. Member Mr. Piloo Mody holding the floor of the House—and holding forth. He was the personification of wind and fury signifying nothing. Of course, I must confess that I do not belong to the category of cynics and those prophets of doom like Mr. Piloo Mody or for that matter, Mr. Indrajit Gupta. I found the content of Mr. Piloo Mody's speech to be entirely political. If he wished this forum to be used for only political speech, he has certainly achieved just this. But if it was to discuss economic issues, it was absolutely and completely negative with no content at all right up to the end, quite empty. In all other demo-

[Shrimati Maya Ray]

cratic institutions, the opposition is a responsible opposition, and they have a shadow Cabinet. That shadow Cabinet earmarks personalities who deal with specific subjects and issues so that when that party comes into power, those subjects and those policies are implemented straightway. That is how a democracy works and that is how we wish our democracy to work too. Unfortunately, what do we see here? There is not a single policy, foreign, economic or any other on which they are united and have a positive programme to offer.

During all these days, we have been hearing Jaya Prakash, Jaya Prakash, Jaya Prakash. I do not believe in "has-beens" anywhere; I look to the youth for the future; I believe in it their and their leaderships, and I look forward, not backwards towards people who have had their chance in life and who in any case belong to an era which died out long ago. All I do is to read what he has to say and all that I see is that there is not a single positive economic policy or any other policy that is put forward. There is no policy of any sort that he has to offer. All that is propagated is violence, more violence and agitations which has already cost one life.

But then again Mr. Piloo Mody was wrong in his fact. He said that the Congress Party was never in the Opposition. Well, Mr. Chairman, the Congress was in the Opposition in West Bengal and we had a massive majority of 218 opposing us with only 35 of us after the split, 35 in the Congress opposition and 218 in the then ruling party. What did we see as a result of that? We saw the same thing. There were "words not deeds" before they came into power; there were "words not deeds" after they came into power. And by that experiment which has already taken place, I would say that the country has been retarded, at least my own State has been retarded, for at least

15 or 20 years in the economic and developmental field.

Now, I do not think that it is really profitable to spend too long a time on Mr. Piloo Mody's political content. As I said, his entire speech was negative and not productive, there was nothing positive about it, if I may say so—I must thank Shri Indrajit Gupta for lightening my task, because he quoted Mr. Pai. I was going to do the same. I agree with him. Mr. Pai was entirely correct when he talked about the working of the nationalised banks. I myself had experienced this because when I had gone to get loans for schemes for the unemployed youths. I had to go from pillar to post and from "Caesar to Caesar", and yet the Government is not taking notice of this predicament. There is a proverbial saying in Bengali which says: "Teles mathai Tei".

That is to say, those who have already credit and affluence get further credit facilities. But when it comes to these schemes for unemployed youths, security is required. Where are these boys to get their security from? That is something that I would request the hon. Minister to look into. It is not a question of divergence of statements between one Minister and another. It is a question of the working of one part of his Ministry, which I would beg of him to look into, because we had already taken this matter up with his predecessor, but nothing has improved.

Again, Shri Indrajit Gupta might have mentioned the fact, when he was talking about the Central Government employees, that there are State Government employees also who are faced with similar problems. Why should there be a disparity between the salaries and the dearness allowances of the State Government employees and those of the Central Government employees? I just do not know why. But the fact remains that these differences do exist, and this is another factor which I

think the Ministry of Finance should look into, because I feel that the State Government employees are doing the same type of work, they are also the limbs of the Government, they are there to implement the policies of the Government in power. So, I do not see why there should be this disparity in emoluments between the Central Government employees and the State Government employees. This disparity should be removed. Therefore, I would again earnestly appeal to the hon. Finance Minister to look into this as a whole. I think Shri Indrajit Gupta might have mentioned this, instead of sticking to the topic of allowances of the Central Government employees only.

Coming to the budget, there is no doubt that the Indian economy is facing the most difficult period. The Fourth Plan has terminated with shortfalls, with enormous shortfalls, in a majority of the Fourth Plan objectives. The trend for 20 years has been of an average economic growth of 3½ per cent, instead of over five per cent which was aimed at. Coupled with this, we have a population growth, which has kept a steady pace of over two per cent, along with the shortage of food, mounting inflation and, of course, last, but not least, the detrimental impact of the rise in oil prices.

Therefore, the economic situation has to be viewed in the light of two aspects—short-term problems and how they are to be solved and the long-term problems, keeping in view the potentialities of the Indian economic situation. I, therefore, do not for a moment envy the Hon'ble Finance Minister for having to deal with the economic management of this country at this particular juncture, and I do not minimise his difficulties one bit. He has to deal with short supply and equitable allocation in the background of shortfall in every sphere; and not to say the least, he is besieged with chronic developmental problems common to all developing countries.

Therefore, the strategy that we need is strong emphasis on food and agricultural production, along with rapid industrial growth in core sectors such as fertilizers, coal, steel and power. At the same time, he must not forget the maintenance of the economic services such as transport, power, generation of employment which has reached ignition point and which I have which I have mentioned time and again on the floor of this House.

While dealing with incomes of the populace; I want to say that it does not consist of merely Government employees; there is a vast world outside, apart from the hard core of the administration, and their incomes have to be looked into. At the same time, there is also the question of improving the quality of the human resources through, for example, family planning processes. These are the broader development issues which he has to deal with.

Coming to the present budget, I must admit that there has been a reflection of the need for focussing economic management on problems of production and distribution, while encouraging both public and private enterprises by giving incentives for home consumption as well as export. Nevertheless, I have some basic complaints to make against this budget. There has not been sufficient particularisation or emphasis about priorities. The incentives that have been offered are half-hearted and diluted and the emphasis on export has not been sufficiently high-lighted.

The time at my disposal is short. I have already been told that I will get ten minutes; may be, with your indulgence, Sir, I can extend it to fifteen minutes. But since the time available is short, I will stick to some salient points to which I wish to draw the attention of the hon. Finance Minister.

The increase in Plan outlay for 1975-76 by Rs. 420 crores which

[*Shrimati Maya Ray*]

roughly works out to 20 per cent, over the revised estimates of the previous year, reflects the determination of Government to maintain the level of real investments.

As far as the agriculture is concerned, I would say that there is a vague attempt to give priority to Agriculture including seeds, fertilizers, irrigation as well as to the energy sectors. The largest increases have gone to petroleum. The amount allocated for this sector is roughly Rs. 110.0 crores, for Coal-mining Rs. 88.0 crores, for Fertilisers Rs. 84.0 crores and compared to these sectors agriculture has only received Rs. 77.0 crores.

Now, this is where I join issue vehemently. The Government while recognising the extreme urgency for our economy to give a booster to the rural sector, once again follows the same trend of twenty years which we find tearing its ugly head in demoting this sector. Why is it that where between 70 per cent of population—and nearly 90 per cent of the population is dependent on agriculture—the Government thinks fit to divert only 3.9 per cent of the total plan outlay by way of investment in this sector? Whereas industry which supports only 18 millions in the organised sector accounts for 48 per cent of the total plan outlay and Mr. Indrajit Gupta helps it organising them. What is, or can be the continued justification for heavier investment in industrialisations? Why are our priorities so imbalanced? Has not the Government yet recognised the need to raise the living standards of our rural masses? The demands of the organised sector are insatiable because they are vocal and they can pressurize while 70 per cent of the population—I am talking of West Bengal, I do not know about other States, it may be 50 per cent or 60 per cent—are living below the poverty line. The tribals, the Scheduled Castes, the backward classes in the villages cannot speak for themselves,

for they are not organised, and they are not vocal and are unable to move the Finance Department which stands firm on this issue like the Rock of Gibraltar. Added to this the fiscal policy in the way of indirect taxes hits them really hard because their purchasing power is the lowest. Therefore I would beg again of the Finance Minister to revise his decision on this. This is not an empty criticism that I am making and I shall show you why.

The revised estimates for the year 1974-75, for Agriculture, was lower by 21 per cent as compared to the Budget Outlays for that year. Now, this year the share of the agriculture excluding fertilisers remains a meagre 3.9 per cent. It is only the allocation of Rs 291.0 crores for 1975-76 for fertilisers which works out to 11.3 per cent. That pushes up the overall percentage of the total outlay in regard to Agriculture. Therefore, on a first reading, it appears as if high priority is given to Agriculture. But this is not so and there is no eventual solution to the vital rural economy. Added to the shortfall of 21 per cent is a 22 per cent rise of inflation which is still on the increase and it is on the increase because we see no signs of it letting up. What therefore is the actual picture on Agriculture? And yet the Finance Minister says in Part-A, page 5, paragraphs 2.10 and 2.12, and I quote:

"2.10. I wish to submit that the important feature of this Budget is a clear-cut identification of these twin priorities—food and energy with the supporting facilities—and the earmarking of adequate funds for the development of these two sectors in the first instance before taking up the claims of other sectors."

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I will not read out the rest. Then, I come to paragraph 2.12. I quote:

"In striving to stimulate production in areas of high priority, we have not lost sight of two other equally important considerations—one relating to the human and geographical aspects of production, and the other, to the proper distribution of the goods produced. The needs of relatively weak producers and backward regions will continue to receive special attention and support."

How? There is complete vagueness on this. How are these statements compatible with the figures that he produces and those we get from the Explanatory Memorandum?

I am not going into break-down of figures. I have them here. Figures are always very boring. But I can assure the hon. Members that they are to be found in the Explanatory Memorandum. That is from where I got the break-down of them.

The faces of poverty are multifarious. Sir, unemployment, under-employment, inequality in income distribution, these are the many facets of this hideous evil. The problem of removing this evil is synonymous with the problem of development and this problem has been with us for the last 27 years, since the birth of this nation, as a free and independent country freed from the shackles of British imperialism. It is in this context that I say that this Budget has not gone far enough in regard to agriculture.

The second disappointing feature of the Budget is its failure to provide additional dynamic and imaginative incentives for exports and failure to provide for improvement in capacity utilisation. Do we not realise that we must sell in order to survive and sell like mad? There should be a cut-back on all home consumption and in all luxury items. What percentage of the population in this poor country of ours is privileged to choose

their own brand of shampoo or soap or toothpaste, etc.? And why do we bother about them in the context of their contribution towards the development and upliftment of our vast millions?

This is a war that we are facing, as great and devastating a war, as when we face territorial aggression. In fact, it is more insidious for it is camouflaged in complacency. We have been hearing speeches from the Opposition side. They have nothing to suggest except doom. Therefore, we should go all out to produce for export. This will generate the much needed employment. This is something I have been saying time and time again. Our human resources are very great. They need to be channelised and harnessed. Give licences, finances and all facilities, freely at every level, and bring about a radical change in our export policy.

The export incentives declared during the last two years have failed to have any real impact and, in terms of Volume, Indian exports have increased by only 4 per cent per annum. I have got it from authoritative sources, the Abstract of Statistics and other books. Immediately one speaks of export, Sir, one has a picture of various people going globe-trotting all over the world and coming back to give us that miserable 4 per cent increase in exports. Therefore, clearly incentives of a more concrete form have to be stepped up along with home consumption curbs within the domestic market.

Then, I was going to talk about capacity utilisation. This country has no option—I realise it—but to draw heavily from the International Monetary Fund oil facility and to purchase oil on deferred payment terms. The long-term remedy lies in improving output and our export performance of which I have already spoken.

Of course, there are silver linings to the budgetary clouds but I do not think I have time enough to pay any

[Shrimati Maya Ray]

compliments to the hon. Finance Minister. If you would like me to sit down, I shall do so, Sir. . . .

SHRI VASANT SATHE. Not before you say something about that.

SHRIMATI MAYA RAY: I would say, there are some silver linings to these budgetary clouds because the Government have extended several concessions to promote investments and to infuse new impetus into the sagging capital market. For instance, the liberalisation of provisions of the Dividend Restriction Act; extension of tax holiday concession for another five years after March, 1976; exemption from income-tax on dividends earned on inter-corporate investments in priority industries such as fertilisers, pesticides, paper and cement, exemption from wealth tax of equity shares in new companies engaged in priority sectors

There has been a Press criticism of the decision to raise the taxation incidence on closely held firms. This will affect only those Indian firms which are controlled by family groups and the majority of foreign-controlled firms. This, surely, has been designed to expedite the progressive dilution of foreign shareholding to a level of 40 per cent as required under the Foreign Exchange Regulation Amendment Act, 1971

Similarly, the Government's decision to relax restrictions on declaration of dividends in excess of 12 per cent is consistent with the basic intention of the Restriction on Corporate Dividends Act, which was to contain inflation through immobilisation of incomes for a specified period.

These are the better aspects of the picture. There are other features also in the Budget which show a real anxiety on the part of the Government to deal with such acute problems

I do not think you, Sir, want me to pay any further compliments in view of the time running out

MR CHAIRMAN: You leave it to others

SHRIMATI MAYA RAY: With these few words, may I thank you, Mr. Chairman, Sir, for the indulgence that you have shown me, and once again, I support this Budget?

MR. CHAIRMAN: The House stands adjourned to reassemble tomorrow at 11 00 a.m.

18 08 hrs.

The Lok Sabha then adjourned till Eleven of the Clock on Thursday, March, 13, 1975/Phalgun 22, 1896 (Saka)