

(vii) Need to include Jahanabad District, Bihar under intensive employment scheme

[Translation]

Shri Ramashray Prasad Singh (Jahanabad) : Mr. Deputy Speaker, Sir, some districts of Bihar have been included under the intensive employment scheme by the Central Government under the new developmental scheme but Jahanabad district, which is sensitive and affected by terrorism has been excluded from it while the main district, Gaya, has been included in it.

Therefore, my submission to the Government is that Jahanabad district should be included under the intensive employment scheme and special developmental fund should be disbursed on this most sensitive district to curb terrorism so that the youth are not allowed to terrorism and mass killings could be stopped.

(viii) Need to Ensure full Central Assistance the Post Matric Scholarships to SC/ST Students for Kerala State

[English]

PROF. SAVITHRI LAKSHMANAN (MUKUNDAPURAM): I wish to draw the attention of the Government towards inadequate Central assistance for the post matric scholarships for SC/ST students. Though this scheme is called a one hundred percent Centrally sponsored scheme, the Kerala State gets only a small portion of the total expenditure as Central assistance. This is because of the fact that the level of expenditure under the scheme reached by the end of the Seventh Plan is treated as the committed liability of the State Government. The expenditure over and above the level reached

by the terminal year of the VII Plan (1989-90) is only given as Central assistance. As such, the Kerala State Government is spending a good amount under this scheme.

The scholarship paid under the scheme constitute a new expenditure every year, in that the beneficiaries (students) are either new or studying for a new course. As such any committed expenditure does not seem to arise under the scheme. In view of the above, I urge upon the Government of India to ensure full Central assistance for post matric scholarships to SC/ST students for Kerala State.

12.44 hrs.

FINANCE BILL 1994- CONTD.

[English]

MR. DEPUTY-SPEAKER: Now we shall take up item no. 8 - Finance Bill. The time allotted for this item is ten hours. The consumed time is 3 hours and 55 minutes. The balance time is six hours and five minutes. Shri Nirmal Kanti Chatterjee was on his legs. He may continue his speech now. (Interruptions)

SHRI AMAL DATTA (DIAMOND HARBOUR): Sir, the Finance Minister is not present in the House. How can Mr. Chatterjee start his speech?

SHRI TARIT BARAN TOPDAR (BARRACKPORE): Sir, how can he speak in the absence of the Finance Minister? (Interruptions)

SHRI AMAL DATTA: Sir, how can he speak? There is neither the Minister of Finance nor the Minister of Parliamentary Affairs and there is nobody. This can not be tolerated.

SHRI BASUDEB ACHARIA (BANKURA): Where are they?

SHRI SUDARSAN RAYCHAUDHURI (SERAMPORE): Let the Finance Minister come to the House.

SHRI TARIT BARAN TOPDAR: Sir, you adjourn the house till the Finance Minister comes.

MR. DEPUTY SPEAKER: Let Shri Nirmal Kanti Chatterjee continue his speech and the hon. Minister of Parliamentary Affairs will note down the points.

SHRI TARIT BARAN TOPDAR: Sir, Shri Nirmal Kanti Chatterjee will not speak. You adjourn the House till the Finance Minister comes.

MR. DEPUTY SPEAKER: Now, the hon. Finance Minister has come to the House.

SHRI NIRMAL KANTI CHATTERJEE (DUMDUM): Sir, as they say, better late than never. That can be one of the things of my concluding statement also.

Firstly, I should express my grateful thanks to you for calling me so early in the day.

When we discuss the Finance Bill, we try to evaluate it as a part of the Government of India's receipt budget which itself is a part of the Government's collections at the Centre. Naturally, that also is a part of the entire economy. Now, we try, therefore, to assess this Finance Bill, how it handles the problems of the economy, what the content of the Finance Bill is and what is the style that is there in the Finance Bill. Now, before this, the House should be reminded of that even without the Finance Bill, already there has been a collection of Rs. 4300 crores through

administrative prices under the Railway Budget. Now, we are at the third stage of the discussion.

Now, it is the third stage and not the final stage. Towards the end of the financial year, there will appear the fourth stage -- Supplementary Demands for Grants. In between there will be plenty of half stage and quarter stages in terms of notification and also raising administered prices. There will be perhaps the final stage at the next year or even after that in terms of excess spending by the Government of India which has to be approved by the Public Accounts Committee and finally approved by the House.

Through all these, I must begin by saying that this Finance Bill makes me feel very sad because this is the reflection of what should not have happened but has happened. From a competent man there is a complete loss of grip over the economy. And the consequence of any loss of grip is fully reflected in the budget proposals in terms of heroic assumptions being made, in terms of claims which are daily becoming taller and which are disapproved the next day.

But, Sir, this is personal - a competent person having fallen among Congressmen.

AN HON. MEMBER: Among the hungry wolves.

SHRI NIRMAL KANTI CHATTERJEE: The country will not look at his task in terms of the facts, the country will look at it as an expression of something very dangerous, something very irresponsible from a person whom they considered very responsible in other fields of life.

The present Finance Minister's starting trouble is with the Revised Estimates. I

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made a mention of this while speaking on the General Budget. It is expected that revised estimates should be the starting point of what is anticipated in the next year. In fact, I have the suspicion that has been the reverse. The policy decisions, wherever they come from, the approach, whenever it may have fallen, is decided first and the Revised Estimates come as a conclusion that this should, therefore, be fixed as the starting point. What justifies the statement of mine? I have three sets of paper relating to three years of his budgeting and the Revised Estimates. The Actuals never been any resemblance with the Revised Estimates. This is true for all the years that he has been presenting the budget, excepting the initial one, for which his responsibility, of course, is partly and not wholly, I shall illustrate this. In 1991-92, the Actuals of Revenue Receipts were less than the Revised Estimates, the Capital Receipts were less than the Revised Estimates and obviously the total receipts were less than the Revised Estimates. For 1992-93, the situation is fantastic. Revenue Receipts are less even than the Budget proposals. After the CAG presents its report about the Excess Demands, they may comment on this also. What the Actuals will be, we do not know. This is true for tax revenue, this is true for non-tax revenue, this is true for Capital Receipts, and, therefore, this is true for total receipts. For each of these items, the Actuals are less than the Revised Estimates presented earlier. This year's Revised Estimates present a fantastic picture. For 1993-94, the Budget Estimate for corporation tax was Rs. 10,500 crore. Imagine the precision of the Finance Ministry officials, the Revised Estimate is exactly Rs. 10,500 crore

In the income-tax the Budget Estimate is Rs.9,500 crore and the Revised Estimate

is exactly Rs.9,500 crore. It is the Budget Estimate and the Revised Estimate. What does not dispute yet is that the actuals will be none of them. That is what the record shows: nothing else. I am basing on record. The Budget Estimate for the interest tax is Rs.900 crore and the Revised Estimate for it is Rs.900 crore. (*Interruptions*) The Revised Estimates have been doctored to suit certain assumptions and certain proposals for 1994-95 Budget. These cannot be trusted.

Sir, it is not merely that. It does not end there. The end is, the proposals of the revenue expected in 1994-95 are on the basis of these Revised Estimates. We all know that in the course of the Budget proposals the Finance Minister has sacrificed certain revenues. That is there in the Budget speech. Now take that into account - the level was Revised Estimate. You deduct it from what he was sacrificed according to his own statement. I will give you the figures.

On the customs duty, he has sacrificed Rs.2,282 crore from the Revised Estimate of Rs.22,500 crore. He says he will collect Rs.25,200 crore in the year 1994-95. Can you imagine what the jump it implies? It is a jump of 25 percent in export which will permit him to collect this amount. Let us know the other figures. On the direct taxes he has postulated a Revised Estimate of Rs.10,500 crore and according to his Budget Estimate he has sacrificed Rs.1,375 crore. He proposes to collect a revenue just 37 percent higher, in the course of the year. And he says he does not take into account these adjustments. I talked about the corporation tax. He is expecting a growth rate in the corporate activity of the level of 37 percent. If these are not heroic assumptions, I do not know what these are.

In the income-tax sacrifices Rs.1,075

crore. He has postulated a growth rate which is whopping 30 percent. In the expenditure tax he has sacrificed Rs.95 crore out of a Revised Estimate of Rs.190 crore. That is, he has collected only Rs.95 crore and he expects after his concessions, to collect Rs.210 crore, a whopping 150 percent rise for this year. (*Interruptions*) Sir, the Finance Minister is smiling. He is a hero. He is entitled to search heroic assumptions. On the excise duty and customs duty he has become a bundle of contradictions. He answered Shri Vajpayeeji in a different context.

13.00 hrs.

"Why are you not seeing that we are having an almost even balance of trade, zero balance of trade?" And here he postulates a growth of 25 percent in customs duties. His export assessment is, he has achieved a lot on the first 11 months in the last financial year which was 20 percent. He was very happy to say that the imports have not increased. It is obvious. Of course, we know that no sooner he makes a claim the facts disprove him and in the month of March already imports have grown to a fantastic proportion to belie his statement of a zero balance of trade deficit. This is the kind of situation that he has landed himself in and he wants the country to be guided by him in his downfall:

Sir, I have said that the projections are impossible which only means that the revenue collections will not be that much. If the customs duty has to go back, our balance of trade will pose a problem for him.

SHRI BASUDEB ACHARIA: Sir, let us adjourn for Lunch because he will take some more time.

SHRI ANNA JOSHI (PUNE): Sir, you

are allowing him to speak for more time and you will ask us to wind up in 10 minutes.

MR. DEPUTY-SPEAKER: I do not make any discrimination. I am really impartial. But Mr. Anna Joshi's eyes are always on me.

Mr. Chatterjee, kindly complete it withing five minutes.

SHRI NIRMAL KANTI CHATTERJEE: Sir, he has a thesis also behind his case that if you lower the rate, you get a higher collection. And we shall discover that even that has not happened. As he has lowered the taxes, his Budget Estimate was higher for customs duty collection and he is postulating a lower collection after reducing the customs duty. That is true for direct taxes also. He has made a claim, "Why do you not see that the proportion of direct taxes to indirect taxes have grown up?" This is another indication of a superficial view of the situation. The fact is, he is giving the 1993-94 figure. For direct taxes he has refused to change, but he has lowered the estimate for cusotms duties and excise duties. It is that relationship which has permitted him to see that direct taxes stand a higher proportion in his total tax collection.

Sir, I wili come to other superficiliaties now. If you want to adjourn the House for Lunch I am prepared for that.

MR. DEPUTY-SPEAKER: I want you to close your speech. The time remaining for you is five minutes.

SHRI NIRMAL KANTI CHATTERJEE: That is what I cannot do. I will take some more time, with your permission.

MR. DEPUTY SPEAKER: Kindly conclude. Many of the friends have raised objection because for them, only five minutes are given.

SHRI NIRMAL KANTI CHATTERJEE: I can promise a simple thing. I will not take more time than what I require.

MR. DEPUTY-SPEAKER: You are capable enough to find a way out. Why don't you conclude within two minutes?

SHRI NIRMAL KANTI CHATTERJEE: He says, what he is trying to do is to simplify, to rationalise and to introduce common classification and hence he is eliminating some exemptions. He is trying to fix a single rate for all kinds of people and commodities. He is trying to eliminate the differentiation in all classifications. The *modus operandi* is simple. He knows, what it means. I can make an assumption. In order to prevent evasion of tax, he postulates: lower number of slabs, it is the better. Just imagine for income-tax, if he suggests only one rate, will it be simplest of all? What will happen? What will happen is, the entire progressivity which he also recognises as a feature of direct tax is lost. By reducing this slab, what he is really doing is this. One function of the Finance Bill is to generate, to support the tendencies towards equity. That he is taking away in the name of simplification. His indirect taxes are also of similar nature. He will not distinguish within the same segments, different kinds of commodities. Supposing it is soap, for higher quality of soap, those who are priced higher will be clubbed in terms of lower quality of soaps used by the people who are poor and produced at the poor segments. He says, he has given concession. This concession is also defective because only hand made soap is given but small scale sector is not included.

In fact, this is my criticism that the economic stratification within the country which is there is not fully recognised by the Finance Minister. He lumps up everybody. That is the simplification! He puts every-

body, the multinationals operating here, very big rich, very poor, below the poverty line segment who do not pay direct taxes. (*Interruptions*)

KUMARI MAMATA BANERJEE: There are double standards. But the performance is very poor.

SHRI NIRMAL KANTI CHATTERJEE: I cannot match your expertise on the Finance Bill.

KUMARI MAMATA BANERJEE: Whom can you match?

SHRI AMAL DATTA: I think a conspiracy is going on.

SHRI NIRMAL KANTI CHATTERJEE: I have mentioned three commodities.

SHRI RANGARAJAN KUMARAMANGALAM (SALEM): Mr. Deputy Speaker, Sir, while this is being said about multinationals, what one would like to know and what the House would like to know is whether in the State of West Bengal, is it true or not that there are joint ventures by multinational companies with West Bengal public sector companies.

Secondly, whether the West Bengal Government is using multinational organisations like MCKenize to do surveys.

We would like to have a clarification on these points. You cannot have a statement made on the floor of the House on behalf of a particular Party when a different standard is being adopted in their own State. We must know the position.

SHRI NIRMAL KANTI CHATTERJEE: He is right to put a question since he has not understood what I am saying. I am noting

that such stratification exists. Right now I am on the Finance Department. I am not on the entry of multinationals. You have to have in your mind the economic stratification of the country and if the Finance Department has any objective, one is that according to such stratification, you have to handle your proposals so that you hurt the rich more than you hurt at the bottom. That is what I am proposing. I am not talking whether Shri Jyoti Bosu has succeeded despite Kumari Mamata Banerjee saying something about multinationals in West Bengal. My point is you handle them differently. What I am trying to say is simple. In the soap sector, we have reduced excise duties on very high priced soaps. We are now under pressure. We recognised that elections are coming. So, hand-made soaps could not be taxed. But in between there is a big range. What happens to that? Do they require any differential? He has made the statement that where the rates were high, they should be brought down and where there is no duty or no rate, they should be brought up. Why? It is for simplification. In the entire tradition of our excise duties, we know that excise duties, indirect taxes, hurt. It is regressive in its nature. We are, therefore, trying to distinguish even within that indirect tax within that excise sector, that if there are luxury commodities, let them be taxed at a high rate. If certain goods come from multinationals, let them be taxed at a higher rate. If certain things come from the tiny sector, exclude them. If it comes from the small-scale sector, have a reduced rate.

SHRI RANGARAJAN KUMARAMANGALAM: This is exactly what we are doing.

SHRI NIRMAL KANTI CHATTERJEE: It has not been done. You read the Finance Minister's speech.

MR. DEPUTY SPEAKER: You have taken half-an-hour.

SHRI NIRMAL KANTI CHATTERJEE: I will try to conclude quickly. I mentioned two other items.

MR. DEPUTY SPEAKER: You have taken half-an-hour. The understanding is to give you 15 minutes.

SHRI NIRMAL KANTI CHATTERJEE: He says he has simplified. Exemptions are being eliminated. I just want to put this question. What kind of exemptions has he eliminated? He has eliminated exemptions on the tiny sector and the small-scale sector. He has not eliminated a different kind of exemptions.

A few years ago, I put a question like this: How many profit-making large companies are there which are in the zero tax group? Shri Kumaramangalam should be knowing it and he should be with me. No Corporation Tax is paid. During Shri Pranab Mukherjee's time, he imposed this tax. After repeated pressure in the Consultative Committee meeting by saying that if there is a profit, no matter which kind of concessions are permitted, at least 30 percent tax has to be paid. That has been removed. Exemptions are there. The exemptions lead to the high-income-earning sector not paying any tax at all. He has not recommended that. I am in full sympathy that there should be exemptions for the backward regions, for research, for the small-scale and tiny sectors and for savings. In our Income-tax Act and other Acts, there are full of other kinds of exemptions. One is illustrated by the fact that the high-income-earning units do not pay tax. Then, there are the Charities and Trusts. There is no word about them. Not a single word has been said about the tax

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exemption. Why should the charitable institutions be induced with the help of tax concessions? It is entirely unnecessary. For the earthquake fund, it is not necessary to induce me with tax concessions. On my own, I shall be giving. There are Trusts which are non-charitable. Nothing has been done to them. He says it is simplification, rationalisation.

SHRI MURLI DEORA (BOMBAY SOUTH): In your constituency, there are so many charitable institutions. (*Interruptions*)

SHRI NIRMAL KANTI CHATTERJEE: So, he has given a go-by to the equity principle that should be there.

MR. DEPUTY-SPEAKER: Shri Nirmal Kanti Chatterjee, kindly excuse me. The same concession cannot be extended to every Member.

SHRI NIRMAL KANTI CHATTERJEE: I mention about re-rolling. The custom duties have been changed.

MR. DEPUTY-SPEAKER: You have to speak within the time allotted to your political party. You have taken more than half an hour. If somebody is to raise an objection, the Chair will be put to a very embarrassing situation.

SHRI NIRMAL KANTI CHATTERJEE: You have been indulgent to me. I have absolutely no difficulty in accept that. I know, you are capable of being more indulgent, I will conclude. Coming to my point, there are twelve claims. He says that there is a huge food stock. That should be an asset. Only superficiality is indicated by the fact that this food stock is based on a lower per capital

availability of food grains in our country. That does not strike.

THE MINISTER OF FINANCE (SHRI MANMOHAN SINGH): What about the food production figures of West Bengal?

SHRI NIRMAL KANTI CHATTERJEE: I am not discussing West Bengal. Please excuse me. West Bengal's food production has increased. Sir, he knows about it. He says that a huge foreign exchange build up is there. Even the Standing Committee on Finance headed by one of his partymen had to comment that it is not only the size but also the quality and the composition of that build up should also be noted.

He talked about this. I was prophesying about it. Whenever he was speaking on the Budget, he was making claims by saying that prices have gone upto eight percent. I said, "You cannot contain it below the two digit figure." Now when we are discussing the Finance Bill, the tall-less of the claim is exploded. About the balance of trade, here is a paper which says, there was a rise of 61 percent in March import for 1994-95. But you will verify all these claims which you are making are against others. I am prepared to make that assumption that these are the strong points. Despite all this, if that be so, what should he have done? If we have a build up foreign exchange resources, if I have a huge food stock, if the prices are contained, if there is a balance of trade, what should he have done? He should have provided growth incentives. In our country growth is provided by three factors, three areas, three segments either from the small-scale sector or from the latest technology, maybe imported from abroad and by savings. We are frequently told about China, Russia and others. China had this to say, "take back your capital because that is not associated with the latest technology." For-

tunately, they do not have Dr. Singh as the Finance Minister. Therefore, they can say this. We are not imposing that high technology condition. We are not encouraging the small-scale sector as they should be encouraged because they are the fastest growing sectors. It is the small-scale sector and the Budget, which, despite claims, do not provide any incentives to growth. (*Interruptions*)

We have a Finance Minister who is in a hurry. I do not believe he knows that. What I have said is unknown to him. He knows it more than I do. Why then is this hurry? He is in a hurry and it has been noted in the Public Accounts Committee Report on disinvestment of shares. This is the other way, I forgot to mention. And the other area from where growth is possible is through the public sector enterprises. He has not done anything for that either excepting referring some of them to BIFR. I will not mention what causes this hurry. I have a paper from the International Monetary Fund. It has a country-wide comment on exactly what he utters here, what he postulates here. It is contained in their suggestion to Nepal. The suggestion is: "by invigorating private sector participation in economic activity of Nepal." This is a suggestion. The suggestion is that, in order to keep the public sector debt within prudent limits and ensure that private savings is not pre-empted by the public sector. It has been further said that by keeping the current account deficit to about ten percent of GDP and reducing the scope and enhancing the efficiency of the public sector. That is their recommendation on Nepal. Most Government monopolies have already been eliminated. This is what their recommendation is on Nepal. They talk about Russia to take the lessons. Yes, Sir, we do take lessons. IMF is trying misguide Russia also. (*Interruptions*)

MR. DEPUTY SPEAKER: If every hon.

Member were to insist in this fashion, where does the Chair stand?

SHRI NIRMAL KANTI CHATARJEE: I will end with a couplet. Here is a man in a hurry. The reason I have indicated is the pressures that are there. As we all know; "Woods are lovely and deep. There are promises to keep and miles to go." They have to hurry. There is a "but" and that is IMF, World Bank and GATT.

With these words I conclude.

MR. DEPUTY SPEAKER: Nirmalji, you have taken 40 minutes. My point is cooperation from the Members is also necessary.

The House stands adjourned for lunch to reassemble at 2.25 p.m.

13.26 hrs

The Lok Sabha then adjourned for Lunch till Twenty-Five Minutes past Fourteen of the Clock.

14.31 hrs.

The Lok Sabha reassembled after Lunch at Thirty-One Minutes past Fourteen of the Clock

(MR. DEPUTY-SPEAKER *in the Chair*)

FINANCE BILL, 1994-CONTD.

[*English*]

PROF. K. VENKATAGIRI GOWDA (BANGALORE SOUTH): Mr. Deputy-Speaker, Sir, I rise to speak on the Finance Bill, Bill No. 15 of 1994. The Finance Bill is a tangled web of law and finance. It is a highly complex and complicated legal document which staggers the comprehension of ordinary mortals like me.

I went through it for nearly ten hours. I

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can't say with confidence that I have attained a degree of mystery over it. It contains many new enactments and many amendments of the old enactments in keeping with the changing fiscal scene in the country.

In the last week of April, the IMF published a document called "The World Economic Outlook." In this document, the IMF had made reference to two troubling features. They are fiscal deficit and rising rate of inflation. Fiscal deficit which should have been 4.7 percent last year actually turned out to be 7.3 percent. It is now fixed at 6 percent of GDP. Why did the deficit rise so much? There are several reasons for this. In the first place, the Finance Minister reduced the customs duty and excise duty. There are reasons for this also. He thought that reduction of these duties would cause a reduced level of prices and bring down the rate of inflation. Furthermore, he thought that this would increase the tax yield also. Here he was guided by what is called the Laffer Curve Analysis. Prof. Arthur Laffer, the Professor of Economics in the University of Los Angeles, drew a two-dimensional diagram. He drew two axis - vertical and horizontal. The vertical axis represented the tax rate and the horizontal axis represents the tax yield. He drew a downward slopping curve. As the tax rate rises, the tax yield falls and as the tax rate falls, the tax yield rises. But unfortunately, this did not turn out to be correct. The reduction in the customs duty led to a decline in customs duty revenue by Rs. 5,000 crore. The reduction in excise duty led to decline in excise duty revenue by Rs. 3,000 crore. At the same time, there was a rise in Government expenditure of the order of Rs. 12,500 crore. This led to a fiscal deficit of 7.3 percent and I cannot blame the Finance Minister for this. At the same time,

there was also a change in the method of financing the deficit. The Finance Minister, this year, has shifted from monetary financing to debt financing. There are two kinds of financing - monetary financing and debt financing. Both are inflationary. But the latest fiscal theorists say that the debt financing is more inflationary than monetary financing.

When the Government wants to finance the budget deficit, it advises the Reserve Bank of India to print the notes of the magnitude. When the supply of money expands, the prices is in accordance with the Classical Quantum Theory of money. It rises just once.

In the case of debt financing, the Government borrows money and spends it: it has to pay interest on the debt. The interest payment is an item of non-plan expenditure which adds to fiscal deficit. The interest is to be paid everywhere, fiscal deficit widens every year, creating inflation every year. The Finance Minister is very well aware of it. But he has got his own reasons for shifting from Monetary financing to debt financing of it.

There is another factor. The Reserve Bank of India has no control over the rate of interest. The deficitate is raised or lowered without consulting the Reserve Bank and the lending rate is also raised or lowered without consulting the Reserve Bank. It is creature of the Government and specifically the Finance Ministry. I call it a creature of the Finance Ministry for this reason.

In 1945, the Labour Government under Clement Attlee came to power at that time, the British economy was war shattered. The Government needed colossal sum of money to revive the economy. They concluded the Anglo-American Loan Agree-

ment and opted for hefty loan from America. Even this was not sufficient to revive the economy. The balance of payment was in a state of crisis. Imports were surging; export was slung gish and balance of payment gap was widening. In 1948, Sir, Hugh Dalton resigned as Chancellor of the Exchequer and was succeeded by Sir Stafford Cripps. The Government wanted to devalue Sterling in an attempt to remedy. The balance of payments deficit. The Government convinced a meeting of the treasury officials and the Bank of England officials. The Treasury team was led by Sir Stafford Cripps and the Bank of England team was led by its Governor, Sir, Henry Cabbold. The Treasury team made out a strong case for devaluing the Sterling but the Bank of England team vehemently opposed it. The issue remained unresolved. Two more meetings were held and the teams stuck to their guns. In the final meeting, the Chancellor of the Exchequer told the Governor of the Bank of England, "You are my creature; you have to obey me." The Governor said, "I will obey you, Sir, but against my will." In this sense the Reserve Bank continues to be the creature of the Government or the Finance Ministry on 18.9.1949 sterling was devalued by 30% on 19.9.1949. the Rupee was devalued by 30%.

Harward University economist has conductive research into the relation between the Central Bank autonom and inflation rate; he has come to a conclusion that the autonomy of the Central Bank and the inflation rate vary inversely. Now in countries where the Central Banks are autonomous, the inflation rate is very low; conversely, in the countries, where the Central Banks are not autonomous, the inflation rate is very high. Bundes Bank of West Germany and the National Bank of Switzerland and the Federal Reserve system of America enjoy a high degree of autonomy;

in these countries the rate of inflation is very low. On the other hand, the Bank of Italy, the Bank of Spain, the Bank of Philaippines, the Bank of New Zealand and the Bank of Indonesia do not enjoy any autonomy at all. In these countries, the inflation rate is very high. In India, the Reserve Bank of India, which is the creature of the Government does not enjoy any autonomy at all. Therefore, we find a high rate of inflation in India. I want the Government of India to amend the Reserve Bank of India Act to confer on it autonomy subject to parliamentary control. This will be helping the country to experience a lower rate of inflation.

The Finance Minister had fixed an exemption limit at Rs.30,000 when the inflation rate was just 7 percent this year, the inflation rate is 10.62 percent. Therefore, the exemption limit should have been fixed atleast Rs.45,000. The Finance Minister should take into account the inflationary factor while fixing the income tax exemption limit. The corporation tax was reduced from 51.5 percent to 40 percent. Just before the Budget, I made a deep study of the corporation tax rates in Malaya, Singapore, Taiwan and Korea where the corporation tax rate was just 40 percent. These economies are growing very fast. I, in my memorandum to the Finance Minister, requested him to reduce the corporation tax rates to 40 percent. Convinced of my case for reduction of corporation tax, he reduced it to 40 percent. I am very happy about it. The reduction of corporation tax rate will enable the Corporation to accumulate internal resources so necessary for modernisation, expansion and technological upgradation. At the same time, the depreciation allowances should be granted on the basis of replacement cost of machines, not only on the basis of historical costs.

The service sector was not significant a

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decade ago, but, now it is growing by leaps and bounds and is contributing significantly to GNP. The Finance Minister is more than right in imposing service tax so that this growing sector may contribute to the Government offers. At the same time, he has also reduced the excise duty and customs duty in the hope that the manufacturers would reduce the prices of final products.

Last year, even though these duties were reduced, the manufacturers did not pass them on the consumers in the form of lower prices. The Finance Minister administered a warning to them that unless they pass on to the consumers in the form of lower prices the concession would be withdrawn, but the manufacturers remained unyielding. The Government now feels helpless in the matter. The Finance Ministry officials say that the amendment to the Customs and Excise Duty Act will not help the matter, it is necessary to pass a stringent legislation to make the manufacturers to pass the benefit of the lower duty on to the consumers in the form of lower prices. If they do not do it, they should be subjected to condemn punishment.

But the duty concessions were not passed on to the consumers in the form of lower prices. The Finance Ministry has pleaded its helplessness, it says:

"There is no mechanism to control the manufacturers. We cannot bring them into the legal net and they made them pass them on to the consumers from higher prices".

But this is an excise defeatism. The Government should pass suitable legislation to bring the manufacturers to book who are recalcitrant and give them suitable punishment so that they may pass on lower tax rate to the consumers in the form of

lower prices and help the country in experiencing lower rate of inflation.

Gift tax is very low in the country. In India, almost every bureaucrat, every politician is corrupt. They have accumulated a large amount of black money and black assets. Gifts are made out of this black money and black assets. Therefore, gift tax should be very stiff, its rate should be raised so that Government may acquire a part of the black money into its offers.

Many Members of this House pleaded for concessions to small-scale sector. The Finance Minister was kind enough yesterday to announce several concessions and these concessions, no doubt, will help the small-scale sector to grow faster. They are labour intensive, generate employment and therefore, concessions are necessary. But the Members are not satisfied, they want some more concessions. But they do not understand the predicament of the Finance Minister who has to reduce the fiscal deficit.

The paper mills in the country are in doldrums. The price of the imported paper is Rs.19,000 per tonne, whereas the price of local paper is Rs.22,000 per tonne. This is because the Finance Minister has imposed the tax on bagasse which is a raw material used in the manufacture of papers. Therefore, I request him to eliminate or reduce tax on bagasse so that the paper industry in the country may face foreign competition.

The HMT is there in Bangalore. It is in doldrums. The watch factory is a wing of the HMT and it has accumulated watches worth Rs.70 crore without demand. There is a rumour that this will be referred to BIFR and if its referred to BIFR, we do not know what happens to the HMT. I request the Finance Minister to extend assistance of the order of Rs.200 crores to enable it to revive it back to

pink health.

During the last year when the inflation rate fell to 7 percent the Finance Minister reduced the deposit rate to 10 percent to take into account the inflation factor but this year the inflation rate is 10.62. Therefore, it is necessary to raise the deposit rate to take into account the inflation factor.

The financial sector reform is yet to be implemented in full. The Narsimham Committee gave its report nearly three years ago. It is yet to be implemented. The bank employees are on strike now. Obviously the Government does not want to incur the displeasure of the bank employees. It is necessary to implement the financial sector reform as early as possible. At the same time, there seems to be delay and there is delay in implementing the EXIT policy.

In 1991 the Government announced a new industrial policy and also made exit policy a part of it. According to this the sick and unviable units should be closed down. That means the labourers who are unemployed will be retained and re-employed. There is a national renewal fund for their safety also but even then exit policy is yet to be implemented. I want the Government of India to implement the financial sector reform and the exit policy.

The Finance Bill does not envisage many of these things. Therefore, I request the Finance Minister to have a look at these problems and to implement them as early as possible in order to make the economy grow faster without any inflation.

[*Translation*]

*SHRI V. S. VIJAYARAGHAVAN (PALAKKAD): Mr. Deputy Speaker, Sir, I rise to support the Finance Bill. First of all, I

must thank the Hon. Finance Minister that the concessions which he has announced after the presentation of the budget. However, on this occasion, I must say that the prices of the essential commodities have risen steeply resulting in increase in the rate of inflation. This is a matter of serious concern. Inflation rate has gone beyond 10 %. This does not indicate a good trend. I would request the Finance Minister to take effective steps to control the prices.

The money taxation proposals in this year's Budget have gone against the interests of small scale industries as well as small-scale farmers. I will give you some examples. The Excise Duty exemptions given on spare parts of power tillers has been withdrawn. Power tillers are used by small farmers. As a result of this measure the price of power tillers has gone up by Rs.6,000. How can a small farmer buy power tiller at such a high price? I, therefore, request you to continue to give duty exemption to power tillers. Similarly, there was subsidy given to power tillers under the IPRD scheme introduced in 1984-85. This subsidy was meant to raise the peddy production but this has been withdrawn in this year's Budget. On the one hand, we say that the farmers should raise agricultural production but we are withdrawing every concession already enjoyed by the farmers. This is not a wise step. Therefore, I would request the Finance Minister to restore this subsidy on power tillers.

I take this occasion to thank the Finance Minister for withdrawing excise duty increase on umbrellas, hand made soaps and chappals. This measure will certainly help the small-scale sector in Kerala. I would request the Finance Minister on this occasion to be most sympathetic to the problems of the small-scale industries.

The festival season is approaching and

* Translation of the speech originally delivered in Malayalam.

[Shri V.S. Vijayaraghavan]

the price of sugar is sky-rocketting in Kerala. Sugar is sellings at Rs.15/- a kilo in our State. The main reason is that the Government has reduced the quantity of sugar being released from the Central buffer stock for sale in the open market. Hoarding is also another reason for this steep increase in the price. In April, the Government released 5.41 lakh tonnes of sugar for the open market sale. Whereas in the month of May, the total quantity that has been released is only 4.7 lakh tonnes. The sugar imported under Open General Licence (OGL) has not reached the market in substantial quantities. I would, therefore, request the Government to directly import sugar and release it in the market. Similarly, stringent action should be taken against the hoarders.

The price of fertilizers have gone up steeply recently. For example, the price of Factom Farce was 5600 which has gone up to Rs.6,600 per tonne from today. Another fertiliser namely 171717 Complex has also become costlier. Its price has been raised to Rs.7000 a tonne. This is a very serious matter affecting the interests of the farmers. We must know that the opposition parties are carrying on a campaign against GATT Agreement which has created serious apprehensions in the minds of the farmers' community. I know that the Government has not increased the prices. But the fertilizers companies have indiscriminately raised the prices of these fertilizers. This step will only reinforce the apprehension in the minds of the farmers about the GATT Agreement. These fertilizers companies whether they are in the public sector or private sector should not be allowed to increase the prices as and when they like. I would strongly demand on this occasion that those companies which have raised the prices of fertilizers should be prosecuted for doing such a

thing. I am expressing the agony of the farming community which is the hardest hit because of this steep increase in the prices of fertilizers. The farmers use to get a subsidy of Rs.435 per tonne which was suspended for some time and later revised. But due to this increase in the prices, the farmers did not get the benefit of this subsidy. I would request the Finance Minister to pay serious attention to this and ask these companies to withdraw the increase in the price.

Sir, Kerala's economy depends on coconut. In fact, the State derives its name from the word KERA which means coconut. The coconut.

The coconut prices have come down in the recent past. Of course, the Government has fixed a support price but it is very inadequate. For 1994 season, the support price fixed for milling Copra is Rs. 2350 and for Ball Copra is Rs. 2575. This price is quite inadequate considering the increase in the cost of production. I would therefore request the Government that a higher support price may be fixed for Copra.

Now, I come to another important issue regarding river water agreement between Kerala and Tamil Nadu. The Parambikulam-Aliyar Water Sharing Agreement was entered into between Kerala and Tamil Nadu for sharing the water of Parambikulam. This agreement expired in 1988. But the Government of Tamil Nadu did not show any interest in renewing this agreement. There are some rivers in Palakkad district such as Cahalakudipuzha, Chitturpuzha and Bharatapuzha which get water from Parambikulam-Aliyar. Because of the unhelpful attitude of the Tamil Nadu Government we did not get any water from this system and these rivers remain dry. During rainy season when there is a lot of excess water in this system, they just open the sluic

and release the excess water and cause flood in these rivers. Otherwise we did not get water when it is needed. The Government of Kerala has demanded that the entire control over the Parambikulam-Aliyar Project should be handed over to it. I want the Central Government to intervene in the matter and help Kerala to get its rightful share of the water and also renew the agreement. Finally, I must once again thank the Finance Minister for all the concessions that he has announced. But at the same time, I have expressed the problems of the farmers. They are an innocent lot. They produce food for the country. So they should not be put to any hardship. Once again, I would request the Government to withdraw the increased prices of fertilizers. These companies have raised the prices just to show profit and thus pleased the Government. They distribute bonus and so on. But in this process it is the poor farmer which is hit hard. Therefore the Hon. Finance Minister should pay serious attention to this problem and reduce the burden of the farmers. With these words, I once again support the Finance Bill.

SHRI GUMAN MAL LODHA (PALI): Mr. Deputy Speaker, Sir, I would like to thank the hon. Minister of Finance for announcing concessions for small scale industries like Umbrella and handkerchief manufacturers, iron and steel and others like soap producers yesterday and on 25th. Even though these concessions may be symbolic one, yet the hon. Minister of Finance has at least appreciated the difficulties and agony being faced by the small scale industries.

14.55hrs.

(SHRIMATI SANTOSH CHOWDHARY *in the Chair*)

Despite these symbolic concessions the difficulties being faced by the country's small scale industries, cottage industries and tiny industries have not been mitigated.

I would like to submit to the hon. Minister of Finance that the main reason for it is that this time tiny units branded goods excise scheme has been introduced which is against their interest. Nearly, 7,500 household units being run in small houses by the families of poor will suffer. These units used to manufacture electric switches, "chappal" for sale to Bata etc. However, the hon. Finance Minister thought that immediately after the budgetary announcements, overnight these units will switch over to producing the products bearing their own brand name and will sell them independently through advertising after removing their faults etc.

I would like to submit that this action is totally unimaginable. The Government should have enforced these measures after five years of announcement. In the mean time the units selling their products under different brand names would have been able to get their own brand names registered and would have become able to sell their products too. However, in the face of the Dunkel proposals all this is being done. Deadliness of the Dunkel proposals could be gauged from the fact that overnight these pushed tiny industrial units into the throes of becoming independent units. Thereby, these units have reached the brink of disaster and economy has been pushed into dire straits. As a result, 7,500 units have already been closed under the liberalisation policy, which in fact is the policy of credit, as is mentioned in the note of Departments of Finance and Commerce contained in the Annual Pre-Budget Economic Survey. I call it the policy of liberalisation, as the policy of credit be-

[Shri Guman Mal Lodha]

cause since Dr. Manmohan Singh took charge, the country is borrowing Rs.70,000 crore annually on the promise of development and growth. This means every hour the country is being burdened by borrowing Rs.8 crore by Dr. Manmohan Singh from the World Bank, IMF or any other institution. Each year the country is paying Rs.50,000 crore as interest.

15.00 hrs.

I would like to submit that three years ago when Dr. Manmohan Singh took charge of Finance Ministry the country had the outstanding debt of Rs.4,52,000 crore, but under the policy of liberalisation or the policy of credit, it has now increased to Rs.6,62,000 crore. As a gift to every new born child Dr. Singh is burdening him or her with the debt of Rs.6,620. Every year this debt burden will go on increasing. As a result of the policy of liberalisation the country can neither repay the debt nor can pay the interest liability. I would urge the hon. Minister of Finance to reconsider the brand policy being introduced under the guidelines of the World Bank or GATT or the Dunkel proposals. At least 5 years time should be given to sell the produced goods under own brand names. Otherwise the present situation of the manufacturers, who have closed down units and shops and used to sell the produced goods under the brand name of Bata will continue. *Lakhs of persons who used to manufacture small items like electric switches etc. will become unemployed after closing down their units.*

(English)

SHRI MANMOHAN SINGH: Sir, I would like to submit to the House that if anybody was producing shoes under the

brand name of Bata previously, he was not doing so legally. Previously also any brand of the large-scale manufacturers, if used by the small-scale sector, was not admissible for concessional duty. So, I respectfully submit to say that you may differ with the opinion but the facts, I think, you should certainly not ignore.

SHRI ANNA JOSHI: But you can amend the law.

(Translation)

SHRI GUMAN MAL LODHA: If you give information to the House, it will be a fact because you have all the statistics and facts available with you. Just for the sake of example I mentioned the name of Bata, which has got charismatic effect because Bata is well known for its quality. Bata is known as biggest Cobbler and Tata as biggest ironsmith. It is the real situation. In reality lakhs of persons engaged in tiny industries dare using the names of Bata and Tata have been rendered jobless and their families are in dire straits after being forced not to use the names of Bata and Tata. It was the dream of Nehru to wipe out tear from the eye of every Indian. However, due to the policy of Dr. Manmohan Singh condition has become so worst, the Government must consider this aspect seriously. The issue pertains to humanity and is not of party politics, debatable of any big economic policy.

In the Budget income-tax exemption limit has been raised to Rs.35,000. The hon. Minister who had been a Professor, RBI Governor and Economic expert, can himself, after multiplying can find out that at the current rate of inflation this limit is not going to benefit. The limit has been raised nominally from Rs.30,000 to Rs.35,000 whereas the demand was to increase it to Rs.50,000

and an indication to this effect was also given last year. You must be aware that middle category officials, bank employees, peons and class-IV employees will also be covered under this category of income tax payees as their salaries exceed the income tax limit. You should have been sympathetic towards them.

Madam, the Government had claimed that inflation rate will be brought down and will not be allowed to go up but on 16th April it was 10.62 percent. On the whole you are aware that inflation rate food items like vegetables, sugar, rice, wheat and oils is more than 17 percent. You may recall that Congress in its 1991 election manifesto had claimed that prices will be brought down within 100 days instead you have succeeded in increasing the prices by 100 percent. Poor, weak had lower strata people have been burdened with the rise in prices in the country. Things have exposed, but I would like to submit that it will lead to more unemployment in the country. You have withdrawn Budget support from 3000 employees of All India Engg. Export Promotion Council. You have just issued a circular but what will be the fate of the persons rendered unemployed?

A little while ago I asked a question about minimum wages in the country. Though, it is not the concern of the Ministry of Finance yet I would like to draw the attention of the hon. Minister of Finance towards it. Can you imagine how can a family survive with a income of Rs.8 per day only? In reply the concerned hon. Minister stated that daily wages have been raised from Rs. 8 per day to Rs.12 per day. I would like to know can a family survive even with an income of Rs.12 per day? Excise duty concession has been withdrawn. A commission was appointed to decide about the daily wages in the agriculture sector which rec-

ommended that an agricultural labour should get at least Rs.20 per day as minimum wages. However, even for a city like Bombay you have fixed the minimum wages of Rs. 12 per day. Bombay is a commercial city of India, but the Government is slumbering. Backbone of agricultural labourers, the mainstay of the country, has been weakened. You have entered into the GATT pact where in subsidies have been curtailed. Only time will be the testimony of its benefits. Wages should have been increased in the agriculture sector, but nothing has been done. The main reason for it is that things are not in the control of the Government. The Government is being guided by the World Bank or GATT or any other agency. That's why the condition of the farmers of our country is deteriorating. I would like to recite a poem in reply to the couplet of the hon. Minister of Finance:-

"Unche Dhoti, Adhkhule Panv, Kandhe Par Gaj Bhar Ka Tukra, Sir Par Pagri, Kar Mein Lakri, Tan Ka Kapra Chithra-Chithra, Khane Ko Muthi Bhar Dane Hain, Thukrata Mal-Khajano Ko, Apne Dhun Mein Almaston Sa Hansta Jag Ke Dewono Ko.

Dhi-Dhi Karta Poochen Maror Bailo Ki, Chalta Savdhan, Uske Swar Mein Chhip kar Chup Se Hans Parti Hain Srijani Ajan. Khai-Khadden Nad-Nalo Ke Sukhe Talo Ke Beech-Beech, Peechhe Chalta, Aage Barta, Dhethhe Bailo Ko Kheench-Kheench.

Apne Kheiton Mein Aata Hai Kandhe Par Hal Ka Bhar Liye, Abhilasha Ka Unmad Liye, Jag Kee Aasha Ka Pyar Liye.

Kheiton Kee Dhool Bavandar Ban Swagat Kame Ko Aati Hai,

Chhukar Uske Pad-Padmo Ko, Phir Khaiton Mei Bichh Jati Hai,

Dharte Ka Antar Cheer-Cheer Pag-Pag Par Bikhra Beej-Beej,

[Shri Guman Mal Lodha]

Sardee-Garmee-Barsaaton Mein Apne Shramkam Se Seench-Seench.

Jag Kee Aasha Ka Chitrakar, Hari-Yale Chitra Banata Hai.

Hilte Paudho Ke Sath-Sath Ushka Manas Lehrata Hai.

- In Hariyale Chitron Se Vah Jag Ke Pristhon ko Rangta Hai.

Par Apne Rangne Kee Prishthbhoome Ko Nahin Shesh Kutch Bachta Hai.

Maya Ke Pyase Zamindar Bhookhe Baniye Sab Chheen-Chheen,

Kutto Se Thukra Dete Hain Kori-Kori Ko Been-Been.

Apna Sarvasava Lutakar Jab Apni Kutiya Mein Aata Hai.

Nanhe Bachcho Ko Nirakh-Nirakh Drig Mein Aasoon Bhar Lata Hai,

Jo Kutch Rookha Milta Khata Do-Do Din Ka Langhan Karta,

Apne Tan Mein Ganthe De-De Pashu Bachcho Ka Palan Karta."

I request Dr. Manmohan Singhji now to listen to these lines and understand them.

"Jo Jag Ko Anna Pradan Kare, Jag Usko Hi Thukrata Hai,

Uski Haddi Ko Noch-Noch Jag Vaibhav-Bhavan banata Hai.

Vah Charmo Main Mastak Rakhta, Jag Thukra Kar Itrata Hai,

Uske Chithro Mein Aag Laga Jag Hansta Hai Muskata Hai.

Jag Kee Juthan Ke Thal Bhare Chitra Kar Phenk Diye Jate.

Roti Kee Khatir Rib-Rib Kar Uske Bachche Hain Mar Jate.

Uske Tooti Khatiya Bartan Kutiya Chappar Beche Jate,

Kauri-Kauri bhar Sood Are Antariyon Se Kheenchen Jate".

This is the present scenario.

MR. CHAIRMAN: Shri Lodha, it is enough now. Many other members also want to speak on this issue. You have taken enough time. Please sit down. You have already taken 20 minutes. Please be brief.

SHRI GUMAN MAL LODHA: I was submitting.

MR. CHAIRMAN: Please speak on Finance Bill. There is no need to recite poems.

SHRI GUMAN MAL LODHA: Poetry was started by the hon. Minister himself with a complete.....(Interruptions).....

I would only like to submit that his viewpoint still has a bearing on our economy. A poet has described it in following couplet :-

"Hasrat Mei Har Cheez Ulti Nazar Aati Hai,

Laila Nazar Aati Hai, Majnoo Nazar Aata Hai."

The hon. Minister of Finance sees everything in these equations. His outlook of looking at the equations has changed.

MR. CHAIRMAN: Please do not get engrossed in poetry. Please say what do you want to say on the Finance Bill.

SHRI GUMAN MAL LODHA: I will obey your directions in letter and spirit. I will

conclude after making two-three points.

I would like to urge upon the Government to review the Sick Industries Act under which money has been invested into small scale industries and sick industries. At present mediocre farmers and labourers and employees fail to get loans from the banks, but big capitalists and industrialists get millions and crores of rupees as loan from the banks. After that the industries are made sick and then the onus is shifted on to the hon. Minister of Finance. No industrialist or banker is but behind the bars. No Industrialist is prosecuted for fraudulent practices, but lakhs of labourers become jobless and industrialists continue to prosper. These industrialists prosper like me and my ~~guide~~ Shri Kalpnath Rai. After amassing lot² of money it is totally withdrawn by the industrialists. I would like to know whether the Government will ponder over this issue of making those industries sick, because these industrialists are playing foul play with the hard earned money of poor people and labourers, who toil hard day in and day out in all weather season and deposit the same in the Banks which in turn deposit in Consolidated Fund of India and from where this money is borrowed by the industrialists and thereafter they declare their industries sick and pass on the responsibility on to the Government. The Government again and finances these industries twice thrice and even four times but these industrialists continue to withdraw the money. Whether Government will check this cancer like ailment prevailing in the country?

I would like to submit that the Government should seriously ponder over the outflow of funds taking place in the name of sick industries and such provisions should be made that proprietors and Managing Directors of sick industries are prosecuted because they are the only responsible persons

for swindling away the hard earned money of 80 crore poor people of India. They have played a foul play with the life of labourers working in their industries and factories and jeopardised the economy of the country.

Therefore, I urge the hon. Minister to raise the limit of income tax from Rs.35,000 at present to Rs.50,000 and also reconsider the decision taken in regard to Tiny Industries for making mandatory their brand name. Further, the Government should not resort to the policy of credit for the sake of our independence, self-reliance and for the prestige of the country. We are not against the Adoption of the policy of liberalisation if implemented within limit we will rather support it. But if it is done on the basis of the policy of credit and jeopardises the independence of India then we will oppose it.

[English]

SHRI INDER JIT (DARJEELING): Madam Chairman, I was eagerly looking forward to the privilege of speaking on the Demands for Grants of the Ministry of External Affairs. Unfortunately, there was no time and the Demands of that Ministry along with the Demands of many other Ministries were guillotined. I think, this is most tragic and most unfortunate. I do think, some way will have to be found so that all these Demands can be discussed.

However, Madam Chairman, I am grateful to you for giving me a chance to speak on the Finance Bill. I am particularly pleased to see that my old and good friend, the Finance Minister is present in the House. I would like to compliment him, to begin with, for his brave efforts to bring about a new world, a liberalised new world. I must confess that I am personally very happy at the efforts he is making; very happy at the efforts to move towards liberalisation of the econon

[Shri Indrajit]

cause this is what some elders like Rajagopalachari had advocated long ago. I am glad we have finally seen the light and he is moving towards liberalisation of economy and ending what was then denounced as Permit Licence Raj.

Today I would not like to deal with many subjects which have already been covered by various friends. Much has been said; so I would not like to repeat that. I would like to limit my concerns mainly to two points.

I am rather disappointed that there has been no effort whatsoever in this Bill to fight the monster of black money. I am also greatly disappointed that there has been little effort to combat another cancerous monster called corruption. Madam Chairman, so far as black money is concerned, I venture to submit that the black money monster continues to grow from week to week, month to month and year to year. In fact, I would even go to the length of saying that black money is fast reducing our great land to a black hole, certainly for the vast majority of our poverty stricken masses. Some, no doubt, wallow in luxury and there is plenty of shamefully ostentatious luxury but the vast majority of our people, who are grovelling in poverty suffer because of this black money which it fuels inflation and hits them harder than it hits anybody else.

Madm, the tragedy of black money is that it continues to grow and has grown greatly. For the first time during Shrimati Indira Gandhi's regime, a Parliamentary Committee was set up to estimate the extent of black money, headed by Shri N.K.P. Salve. This Committee was of the opinion that the annual generation of black money was to the tune of about Rs.20,000 crores. Subsequently, we had the Raja Chelliah

Committee which based its figures on 1981. The Raja Chelliah Committee put this figure at Rs.36,000 crores. That was about 13 years ago. Experts like Raja Chelliah and some others are of the view that black money has easily increased four-fold since 1981. I am no authority in the matter. I did venture into study of Economics; I joined the Delhi School of Economics in the second batch of its students. But Economics is not a subject in which I have not sought to pursue and develop any expertise. What one is told is that the extent of black money in circulation as of now is anything like Rs.1,44,000 crores annually.

The question is: What can be done, what should be done? The crisis becomes even worse when you look at another figure. That figure is of the number of people who obtain personal income-tax. Many of those who pay personal income-tax today are not more than 0.6 percent of our population - a total of 47 lakhs only. Some of the experts have worked out that if we could push up this figure from 0.6 percent or 0.4 percent to some thing like 20 percent - a figure which interestingly has been accepted by Shri Pranab Mukherjee the other day according to some Press report - we could make life much easier for everybody. I am told that, for example, today if this ridiculous figure of 0.6 percent could be raised to 20 percent, no more than 20 percent, and if we were to impose a tax of no more than 5 percent to 25 percent - adopting the famous saying of the Buddha that tax must be collected as a bee collects honey from various flowers whereby no flower gets hurt and the honey is collected - even if the imposition is no more than 5 percent to 25 percent and if we can spread the net wide, then, I think we could surely mobilise large indeed huge resources which this country needs ever so badly. I am told that if we could do this, if we could mobilise it, it would greatly help us. I do not

know how this could be done. The Finance Minister is here. He will have to tell me and tell the House how far some of the figures that I have mentioned on the basis of economic experts' study are correct.

The experts say that we could mobilise something like Rs.2,00,000 crores annually if only we could spread, increase our tax net wider from 0.6 percent to something like 20 percent. How do we do it? Various suggestions have been made. Once upon a time, Shri T.T.Krishnamachari, our erstwhile Finance Minister had invited Mr. Nicholas Kaldor to India. Mr. Nicholas Kaldor then advocated the view that perhaps we should switch over to the system of expenditure tax. That was not accepted. Subsequently, other experts have suggested that maybe now we should start levying tax on the basis of presumptive and estimated income. I will not go into the details of this. But the important thing is that, I would like to convey my own view to the Finance Minister. I hope something can be done in terms of spreading the tax net much wider so that we could mobilise the additional resources. If we can mobilise additional resources, we will not have to depend on foreign loans and largesse. We can then get rid of the tremendous malady of deficit financing and above all, we will be able to look some of the great powers straight in their face. Today, we have reduced ourselves to a position where even junior functionaries of the sole super power in this world are now telling us: "Be on our right side. Otherwise, we will not support the loans that you get from the IMF and World Bank."

Only the other day, one of the top functionaries of Washington was reported to have said this when they were urging the capping of some of our nuclear programmes. This lady went on record to say that India must remember it gets its loans and other

help from the World Bank and the IMF because the United States of America supports it. If only we could strengthen our base and have a wider tax base, we could certainly mobilise something like Rs.2,00,000 crores annually as against the present figure of Rs.22000 crores. That is all, I would like to say in so far as black-money is concerned.

I would now like to turn to the other important concern in regard to which I have been voicing my strong feelings time and again both inside this House and outside. I would like the Finance Minister to be able to come forward and to see what we can do to eradicate corruption. Corruption has grown by leaps and bounds at all levels in our country during the past three decades despite repeated talk of legislative and administrative steps to combat it. In fact, it has largely become a way of life. This is very sad and very tragic. No section of society has remained unaffected by this scourge which is fast eating into the vitals of our society and the country. The question is what can be done. Sadly, lots of promises have been made and we need to take note of some of these, particularly some very serious promises were made by the erstwhile Prime Minister Shri Rajiv Gandhi. He had then strongly denounced what he had called "brokers of powers and influence". He also denounced feudal oligarchy; and vulgur, conspicuous consumption. He also talked in terms of the tragedy, "when the fence had started eating the crop." He went ahead and promised speedy action. He did not stop there. Importantly, he went forward and, apart from promising a good and clean Government. He also announced that the Government would bring forward a comprehensive and far-reaching Prevention of Corruption Bill. This promise was made in 1987. Through you, Madam Chairman, I would like to convey to the Finance Minister and to the Government that I think, the time has come

[Shri Indrajit]

when you must fulfil the promise made by Shri Rajiv Gandhi in 1987, seven years ago. There is no sign yet of this particular legislation. Therefore, my first demand is that we must come forward and take immediate effective steps to combat corruption which has grown, as I said, by leaps and bounds in the country. As a first step, I would recommend strongly and this is what I recommended even in the last Lok Sabha, that all the Ministers at the Centre and in the States as also all the judges of the Supreme Court and the various High Courts should make public declaration of their assets and of those of their dependent family members. It is not merely a question of corruption in the political life of our country. I am sorry to say that we have reached a point where accusing fingers are being directed against various High Courts judges and even Supreme Court Judges. Therefore, something will have to be done to ensure probity in public life. It is not enough that we have declarations by Ministers and by Judges. These must be made public. During Panditji's time, a certain convention was created. Under this convention, various Ministers made declarations of their assets. These declarations were handed over to the Prime Minister. But they were not made public. I would like these declarations to be made public. Likewise, I would like declarations by all the Judges of the Supreme Court, the judges of the High Courts, the judges of the Lower Courts to be made public. If we really want probity in public life, then we have to do something which is adequately drastic.

SHRI P. C. CHACKO (TRICHUR):
Sultanpuriji says, "What about the M.P's?"

SHRI INDER JIT: I was just coming to the point. In the last Lok Sabha, I had strongly advocated this when Mr. V. P. Singh was the

Prime Minister. I then put forward the view that my proposal should apply not only to the Ministers. I would say, but also to all the members of Parliament. All Members of Parliament should be called upon to make public declaration of their assets. The former Prime Minister, Shri V. P. Singh, standing there in front of the seat of the Prime Minister had assured me as a Member of the Opposition in those days, that he would take action and bring forward some legislation. He welcomed my suggestion that even the Members of Parliament and the Members of various Legislative Assemblies should be roped in. If you really want probity in public life, this is something which must be done. Simultaneously, I think — I am not a lawyer, many lawyer friends here will have to tell us — many of the assets disappear because of various benami transactions. I am sure that if the Finance Minister could look into these various benami transactions..... Perhaps we could get all the Ministers, the judges and also the Members of Parliament to make declarations, that they have no benami transactions of their own and if there is even one, then that particular benami asset would belong to the person in whose name the asset had been placed.

SHRI MANMOHAN SINGH: In that case the banks would be the biggest beneficiaries.

SHRI INDER JIT: I am glad to hear the Finance Minister tell me that the banks will be the biggest beneficiaries. None would rejoice more than myself if the banks were to get some more money. But I hope they use it well and not fritter it away.

Apart from this, Madam Chairman, I would like to make one other suggestion for combating corruption. The United Kingdom has adopted certain procedures. Likewise, here, both in the House of People and the

Council of States, we should maintain a register detailing business and professional interests of the Members with a view to ensuring a clean public life. This, Madam is very necessary. This should be done in accordance with a comprehensive code for Central and State Ministers drawn up by the Centre in October, 1964. This *inter alia* provided for declaration by the Ministers of the particulars of their immovable property and the total approximate values of (a) shares and debentures, (b) cash holdings and (c) jewellery.

Our country's image leaves a great deal to be desired in the world abroad. I, therefore, earnestly hope that the Finance Minister and through him the Government will repond positively and promptly to my plea. It is time to take hard decisions in the interest of the country. Either we stand for the finest values advocated by Mahatma Gandhi and Jawaharlal Nehru or we do not. We cannot have it both ways. Our people are awake and alert. We can ignore mounting demand of probity in public life only at our own peril.

Madam Chairman, I have already taken a lot of your time, but please bear with me for another few minutes. I would like to make two other points. The other point that I would like to make relates to tax exemption limit. If I am bring my own speech to a lower level, the tax exemption limit has now been raised to Rs.35,000. I wish the Finance Minister had been a little more generous or at least arithmetically he had been more practical had he raised it to Rs.36,000. But, I will not quibble on this small point. My basic point is that I would like the Finance Minister to consider the possibility, perhaps next year, of introducing some tax incentive for family planning. The kind of incentive which I would like him to intorduce is where an income earner has no more than two children, I would venture to submit that the tax exemp-

tion should be Rs.48,000 and where he has only one child, I think we should raise the tax exemption limit to Rs.60,000.

SHRI MANMOHAN SINGH: If 99 per cent of the population do not pay tax, them what is the use of it?

SHRI MURLI DEORA: Do you qualify for this or not?

SHRI INDER JIT: I will not qualify for this because I have three daughters. Anyway, I am beyond the age of procreation! The Point I would like to make that we ought to link up family planning with some tax incentives. I have discussed this matter informally with the Finance Minister in the past. He who was good enough to argue that the main problem of limiting families is in the rural areas. I know the main problem is in the rural areas. Nevertheless, Madam Chairman, I would beg to submit that we must, at least, send out the right signals. The right signals should be that if you have only two children, you will have a tax exemption of Rs.48,000 and if you have one child, you can go upto Rs.60,000.

Another point relates to Ladhakh. Since, Madam Chairman, I represent Darjeeling. I also have some dealings with Ladhakh. This has happened because we were able to evolve what we call the Darjeeling Model of an autonomuos Hill Council for the Darjeeling Hills. Likewise, the people from Ladhakh have been demanding an autonomous Hill Council for Ladhakh. Here, we have one other problem. Madam, through you, I would like to appeal to the Finance Minister that until 1989, the people of Ladhakh were enjoying Income tax exemption as in the case of Nagaland, Meghalaya and so on under Section 10 (26 A). But in 1989, this exemption limit was withdrawn. I think it is grossly unfair to the people of Ladhakh. I

[Shri Indrajit]

would strongly recommend and strongly urge him - I know some friends from Ladhakh have seen him recently and I hope he has had time to look at their Memoranda - to do the needful. This is important and it should be done. So far as Ladhakh is concerned, I would say that Ladhakh continues to suffer greatly because its people have still not got the promised autonomous Hill Council. This has been promised to them ad *nauseam*. But the Hill Council has so far not come. Therefore, I would conclude by saying; please for Heaven's sake, give the people of Ladhakh, who have been peaceful, who have been striving peacefully for a better deal, their long desired Hill Council on the model of the Darjeeling Gorkha Hill Council, an autonomous Sub-State formula.

Thank you Madam Chairman for the indulgence shown to me I do hope the Finance Minister will respond to some of the ideas that I have propounded during my brief intervention.

MR. CHAIRMAN : Mr. P.C. Thomas.
Not here. Dr. Laxminarayan Pandeya.

(Translation)

DR. LAXMINARAYAN PANDEYA (Mandsaur): Mr. Chairman, on the one hand the Economic Resolution reflects the policies and declarations of the Government as well as its commitment to the people in respect of their implementation, while on the other hand, the Financial Bill provides for the provisions to implement them.

I am constrained to state that the expectation of the people that were aroused after the presentation of the Budget as well as at the time of introduction of the Finance Bill by the Hon. Minister, Dr. Manmohan

Singh could not be fulfilled. With the implementation of the new economic policy it was hoped that the financial condition of the country will be improved, unemployment will decrease and price-hike will be curbed, but it appears that all these things have been ignored and our country is moving in a different direction. It has adversely affected our indigenous industry and indigenous production Small-scale industries have been affected very badly. Today, even common man does not know as to which direction our economy will take us. To me, it seems that we are moving in the direction from which no return is possible and we may perhaps lose our sovereignty as well and will never be able to achieve self-reliance.

From this outlook, I would like to state that the Government is not keeping its promises. Be it direct tax or indirect tax, the hon. Minister of Finance has very shrewdly raised the taxes. In certain areas, this burden has become too cumbersome. Now the Government has since withdrawn so many notifications simultaneously. But the hon. Minister of Finance has not been able to clarify the consequences thereof. I would like the Hon. Minister of Finance to clarify the position with regard to these notifications.

I would not like to linger my speech on small scale industries because a load has already been said about it. The Government has reduced the burden of tax imposed on small-scale industries to a certain extent. But only time will tell as to what extent it will affect the small scale industries and whether these would survive. I want this Notification 59 with regard to using the brand names should be withdrawn. It has been stated by almost all the hon. Members that the small scale industries having the turn-over of Rs. 30 lakhs are surely going to be affected because the houses where these small scale industries are being run.....

[*English*]

SHRI MANMOHAN SINGH : This is to curb some big multinationals who were using those brand names. I do not know whether you are pleading for them.

(*Translation*)

DR. LAXMINARAYAN PANDEYA: I am not supporting the Multinational companies. How can the small scale industries use brand names ? Some of them make shoes, some others make their upper covers, some make umbrellas etc. I, therefore, submit that they do not have sufficient capital to invest on using brand names. Therefore, it should be withdrawn. The Government has said so much about the small scale industries but it also favours their existence because they are the backbone of our country and lakhs of people work there. They are the only means of livelihood of the lower middle class people and slum dwellers.

Now I would like to draw the attention of the Government to Notification No. 202. Through this Notification, the Government has withdrawn the facilities provided to mini steel plants, steel rolling plants and galvanised steel plants. Virtually they have been put in a critical position. My submission is that the first Notification should be withdrawn, but the second one should be restored. Probably the representatives of the Federation of Engineering Industries might have met the Hon. Minister and urged him to restore the Notification No. 202.

[*English*]

Incidentally, according to the Notification No. 202/88-EC dated 20.5.1988, a wide range of products made out of duty paid inputs like pig iron, steel ingots, rerollable material of iron and steel, hot rolled skelp,

hoods, sheets, strips, flat of thickness not exceeding 5mm respectively, galvanized steel, sheets and plax etc. were exempt from Central excise formalities.

(*Translation*)

Our electronic industry has developed to a great extent and it is competent in this field. The Government has reduced the customs duty and raised the excise duty which has affected it adversely. For instance, the D.A.P. has been imported in huge quantity so, our indigenous fertilizer companies are facing tough competition for selling their products. The fertilizer companies had already warned the Government against it. The same is the case with the newsprint mill at Nepanagar in Madhya Pradesh. The people from there had met and told me that with the reduction of customs duty, the cost of the indigenous newsprint has become costlier as compared to imported newsprint. The hon. Minister of Finance will certainly say that the objective of the Government is to ensure availability of goods at cheaper rates and it is doing so. But the newsprint mills at Nepanagar are on the verge of closure today. Thousands of workers have sought protection just they should be in trouble. I would like to request the Government to look into this matter. Besides this example, there are several instances where customs duty has been reduced, and excise duty on the indigenous goods has been increased. The Government should maintain proper balance in this regard. Due to the present imbalance, the purchasing power has not been increased though the goods are being imported at the lower rate of customs duty. The purchasing power of the common man should be raised. Otherwise the goods cannot be sold. Our Tax System should facilitate easy availability of the essential commodities to the people. The common man should not be de-

[Dr. Laxminarayan Pandeya]

prived of them. The middle class people, the Government employees who have fixed income have been adversely affected. That is why, I have asked relief for them. I had also requested to raise the ceiling of income tax exemption to Rs.50 thousand. The hon. Minister has raised it to Rs.35 thousand only. But the further slab should be prepared accordingly. It will be convenient for the salaried class people. I would also like to tell you that ours is a joint family system. The limit prescribed for the exemption of income tax in respect of the joint family needs to be amended. It should be raised from Rs. 18 thousand to Rs.50 thousand. The Government does not provide houses or any other facilities to the people. So, it should not make any attempt to break the joint family system by not raising this ceiling.

My opinion is that these will be able to function properly together provided facilities are given to them. It is right that whenever the social situation has been complexed and labyrinthined the environment of conflict has left its marks there but where now families are being formed, what the use if the Government gives no relief to them?

Having made two-three points I will conclude and now I would like to draw the attention of the hon. Finance Minister towards these points. It hardly needs to be mentioned as to how far has the Government succeeded in its new experiments made during the last year. I will not like to go into the results of your Public Sector Investments. The report of the PAC has cast the book before the Government. You know the scale of disinvestment in the PUs, the financial bungling thereof, the persons responsible therefor and the amount of culpability of each person, the number of bidders that

came in and the number people interested in buying the shares and your subsequent decision of withdrawal. There was a large scale difference of opinion among the Finance Minister, his Secretary of Finance and the Suresh Kumar Committee. The PAC has insisted that the whole matter should be investigated into by the CBI. I think that one Financial Committee has advocated for it. This should be taken seriously. I have only mentioned these points and our Finance Minister is making all the experiments to reform the financial situation, presenting the Budgets and then trying to bring about financial adjustments in the subsequent Finance Bill. Our opinion is that the Reserve Bank of India should be restructured.

(English)

At present the Reserve Bank has structural autonomy. BJP Government will ensure operational autonomy of RBI.

(Translation)

What I want to say is that in order to set the present structure of RBI right and bring about uniformity in the Income Tax, its maximum rate should be 40 percent and the upper ceiling of Income Tax exemption should be raised up to Rs.50,000.

(English)

Rationalise and simplify the present tax structure, and bring down the highest rate of income tax to 40 percent, raise the Income Tax Exemption to Rs.50,000.

(Translation)

My submission is that taxation should be implemented in a way as to benefit all the people.

(English)

Exempt employment-oriented industries in non-municipal areas from income tax; abolish octroi duty and persuade State Governments to make good the losses of municipalities; arrange uniform sales tax rates throughout the country. Loss in revenue will be compensated by the Centre; impose Estate Duty on property and assets worth more than Rs. one crore; share Corporation Tax with the States; give special tax concessions to writers, artists, academics and others engaged in intellectual and cultural pursuits; non-developmental expenditure will be curtailed drastically.

(Translation)

Keeping in view the opinion about it, attention should be paid and such arrangements be made and decisions be taken as may accrue some relief to the populace which is mainly constituted by the poor, the middle class and the one freed from pains and pang, ails and agonies and the burden of taxation is minimum on him so that the country is pushed ahead towards economic progress. All these aspects need to be reformed. The people are apprehensive of the way taxation has been formulated and of the charges brought about by reducing the excise duty which may result in the advent of multinational companies, reduction in exports and increase in imports. As a result of this the autonomy of our country and the indigenous industry will be affected. Small and medium industries and the handloom industry in which lakhs of people are gainfully engaged will be affected. We should feel their pain remove this agony. I have received a memorandum from the Small Scale Manufacturing Association of Maharashtra in which it is requested that Notification No. 59 be withdrawn and!

(English)

The Maharashtra Small Scale Manufacturers' Association has urged the Government to exempt tiny units from Notification No. 59 of 1994 pertaining to brand names. It has said that units having machinery worth not more than Rs.5 lakh and turnover less than Rs.30 lakh should be fully exempted.

(Translation)

I would request the hon. Minister to keep this in mind at the time of his reply and reform the financial situation and the economy and also check inflation. His present works are inadequate and the announcements made and possibilities expressed are not implemented in the direction of economic reforms. I oppose the Financial Bill.

[English]

SHRICHITTA BASU (BARASAT): Madam Chairperson, the Government's economic policy, which is generally known as a globalised market friendly reforms policy, it was stated — or it has been claimed on many occasions — would breed prosperity for the country. This Finance Bill contains certain proposals in order to promote the economic objectives of the Government and which generally fall within the stated policy, as I have stated above. But in actuality what we find is that this economic policy, this package of these reforms programme has not improved the economic situation of the country. On the contrary, the negative features of the policy are very increasingly pronounced. It is necessary at this time to understand or to take note of these negative aspects of the policy and its impact on the economy of our country.

[Shri Chitta Basu]

Madam, although I agree that it is very difficult to get an objective, fair and quantitative assessment of the impact of the whole package of the programmes, but some glimpse of it can be had from a recent report of the ILO — Asian Regional Team for Employment Promotion, entitled "India: Employment, Poverty and Economic Policies" published in December 1993. I think this is the latest — to me at least — assessment of the impact of the new economic policy of the Government.

I feel it my duty to share with the House the findings of the Report. That Report says and it reveals that both underemployment and open unemployment had increased since the adoption of the new package of policies from mid-1991. This Report also reveals that there had been a fall in real wages of casual labour in both urban and rural areas.

It further states that the incidence of poverty has increased both in urban and rural areas. It further says that the steep increase in food prices by over 45 percent in three years between 1989-90 and 1992-93 had been one of the major contributory factors for the mounting incidence of poverty.

The Report concludes by saying, "Stabilisation, therefore, has meant a few steps backward, as far as employment generation and poverty alleviation is concerned."

I would request the Finance Minister and the Government to take note of these increasingly negative features of the economic policy that they are pursuing which is not bringing about prosperity for the masses.

But it is leading to the deterioration of

the economic conditions of the broad masses of our country.

Now-a-days I find, through advertisements and other methods also, a much tomtomming has been going on to show to the people about the so great achievements of 1001 plus days of this Government. But in so far as the reality of life is concerned, these 1001 plus days of this Government has really been the dark nights for the masses of our people, which means for them misery, mounting privations, impoverishment of the people, growing joblessness and politically speaking, rejection and repudiation of all hitherto nationally accepted economic policy of the Government. This is the real situation. And as a matter of fact, in my view this is the summing up of the general economic, political and social situation of our country. Therefore, the Budget and the Finance Bill should not ignore these basic realities of life, which faces the masses of our country.

Now I simply want to draw the attention of the Government to certain specific situations. On the production front, there has been a sharp decline and it is very much discernible. According to the Economic Survey, industrial growth rate is expected to show a decline in 1993-94 to 1.6 percent against the growth rate of four percent in the previous year. Secondly, agricultural production is calculated to have fallen by one percent in 1993-94 compared to the year 1992-93. Capital good production is languishing. There has been some improvement in the consumer durable goods sector. It comes to 13.6 percent in the year 1993-94. Madam, it is indicative of a very ominous situation and it indicates, rather it shows, that the Government is catering to the needs of the consumerist interests of the rich, who constitute the top ten percent of the population of our country, neglecting 90 percent of

the people of our country. This is not the healthy sign. This is not the bright thing. This is ominous. And this very particular figure shows that our Government caters to the needs of the consumerist, middle class, who constitute ten percent of the society, neglecting the broad masses of our country.

Madam, I must say that this Government is discriminating against the small scale sector and favouring the foreign capital in preference to Indian capital on the pretext of 'level playing field'. There are numerous instances. I would not like to take the time of the House to mention about all those things.

The Economic Survey of 1993-94 begins with the claim, which says, "The economy has emerged decisively from the crises of 1990-91." I am sorry to say that it is not so. We are not out of the woods. For example, rupee has been devalued by 75 percent during the tenure of this Government against the dollar.

1600 hrs.

Internally the rupee has been twice devalued. The gold which had been pawned to British and Swiss banks is still in the vaults of those banks and has not yet been redeemed although it has been claimed that it has been redeemed.

In 1991, the country's foreign debt stood at Rs. 1,10,000 crore. In November, 1993, it steeply went upto Rs. 2,66,000 crore and by now it may be safely assumed that it has already crossed Rs. 3,00,000 crore mark. This is not the healthy sign. This is not the bright aspect of our nation's economy.

I come to the rate of inflation. Certainly the rate of inflation came down to 6.9 percent in December, 1992. Since then it has

been climbing up. By the week ending on March 5, 1994, the rate of inflation has crossed the 9 percent mark and stood at 9.05 percent. I think, this has further increased. I am speaking of some two months back. Now it may be more than 10.5 or 10.6 percent. That is the position. This spurt in price cannot be attributed to the 'seasonal and cyclic pressures on cotton and sugar' as indicated by the Finance Minister. The new spurt is because of this seasonal and cyclic pressures. I think it is just ignoring that people also have certain knowledge. Other people can also know something. What are the grounds for this spurt? It is precisely because of certain very basic inflationary impulses which have been injected into the economy by the budgetary policies - for example, the administered price increase in February; secondly, yawning uncovered deficit in the 1994-95 budget; thirdly, steep increase in money supply in 1993-94; fourthly, increased liquidity in domestic economy. Therefore, we should also remember that these are the basic factors for the price increase and these are the consequences of so-called market friendly economy. And so long you resort to so-called market friendly economy, the basic reason for this inflationary pressure will continue to remain and I think the Government should remain prepared to meet the situation arising out of this growing and mounting inflationary trends in our economy.

So far as unemployment is concerned, it is soaring. I think, the number of registered unemployed has crossed 4 crore and this does not reflect the actual employment situation of our country. On the other hand, by pursuing exit policy, and the policy of closure and retrenchment, the army of unemployed and jobless are increasing by leaps and bounds. This is a very ominous problem for the country and this Finance Bill does not

[Shri Chitta Basu]

16.08 hrs.

provide any solution to this major economic ill of our society.

Therefore, Madam, I do not like to prolong my speech. I want the Government to review their policy and particularly review their so-called market friendly economic policy.

(Translation)

SHRI SURAJ MANDAL (Godda): Madam Chairperson, there are many anomalies in the Bill brought forward by the Department of Finance. I would like to urge the hon. Finance Minister to bring about uniformity among the people of India. There are 41% resources in Bihar and minerals in the Jharkhand region alone constitute alone, 32% of those found in India. There is no industry in that region today, the industrialists do not go there; industries are being set up in Maharashtra, Gujarat, and other parts of India with the minerals of this region. It is because no excise duty and income tax concessions are provided to the backward areas as yet. I would request the hon. Finance Minister to keep such industrialists set up out of the purview of excise duty and income tax for at least 10 years. Industries in the Jharkhand region set up industries with the investment upto Rs. one crore. It takes 5 years for an industry to commence commercial production.

7268 small industrial units have been closed down in Bihar. The reason of their closure is that there was no production in them and the banks did not provide them the working capital. The Ministry of Finance has paid no attention to this aspect.

(SHRI NITISH *in the Chair*)

There are five glass factories in my area. I wrote 3-4 letters to the hon. Finance Minister about those industries. Two glass industries established in Madhupur have since been closed down. Earlier, 10% excise duty was charged on industries having a manual plant and 2 percent on these having automatic plant. In this Budget, it is 20% for either of the industries. An automatic plant costs Rs.40-45 crore but it employs very few people whereas a manual plant needs more manpower. The two glass industries running on manual plants in my constituency have employed one thousand people. The industries running on manual plants will be forced to closed down if an equal excise duty is charged from both types. Therefore, I request that the excise duty levied on them may be brought down to 10%, as was the case earlier.

I would also like to draw the attention of the hon. Finance Minister to the Cement plants which are of three types - the major, the small and the micro. The Finance Minister has very liberally given relaxation to all tiny industries with the exception of tiny cement plants which produce 30 ton cement per day. This advisors in the Ministry of Finance are rowing wrong advices into his ears. A cement plant having a production of lakh metric tonnes has to pay an excise duty of 330 rupees and that producing 600 metric tonnes has to pay a duty of Rs.185. A plant producing 30 tonnes a day also is charge with an excise duty of Rs.330. Please do not close the provision of chapter 10. The tiny cement plants bring the raw-material from one or the other state had to pay nothing earlier but now they are charged Rs.185. Formerly, they were charged Rs.145, then

it was raised to Rs.185 and then to Rs.330. You have given no respite and relaxation to the tiny cement plants. In rural areas, these can run smoothly and quality cement can be produced only when they are given relaxation.

An article about the tiny cement plants was published in the Economic Times dated April 7 and it said:

(English)

Tiny units' bid to draw F.M.s statement misfires.

(Translation)

Nothing was done even after repeatedly apprising and writing to you about it. I would like you to pay attention to this.

The Finance Minister has given income tax relief to the tribals of Sikkim. I wish he treated all tribals of India equally. Jharkhand is a tribal dominated areas whose population is 2.5 to 1.25 crore and they outnumber the tribal population of any area of any part of India. No scheme is formulated for tribals. You have imposed excise duty on tiny industries. A better method of increasing of revenue would have been the checking of Income Tax and Excise Duty evasion. In that case, there was no need of imposing and levying more taxes. On the one hand, you give salaries to the Government officials and on the other impose Income tax on them. Your tax laws are so intricate that they are beyond the perception of a common man. Kindly simplify them so that everybody can understand them and income tax lawyer does not charge exorbitant fee. Secondly, I would like to tell you how excise duty is evaded. An engineer told me in this regard that if a machine component or parts is sold in the market, excise duty has to be paid on

it. In order to evade that duty the five parts are bought from five different shops and assembled and the machine is sold without paying excise duty. In a letter to the Director, Ministry of Finance, I wrote that this duty evasion should be checked and the hon. Minister of Finance wrote back to me in affirmative but later no action was taken on that.

I would like to cite an example of how the Ministry of Finance is being duped and dodged. The department of vigilance customs has apprehended a litigation case in Delhi that is sub judice. Some people are booking motor parts at Singapore and they booked their consignment with paper scrap. One of their accomplices is putting up at Singapore. A part costs him Rs. 6 and he claims that it costs Rs.100 and thus earns an export incentive of Rs.20 on any item of Rs.6. The custom officials have detected such cases and this is the kind of export being made. This must be checked.

Another thing I would like to point out is that there is a part of Indo-Nepal Preventive Custom Collector of the department of customs in Bihar. Goods in three containers were being sent to Nepal through Calcutta in August, 1992. These goods worth 1.5 crore rupees were held at Betia. The present custom collector was in charge of both Calcutta and Bihar at that time. Nobody claimed goods when they were seized but after some days the same custom collector released the goods of Rs.1.5 crore and the consignment was returned to Singapore. This case lies pending with the Board of Revenue and is under review. Such officers should be brought to book.

All such officers are responsible for incurring loss to Government in excise duty should not be posted at such sensitive places at the borders. I would like to request the

[Shri Saroj Mandal]

Finance Minister to give facilities for goods exported from India but the items produced and available here should be protected by imposing more custom duty on the same items imported from abroad so that India goods are marketed, Industries can run and the people can get employment.

The last point I would like to submit is that the Government of Bihar has made a rule that the State Government will provide no facilities to a person who sets up an industry worth more than Rs.15 crore. What is the worth of Rs.15 crore in this age of inflation? No facilities are given due to which despite being a mineral rich region, no industry has come up in Jharkhand and the people are starving there. There is the coal base, there are minerals, but there is no industry. Power is also needed for setting industry in Jharkhand. 100 megawatts of power is needed in Bihar but the Government of Bihar has a capacity of only 35 of megawatts. They take power from NTPC and DVC but they also have stopped supply of power due to the fact that some dues are outstanding against them and as a result all the small scale industries have been closed down. 7268 industries have been closed down because the banks did not give them loans to raise working capital. For grant of working capital, the department of industry makes an enquiry followed by a bank enquiry. Then again, a third enquiry is conducted by some institution. This is why there is no industry. An industry should start production after two years but there it takes 5 years.

I am aware that the Finance Minister has an open mind on Jharkhand and pays attention to it. I would request him to exempt the such industrialists as are interested in setting up industries in Jharkhand region from the Income Tax and custom duty for 10

years and make an announcement to this effect so that people from other places are lured to set up industries there.

Sir, I would, once again, like to draw your attention towards the glass industry. Different excise duty at the rate of 20% and 10% should be charged on glass manufacturing units running on automatic and manual plants respectively. With this, I conclude.

(English)

SHRIC. SREENIVAASAN (DINDIGUL):

Mr. Chairman, Sir, I thank you for providing me this opportunity to speak on the Finance Bill, 1994.

It is very sad that the poor and down-trodden of the country have to bear the brunt of the pre-budget hike in the prices of almost all commodities. The pre-budget hike comes to about Rs.4,000 crores in terms of burden on the poor.

It is my utmost belief that with liberalisation, tax reforms are yet to be under way. The taxation procedure itself requires radical reforms to curb evasion and ensure greater transparency and accountability. The transparency can be ensured if you prescribe only one tax for every commodity. The procedure for assessment of valuation should be streamlined.

Sir, it is not clearly known what type of concessions have been so far extended to the NRIs and MNCs. I call upon the Government to place on the Table of the House, a White Paper in this regard. The accession to the Dunkel proposals have made us to attune ourselves to the world atmosphere of trade. The laws and the rules applicable to Indians have already been specified in the various Acts of Parliament dealing with taxation.

The extent of laws and rules is confined to India only. But under the same laws and rules, concessions are being handed out to MNCs and NRIs by way of notifications. This is absolutely wrong. Trans-national applications of law and rules of taxation should be separately coded and put to the vote of the House. Therefore, laws and rules applicable to NRIs and MNCs should be specifically approved by Parliament.

In the same way, Sir, for developing Indian industries, concessions will have to be liberally given to native industrialists. The economy should be first opened to the Indian industrialists first and then after a period of five to ten years, if the desired development does not take place then only the Government should be constrained to open up the economy to MNCs and NRIs.

The hon. Prime Minister says that international treaties are not first approved by Parliament. There is no Constitutional provision. The House agrees on that. But the Constitution makers did not see a future in which this great nation would be late at the feet of foreign powers. An international treaty of the kind of Dunkel is, therefore, beyond the Constitutional scheme.

Sir, presently, we have the bifurcation of the total finances of the Government into Railway Finance and General Finance. These are the days of micro-planning. I would, therefore, like to suggest to the Government that there should be a separate finance for the receipts and expenditure on specific public investments in Government undertakings. Government should separately manage the finances of public undertakings delinked from other expenditure and revenue. The Finance Minister should examine this.

I take this opportunity to put before the

House certain demands for the immediate consideration of the Finance Minister. The demand for the Southern gas Grid is pending for a long time. There is surplus production of about 22 million cubic metres which is more than sufficient to establish the Southern Gas Grid which would benefit the southern States including Tamil Nadu.

The Telugu Ganga Project is hanging fire for a long time. I would appeal to the Finance Minister to personally look into the files relating to funding of the Project, especially funding by the World Bank. I want him to specifically give the House an assurance that he would do this and tell the House the actions taken to expedite the Project. I also urge upon the Government to expedite the clearance of the New Veeranam Project. Both the projects are aimed at providing drinking water supply to Tamil Nadu particularly the city of Madras.

A proposal for installation of desalination plants in the Southern Coastal districts, particularly Ramanathapuram district of Tamil Nadu is pending clearance with the Central Government. I request the Finance Minister to accord the clearance and provide the 75 percent project cost as grant so that the drinking water problem in these districts is solved. These are all the projects which are being pursued by Dr. Puratchi Thalavi for the overall benefit of the society. The commitment of Dr. Puratchi Thalavi in these projects must be matched by Central Government by expeditiously clearing them.

Terrorism is a threat to the integrity of the nation. If the Centre does not come to the aid of the State Government, the State Governments alone can not tackle the problem. The tireless efforts of the Chief Minister of Tamil Nadu Dr. Puratchi Thalaivi, have almost wiped out terrorism in the State

[Shri C. Sreenivaasan]

which was widely prevalent during the previous Government.

A sustained battle against terrorism however, requires funds. The State Government has asked for Rs.84 crores for modernisation of the police force. But the Centre has only granted Rs.10 crores. I, therefore, request the Finance Minister to provide the full amount asked for by the State Government for modernising the police force.

Since the Budget as a whole is a big burden on the poor people and against the interests of native industries particularly, small and medium, I oppose the Finance Bill, 1994.

With these words I conclude.

SHRIK. PRAHDANI (NOWRANGPUR):
Mr. Chairman, Sir, I rise to support the Finance Bill introduced by the Finance Minister yesterday. I congratulate the Finance Minister who has announced some new concessions to the small scale industries like Umbrella, soaps and life saving equipments and many other things.

Our country is progressing steadily and regularly under the leadership of our Prime Minister Shri Narsimha Rao and with the advice of our Finance Minister Dr. Manmohan Singh. When our party took charge of the Government about three years back, the foreign currency was just above one billion dollars and now it is 13 billion dollars; gold which was pledged outside is restored back to our country. The export has been increased to 21 percent instead of minus three percent in 1991-92 and had risen by two percent in 1992-93. The inflation rate which was 17 percent when the Govern-

ment took charge of it, is now about 8.5 percent. Balance of payment is reduced to half a percent of the GDP; external debt has been reduced to 3 billion per year in 1993-94 from 8 billion in 1991-92 and 1992-93.

Our Finance Minister in his Budget speech has spoken about many things. It is a very lengthy one and I do not like to go into the details. But I would specifically like to mention one or two problems. Just now Shri Chitta Basu was speaking about the growing unemployment. Our learned Prime Minister has introduced two schemes of employment guarantee programme and educated unemployment programme. This year our Government has given Rs.1200 crores in place of Rs.600 crores last year for the employment guarantee programme. Regarding the educated unemployed, Rs.145 crores have been sanctioned by the Government for these people. Because of the statistics given by our former speaker basing on the records mentioned in the employment exchanges. I do not think, these figures will come in there because our rural folk who are there without enrolling their names in these registers, they are not counted in this. Here our Government has raised the rural development budget to Rs.7010 crores this year instead of Rs.5010 crores last year.

Regarding JRY, it has been raised to Rs.3,885 crores in place of Rs.3,306 crores in 1993-94. The question of unemployment cannot be measured with the books which are maintained. But we have to examine it by knowing how the schemes are going on and how the people are employed in other schemes.

I do not want to go into the general principles of the Budget. I have some specific problems to mention in the Scheduled Areas. I come from a Scheduled Area

where most of the people are living below the poverty line; and the Governments-both Centre and the State - have the responsibility to protect them from all sorts of exploitation and gear up their economic development. During the Sixth and the Seventh Plans, there were Seventh and Eighth Finance Commissions which have given some financial awards for the development of infrastructure and also to improve the standard of administration. But, it is unfortunate that during the Eighth Plan, there is no financial award. I draw the attention of the Finance Ministry to this and request them to look into it and solve some of the specific problems.

In the year 1960, when Pandit Nehru was the Prime Minister here, he appointed a Commission known as Dhebar Commission. It reported that the manufacture and consumption of country liquor were the most dangerous practices which exploited the tribals from the points of view of their health and economy. It wanted that it should be banned completely and they should not be allowed to brew alcoholic beverages except to brew the fermented liquor. But, in most of the States, the State Government having Scheduled Areas have not implemented the scheme. They are just giving it on contract basis to earn revenue; and they say that unless they give this on contract basis, they are not going to earn revenue and run the administration. So, when the Commission has reported like this and the Government also has, in principle, admitted and agreed to implement this, why should the State Government not do it? The Central Government have got wide powers under para(3) of the Fifth Schedule and para(5) of the Fifth Schedule of the Constitution. The working group appointed by the Planning Commission during this plan have suggested - after their investigation that the condition of the tribals which were expected to be very high,

proportionate to the expenditure incurred, have gone down in many cases. It is time for the Central Government to consider this and give directives to the State Governments to gear up the administration and to stop exploiting the tribals. I would draw the attention of the Finance Minister to this and request him to allot some money to help the State Governments which are hankering for revenue and which are expressing their inability to have sufficient police force to stop the illicit distillation at the cost of the tribals in the tribal areas. You will be surprised to hear that in many tribal villages somewhere - I come from some of such villages - the population of widows are more than the males because they die at early ages due to the consumption of spurious drinks. We want that consumption of this spurious drink should be stopped immediately without further delay.

The Finance Minister in this Budget has sanctioned more money under JRY and Employment Guarantee Programme. But it is very unfortunate that there will be no Panchayats in the Scheduled areas, we have passed the Panchayati Raj Bill during 1992-93. There is a provision in that Bill which says that after one year of passing of that Bill or one year after giving assent to that Bill the Acts enforced by the State Government at present, will cease to operate.

And this Act will apply there. But it has to be extended by the Parliament. It is unfortunate that the Central Government has not extended this Bill to the scheduled areas, so far in those areas and as such there will be no Panchayats. I do not understand how this money which is meant for rural development and for the accelerated employment programmes to be implemented by the Panchayats will be spent there! Therefore, I draw the attention of the Central Government to it and request them to ex-

[Shri C. Sreenivaasan]

tend this provision to these tribal areas as early as possible so that the democratic set up at the grassroot level can take care of these programmes.

My friend Shri Inderjit and some other hon. members who spoke before me referred to the income tax exemptions extended to Sikkim tribals. I do support them. But I wonder why the Sikkim only should enjoy such benefits and why not the tribals of other parts of the country. I request the Government to make it applicable to all the tribals of India on a uniform and regular basis.

The last point that I would like to mention is about Ladakh. Inderjitji who has spoken before has referred to the income tax exemptions given to the people of Ladakh after the 1962 Chinese aggression. But these reliefs were withdrawn in 1989. The law and order situation in Ladakh has not improved. So, I request the Finance Minister to extend these provisions for many more years till the law and order situation improves.

I conclude with these words and I thank you Sir.

SHRI INDRAJIT GUPTA
(MIDNAPORE): Mr. Chairman Sir, this Finance Bill incorporates many aspects of the Finance Minister's efforts to manage the country's finances or to mismanage them. I don't know which! He has now come up with a long four-page list of concessions - changes that he proposes to make in the original Budget proposals. I agree with him that there were many demands from the Members, including from our side, for some relief given especially to the small scale sector. And to some extent he has done that. I don't know whether those small scale people are

satisfied or not. But I am very surprised that at the time when the proposals were framed, the Department over which he presides was so much ignorant of what was going to be the impact of these customs duties and excise duties on a vast range of industries in the small scale sector. How is it they did not know it before? Now, he has come out with four printed pages offering so many concessions and reliefs and all that. It means that at the time of placing the Budget proposals, the Finance Ministry was knowing that ultimately they would have to cut out many of those things - and that would then appear to be a very generous and magnanimous action on his part. This is done by many Finance Ministers. They always keep something up their sleeves so that later on they appear to be generous. Either they knew it and did it deliberately; or, if it was not that, it means that his Department was totally oblivious and ignorant about the impact these things are going to have on many of the small-scale sectors. Otherwise, I do not see how such a four page printed exposition of the so-called relief and concession measures is now produced at the fag end.

The Minister should at least tell us how much loss of revenue is involved in these concessions. Excise duties are either being reduced or withdrawn altogether. Custom duties are being reduced. A long list is here. Summing up the whole thing, how much loss in revenues it is going to add up to? At least the Parliament should be told about it. I know, the Minister will say that we want to have both the things; we want relief to be given and we also want that there is no loss in revenues. I do not mean that at all. But, information must be given to us. What is the amount of reduction in the revenues which will be involved as a result of these concessions? That has not been told to us. I hope, when he replies, he will give us some information about this matter.

I wish to mention two points again. I had mentioned them during my speech on the Budget, but I got no response. So, I regret that I have to repeat them again. At that time also I wanted some response by way of queries. Since they deal with large sums of money on which revenues have been deprived by illegal means, whether that money can be recovered or not, I do not know. But, in any case were promised here on the floor of the House that some follow-up action would be taken on the findings of the Joint Parliamentary Committee which went into the Bank Scam. The Prime Minister himself has given an assurance that within 4 months the follow-up action that was going to be taken would be presented to the House. My question is very simple. What is the position regarding that? We have not been told anything about it. I would like to know whether any follow-up action has been formulated or whether it is still under consideration. By what time something can be expected? In the mean time all those people who are guilty, all those speculators of the share market, bank executives and bureaucrats and so on who were involved in this are going scot-free. So, we would like to know whether the Government has decided not to take any action at all or still something can be expected by the country and the Parliament.

Secondly, Sir, I had asked about an old thing which people are not getting a bit tired of because I suppose it has become such an old thing. It is about the Bofors. I am not referring to the theft of money by way of bribe by the Bofors Company. A new thing has come up before us now. We were told that the confidential papers and files, which are in the Swiss Bank, relating to the Bofors gratification payment, papers relating to certain secret accounts, are now going to be handed over by the Swiss Bank authorities to the Government of India. It was said that

the formalities have been completed and *within a certain specified time those papers will be made available to us. Of course, that stipulated time has elapsed. Papers have not come. There is some delay. But, in the meantime, I find that Shri S.P. Hinduja of the Hinduja Brothers, who was one of the parties which was suspected of being involved in this whole Bofors pay-off, has become bold enough to go to the Press in India. He has briefed the Press to the effect that these papers from the Swiss Bank will not be given to us because the Government of India has bungled in making the claim for those papers.

He is suggesting that the Government is not really serious about it. Therefore what they had asked for from the banks is not specific documents and specific papers relating to those secret accounts into which the Bofors' payments were supposed to have been made but they had asked for all kinds of general papers, in the abstract in general, and made it easier for the Swiss authorities to further delay and to avoid handing over those papers. I want to know what are the facts. The Government should tell whether proper procedure had been followed or not, or whether due to some mistakes or due to somebody's oversight or somebody's deliberate collusion, the request to the banks had been made in such a way that it is not possible actually to lay our hands on those specific papers which we want to get. What is the position? Mr. Hinduja will go on making accusations against the Government every day. But the Government says nothing. We do not know anything. So, I think, in its own interest, the Government should come out with some clarification on this point. Either they should refute what Mr. Hinduja is saying or they should explain here what is the difficulty in getting the papers now.

[Shri Indrajeet Gupta]

Then, I would just like to mention - already many friends have spoken about it - about inflation, price rise and all that. We are, now, paying, Sir, in the retail market, Rs. 15/- for one kilogram of sugar. If you want to buy one kilogram of sugar in the bazar, you have to pay Rs. 15/- for it. Last year, viz., roughly about a year ago, it was Rs. 9/- or Rs. 10/-. We were already grumbling about it. The ordinary poor man or the consumer, who does not get enough sugar on his ration card is already grumbling about it. But today, the price has gone up to Rs. 15/- . It is fantastic in a country like India. First of all, now, the Government has to explain why such an inordinate price rise has been allowed to take place in the case of sugar. Who is manipulating the sugar price in the market? Who is making profits out of this?

Secondly, now in order to bring down the price of sugar, because of the pressure of public opinion, they have suddenly declared that they are putting sugar on the OGL list. Open General Licence has been given for sugar. I do know what is the quantity. I think some several lakh tonnes of sugar can be now imported under the OGL not only by the Government but even the private traders can also import it. The reports in the economic journals say that this sugar which is already begun to be imported, perhaps, it has not reached the retail market yet. This sugar is being deliberately withheld by unscrupulous traders with the object of forcing prices still further up. So, I do not know where this is going to stop. But I am apprehensive, lest ultimately such a situation is created that the levy sugar supplies for our Public Distribution System will also be affected and that is where the quota of sugar for the Public Distribution System may also have to be cut down. But I hope this is not going to be the practice of the Govern-

ment that on the one hand they will not take any effective action against profiteers, against unscrupulous traders, and on the other hand when prices go out of control, then they say that now sugar, edible oil and raw cotton will be put on OGL as they have done recently. This is no way of bringing prices down. I say this also because we are apprehensive of the future. We have been warned umpteen number of times because of the GATT proposals and the Government has not denied it. The prices, at least of pharmaceuticals, medicines and drugs are likely to go up.

When they are asked here, what will happen if the prices go up by four or five times, how will the ordinary man afford these medicines, then we were told: "Don't worry, we will impose some price control." This is the specimen of price control on sugar, edible oils and raw cotton. We have seen what is the efficacy of Government's price control measures. We do not think it will fare any better in the case of pharmaceuticals, medicines and drugs.

Then the balance of trade is an important thing; the balance of trade is running at 1.4 billion dollars - an adverse balance of trade against India. Say in 1993-94, there was some growth in the export from India; that is to be welcomed. There was an export growth of 20.37 percent in dollars terms, but, at the same time, imports had also gone up and imports in 1993-94 went up 15.71 percent in terms of corers of rupees. This was entirely due to extensive concessions which had been given in import duties even in the month of March. In the month of March alone, there had been more than 50 percent increase in the imports after the Budget was announced. So, more concessions are being given by way of import duties and export duties. The imports are going up; the values of imports are going up; and whatever we

are gaining in some area by some slight increase in exports, is wiped out. He has not told us how much outflow of hard currency by way of interest repayment has gone up during this period. Between 1992-93 and 1993-94, what is the total bill of interest repayment in hard currency which we are having to make?

I would like to just mention a fact about the disinvestment of shares of public sector undertakings, which have become a regular practice of the Government in order to supplement its regular revenue. In 1993-94, the target was Rs.2,500 crores to be released from disinvestment of shares of certain selected public sector undertakings; that target of Rs.2,500 crores has been raised to Rs.4000 crores for 1994-95. Now the reports are that these are being auctioned. And they have received bids from people who want to buy the shares; about 1400 bids have been received. But the point is whether these bids are at the market prices of these shares or below the market prices; and whether the Government will ultimately be prepared to dispose of these shares at below the market prices. I know that there is a reserve price, there is a thing called the 'reserve price', which is below the market price.

The Government has said that in any case no sale will be permitted below the reserve price. But we would like to know whether the bids which are made below the reserve price will be rejected or not or they will also be accepted.

Now these bids worth Rs.4,500 crores are pending, so far as I know, in respect of shares of seven undertakings including BHEL, Maha Nagar Telephone Ltd., Bharat Electronics, Bharat Earth Movers, HPCL, NALCO and BRPL. These seven public sector undertakings are proposed to be

disinvested of shares upto a total of Rs.4,500 crores this year; and this money will go to augment Shri Manmohan Singh's budget balancing. In principle, we have always objected to this method of selling away public shares in order to show us an artificial increase in the budget balance.

17.00 hrs.

But the Government is going ahead with it. At least we should know that public sector shares are not being sold away at throw away prices, which is a general accusation, which is being made by different quarters that these public sector undertakings, which are doing very well, which are making good profits and all that, whose market shares are available, their shares are being sought to be sold away at less than the market share prices and sometimes at throw away prices. What is the position regarding this, we have to know before we can formulate our final attitude towards this method and this practice which we think is very harmful for the country's future.

Now we are again starting import of gold. The gold which was sent out at the time this Government came to power and which was pledged as a sort of security to the Bank of England, which is removed from the vaults of the Reserve Bank and sent to England to be put in the vaults of the Bank of England there, has not come back, though we were told it would be redeemed and that gold would be brought back to India. Now nearly three years have passed, that gold has not come back. It remains in the vaults of the Bank of England.

Now we are informed that under a special licence scheme which has already been made available to what they call Super Star Trading Houses, the Mines and Minerals Trading Corporation (MMTC) is being

[Shri Indrajeet Gupta]

allowed to import gold at concessional rates of customs duty. What is the purpose of this, we should like to know. This gold, I am told, is for sale in the bullion market through MMTC outlets in Delhi, Bombay and Ahmedabad. Maybe this is meant to be an anti-smuggling measure, I do not know whether it is some sort of a safeguard against smuggling of gold. But first of all, we do not know how much gold is going to be allowed to be imported from these MMTC outlets.

There is a fear of crash in prices. The State Trading Corporation is not involved. The State Trading Corporation, I am told, was also invited to join this list of gold importers, but the STC has refused because they say that there is no infrastructure and this will involve a risk, a danger of a crash, later on, in prices.

I am only mentioning some points on which I want some information and clarification. I am very sanguine that I will get nothing from the Finance Minister when he replies, but I hope that at least on some other points he will explain the position.

I had mentioned earlier also that there is a journal called *The World Economic Outlook*, which is a journal of the World Bank and the International Monetary Fund. This is prepared in their offices. It is their official bulletin or organ, whatever you like to call it, representing their point of view. In the latest issue they have expressed great concern over the six thousand crore rupees Budget deficit which the Finance Minister has placed before us in this year's Budget. Of course, nobody believes, it will remain at Rs.6,000 crores. Ultimately, it will much more than that but even at this Rs.6,000 crore figure. *The World Economic Outlook* has expressed

deep concern.

In the meantime, if the deficit goes up, the inflation rate will also go up. You cannot stop it. Already the inflation rate last week has gone upto 10.52, well over the double digit figure which we were told would never happen and it continues to go up. This World Bank and IMF journal has said that sustainable growth is not possible without the momentum of fiscal consolidation. Fiscal consolidation means that you have to bring the deficit down and not allow it to keep going up. Without a momentum of fiscal consolidation it is not possible to have a sustainable growth of the economy. This is what they are saying, not I.

The future loan requirements would encounter stiffer conditionalities. If we have such an inflationary economy and such a momentum of deficit going up and up, then future loan requirements will certainly run into much stiffer conditionalities and terms than we have had so far.

So, what does the Finance Minister think about this? Is he resigned to this future prospect of having to pay much higher rates of interest and subscribe to higher conditionalities for future loans, because there is no sign of this inflation coming down and I am afraid, the Government has failed totally on this front. It is reluctant to reduce the high interest rates which are prevailing in this country. It seems to think that in spite of keeping interest rates high, there will be a higher overall growth and that will, by itself, increase the Government revenues. But there is no sign of improvement in the growth. He himself has said it. The last *Economic Survey* has admitted that industrial production growth is sluggish. The word they have used is 'sluggish'. They have admitted that it is not going up except very very slowly. This three per cent growth

which he has confidently forecast, that at least it will be three per cent growth, he is nowhere near that at present.

Therefore, if there is no overall growth at a higher rate, then this question of augmenting Government revenues is just an illusion. It cannot be brought about and I simply wish to say that this Finance Bill must be viewed from the point of view of a sort of an annexure or an adjunct to the main Budget proposals. The main Budget proposals this year have made it quite clear that there is a run away inflation which has overtaken the economy, the Government has no credible procedure or machinery or method by which to halt this inflation and this inflation will actually bring about a situation ultimately where the outflow will be more. We must remember that this high rate of foreign exchange reserves which we are talking about so much and money has come in from outside has come in partly as loans, partly from NRI's deposits and so on, all the foreign exchange which is deposited in the Reserve Bank of India automatically requires that a corresponding amount in Indian currency has to be released by the Reserve Bank. They may keep the foreign exchange certainly in their reserve but corresponding to that, they have to release a corresponding amount of Indian currency into the market. That means, the money supply is going up all the time. The money supply this year have not got the figure with me just now-- has gone up substantially and the money supply is stoking this inflation further. The prices are going up further.

Therefore, we should have been told what are the countervailing methods by which the Government is really hoping to convince people in this country that the inflation rate will be slowed down or stopped. I do not see any prospect like that. It is a completely gloomy prospect as far as inflation is concerned. Therefore I would say that

this Budget, of course, has proved to be an eye-wash in that sense, because it can never fulfil the assurances or promises made by the Finance Minister and this Finance Bill now proves what I am saying, that on the one hand while he has given lot of assurances....

SHRI LOKANATH CHOUDHURY (JAGATSINGHPUR): For three years he has failed.

SHRI INDRAJIT GUPTA: For three years he has failed. But every year we are given a fresh hope that something will happen.

This is all I want to say. I hope that when he replies, having made a note of some of the points I have made, some clarification, some elucidation, some information at least will be shared with the House. We are completely in the dark as to how this management of the country's finance is going to be conducted.

[Translation]

SHRI GEORGE FERNANDES (MUZAFFARPUR): Mr. Chairman, Sir, the hon. Member, Shrimati Malini Bhattacharya had raised a question the day before yesterday in the House relating to the statement issued 1-2 days before in Calcutta by Dr. Jayaram Ramesh, Advisor, Planning Commission. Dr. Jayaram Ramesh had said that the new economic policy which being followed today has effected this year's budget as also those of previous two years and its reflection is visible in this Financial Bill which has created such conditions in Eastern States in West Bengal, Orissa, and eastern Uttar Pradesh that the number of workers in the organised sector there will be reduced by 70 percent.

17.11 hrs.

(MR. DEPUTY SPEAKER *in the Chair*)

I regret the fact that the point raised by Shrimati Malini Bhattacharya in the House on that day was not listened with seriousness it deserved and I can not say whether the statement of Dr. Jayaram Ramesh will be taken seriously in the country or not because he is not going to ponder over it. He is implementing that policy with main and might.

Another point he has made is that there are 22 lakh workers in the Public Sector Enterprises today of which 4 lakh are in all likelihood like to be retrenched in near future. Finally, probably everybody will be retrenched if these people sitting in the treasury benches continue to stay here because it is their resolve, their policy and they are bound by it. They claim to have adopted this policy perforce binding national compulsions but these are their own made compulsions which I will not touch upon this time because much has been said about that.

Mr. Deputy Speaker, Sir, I do not think that the Government of any other country could have adopted such policies as are being followed here by this Government and which will be instrumental in divesting the West Bengal, Orissa, and eastern Uttar Pradesh of their 70 percent employment. But hon. Maliniji did not make one more point here, she was not allowed as well, or may be it did not strike her mind and it is that such conditions will be created in the eastern States, according to the advisor of the Planning Commission, primarily because the new capital investment, Indian or foreign is to be made in the Western States. These might be Maharashtra, Gujarat and

Karnataka but not Kerala, as we know no capital investment is going to be made there. Rajasthan, Gujarat and Karnataka for inciting a provincial dispute in the country. This is what Dr. Jayaram Ramesh said. The reason is that the infrastructure of development raised in the western states during the last 45-47 years is attracting capital today, both Indian as well as foreign and there are arrangements for providing facilities for that. It is separate debatable story that five Governments are reluctant to follow your special policy. But the negligence of last 47 years has assumed dangerous proportions today and may lead to an explosive situation. We have witnessed Yugoslavia's dismemberment into Bosnia, Croatia and Serbia. But the Finance Minister knows that there were most developed and most backward provinces in Yugoslavia and a perpetual state of tension prevailed between the two. He should not be euphoric about India that this tension does not prevail here. In Maharashtra, Shiv Sena demands that Marathis should be given job there. The tension emanating from it is not restricted to the people of Maharashtra alone but there is tension among other States as well.

During the setting up of a new industry in one of the talukas of Gujarat for its development a year ago, the locals raised a new dispute by saying that people from nearby villages in the vicinity must be given jobs in it but those coming from far off villages should not be given jobs. We have witnessed such things in Kerala and other parts of our country. This policy will help concentration of capital in a few areas only.

These disputes will not remain confined to small towns or villages only, rather they have already taken a critical turn. At least I am frightened whenever I think about the consequences. In para 24 of his speech the hon. Minister of Finance stated:

[English]

"I would like to draw the attention of the hon. Members to the proposal made in the Budget for providing a five-year holiday for new industrial undertakings set up in backward districts of States which are not specified in the Eighth Schedule to the Income tax Act. This proposal has been widely welcomed."

[Translation]

I do not know who have welcomed it. There is no doubt that slight relief has been given but sometimes we are so overwhelmed by the proposal that we rush to the hon. Minister of Finance to facilitate him. Lot of facilities have been given but there is no likelihood of their reaching the districts. My submission is that if the credit deposit ratio would have been maintained honestly many of the problems of the States could have been resolved. I would have said that it is nonsense but it would be a harsh word and you would expunge it.

[English]

MR. DEPUTY SPEAKER : If it is unparliamentary we shall remove it.

[Translation]

SHRIGEORGE FERNANDES : It is not unparliamentary, but it is a harsh word. Please think for a while I have been raising this matter for the last 25 years. For instance only 37.3 percent of credit deposit ratio is being utilised in Bihar. These figures are from the Reserve Bank India report as in March, 1993. Where is the balance amount of deposits of Bihar being utilised? In my opinion it was siphoned away to metropolises. The C.P.M. Government in West Bengal for last 17 years has been able to increase

this ratio to 50 percent. The average ratio in the country is 61 percent. The people have raised their voice and improved this ratio during last 4 or 5 years. But this ratio is still 37.3 percent in Bihar. My colleague Prof. Prem Dhumal might be aware that this ratio is 32 percent in Himachal Pradesh. Sir you might be aware that the people of Himachal Pradesh are mainly engaged in apple orchards or in the Service Sector. Even then this ratio is 32 percent only. Now the question is as to where is the balance amount utilised. The credit deposit ratio in Jammu and Kashmir is 30 percent. But no development was being done there. This ratio has been raised in Uttar Pradesh from 39 percent to 42 percent. A small island like Lakshadweep needs to lot of funds for development and improving the standard of living there. But only 9.9 percent of amount deposited in Banks is spent there. Where is the rest of the amount invested? My point is that the system the Government has adopted for a long time has led to disputes in every State. I want to know the names of the states which have been deprived of the benefit of credit deposit ratio so far and the deposits from these States have been utilised in other States. I want that the hon. Minister of Finance should clarify the position.

The credit deposit ratio in Kerala is 47 percent. There are sufficient deposits but the major share of the funds is not being utilised for the development of Kerala. The youth of Kerala are forced to go to Bombay in search of livelihood and they have to face lot of problems there as the Shiv Sena activists drive them away from there. Mr. Deputy Speaker, Sir, we are opposed the policy of the Government and are not interested in the statistical jugglery of the Government. But we should consider this basic issue immediately and bring about improvement otherwise the situation will worsen and its repercussions will be inevitable. Any

[Shri George Fernandes]

excuse that foreign hand is to be blamed for the situation will not serve the purpose. Some concrete measures must be taken to stamp out this 47 year old malady.

MR. DEPUTY SPEAKER, Sir, I would like to say this also that the Budget and the policies have been prepared as per the suggestions of the World Bank and we do not know where will they lead our country to.

SHRI NITISH KUMAR (BARH): Whom do you want to put forth your grievances? Except the Minister related to the Department no Minister of Cabinet rank is sitting here.

PROF. RASA SINGH RAWAT (AJMER): Sir, we expect the presence of the hon. Senior Minister during the discussion of an important issue like Finance Bill.

[English]

MR: DEPUTY SPEAKER : The concerned Minister is here.

SHRI PETER G. MARBANIANG (SHILLONG) : Sir, the Minister of State of Finance is here.

SHRI NITISH KUMAR: Where are the other Ministers?

MR. DEPUTY SPEAKER : The concerned Minister is here.

(Interruptions)

SHRI SURYA NARAYAN YADAV (Saharsa) : Mr. Sukhram has come.

MR. DEPUTY SPEAKER : The House

was a little dull. He wanted to infuse life in the House. Now it has come to the proper order. Shri George Fernandes may continue.

[Translation]

SHRI GEORGE FERNANDES : Mr. Deputy Speaker, Sir, I was saying that the policy of the Government was prepared at the dictats of the World Bank. Analysing the new economic policy of India the World Bank report in 1992 states that -

[English]

In 1990 the number of India's population below poverty is 22.6 crore or 44.8 crore depending on how one defines poverty.

[Translation]

But at the same time he also stated that-

[English]

Roughly 35 to 40 percent of the world's poor are in India under either definition.

Whatever definition you want to apply, between 35 to 40 percent of the world's poor are in India.

It further says: "Available evidence suggests that the poor remain highly vulnerable and may be adversely affected by a number of components essential to the reform package, including probable increases in basic food prices, reductions in subsidies for fertilizers and power and short-term unemployment in urban manufacturing and service sectors as firms adjust to increased competition following industrialised trade liberalisation."

[*Translation*]

The World Bank gives suggestions to the Government. But it cannot be our advisor because we have never accepted its outlook and we have opposed it as it imposes its terms and conditions. The script has already been written by the world Bank, by the International Monetary Fund which is a sister of the World Bank.

[*Translation*]

Since the script was already prepared and everything was decided there is no use of clamouring here on it. If Shri Ramesh Jayram speaks there we are furious but he has raised the dispute between various States. The question of unemployment can lead our country to ruin. Has this Finance Bill addressed that problem in true earnest? The National Renewal Fund may provide some relief but there is an apprehension that many factories and mills will close down and that is a matter of grave concern. Nothing substantial is going to be done. (*Interruptions*)

Our main concern is as to what does the Government think about those who are being deprived of their jobs and those who are coming into the employment market everyday. What provision has been made for them in the Finance Bill? Is the Government aware of the fact that it will have to generate employment for 26 crore people in next seven years? I am talking about only one group of persons who belong to the age group of 15 years and 24 years and who will have to be provided jobs within next seven years because we claim ourselves to be going ahead to the 21st century. Till the advent of the 21st Century we will have general employment for 26 crore children. It implies that the Government will have to generate employment for three or three and

a half crore persons in a year in the country. But the Government has no such proposal in the Finance Bill. We can atleast discuss about on which goods you have given rebate in taxes, on which goods taxes should be less, what has happened in my constituency and what should happen, we would like to know from the Government that if you do not want this matter to be discussed in this House, if the Government is not prepared to give any reply on that. We would like to know from the Government through you as to whether they have envisaged anything in this matter. Mr. Deputy Speaker Sir, we would like to know from the Government what is going to take place during this discussion since this Bill has been presented for the approval of the House and everyone is expected to support it. Therefore, I feel it is must to give the reply of these questions.

Mr. Deputy Speaker, Sir, I would also like to say something else in this House regarding this policy. Recently it was a news item in the newspapers that Cargill Company is going once again in the field of salt, from where it had left in the month of October. The announcement was made day before yesterday that they have reached there. I understand that they have nothing to do with salt and *Namak Satyagrah*. I am ready to accept that they people will not have to think about the sacrifice of Gandhiji and others for the freedom of our country but salt provides employment to the people. There are employees who work in the field of salt.

Cargill has given in writing to the court, after a continuous Satyagrah/movement of 5 months, that they are going and that they will not stay there. They have given the statement. The advocate of the Government on behalf of the concerned Ministry dealing with the work of Ports, had gone to the Gujarat High Court, Ahmedabad had

[Shri George Fernandes]

given in writing that Cargil, which was given permission earlier has withdrawn it - self from that. The matter concluded there but now the Government has not only given them the permission but has also assured to provide all facilities so where does the Government want to take the country?

Today, I have read in a newspaper that Indian Airlines has suggested that Government should make provision to cut short the air routes on the country on thus reducing the distance with a view to save the petrol and by making a minor change in the present routes Indian Airlines can save the petrol to the tune of Rs. 175 crores in a year but our defence department did not agree to that. They said that it cannot be done since the aircraft of Indian Airlines should not fly over the cantonments and defence installation areas. Kandla is the front line port of our country. As the Karachi port became a part of Pakistan, this port was build keeping in view the security of the country. A person from our Defence Services too is included in the management of Port Trust. Last time when this question was raised, the defence department has said that no foreign company should be allowed to manufacture salt in this area keeping in view the security of the country. Therefore, I would like to know in which direction the Government want to lead the country through this policy.

Our freedom struggle is with salt. It is a question mark on the last step taken by Gandhiji for the freedom of the country. Now, even , if you do not want to consider over all these things atleast you should keep in mind the security of the country. Mr. Deputy Speaker Sir, we are very much worried at the way the Cargil is entering i every field. There is a scarcity of the feeling of patriotism.

Cold drinks were manufactured by our people just three years before. Today the manufacturing of cold drinks has been handed over to the foreign companies. This year the business of cold drinks has been of 1800 crore rupees then the American companies will take away 360 crore rupees with them. The newspapers throughout the world are reporting that India has become a battle ground for the two global soft drink giants. Indian soil not only turned into a battle ground in the field of cold drinks but it has also turned into a battleground for ice-creams. The business of ice-cream is not going on large scale but even then Rs. 200 crore are involved in this business. Now the Unilever, which is kown as Hindustan Lever in our country has entered into this business of 200 crore rupees of ice cream. The Hindustan Lever did not show their might in comparison to the ITC The ITC officers said that they will not let it happen. There was a time when ITC was a multinational company but today Indians hold its major share. We will not allow you for majority holding in it but Hindustan Lever has become Unilever. Cadbury, which used to be the manufacturer of ice-cream now has to go for bottle of giants in terms of quality with Brook Bond and Lipton India, which are the companies of the owner of the Hindustan Lever.

I think that each and every person, who became the part of India after partition and started a business in the metropolitin city, Delhi, has boosted it up. Today 40 percent of the total business of the country is in their hands. Vadilal of Gujarat is holding 20 percent of the country's total business. They have made progress. They have spread their business from Gujarat to Maharashtra, Rajasthan and Delhi. Today the foreign companies are trying to take over the business of Indian Companies.

Hence, while we are discussing this

ordinance, this matter does not mean House will have to consider over this issue very seriously.

All of us say that GATT is harmful, GATT is not a document but it is an agreement. The foreign companies are entering in every field in India. The people of other countries will not find anywhere a Finance Minister named, Dr. Manmohan Singh. He knew it very well as to what Americans desired, in which fields they should be allowed to enter into India and where the custom should be reduced. That is why, the day before yesterday, he said that 70 per cent of the work has been completed and only 30 per cent is left. 70 per cent has been accomplished through last three budgets and only 30 per cent is left. We, the members of opposition are saying this because we know that GATT is harmful. Those sitting on the other end are its supporters and there is no need at all to foretell where this support will lead you. I think that it is harmful for the country. There is no use at all in raising voices against it unless we consider that in which fields and how it is harmful for us.

I am happy that hon. Minister of Communications is present here. I do not know whether I should welcome him or thank him. There was a case related to Videsh Sanchar Nigam, the foreign companies now hold 1/3 shares of it. The Soloman Brothers and Clanword Benson, these two companies were asked to mobilise one billion dollars in Europe for Videsh Sanchar Nigam, this was not supposed to be handed over to these companies. I do not know whether it is a fact or not but I am saying so on the basis of the hearsay. God knows, who took this decision and whether they were right in their thinking or not. When the Minister says that it is wrong then it should not be. Who took the decision? May be the bureaucrats had taken this decisions. Who pressurised them?

Whether these were politicians or outside middlemen or both of these? Not that he does not know but today I will not speak. I know who were interested in it and how these two companies have befooled us, since the loss is beyond calculators. One of our companies got one million dollars. We can confine ourselves to this extent only. Our country has to face humiliation before the whole world but the Government could not do what it wanted to do.

I am saying so because a lot of money is involved in it. The Government pays 3 per cent of the total amount to the foreign company, to which it hands over the task of selling its share in the world and for arranging money from foreign countries. It was a deal of one million dollars, which means that 30 million dollars or rupees 100 crore were to be paid at the rate of 3 per cent. I am saying so seriously that any one who is found guilty in it should be pointed out and must be punished. No foreign company should be allowed to play foul with our country.

It is said that the bank rate has increased in America. On account of the budget our share market has declined and we have lost our reputation in the international market. But it is the sole purpose of the companies, merchant bankers and lead managers. What else it can do? They are not supposed to be middle men only, at least they should have envisaged as to what should have happened in three months or in six months. If the lead manager takes a contract of selling shares anywhere throughout the world then it is not only the law of this trade that he must fulfil the promise. If the prices had declined in the market then it was their duty to pay one million dollars to the Government, though this money was not meant for the Ministry of Communications, we have made a mistake there. Why the

[Shri George Fernandes]

Government has defamed the name of Videsh Sanchar Nigam. This amount was not meant for Videsh Sanchar Nigam. Now the Government has 15 billion dollars, which should have been raised upto 16 billion dollars. This amount was not to be invested for the development of Videsh Sanchar Nigam. The hon. Minister should give the reply, if not today then on some other day.

THE MINISTER OF STATE OF THE MINISTRY OF COMMUNICATIONS: SHRI SUKH RAM : If you allow, I will give the reply right now.

SHRI GEORGE FERNANDES : Please give your reply after my speech is over.

It would have been much better if the hon. Finance Minister Dr. Manmohan Singh had been present here, since he had casted aspersions on us time and again. He particularly interrupted our Marxist colleagues by mentioning China and how China has made progress at such a fast pace and how should we work here, he used to say so many things in this regard.

Today, I have to put some facts before this August House. The hon. Finance Minister has been misguiding the House time and again and I am going to make it clear today. One thing is patented that he claims that he had to improve the condition of the country which was prevailing at the time when his party took the reins into its hands, in 1991 and his second patent is when such things can happen in China why we are not ready to accept in our country.

We have the requisite information about China and that is derived from the documents of the United Nations Organisation. It is not a political document. At first, the foreign capital in China is 0.4 percent along

with the employment infrastructure. Secondly, the other most important thing is that the Government sector in China, which we call public sector here is known as State-owned sector in China, has 40.2 percent industries on the basis of total business of the total industries.

[English]

40.2 percent of the total Gross National Product comes from the State-owned sector; 30 percent comes from collective sector. I am giving you the 1991 figures.

[Translation]

Which is not private. There are collective farms and collective cooperatives and such other organisations, but not of the Government. Individual sector has 19.6 percent. There individual sector means the self employed units and one unit has an average number of employees of 1.6, i.e. one family unit. Again, I repeat that the output of the individual unit is 19.6 percent. The private enterprises and foreign enterprises both have total output of 0.4 percent and 1.3 percent respectively. Such a situation has been created here. The whole development of China is based on the foreign capital. The change came in China not only by hard labour but by honesty also. Last year two thousand Government officials in China.....

An hon. Member : Were sent to jail.

SHRI GEORGE FERNANDES : Thousands were sent to jail but two thousand were awarded capital punishment and were gunned down. The Government of China has admitted that a few more than two thousand were sentenced to death but the common feeling is that the number is much higher. They were responsible for corrupt practices in industrial and business sectors

China has done it in her own country as per the law of the land and we are not going to urge for the same here in our country, we have no objection if our Government follows the path of development like that of China. China punishes the dishonest Government officers, the bureaucrats and the company owners etc. When they do something wrong, they are punished. May be our Government is ready to give such punishment but I do not believe in capital punishment. If our Government accepts it, I am ready to wait for five years since we will have sufficient time to remove such people and ask them to stand on fire line. We will get success in bringing up the country from helplessness to some extent.

With these words, I strongly oppose this Bill, Thank you.

[English]

SHRI SUKH RAM : I want to clarify the position about the point that the hon. Member has raised, if you allow me. Otherwise I can give it to him in writing.

MR. DEPUTY SPEAKER : Once again the argument starts and it consumes a lot of time. Today we have to sit fairly for a very long time because there are hon. members who are waiting anxiously to participate in the debate. We should not deny them the chance. I request the hon. Members also to cooperate. The hon. Minister may give the clarification for two minutes, if he wants.

[Translation]

SHRI SUKH RAM : Mr. Deputy Speaker, Sir, the hon. Member has presented the facts in a distorted manner. I do not know if

his information is incorrect or he has tried to give such as an impression. It is not that we have been put to difficulty or we have become victims of a fraud merely on account of entry of foreign companies. This is not so. An offer was received from the coordinators appointed in this country that they can offer us Rs.1400 to Rs.1600 on each share of Rs.10. But, we had decided to disinvest the shares of Videsh Sanchar Nigam Limited well before that and it had already been proposed to go in for Euro-Issue. In this connection, I constituted a high powered committee under the chairmanship of the Chairman, Telecom Commission. In this committee, the other members were the Chairman, VSNL, Finance Secretary and the Chairman, IDBI, I left it to them to select a coordinator who may enjoying world-wide reputation.

18.00 hrs.

It is on this basis that I got an approval from the Cabinet. But, the Cabinet put a condition that they will not agree to less than Rs. 1400. Whenever, I get an opportunity, I would explain it in detail. When our officials went for negotiations, there was a downfall in the prices of shares in the international market. In USA, interest rates had also been raised and there were other reasons due to which we would have got Rs.1150 instead of Rs.1400. When I was informed about this, I immediately talked to the hon. Prime Minister and he was also of the opinion that we should not agree to less than Rs.1400. (Interruptions)

[English]

MR. DEPUTY SPEAKER: Now, I think, we have to extend the time of the House. Mr. Minister.

THE MINISTER OF WATER RESOURCES AND MINISTER OF PARLIAMENTARY AFFAIRS (SHRI VIDYACHARAN SHUKLA): I think, the House can sit late. There are so many speakers left out who are to speak. If the House approves, we might sit upto 8 o'clock so that tomorrow we can have reply of the Finance Minister.

[Translation]

Dr.LAXMINARAYAN PANDEYA (Mandsaur): We are sitting till 7.0 clock and if nesary we will sit till 8,0 clock.

[English]

MR.DEPUTY SPEAKER: Yesterday also a request was made in this regard . If we has sat for some more time yesterday, more Members could have participated. Those who have the opportunity of speaking earlier are prepared to sit and those who have no such opportunity, do not want to sit. We should look them as our brothers.

SHRI GUMAN MAL LODHA (PALI): Sir, we can sit late.

MR:DEPUTY SPEAKER: Okay, we will sit.

[Translation]

SHRI SUKH RAM: In this connection, I would like to tell the House that our intention was not mala-fide. I think it was rather a question of the prestige of this contry. It was not merely a question of money. We could have got Rs. 1100 on each share of Rs. 10 but we kept this view in our mind that this being our first Euro-Issue, the prestige of our country was involved. so, we decided to defer this decision. However, we cannot control the fluctuations in the international market. (*Interruptions*)

[English]

SHRI PETER G MARBANIANG (SHILLONG): Mr.Deputy Speaker, Sir, first of all, I would like to apologise for having not present in the House last evening when you had called out my name, as we had another Committee meeting.

[Translation]

SHRI NITISH KUMAR (BARH): Is eating allowed in the House?

[English]

MR. DEPUTY SPEAKER : Mr. Nitish Kumar wants to know whether the Government could make necessary arrangements for the dinner so that we can sit for more time and complete. That is his desire; I just want to know.

SHRI VIDYACHARAN SHUKLA: I will be very happy to do that.

[Translation]

SHRI NITISH KUMAR: What I an saying is that Shri Bhoi has been eating continuously.

[English]

MR.DEPUTY SPEAKER: Shri Marbaniang.

SHRI PETER G. MARBANIANG: Sir, I rise to support the Finance Bill, 1994. I congratulate the hon. Finance Minister for many concessions that he has given in the excise and customs duties, which will encourage growth and development of our economy. Sir, it is ture that we cannot satisfy all sections of the people present in the House. However, I must say that the Finance minister has tried his best to create

proper conditions which will lead to faster growth and development of our country. Sir, I would also like to congratulate the Finance Minister for constituting a Group of Experts which will collect district-wise data from the States in order to arrive at uniform set of criteria for industrial backwardness on a national level and to identify on the basis of these criteria, districts which are extremely backward. Sir, it is true that the economic conditions prevailing in different parts of this great country of ours are not the same. Therefore, given certain assumptions for growth and development, I think it is wise to identify the backward districts and to apply a separate or special set of criteria to uplift those districts.

Sir, I come from North East Region. And in North East, we find that we are very rich in raw materials like forest produce, oil, gas, coal and many other rich mineral products.

MR. DEPUTY-SPEAKER: Please try to avoid reading. It is not permitted.

SHRI NITISH KUMAR: He is not reading. Sir, he is only referring to the papers!

SHRI PETER G. MARBANIANG : Mr. Deputy-Speaker, Sir, you please name him. He is always disturbing the House.

MR. DEPUTY-SPEAKER: But he is a great friend of yours!

SHRI PETER G. MARBANIANG : I am not reading anything. Please name him so that you can't teach him how to respect the rules and regulations of the House.

While we have natural resources in abundance, we find that the investment in the North East is not commensurate with the rich natural resources. We find that most of the time the investment is very sluggish,

leading to a sluggish development of the area. This slow growth in the North East cannot be compared with the growth with other developed areas of India. Therefore, different economic criteria will have to be applied in the case of the North East.

I find that in the sphere of job opportunities also, North East has a rather very limited growth. This led to frustration among our young men and women, which in turn gave rise to many terrorist groups. The number of unemployed in the Employment Exchanges has more than doubled or trebled. If you refer to the figures available with the Government of India, you will find that unemployment is increasing at an alarming pace in the North East. I have read in a reply to a question that in Meghalaya in 1981 there were only 2,000 unemployed persons but now the number is more than two lakhs. Same is the case with Assam, Tripura, Mizoram, Nagaland and Arunachal Pradesh.

Therefore, Sir, we want that the Government should come up with some new programme of investment because local contribution is very very limited. Public loans are not floated locally. The Government of India should make a massive investment in those industries which can be given added value so that when they go out of the North-East, they not only bring more money to the North-Eastern States but also give job opportunities to the local people.

The State of Meghalaya is sending tonnes of coal to Bangladesh and also to other parts of India. But, we are not able to start any industry in that State. I request the Government to adopt such criteria for setting up of industries as will suit the North-Eastern States. We find that the Government is giving transport subsidy only from Siliguri. There is a demand from almost all the North-Eastern States that this facility should be extended upto Patna because we

[Shri Peter G. Marbaniang]

have landlocked areas in the entire North East and we depend only on motor transport. Most of the States in the North-East do not have rails, airways or other means of transport.

We welcome the Government's proposal of tax holiday for five years but the proposal by itself will not help bring in investment in the North-East. The investment will have to be made at the Government level. I hope that with the help of this boost given in the shape of tax holiday and by making efforts to bring peace and tranquillity in the entire North-East, we will be able to generate more employment for the local people.

We have rural banks in almost all the villages of the North-East which are doing a very good job. I am happy to know that the Government of India is thinking of a National Rural Bank of its own. My request to the Government is that it should not do away with some of the rural banks in the North-East though some of them may be incurring loss — because these rural banks have been able to inculcate saving habits amongst the people of North-East.

The other point that I would like to make is about the adjustment of the overdraft with the plan money. If an overdraft is there, the Government of India immediately takes away the same amount out of the plan or non-plan money meant for the State. This has led to a reduction in the economic activities of the State. I appeal to the Government to come up with a scheme whereby there should be a freeze of at least 10 years on the overdraft so that the money is invested in the States for which it is meant for. If this is done then the States will be able to go ahead with their economic development programme.

I would like to remind the Government of India, particularly the Finance Department about the abundance of gas in Assam and Tripura. The Government should ask the Gas Authority of India to lay the pipelines in both these States so that this gas which is abundantly available there is utilised properly. Instead of sending the gas to Bangladesh and West Bengal an effort should be made to make it available to different areas of North-East so that gas-based industries and gas-based power stations could be started.

Sir, I know that time does not permit me to go further but I want only to draw the attention of the Government of India that the economic criteria existing in the North-Eastern region cannot be compared with other parts of India. There should be special consideration for this area so that more employment opportunities can be created, more investment can be made and more industries which depend on local produces in that area be utilised for the benefit of the people.

Thank you, Sir, for giving me an opportunity to speak.

SHRI V. DHANANJAYA KUMAR (MANGALORE) : Mr. Deputy-Speaker, Sir, as far as I understand, the Finance Bill is an exercise to translate the vision on the national economy exhibited in the Budget into action. So, it is necessary to know the thrust of our economy. I would like to ask the Government as to what is the main thrust in their perception on our national economy. Sir, it is apparent from the proposals made in the Budget that by drastically reducing the import duty and also the customs duty on a number of items including consumer goods, they have simultaneously brought many items produced specially in the small scale sector on the net of central excise apart from

hiking the excise duty on many other items.

Sir, it is very clear that this Government is only interested furthering the cause of the multinationals. May I ask the Government as to what picture they would like to give to the whole world about our economy? Do you want our economy to be based and supported only on the basis of investment by the multinationals, by attracting more and more foreign investment? Normally, at the time of preparing the Budget, as per the practice, the Government consults the traders' organisations, the big industrial houses and also organisations of the industries as to how the taxes could be rationalised, where reductions will have to be given; and which items should be included in the tax net. All these things are thoroughly discussed. But I am sorry to bring one point to the notice of the Government: For the last forty-five years, have they ever bothered to consult the biggest section of the population, that is, the consumers, before making the Budget proposals? More than 90 per cent of the population is the consumers.

Today, Sir, the Finance Minister is very well aware that we cannot improve our economic situation unless the purchasing capacity of the common man is strengthened. Is there any meaning for the Budget-making exercise when the Government itself is repeatedly resorting to imposition of administered prices?

As usual, this year also, we have seen that the Government has drastically increased the taxes on many essential items. The other day, after making proposals for hikes in taxes, the Finance Minister came before the House and said that he had given concessions on several items. With this, how far the interest of the consumer would be protected? Today, what is the effect of the three consecutive Budgets presented

by Shri Manmohan Singh?

A short while ago, our senior colleague, Shri George Fernandes, had given figures and was trying to enlighten us by comparing the growth achieved by China and how we were lagging behind.

Last year, after repeated requests made by the Opposition, the Government came out with the White Paper on the debt position of our country, which was alarming. Our external debt is more than Rs.2,75,000 crores with which we are burdened. In this year's Budget also we see that almost 60 per cent of the income from internal resources is set apart, that is Rs.46,000 crores are set apart for payment of interest and the debt service charges for the external debt alone. With this, how can we expect to improve our economic situation?

The other aspect is the inflation which has gone up and has already crossed the double digit figure. This is the contribution of the three consecutive Budgets presented by this Government. Can we not, for a moment, think of calling a halt for further borrowings? Can we not take a decision today that we will repay the loan with interest at the earliest? Can we not create confidence in the minds of our people so that we can try to stand on our own legs? That is why my party has come out with our economic policy. We have given main thrust for Swadeshi and also for self-reliance. I do not know whether this Government would understand these words because I am not talking about any individual. But there is a crisis of integrity in the Government as a whole. The Government has no will to uplift the economy, to create more and more employment and also increase the gross domestic products. After several assurances given by the Finance Minister, even today the fiscal deficit is not controlled and still is

[Sh. V. Dhananjaya Kumar]

rated at 5 percent of the GDP. In spite of several concessions announced in the import duty as well as the customs duty last year, we have seen that there has been a fall in the industrial production; there has been a fall in the agricultural production.

Several of the labourers are rendered unemployed. There has been a fall in collection of revenue. But on the other hand there has been an enormous increase in the unproductive expenses. With the concessions now given the point is whether the Finance Minister can expect to mop up the proposed revenue?

Now let us examine the case of importing the capital goods. In spite of the concessions the question is whether any indigenous industrialist would venture to get more and more capital goods to this country today, when your consumer market is kept wide open to the multinationals. As was being referred to, multinationals have started entering into fields like production of soft drinks, production of ice creams, leave apart the other consumer goods like tooth-paste, soap, etc. With this situation, whether any indigenous industrialist can make huge investment and import the capital goods and then set up a new industry here. When the production will commence, we will cross another two three years, by that time our market will be flooded with the products made by the multinationals. So today, we should sit down and make a loud thinking as to where we are taking the country.

Have we ever thought that the biggest investment or the biggest resource which we have is the manpower? Is there a vision with the Government to create more and more employment? What about the sector, i.e. mainly the small and khadi and village

industry sector which has the greatest potential of creating more and more employment.

After the presentation of the Budget, all of us know that more than 70 to 80 percent of the small scale industries have closed down. Why? Would you not give a proper thinking before you make the Budget Proposals? Can you not envisage as to what will be the impact of making certain changes in the structure of imposing the excise duty? Can you expect the indigenous industrialist to compete with the well-established multinationals.

Today, as rightly observed by hon. Shri George Fernandes, our country is becoming a base for a competition between the multinationals. They are using this as a ground for bringing in money, using our resources to produce goods then sell them outside.....

MR. DEPUTY-SPEAKER: Sell them inside, create a market and take the money out!

SHRI V. DHANANJAYA KUMAR : Not only inside, Sir, they will sell them outside also. They would earn money and they would take back the money to their country. They will never invest the money here.

Just a week ago, I had an occasion to talk to one gentleman from South Africa. Today, South Africa is not in a better position compared to our country. He had come here to study the situation for making certain investment in the area of some cooperative sector. I asked him as to what was his opinion about the situation available in India. He said, " I am sorry to say that you are lacking in infrastructure. You do not have enough power, you do not have the water supply, you do not have the transport facil-

ities, you do not have proper roads and all that."

I would like to know from the Government, while they are trying to attract more and more foreign investment, if they have ever thought for a moment whether these multinationals would come here and make investments to build infrastructures in this country? They will never do that. They will come here - if at all they come and bring the money -- to exploit the situation, they will try to flood our consumer market, then earn enough profits and take away the money from this country.

So, we should give a proper thinking to develop the infrastructural facilities to give more thrust to the agricultural sector, and encourage setting up more and more agro based rural industries so that the manpower could be better utilised. Then we can produce more to cater to the needs of the largest number of consumers available in the whole of the world and also exploit the consumer market in our country.

At the same time, you may ask me whether the Indian consumer also is not entitled to a better produce. I would definitely say that he is. Today, we must instill confidence in the minds of the indigenous industrialists also to better the quality of their products. They must be able to compete with the multinationals in the international market also.

DR. LAXMINARAYAN PANDEYA: They should become multinationals.

SHRI V. DHANANJAYA KUMAR: Let us serve the interests of our countrymen first. Let us try to stand on our legs. That is why I have said that we must definitely propagate the idea of Swadeshi and self-reliance. That only can throw a new light and

that would revamp the whole economic situation. And definitely India can become a super power in the world if we infuse this confidence in the minds of the people and make them stand on their own legs.

For these reasons, I say that, I definitely have no belief that this Government would learn some lessons from the past. They have no confidence or political will to translate this into action. As rightly said, they have started forgetting, leave others, the Father of the nation, Mahatma Gandhi himself. So they will not understand these words like Swadeshi and self-reliance.

For these reasons I am sorry, that I cannot support this Bill. That is why I strongly oppose this Bill.

MR. DEPUTY-SPEAKER: Thank you very much.

Shri Sriballav Panigrahi. Absent.

Shri Shravan Kumar Patel. Absent.

Shri C.K. Kuppuswamy.

[*Translation*]

*SHRI C.K. KUPPUSWAMI (COIMBATORE): Hon. Deputy Speaker, Sir, I thank you very much for giving me an opportunity to speak on the Finance Bill for the year 1994-95.

I would like to record my appreciation for the bold initiatives taken by our beloved Finance Minister Dr. Manmohan Singh and I would like to make few observations as I extend my wholehearted support to the Finance Bill moved in this August House.

You have extended certain tax reliefs to general small industries. The pump sets that are being used in the agricultural sector has been given excise relief. You have also

* Translation of the speech originally delivered in Tamil.

[Sh. C.K. Kuppuswami]

announced tax relief to Knitting and Spinning industry particularly powerloom, sizing, warping, cone winding etc. I would like to congratulate you on this count.

Excise reduction to promote capital goods and spare parts that will augur well for industrial growth and customs duty reduction while importing capital goods and machine tools is a welcome step. On behalf of the industrialists from my constituency Coimbatore, I would like to thank you profusely.

You have announced several incentive schemes to ensure an increase in the prevailing 6% of industrial growth rate. It is a welcome step to have permitted the exporters to retain 25% instead of 15% of the net foreign exchange they earn. It is a step in the right direction, to have reduced duty on the import of machinery as part of capital goods. I would like to state in this August House that my home town Tiruppur has fixed itself a target to export Rs. 1000 crores worth of goods annually by 2000 A.D. It would be appropriate to establish an Export processing zone in a place centrally located between the industrial towns like Coimbatore, Erode and Salem. I welcome various incentives offered to promote exports. All these farsighted measures with far-reaching results are widely welcomed by the industrialists of these industries. In order to promote further export from Tiruppur you may kindly bring about a streamlined 'single window clearance' system.

Like the Export Processing Zone created near Madras, you may form another EPZ in the Kongu region. In order to step up exportation you may consider to make Coimbatore Airport an Air Cargo Transport Terminal. To handle Air Cargo Traffic,

Coimbatore Airport should be further expanded. Funds required for this can be mobilised from the private sector especially local industries over there. Air cargo traffic with international standards can be visualised for Coimbatore Airport to increase exports from the Kongu region.

I appreciate the steady Rupee rate in the currency exchange market. Inflation has touched a double digit figure again and I am hopeful that adequate measures would be taken to bring down the rate of inflation. We have redeemed the pledged gold and we have won credit worthiness winning international acclamation. Thereby we have made the country feel proud.

I am rather hopeful that the manufacturers and the tax payers would follow the guidelines of Dr. Manmohan Singh to overcome certain slippages in the fiscal deficit. At this juncture, I would like to thank Hon. the Prime Minister Shri P.V. Narasimha Rao for his ceaseless pursuit of New Economic Policy.

You have indicated the streamlining of Banking and Insurance sector. You have also indicated the increased availability of advance facilities to Industrial sector. The Government effort to lower the interest rate generates hope and confidence in your measures. While congratulating you, I wish to impress upon you that the Government must not let go its grip and effective control over these vital financial sector bodies.

This year's Budget shows that the overall expenditure for this year is to be about 11/2 lakh crores of rupees. The Budget deficit comes to about Rs. 6000 crores. Further reduction in Government non-plan expenditure should be brought down. This would enable a balanced and uniformed social, economic, and industrial growth.

I welcome the setting up of a Fund for the Technological Development and utilisation making such technology commercially viable. This would help identifying young Scientists and to promote their discoveries in a commercially viable fashion.

Finance Minister's intention to review the functioning of Regional Rural Banks and to ensure their effective role to be on the reach out of agriculturists and rural artisans thereby ensuring increased productivity and generation of gainful rural employment is a heartening one. Various schemes for the rural poor should have monitoring mechanisms and should involve local people and people's representatives. You have announced the increase in Income Tax ceiling limit. I would like to suggest that you should evolve a method in such a way that wage and salary earners are not affected by the price rise. Hence you may revise the tax slabs once in a quarter according to the consumer price index.

I welcome the increasing of ceiling for Gift tax and request you to reconsider the levying of Service Tax.

The total tax exemption given to contributions made for Environmental preservation projects shows the Government's commitment to keep pollution under check.

Rural Development schemes will be carried out in 1994-95 with an increased allocation to the tune of about Rs.200 crores reaches and all time high of Rs. 7110 crores. Likewise, with 17% increase, education gets an allocation of about Rs.1541 crores. Considerable amount from this will go towards the setting up of an I.I.T. and two Central Universities in Assam.

National Poet Bharathi has preferred to

call Tamil Nadu as a State that excelled in Academic pursuits. So many educational institutions are there but there is not a Central University in Tamil Nadu. Hence I request the Finance Minister to announce in next year's Budget the setting up of a Central University in Tamil Nadu. I wish it be called Rajiv Gandhi Central University and it may be located in Kongu Region. I request the great educationist and economist Dr. Manmohan Singh and also our leader and erudite scholar Shri P.V. Narasimha Rao to consider favourably this proposal to set up a Central University in Tamil Nadu.

I have been repeatedly drawing the attention of the Union Government to take up Parambikulam-Aliyar Scheme. This would help saving water going waste in the West flowing rivers found in Kerala. It was one of Late Shri Kamaraj's dreams. Even after Kamaraj's rule in Tamil Nadu, increasing water requirements both for drinking and irrigation due to population increase is not attended to. I would like to bring to the notice of the Finance Minister that this scheme if implemented would benefit both Kerala and Tamil Nadu. It would provide water and would also help generating power.

Acute drinking water problem and unannounced power cuts are rampant in our industrial city Coimbatore. Industrial productivity is adversely affected. Hence I humbly request our dynamic Finance Minister and our able Prime Minister to implement this scheme and make announcement in this regard in the next Budget.

When Late Kamaraj was Chief Minister of Tamil Nadu and when Shri R. Venkataraman was our Industries Minister in Kamaraj's Cabinet, Tamil Nadu witnessed industrial progress and prosperity. Now there is a declining trend. The present rulers there claim that there is no power cut. But facto-

[Sh. C.K. Kuppuswami]

ries and Mill owners are badly hit by incessant power shut downs that may haunt them any time during the day. Long winding queues for fetching drinking water is a common sight in the streets of my Constituency. It is a common thing now in entire Tamil Nadu.

Whenever I visit my Constituency, people come and complain to us about their sorry plight. Of the 800 and odd Textile industrial units in India more than half of them are in Tamil Nadu and 246 of them are in and around Coimbatore. Raw material requirements of cotton mills and Textile mills are not met. If wasteland development is made with the implementation of Parambikulam-Aliyar project, Cotton could be grown and it would help the Textile mills over there. This will also solve irrigational and drinking water needs of the people of my area. About 25 lakhs of people would be directly getting the benefits through this scheme.

Of course, we find the prices of certain consumer goods coming down. It is unprecedented. Excise reliefs are passed on to the consumers. But the prices of essential commodities show an upward trend. Hon. Member Shri Indrajit Gupta also mentioned that sugar prices have gone up. It is true that they are sold at different places and the prices also vary from place to place. Not only sugar, but also kerosene and edible oils and cereals and pulses cost more. You must have a control mechanism. Like Mrs. Gandhi, you must ensure that all the retail outlets display the prices of essential commodities. During her rule late Smt. Gandhi implemented this strict measure and prices were put under a check. It must be followed now if need be. Price rise should not rob the ben-

efits of economic reforms. Black marketeering and hoarding should be curtailed. There should be some effective measures to bring out all the black money. You can form Vigilance Committees all over the country involving people at the local level to unearth these criminal misdeeds which hamper our economy.

Again I reiterate that Parambikula-Aliyar scheme should be taken up at the earliest and it should be named after late Shri Kamaraj.

Hon. Deputy Speaker, Sir, you were kind enough to call me to speak on this Bill yesterday itself. Presuming that my name may not be called early, I was not present in the House then. It has appeared in the papers also that Kuppuswami was found among the missing members. I would like to say that I do not take this House lightly. As a member of this August House for the past 10 years completing three tenures, I always hold it high. Seeking apology for my absence expressing my regret over the incident, I wind up my speech thanking you again.

[English]

SHRI YAIMA SINGH YUMMAM (INNER MANIPUR) : Sir, I rise to support the Finance Bill but on some conditions. One of my conditions is that the Government should write off the debts borne by the smaller States in the country. I term them as non-viable States.

I do appreciate the attitude shown by the Finance Minister by responding to the proposals made in this House in many respects. They are mentioned in his statement, so I need no mention all those because the time available to me is very limited.

I do appreciate that the Government of India has now realised the difficulties of the small-scale sector and the Finance Minister is prepared to redress all the grievances suffered by the small-scale industries. So, I appreciate that also.

Some of the proposals made by the hon. Members in this House for the exemption of duties on soap made without the aid of power, umbrellas and so on, are also accepted by the Finance Minister and I do appreciate that and I consider that the hon. Finance Minister will consider other proposals also.

My humble request would be for withdrawal of taxes imposed on small scale industries particularly the handloom industry in the small States. I do not generalise it. I ask for those small-scale industries which are set up in the small States. By small States I mean the States in the North-Eastern region - Mizoram, Manipur, Nagaland, Meghalaya, Arunachal, Tripura, Sikkim and so on. These small States cannot afford to set up big industries. They live on the small-scale industries. So, I earnestly request the Finance Minister to look into it.

My other appreciation is for reduction of duty from 40 percent, as proposed earlier, to 25 percent, on rural transport vehicles. It is very much appreciated because it is for the benefit of the rural transport vehicles.

I also appreciate the Government for taking remedial measures for extremely backward districts. The hon. Finance Minister has assured that action has been taken for the identification of those extremely backward districts in the country.

Now I come to another point. Just now my friend, the hon. Member from Meghalaya

asked for freezing the overdrafts for ten years.

.....incurred by the small States in the North East region. It includes States like Mizoram, Meghalaya, Manipur, Nagaland, Arunachal Pradesh, Sikkim and Tripura. I demand that those debts, incurred by these States, should be written off. Our demand is that the States are not viable; they were established as States only on political considerations. They are not viable States. The debts must be taken as bad debts and I demand for writing off these debts and to start a new under strict financial discipline.

At the moment also, the present position in Manipur is very bad. It might be so in the case of Nagaland or Mizoram also. At the moment the State is under President's rule. The Advisors to the Governor are spending money without any financial disciplines. They do anything and they promise anything and they execute any programme without any sanction. They made some indiscipline in financial matters. It must be stopped. Otherwise the overdrafts etc. have to be borne by the Government that will be replacing the President's rule. I object to that also.

My next point would be in favour of setting up a national rural bank of India. Just now hon. Member Shri Peter also proposed for it. I support it strongly because these banks are serving the cause of the rural population in the small States. In Manipur these rural banks are serving the cause of the rural people there. So, without any discrimination, I support strongly for setting up this national rural bank of India. It is my sincere proposal.

While funding for the small States in the North East region, most of the funds are spent on the law and order situation and for

[Sh. Yaima Singh Yumnam]

deployment of security forces even at the risk and expense of development. Lots of money have been spent on taking up security measures. On account of that the development programmes have to suffer. While funding these States, I would request the hon. Finance Minister to take this aspect into account also.

My last point would be for allowing the States to raise funds by starting local loans etc. We understand that certain countries like Japan also want to invest money for the development of Manipur.

It is my information that the Japanese Government wants to take up some developmental works in Manipur and they want to invest money there. But the Central Government is not in favour of it.

Lastly, I would like to request our Finance Minister for writing off debts of the small States in the North Eastern Region and for providing more funds.

[*Translation*]

SHRI GIRDHARI LAL BHARGAVA (Jaipur) : Mr. Deputy Speaker, Sir, I would submit that the Budget presented by the hon. Finance Minister is neither employment oriented nor it will be able to bring down prices. The hon. Finance Minister will not be able to fulfil any of these two promises. I would like to submit that the Government increased the prices of petrol, diesel, foodgrains sugar and hiking rail fare as well as freight charges before presenting the General Budget and has tried to gain popularity by showing that there is no increase in the prices of these items in the Budget. At the end, the Finance Minister has added one more line which says that the exemp-

tion given to 394 industries in excise duty is being withdrawn. The hon. Members did not catch up this line and started applauding the budget proposals. In these 394 industries, all types of industries are covered. I think that this applause was unwarranted. With this Budget, the rich will become richer and the poor will become poorer. This whole budget will give a severe blow to small-scale industries and there will be increase in inflation and unemployment. What I mean to say is that we are opposed to the conditionalities put by the foreign lending agencies and Government's acceptance thereto, in as much as we are opposed to liberalisation.

Sir, my point is that there has been increase in inflation, decrease in growth rate, slump in industrial field and increase in public borrowing. Further, the value of rupee has come down from 9.6 paise in 1991 to 7.8 paise in 1993. Now, you can yourself make the comparison. The non-plan expenditure has increased by Rs.90.020 crores over the expenditure of Rs.76.198 crore but capital expenditure has come down from Rs.31800 crore to Rs.29,484 crore.

I would further submit that today we are indebted by a foreign loan of Rs. 3,54,964 crore and the Government has not been able to contain the Budget deficit. Due to reduction in subsidy, the prices have increased. You have already effected an increase of 20 percent on wheat and rice. This has resulted in an extra burden of Rs.5000 crore on the poor people because it is the poor only who consume these items. On the other hand, you have tried to give maximum benefit to the rich.

Today, about 22 lakh small and large-scale sick industrial units are lying closed in India. The Government had envisaged 6 percent increase in gross domestic product during the current financial year but now it

has come down to 3.5 percent. Similarly, the rate of industrial growth was expected to rise by 6 or 7 percent but now it has come down to 1.5 percent. The target for bringing down the rate of inflation by 5 or 6 percent could not be achieved and now it has crossed the double digit figure. The Government has not been able to control it. Foreign debt is increasing continuously and you are claiming that there is a boom in the share market. After stabilisation of the share market, of course, the Government has been able to increase the foreign exchange reserves. You have made a special mention of these two things in your Budget speech.

19.00 hrs.

There has already been a scandal in the share market and hence the success could not be measured merely on the basis of boom in the share market. I would like to say that the process of economic liberalisation should be initiated within the country so that domestic industries could compete with foreign industries and counter their challenges.

Similarly, the problems related to agriculture should be resolved so as to increase production. When production increases, then only poverty can be removed. Therefore, we must pay attention to all these things.

During the tenure of this Government, headed by Shri Narasimha Rao, with Shri Manmohan Singh as the Finance Minister, there has been continuous rise in the prices of various commodities and simultaneously, unemployment has also increased. This Government is going to complete 3 years in office but it has failed to solve these problems. I would request that plan expenditure should be increased and non-plan expenditure should be reduced so that the economic condition of the country could improve and the production could increase.

I would also like to speak about women. There is a need to set up a national organisation to ameliorate their economic and social condition. Similarly, new employment oriented schemes and training programmes should be launched to give employment to the youth. Under these schemes and programmes, rural workers, craftsmen, youths engaged in cottage industries and Adivasis should also be included. For the development of rural areas, it is very necessary to link villages by roads. Village land should be fully utilised. Drinking water facility should be provided in villages and waste land should be developed. All these things should be taken care of, only then development of villages is possible.

Further the income limit of HUF has been fixed at Rs. 18000 which is not adequate. Instead of giving encouragement to joint families, you are making a discrimination. Similarly income tax exemption limit has been raised to Rs. 35,000 which is equivalent to Rs. 2628 only based on the value of rupee in 1981. People have to meet the expenses of education for their children, house-rent, water and electricity charges, scooter maintenance etc. therefore, income tax exemption limit of Rs.35,000 and Rs. 18,000 limit of HUF are not reasonable. Both these limits should be increased to Rs. 50,000. Your name is Manmohan Singh which means one who casts a spell of charm. Therefore, I am sure that tomorrow you will definitely make an announcement for increasing income tax exemption limit to Rs. 50,000. I would also like to say that the income tax limit should be linked with inflation in the years to come.

The corporate expenses which are at present 51.75 percent should be reduced to a maximum of 40 percent in a phased manner.

[Sh. Girdhari Lal Bhargava]

We have always been opposing surcharge. You have abolished individual surcharge but company surcharge has not been abolished. Therefore, I request that company surcharge should also be abolished. Similarly, excise duty should also be reduced from 50 percent to 20 percent. It should be decreased on raw material and machine parts. It could be increased in finished goods. Similarly, custom duty should also be reduced by 10 percent. Disparity in tariff rates should be removed so that the benefits could reach the consumers.

To relieve the country of foreign debts, a National Debt Liquidation Fund should be set up through which the nation could be relieved of debt. Similarly, a National social security Commission should be set up in which mill workers, unemployed persons, women, unorganised labourers, Agriculture labourers etc. should be included.

Similarly, the practice of imposing taxes before Budget should also be done away with. An Administrative Price Review Commission should be appointed and no prices should be increased without its recommendations and without a discussion in the Parliament on the same. The exemption limit on small scale industry should be increased from Rs. 30 lakh to Rs. 75 lakh because the rate of interest in India is 18 percent whereas in USA it is only three percent. Otherwise, small scale industries will vanish in India. I would like to thank you for giving concession in taxes on soap, umbrella, paper, medical instruments and charitable associations. But what about abolition of excise duty on 393 items. A person of 65 years of age or more is a senior citizen. He is given exemption in income tax when he earns an income upto Rs. one lakh. One lakh twenty thousand is also included in his

individual assessment. Therefore, I demand that senior citizens should be given exemption upto Rs. 1.5 lakh.

In hotel business expenditure tax should be reduced from 10 percent to 8 percent, Except for Jammu and Kashmir, this Finance Bill hints at policy of separatism. It should be done away with. Because Jammu and Kashmir is an integral part of India. Raising income tax exemption limit to Rs. 50,000 will help check the cases of tax evasion and also to increase collection. If the rate of income tax is reduced from 40 percent to 30 percent, that would help in curbing tax evasion. When the surcharge has been abolished on individual income tax, then company surcharge should also be abolished. In case of wealth tax a provision should be made for seven percent in place of five percent.

Section 32-A still exist in the income tax Act. Earlier concessions were given under this section in the name of development rebate and later on in 1976, 25 percent rebate was given in the name of investment allowance. But no rebate was given for the purchase of new machinery in industries in 1989-90. This rebate has totally been stopped in 1991-92 whereas section 32 still exists in the Act. Under section 234 (A) two percent interest per month is charged in case of delay in submitting income tax return. Under section 234-(B) 1.5 percent interest is charged in case of delay in advance tax return. But under section 244 (A), in case of refund the rate of interest has been reduced to one percent from October, 1991. Therefore, I demand that this disparity of paying and charging interest should be removed.

The gifts received by minor children from their maternal Grand fathers, maternal

uncles or paternal Aunts should not be included in the income of their parents.

Mr. Deputy Speaker, Sir, I hope that the hon. Finance Minister would consider my suggestions and include them in his reply. This Budget will neither increase employment opportunities nor curb price rise, instead it will further aggravate them. Even then I hope that he will seriously think over my suggestions and accept them.

Sir, I am thankful to you for giving me an opportunity to speak.

SHRI M. KRISHNASWAMY (VANDAVASI): Hon. Deputy-Speaker, Sir, I rise to support the Finance Bill moved by the hon. Finance Minister Dr. Manmohan Singh. Yesterday, the hon. Finance Minister announced certain concessions to small-scale sector and full duty exemptions given to umbrella, soap produced in the cottage industry, common footwear are very much welcomed and I thank the hon. Minister for making such an announcement yesterday. Excise relief has been given to corrugated boxes and cartons which are used in the packaging industry. The hon. Finance Minister has also promised to consider to exempt some more medical equipments meant for life saving from the tax net. This would benefit the common people at large.

The Finance Minister has also made 40 percent increase in rural development allocations. This would increase employment opportunities. There are schemes like Jawahar Rozgar Yojana, Prime Minister's Rozgar Yojana for educated unemployed; Minimum Needs Programme, IRDP and others. The measures taken to strengthen the rural credit system must be streamlined since the money-lenders exploit the poor and needy people in the rural areas.

There should be some monitoring system, otherwise even though we are spending thousands of crores of rupees for rural development, it is not reaching the poor people. So, there must be some monitoring system to regulate these things.

In the banking sector, though the reform process has started, it must be activated with greater vigour and banks should be more liberal in lending money to small and marginal farmers and medium farmers. The interest rates must be lowered so that they would be able to produce the agricultural products at a lesser cost since the interest burden is more on the shoulders of farmers. There are thousands of farmers in my constituency who do not have even one-square meals to eat. I would, therefore, urge upon the Finance Minister to issue suitable guidelines to nationalised banks and cooperative banks to give adequate loans to farmers with marginal interest. Our farmers are not getting water from any river or canal and they have to depend on drip and underground water for irrigation and the seasonal rainfall. So, they are depending on the vagaries of weather. I have already brought this matter to the notice of the Central Government when I spoke on the Demands for Grants of the Ministry of Water Resources for inter-linking peninsular rivers.

Though the inflation had been brought down during the last year, again, it is going up, which should be checked by the Government. I request the hon. Finance Minister to see that the prices are under check and strong action should be taken against those who exploit the market situation.

Along with the Scheduled Castes and the Scheduled Tribes Finance Corporation, the hon. Finance Minister has given exemption from income-tax from the income of the Backward Classes Finance Corporation. I

[Sh. M. Krishnaswamy]

thank the hon. Finance Minister for this. Now the State Governments should take advantage of this provision and should enlarge the activities of the Backward Classes Finance Corporation for promoting the interests of the members of the Backward Classes and the most backward classes.

Clause 7 of the Finance Bill provides for tax benefits to newly established one hundred percent export oriented undertakings. This would boost our export oriented industry.

I welcome the hon. Minister's statement for setting up a group to collect data and to fix criteria for identifying backward districts. The constituency from which I am coming, Thiruvannamalai-Samburayan District is the most backward district. For the information of the House I would like to just say that there is only one municipality in my constituency; the rest are all Panchayats. So there is no industry, not even a cottage industry in my constituency. My district is not having even a cottage industry worth the name. It is extremely backward. I would expect the AIADMK Government in Tamil Nadu would rise to the occasion and furnish all the relevant data to the Finance Ministry for identifying backward districts. In our area, we have got plenty of milk production. At least the Government can think of establishing some industry relating to the milk products. The Government can think of some dairy processing industry or some other industry. I would request the hon. Finance Minister to get the area surveyed for starting some industry in our area. The infrastructure is already available; raw materials like milk and milk products are available. I would request the hon. Minister to do something so that our people could get employment opportunities and some eco-

nomie activities may start coming up.

The hon. Finance Minister has reduced the estimated income for the purpose of income tax from Rs.2,000 to Rs.1,800 per truck per month for light and medium commercial vehicles and from Rs.2,500 to Rs.2,000 per month for heavy trucks. This would give some relief to the truck owners.

I would like to thank the hon. Finance Minister for exempting from income tax repayment of educational loans taken for students. I also support the concessions given in respect of income tax for the elder citizens. I would urge upon the hon. Finance Minister for raising income tax exemption limit to Rs.40,000 as against Rs.35,000 in view of the high inflation rate and erosion of rupee value. Similarly, standard deduction for salaried class has not been raised in the Finance Bill. I would request him to raise the standard deduction from Rs.15,000 to Rs.18,000 which would help many lower middle class salaried people whose income is always fixed.

The amendments made in the Finance Bill relating to foreign travel tax and inland air travel tax are welcome as the people who can afford to pay tax should pay the tax.

In conclusion, I would say that agriculture and irrigation should be given priority because our country is basically an agricultural country and 70 percent of the population live in rural areas. The farmers who are the backbone of the Indian economy should be helped in whatever way possible like lending short-term and medium-term loans with marginal interest and their interests should be protected.

With these words, I wholeheartedly support the Finance Bill and thank the hon.

Finance Minister.

MR. DEPUTY SPEAKER: Shri Bhogendra Jha, you have sent a letter saying that you want to speak before 7.30 p.m. as you have to go somewhere. Your name is not there in the list as the time allotted to your party has been taken by other hon. Members. Because you happen to be a senior Member, you can speak for five minutes. Can you oblige for five minutes?

[Translation]

SHRI BHOGENDRA JHA (MADHUBANI): Mr. Deputy Speaker, Sir, I would like to submit certain points which have not been raised earlier and finish my speech in five minutes.

It is a fact that the Government and the hon. Minister of Finance have blindly adopted the path of Capitalism. Earlier also, this path was treaded along, but the former Prime Minister, Late Pt. Jawahar Lal Nehru, at least used to say that the public sector will attain commanding heights. However, the present Hon. Prime Minister and the hon. Minister of Finance never utter or even perhaps thinks of these words now. I will be happy if they also utter those words to convert them into deeds also. I would like to make a submission regarding the situation prevailing at present in the whole world and in our country as well. Out of the five main sectors, let the opportunity be thrown open to the private sector, in public sector, large scale and medium scale sectors; we have no objection in allowing the private sector to enter the small scale industries also. However, in the matter of cottage industries, full utilisation of the manpower of 90. crore population of the country should be made. I have never stated in the past and I will not say it even now that people should be given employment for the sake of employment

only, because I do not think it to be correct. If just for providing employment anybody is employed, then this will defeat the very purpose of employment. Efforts should be made to utilise and channelise the talent and manpower available in the country for increasing production. Industrial policy should be the basis of our economic policy. Cottage industries, micro industries and small scale industries, medium scale industries and large scale industries should all be developed systematically and in coordinated manner. I would like to submit that as a result of throwing open the economy to the foreigners, the cottage industries are on the verge of closure. During the British period, weavers of Madhubani were very famous and they had won many awards. Soap and paper used to be manufactured by Charkha Sangh of Madhubani which was transported to Wardha, where Gandhiji used to write on that. Dyes also used to be manufactured in Madhubani, but after Independence, three-fourth of the building has been put on rent. The Government alone is not to be blamed for it, people also to be blamed. I would like to know whether nowadays yarn could be manufactured at such low rates and made available to handlooms and powerlooms though in near future can't be hoped that power will be provided to a State like Bihar. Earlier, only 55 percent of the installed capacity of power was being generated during the Congress Government in the State, but under the reign of the present Government there, instead of increasing power generation it has further declined to 20 percent. I would like to submit that in the absence of adequate supply of power, it will be better if old style handlooms are encouraged because there is no dearth of talent in Bihar. If requisitioned, artisans of Madhubani can manufacture such handlooms for anybody so that handloom cloth may be sent abroad to earn foreign exchange through export for ushering in prosperity.

[Sh. Bhogendra Jha]

However, the present policy is in deviance to that. Weavers are not getting yarn but at the same time they cannot purchase in black market also. This is the state of affairs in most of the weavers' cooperative societies and unfortunately, these societies themselves are exploiting the weavers more. The Government should arraign for making available yarn at cheaper rates to the weavers and also reasonably reduce excise duties for handloom products and for those products which are being produced by self-employed people. Presently, emphasis is being laid on creating a balance between excise and customs duties. Custom duties are being removed and excise duties are being further increased. This will leave the indigenous industries at the mercy of multinational companies. Custom duties should be withdrawn on import of very limited items like machine and techniques which are not available in India and are utmost necessary. I would like to submit that while replying to the discussion, the hon. Minister of Finance should announce increase in customs duties on items available in India, especially consumer goods.

I would like to submit that customs duty should not play a role in distorting the tastes of our people as is being done in the matter of items like cold drinks etc., and thus ruin the domestic industries and help multinational companies.

It has been the objective of the hon. Minister of Finance from the beginning to raise production. However, what I have understood regarding import-export of agricultural products is that instead of increasing rate of production during the last 3 years despite all the efforts, it is around 2 to 2.5 percent. If this is the scenario then claims of

pursuing the goal of increasing production will not be acceptable. I urge the hon. Minister of Finance to throw light while replying to the discussion as to how to increase production.

My submission is especially regarding giving concessions for self employment industrial sector. I am making this submission so that concessions are given only to industries and not to others. Wholesale traders do not need these concessions. They have got enough black money. However, they borrow money from the banks and purchase foodgrains from the farmers on cheaper rates and indulge in hoarding. Later on they sell them at high profit margins, thereby fueling inflation. Then, the Government resorts to import of sugar and other items to check prices. The Government should abandon this policy. If imports are resorted to control prices then agriculture will be adversely affected. This policy is not right for increasing production.

Mr. Deputy Speaker, Sir, I urge the hon. Minister to give all incentives for developing appropriate techniques and not to copy foreign techniques blindly. Only the essential techniques should be adopted. For development of appropriate techniques, workers and technicians in all the spheres should be exhorted to develop appropriate techniques for agriculture and other fields. Though everything cannot be done, yet though fiscal policy, at least something can be done.

Sir, for the last three years difficulties are being faced by the people of Madhubani and Darbhanga. Educated youths selected for self-employment are not getting loans from the banks. Not to speak of those who have been selected this year, even those youths who were selected two years ago or last year, have not got sanctioned loans. I

am not in favour of disbursing funds blindly. I am also not in favour of waiving off of loans, because due to this policy started in 1989-90, the banks are in dire straits financially as recovery of loans is becoming increasingly difficult. The Government should understand this scenario and grant 3 or 6 months time for repayment of loans on the promise that repayment within this time frame will result in waiving off of interest portion of loans. This will result in enhanced recoveries and the majority of the farmers will feel the relief to some extent and will be able to further borrow money from the banks. Even now, many leaders while touring the villages, keep on announcing that during the next elections again interest will be waived off.

Mr. Deputy Speaker, Sir, with these words in conformity to my commitment I would like to conclude by submitting that the grievances against the Public Sector of the Government are not correct. By doing this, you are following the example of that gentleman who in the hope of getting the Noble Prize had acted wrongly in Soviet Union. Therefore, the hon. Minister of Finance should not be lured into liquidating the Public Sector. The correct position will come to light when the Government tells the country about the extent of bank money swindled and misappropriated by the private sector. The Government should be strict both to the Public Sector, as well as to the Private Sector. Both these sectors constitute the national property and need full protection against the foreigners' onslaught. Keeping the fact in mind the Government should strive hard and commit itself to increase industrial output. We believe that capital will definitely increase in the Public Sector but it should happen with a unanimous opinion. However, your policy and the Finance Bill are not in tune with this. You should take some bold steps. With these words, I conclude.

[English]

MR. DEPUTY-SPEAKER: Mr. Anna Joshi.

SHRIMATI MALINI BHATTACHARYA: What about me Sir?

MR. DEPUTY-SPEAKER: Madam, time was given to you. But you were very kind enough to accommodate Shri Bhogendra Jha. You have given your time to him. Now you have to wait for your chance. Let me make it very clear that I have to go by the time allotted to different parties as per the rules and regulations. Otherwise, I will be subject to bitter criticism.

SHRIMATI MALINI BHATTACHARYA: That is all right Sir, I understand your position.

SHRI ANNA JOSHI: Mr. Deputy Speaker, Sir, I am here to oppose the proposals put forward by the hon. Finance Minister in the Finance Bill. Many a times, both here and outside, it has been stated that this Government is out to kill SSI units, Tiny units, Kutir Udyog and all such units. Since the day the Budget was announced, so many associations have submitted memoranda to the Government. I myself have personally, along with my other colleagues, submitted memoranda from a number of associations, like the Tiny Industries Association, Pune, Mini Cement Manufacturers' Association, Calcutta, Indian Agro-Paper Mills Association, New Delhi, Mumbai Grahak Panchayat and Steel Rolling Mills Association, Calcutta. All these associations have come to this bitter conclusion that the budgetary proposals and the duties levied under the disguise of radicalism will ruin the industry.

The small scale sector has got a signif-

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icant role to play in our economy. There are about 16-20 lakh small scale units which contribute to about 35 percent in the total production. And, almost 30 percent of the direct export is done by the small scale industry. Therefore, how can the Government ruin such an important sector which is playing a significant role in the economy of our country? It is the responsibility of the Government of India to create infrastructure for this sector. The Government should give some concession to the small scale sector so that they may improve their production capacity. This has the added advantage of creating employment for our vast numbers of unemployed people. Our aim should be to have maximum production by maximum hands because we have not only to feed the coming generations but we have to provide them work also. So, my first point is that the decision of the Government to merge the small scale units is not a good one and it should be reviewed.

Now, I would like to make a few suggestions. The Income Tax Section 80 HHB says that on exporting a project, you give 50 percent concession on the earning and if goods are exported, you give hundred percent concession. In my opinion the export of a project means export of goods only because the project is a bundle of goods only. Therefore, the export of project should not be marginalised that way by giving 50 percent concession only.

I had received a letter from the Minister of State for Finance wherein he had mentioned two points. Firstly, he said that these project exporters are making huge profits. Now you require foreign currency. So, why not bring all the profits into India? Why are you allowing them to keep the profits there and taxing them heavily? Secondly, he had

also said about concessions. I would like to quote a few lines here:

"Sufficient incentive in the shape of 100 percent conversion of foreign exchange at the market rate, reduction in the interest rate for export credit, exemption of export credit from Income Tax, general reduction in the tax rates etc., etc are given to them."

But you have also given the same concession to the goods for export purposes. Now, why are you giving 100 percent concession and why are you charging these project exporters 50 percent? What you want is the foreign exchange. If you want maximum foreign exchange to come into our country by exporting your goods, knowledge, expertise and labour, then you should encourage all these things also. That is why I once again appeal to you to bring these Sections 80 HHB and 80 HHC on an equal footing.

Sir, the Finance Minister has stated in his Budget speech that the interest on loans taken by the students, particularly, in the case of science faculty, for going in for higher education will be exempt from Income Tax. You have proposed, by way of an amendment now, that Rs.25,000 per year, upto eight years will be allowed. Is it not a deception? The students never take loans for the purpose of paying fees or for purchasing books. It is their parents who do all these things. The Finance Minister had only said that students who had spent or taken loans for paying fees for going in for higher studies, for them you have given this concession. Why don't you give this concession to their parents? Therefore, Sir, I would request the hon. Minister, through you, to amend this provision.

MR. DEPUTY-SPEAKER: Mr. Joshi, you need not request him. You have im-

pressed the Finance Minister very much.

SHRI ANNA JOSHI: Sir, let him say so.

Another point which I would like to mention here is about the 5 percent service charges that had been proposed here. You want to charge five percent service charges on telephone, electricity, insurance and so on. What for are you going to charge? Now, you will be collecting that 5 percent service charge and then the Telephone Department will also collect. What is all this? You know how much labour you require for doing all these things and how much paper work will be involved in doing all these things. Therefore, I again request you to reconsider withdrawal of this 5 percent service charges.

SHRI NIRMAL KANTI CHATTERJEE : This is in the nature of excise. But he does not say that as excise that will be given to the States. The Telephone Department will collect, the service-givers will collect and he refuses to say that that will go to the States.

SHRI ANNA JOSHI: Sir, one thing I want to mention about the earthquake victims of Latur and Osmanabad. I would like to suggest that whatever amount is given for their rehabilitation, that amount should be fully exempted from Income Tax.

SHRI MANMOHAN SINGH: I have already said in my speech that all contribution to the Chief Minister of Maharashtra's funds will have 100 percent tax reduction without limit.

SHRI ANNA JOSHI: Why are you so much narrow-minded in this case? Why should it be given to the Chief Minister's Relief Fund? People do not believe. For your information, even the Government servants have said that they are ready to pay one day salary; but they do not want to pay to the

Chief Minister's Relief Fund. There are so many voluntary organisations which are doing good work and which have got faith in it.

SHRI MANMOHAN SINGH: I do not certify all these things. I do not know whether they are genuine or not.

SHRI ANNA JOSHI: Why are they not genuine?

SHRI MANMOHAN SINGH: I do not know.

SHRI ANNA JOSHI: It means you do not want to give it even for those earthquake affected people. I appeal to you to give 100 percent exemption in the income tax for the amount which has been spent for the rehabilitation of earthquake people in Latur and Osmanabad districts.

We have to pay interest for unutilized foreign loan. I had asked an Unstarred Q.No. 669 dated 25th February, 1993. In your answer, you had said: "A statement showing State-wise details of unutilized loan as on 31 December, 1992." And that loan has come out to be Rs.61,000 crores. I do not know whether the figure is correct or not. Since you have given it, we must believe that it should be there. Who is paying the interest? Why should we pay for it? Did you ask that money without any planning, without any requirement? Certainly, it is not like that. Therefore, somewhere something is lacking.

SHRI MANMOHAN SINGH : The loan is disbursed over a period of time. The very fact that we take loan today does not mean that it can be disbursed overnight. During that period the amount is sanctioned and until it is withdrawn, there is a commitment charge which has to be paid.

SHRI ANNA JOSHI: That is correct. At least, you will agree that it should go on decreasing gradually. But in your records it shows that it has increased. I agree with you that while taking it and then when you disburse it, it will take some time; till that period, that amount will remain unutilised. I understand that. But it should decrease as the time passes by and as you are going to utilise for something; but here the records show that amount was Rs.61,000 crores on 31st December, 1992; it had gone to Rs.64,940 crores on 31st March, 1993. There is an increase of Rs.3,000 crores. That is alarming. We are paying interest on this unutilised loan. That should make somebody's sleep disturbed. Of course, you are having sound sleep. So, there is no question of your feeling disturbed.

Now, I will read out what the consumers feel about all these concessions.

The Finance Minister has proposed considerable relief to the multinationals by reducing the Customs duties on various raw materials, plants and machinery, steel and other non-ferrous metals with which only the multinationals' benefit have been taken care of."

SHRI MANMOHAN SINGH: It is not true.

SHRI ANNA JOSHI: You will have to deny that, of course. You will have to convince us also.

In the matter of central excise duty proposals the Finance Minister has bluntly by-passed the welfare of the common man where majority of them already suffer from financial inequalities. It is in the Directive Principles of State-Policy given in the Indian Constitution under which the Central Government is bound to take all precautions to

ensure that the people suffering from these financial inequalities from the weaker sections of the society have to be afforded all opportunities to minimise these inequalities."

That is the Directive Principles of the Constitution.

SHRI NIRMAL KANTI CHATTERJEE: That part can be amended because of GATT.

SHRI ANNA JOSHI: Till it is not amended, he should follow it.

"This time the Finance Minister has again chosen to lower the excise duties on products used by the affluent and rich classes. The poor people have nothing to do with cars, scooters, air-conditioners, refrigerators, cooking ranges, gysers, vaccuum cleaners, televisions, juice extractors, etc. items by proposing to levy a uniform rate of excise duty on all types of various scores of consumer items whether these are used by the affluent classes or by the weaker sections, salaried and labour classes.

It is yet another significant aspect of the stand of the Finance Minister that under these proposals he has chosen to bring all types of petty items of daily need by the weaker sections under the uniform rate of excise duty which, in the past, were always kept free from excise levy."

Of course, all these things are given and therefore, the common man's reaction is that you have worked for multinationals. You have given concessions to the manufacturers, for the affluent society and not for the common man, who was considered really a common man in the eyes of Mahatma Gandhi

SHRI MANMOHAN SINGH: I am glad

that you started quoting Mahatma Gandhi.

SHRI ANNA JOSHI: You should be happy, Sir. Swadeshi and self-reliance have been taught by Mahatma Gandhi only. You have forgotten that and we are trying to remind you.

SHRI MANMOHAN SINGH: I am happy that RSS people also quote Mahatma Gandhi.

SHRI ANNA JOSHI: Why? Sir, what objection has he got that RSS people also quote Mahatma Gandhi?

SHRI MANMOHAN SINGH: I am happy that you have a change of heart.

SHRI MOHAN RAWALE (BOMBAY SOUTH-CENTRAL): You also change your heart!

SHRI ANNA JOSHI: Regarding resources you have said that one part is increasing the taxes and all those things and second part is running the Government efficiently and accepting the money from them.

Lastly, I will ask two questions. I would like to know whether the articles, editorial and news appearing in a daily of Pune in the month of April, 1994 about the rampant corruption in Pune Central Excise and Customs Collectorate have been brought to your notice? And if yes, what deterrent exemplary punitive action has been ordered by you to be taken against the corrupt officers?

You must be getting some news. You must be having some arrangement what your collectorates and officers are doing. If you do not have this information, I will send you a copy of this. There is a large scale corruption going on these offices.

Therefore, I want to know if no action has been initiated for this reason that the names and designations are not disclosed.

I would like to ask whether the hon. Minister will take remedial steps to amend the relevant Sections of the Central Excise and Salt Act, 1944 and the relevant Rules of the Central Excise Rules, 1944 in such a manner that if the Registration Certificate is not issued within 15 days from the date of application and if the classification list or the R.T. 12 return is not finally approved within one month from the date of filing thereof, the same shall be deemed to have been granted or approved as per the say of the assessor or the manufacturer.

This amendment is necessary to curb corruption and therefore, either the Minister may take action against the corrupt officers or amend the laws in such a way that they are not taken advantage by corrupt officers.

My second question is whether the Finance Minister is aware that the activities of production and clearances of the excisable goods had almost come to a standstill all over the country for about one-and-a-half months, i.e. from 1-3-1994 to 15-4-1994 which also resulted in a considerable fall in the collection of duties of excise and that all this had happened only on account of the inordinate delay on the part of the Central Board of Excise and Customs in communicating to the Trade as to what is to be incorporated in "Invoice" contemplated in Rule 52 A of the Central Excise Rules, 1944, and thereafter in solving the difficulties and problems faced by the Trade from all over the country in implementing the new procedure coming into force with effect from 1st April, 1994, many of which difficulties and problems are still to be solved.

This is all due to red tapism. I do not

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know why the Budget has nothing to do with charges of this sort. The officers of the Finance Ministry or this organisation had issued some orders and the collection of the excise duty and production everything stopped for one and a half months. We are interested to know who is responsible for that and what action the Government is going to take.

SHRIMATI MALINI BHATTACHARYA:
I will not tax the patience of the House. I will only speak on the Clause of the Finance Bill, i.e. Clause 55. It seeks to modify Section 5 of the Gift Tax Act.

Financially, the implication of this Clause is not very much. But its social implications are immense and that is why I want to speak on it. It relates to exemption of gifts made on the occasion of a marriage of a dependent relative. In 1993 this exemption limit was raised from Rs.20,000 to Rs.30,000. In 1994 it has been raised from Rs.30,000 to Rs. 1 lakh. So, in two years the exemption limit has been raised five times its earlier limit. I would demand from the Finance Minister that this Gift Tax exemption may be altogether withdrawn.

Although I have said this is rather a small clause financially, yet, in a way I think, that this reflects the tendency of the entire Budget. In the Budget a boost has been given to rank consumerism and for the sake of this rank consumerism the production of primary materials and capital goods has been ignored. Massive exemption has been given to consumer goods and then through a relaxation of custom duties foreign produced consumables are allowed to enter into the country to titillate a small section 10 crores or 15 crores of our population of middle class consumers. *(Interruptions)*

SHRI MANMOHAN SINGH : Foreign consumer goods are banned under the Im-

port Control Act. *(Interruptions)*

SHRIMATI MALINI BHATTACHARYA:
It is such a small matter and I feel very sorry about it. This particular Clause is not large. But it is strange that Bill shows an inability to refrain from boosting this consumerism. Not only that, here in this Clause, the purchase of consumer goods has been linked with the marriage of a dependent relative. And I charge the Finance Minister, Sir, with giving open incitement to giving and taking of dowry. Our Anti-Dowry Act prohibits giving of property or valuable security in connection with marriage. But at the same time it allows presents to be given at the time of marriage either to the bride or to the bridegroom. This we consider to be one of the biggest loopholes in the Anti-Dowry Act. In fact, it makes the greed for consumer goods, the explosive foundation for marital relations *(Interruptions)*

SHRI MANMOHAN SINGH: No consumer goods are involved here.

SHRIMATI MALINI BHATTACHARYA:
What is this Clause doing? *(Interruptions)*

SHRI MANMOHAN SINGH: No consumer goods are mentioned at all. *(Interruptions)*

SHRIMATI MALINI BHATTACHARYA :
The parents will be encouraged to buy humiliation, even death for their daughters, at a tax free rate. This is what this Clause is doing. Do we have the right to sing the phrases of modernisation, globalisation and liberalisation when one of the budgetary fallouts is to aggravate the humiliation of women by encouraging dowry? *(Interruptions)*

SHRI MANMOHAN SINGH: It has nothing to do with women. *(Interruptions)*

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BHATTACHARYA : We are asking you a very small thing just to withdraw this exemption, to do away with this exemption. There is no need for it. Only today, I think, hon. Minister, Shri P.M. Sayeed, has said in the Parliament that there have been seven thousand dowry deaths last year in this country. I do not like to think of our Finance Minister being remembered by 7,000 dying women in their last breath as indirectly hastening their death. This is a very small Clause. It does not have much financial implication. Therefore, I earnestly request you to withdraw this exemption. I am going to bring an amendment on this tomorrow and I would urge upon the Finance Minister to think of the women of this country, the condition of the women of this country and to withdraw this exemption.

[*Translation*]

SHRI ASHOK ANANDRAO DESHMUKH (PARBHANI): Mr. Deputy Speaker, Sir, first of all I would like to express my regrets for not being present in the House yesterday and at the same time, would also like to thank you for giving me opportunity to speak.

It is my maiden speech on the Finance Bill. I support from the core of the heart the Finance Bill introduced in the House. S/Shri Madhu Dandavate and Yashwant Sinha in the past also presented Budgets, but I would like to submit that this Budget is very good in comparison to previous ones. Just as every drop of the available water is utilised for all, big or small, similarly the hon. Minister of Finance has tried to utilise all the available resources for the welfare of all and for the development of all the sectors. I once again would like to thank Dr. Manmohan Singh for his farsightedness.

20.00 hrs.

The policy of open economy for tapping resources is good. We should be tolerant in

this regard as it will be a give and take position. Raising hue and cry in anticipation of the implications of the Budget and the GATT that India is going to be doomed is not good, because we must first see the implications. Since, Dr. Manmohan Singh assumed office, foreign exchange reserves have increased. Will the hon. Members not appreciate the increase in gold reserves, which were in precarious condition three years back? Population is increasing and it is not possible for Dr. Manmohan Singh to check population growth. It is the responsibility of both the ruling and the opposition parties to control population for which a new policy needs to be brought forward. Shri George Fernandes says that funds are being utilised mainly in Bombay i.e. in Maharashtra, Gujarat and Karnataka. Everything he has said is on caste lines which has jeopardised the future of India. He is encouraging regionalism and it is totally wrong. Backbone of casteism has been broken by the policies of the Congress. Shri George Fernandes also said that even though large scale tax revenue is being collected from Bihar and West Bengal yet nothing is being given to see these States and instead it is being given away under GATT. Dr. Manmohan Singh is not going to do such discrimination.

He is an honest person who is having the interest of the country upper most in his mind and takes only one rupee. Even then you are mentioning him. What type of Finance Minister you require? The progress made during the last 2-3 years has been unprecedented in the country. You will see how the country progresses in future. We all have to work in the interest of the country. All have voted in favour of GATT agreement. The work has been done in accordance with the directions given with regard to GATT agreement. The discussion on GATT continued for 2-3 days in the House and the suggestions given by the hon. Members were accepted. Shri Pranab Mukherjee expressed his views boldly in Morocco. Bill

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Clinton tried to pressurise the Government of India for imposition of Super-301. Shri Pranab Mukherjee in the very presence of Bill Clinton clarified that a proper system will be implemented with regard to Patent, the Government of India will evolve a new policy which will pave the way for the development of the country. The farmers in the country had been suffering from the last 40-45 years as they were unable to export the foodgrains. Now they would be in a position to export the foodgrains. People say that sugar prices have been soaring but my submission is that sugar price in our country is still less than that of many other countries. Financial assistance has been provided to set up about 70-72 more sugar mills. Dr. Manmohan Singh has also promised to provide Financial assistance for food processing and horticultural development. All these developmental works are being done. There is no magic lamp with which Dr. Manmohan Singh will accomplish the works immediately. It takes at least 5-10 years to bring about a change. The results of the policy implemented today will be visible only after 5 years. I appreciate the measures taken by the hon. Minister of Finance. The entire country thanks him in unison. Whenever the country was in difficulty, Shri Atal Bihari Vajpayee played his role well. He has always been bold enough to put the Indian viewpoint clearly and thus earned name for the country. This clearly is indicative of our unity and integrity. The hon. Minister of Finance has no selfish motive and he proposes to bring about changes in the economic policies. God has sent him for us.

Mr. Deputy Speaker, Sir, I sincerely wish that the economic condition of the country should improve. But unless agricultural development takes place and we earn money by exporting agricultural products, we will not be able to generate more resources in the country. Shrimati Malini has pointed out that the prices of sugar and vegetables are increasing. This will continue at least for some time. To solve this problem,

we should grow more sugarcane next year to increase the production of sugar and a target should be given to the farmers in this regard. So far as the question of oil seeds is concerned, farmers have achieved the targets but nobody has commented on this. If the hon. Minister of Finance has changed the policy at all, he has done so at your behest. He has accepted your suggestions more, it is not that all the issues raised by our party members were only taken into consideration.

MR. DEPUTY SPEAKER: Do you want to say something regarding drip irrigation?

SHRI ASHOK ANANDRAO DESHMUKH: Now, I come to agriculture. Funds allocated for horticulture are inadequate, more funds are required. Similarly, funds earmarked for forests are also inadequate, these should also be increased. For 2.2% population growth, we require food growth at the rate of 2.5%. Subsidy being provided to farmers is not sufficient, it should be increased, because farmers in Japan and America are provided more subsidy. We demand more subsidy with a view to compete with them. At present the rate at which subsidy is being provided is only 5-6% whereas under GATT agreement 20% subsidy is proposed to be provided which includes 10% subsidy on products and 10% subsidy on non products. The more the subsidy, the more benefits to the farmers. Thereafter, we would be in a position to provide sugar and foodgrains at lower prices to people. Therefore, subsidy must be provided on water, electricity, fertilizers etc. Last year the Government had provided subsidy to the tune of Rs. 340/- on single Super Phosphate and Rs.1000/- on Urea. Farmers got fertilizers at lower rates. The hon. Minister of Finance should see that this year too as much subsidy as possible is provided. Then, farmers would be in a position to increase the production accordingly and we can be proudly say that the economic policy adopted by India would certainly take the country ahead and the whole nation would be grateful to you.