



Kamal Sandesh
Fortnightly Magazine

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We do not even know which is preferable for us to fight or not to fight; nor do we know whether we shall win or whether they will conquer us. Those very sons of Dhrtarastra, killing whom we do not even wish to live, stand in the enemy rank,

– (Bhagavadgita : Ch.-II, 6)

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"The General Budget Presented by the Union Finance Minister has really dampened the economic sentiment in the country."

-Arun Jaitley

"Gross National Contentment to me personally is infinitely more important than an empty figure like GDP."

- Jaswant Singh

"It was the NDA, which, through sheer fiscal prudence, brought the inflation from 9.3 per cent down to 4.9 per cent per annum."

—Piyush Goyal

Letter to the Editor

Budget anti-poor

Dear Editor

The budget presented by Finance Minister Pranab Mukherjee is nothing but curse for the common men. This type of Budget will lead the country towards poverty, unemployment and hunger. Every section of society has lambasted the Budget. Our FM Pranab Mukherjee opened his 'pit-tara' by quoting from Shakespeare's Hamlet "I must be cruel only to be kind". But the structure of Budget is such that it is going to hammer middle class people more. Though the income tax bracket has been widened but hike in indirect taxes would be fuelling inflation in coming days.

Abhisek Singh
Patna, Bihar



"Relevance of Pt. Deendayal Upadhyay and his ideas in present context"

Articles invited

Insightful and inspiring articles on the life and great work of Pt. Deendayal Upadhyay ji are invited for a special issue of Kamal Sandesh under the title "Relevance of Pt. Deendayal Upadhyay and his ideas in present context". Pt. Deendayal Upadhyay remains a source of our inspiration, guiding us in our journey to restore the glory and greatness of *Maa Bharati*. We request his associates, co-workers, researchers, writers and journalists to become a part of this *vichara yatra* of Kamal Sandesh.

-Prabhat Jha, Editor

Write to us

The Editor,

Kamal Sandesh

We welcome

Your views & Suggestions

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Editorial...

Kamal sandesh Parivar wishes
its esteemed readers
a very happy
Varsh Pratipada
(*Vikram Samvat 2069*)



Discussion on General Budget 2012-13

Budget prepared with a pre-1991 mindset

- Arun Jaitley

The General Budget 2012-13 presented in parliament on 16th March 2012 by the Finance Minister Shri Pranab Mukherji attracted criticism from every quarter. It was a huge disappointment. While the budget burdened the aam aadmi with taxes and inflation, the market too showed the sign of disapproval with sensex reflecting the downward mood. Leader of the Opposition in Rajya Sabha Shri Arun Jaitley while criticizing the budget said on 26 March 2012 that it was prepared with pre-1991 mindset escalating costs, inflation and seems to be completely regressive in its approach. Pointing out the internal contradiction in the UPA government he said that the government has failed in building political consensus on economic issues. We are publishing the full text of his speech hereunder for our esteemed readers:

Mr. Deputy Chairman, Sir, the General Budget and the Finance Bill, presented by the hon. Finance Minister in the Lok Sabha, has really dampened the economic sentiment in the country. Our Economy was passing through a phase where the sentiment in relation to the economy needed a boost. This Budget has ended up doing exactly the opposite. Sir, when I look at the Economy of our country and our broad approach to policy, we had a thought which influenced most of our economic decisions, which was the pre-1991 thought. Indeed, 1991 was a defining moment and post 1991 -- whether it was the Congress Government led by Shri Narasimha Rao, or the United Front Government which was the NDA Government-- the entire approach has changed. Even though different Governments were in power, there were a lot in common with regard to the policy direction and that is how this Economy was seen as more positive. The Budget, Sir, is not merely an accounting document; it must also indicate a policy direction. It is my regret, Sir, that this Budget for 2012-13, unfortunately, is a Budget which is prepared with a pre-1991 mindset. Sir, when we broke off from the pre-1991 mindset -- and, I have called 1991 a defining moment -- the then Finance Minister, Dr. Manmohan Singh, our present Prime Minister, made a speech which is regarded as a landmark speech while presenting a Budget. In para 106 of that speech, in 1991, Dr. Singh said -- and I am quoting that paragraph: "Recent years have witnessed an excessive reliance on indirect taxes for additional resource mobilisation. This escalates costs, fuels, inflation and is regressive in its impact. Therefore, I have not relied on indirect taxes as a major source of resource mobilisation. Indeed, the overall



impact of my proposals for customs and excise levies is revenue negative in so far as the Central Government is concerned." **Sir, the pre-1991 approach of higher taxes, a more sluggish economy, less than modest growth rates, reduced the economic activity and you balanced the expenditure with those higher taxes was what the speech negated. And consistently, we have seen a rationalisation coming through the next two decades. A large part of that rationalisation was that you need an economy which is extremely efficient, which is extremely competitive, where you do not raise the taxes but you increase the width and volume of economic activities.**

Entire tax burden on aam aadmi

That increase of width and volume of economic activity widens the tax base, and with a more competitive tax structure and a more enabling environment which is created for the economy, the Finance Minister will be able to collect a lot more and balance his Budget. The approach I saw in the last few years has gradually changed, and the approach which has culminated in this Budget is, 'let us tax people wherever we can tax them.' It is this retrograde approach which, for the first time, in the post-91 era, is now making a comeback. Let us see the kind of life in the present taxation structures that anyone of us is living in. People may be having higher income groups or lower income groups; that includes the *aam aadmi*. You have decided -- and every society decides -- to tax people who earn. So, you tax people for what they earn. You have now decided to tax people for what they spend. If you see anyone of our lives, you raise the excise duties. So, the manufacturing cost goes up. The Chinese products are going to be

competitively far cheaper. Therefore, leave alone the international market, even in your domestic market, the principle is going to be that consumers are going to buy what they get cheaper. You make your products costlier. So, you tax what I earn, you tax what is manufactured, and you tax what I spend. Then, there will be various kinds of Central and State taxes, whether it is VAT or whether it is any other form of taxation. If any component of the goods or machinery is coming from outside, it will be taxed. Understandably, it has to be taxed. If it is coming from outside the city or the State, there will be entry taxes and octrois. You have now decided to tax all forms of services. There is a negative list, and that's going to create a huge inflationary impact. All of us need services of various kinds. So, there is tax on every service that we undertake except those 17 negative list items. Sir, I am a morning walker. I may get of the Lodhi Garden soon. Mr. Dua is laughing, so is he. We have a *sulabh sochalya* there. From the 1st of April, we will have to pay taxes every time we go in. That is the width of taxes that you have imposed now because that is not on your 'exempted list'. If you see every activity of life other than the 'exempted list', there is a tax -- for the water I consume, for the electricity I consume, for the road I drive on, for the house I live in, for the property I buy, and on the savings I accumulate. So, we have now created a system in India, where every possible activity that I undertake, the taxman has decided to put a tax on it, making us one of the highest tax societies once again. So, that entire rationalization, which we thought was coming post-1991 because of the kind of difficulties we are in, now seems to be given a go-by. If you take a piece of paper or the back of an envelope and start calculating -- the Finance Minister with the infrastructure available in the Revenue Department will know better - you will find that it is not merely the 30 per cent odd taxes or the 2 per cent educational cess that you have to pay. But for an earning person, the entire tax burden, taken directly or indirectly, could be anything between 50-60 per cent of what he earns, and for the aam aadmi, who may not be earning enough to pay income tax, this entire burden of the new-age taxes, which you are imposing, will also be on him because he also hires services; he also uses the roads; he also aspires to build a house; he also intends to buy a vehicle; he also needs service of various forms.

Two power centres

Why is it, Sir, that we have reached here? Sir, when the UPA-I was formed - and I have said this earlier in this House - there was a criticism or a comment that we used to make, that the world's largest democracy cannot

have two power centres. Now, at that time, you thought that it was a political criticism. I must say that you may have had ideological differences with the Left in UPA-I, but, at least, within your own alliance, we could see some kind of a coordination between the two power centres. Normally, in a democracy, the Prime Minister is the natural leader of the country, he is accountable, and he must have the last word. Then, you had a parallel structure formed, which started advising the Government. This structure was outside the Government. They decided to formulate various programmes and schemes. Some of them may be good, some of them may not be so good. But they all had a bill that somebody had to foot. Today, you have a situation where we are not so sure whether the two power centres are ideologically on the same pitch. Now, there are some very experienced people in the Government, who have ushered in a change in the post-91 era, and there may be an alternative power centre which feels that to get votes one must go back to the pre-91 thought. Now, this is the situation which we are passing through. The result of this is that in the area of economic policy and planning, it is the Finance Minister and the North Block, who have the onerous responsibility of balancing the Budget. So, he has to tax us. And it is his responsibility to see that the Budget eventually gets balanced. When he has to see that the Budget gets balanced, who decides the entire expenditure? Where it is to be spent is decided somewhere else. And, therefore, for all the schemes and the ideas which are formulated outside the Government, which the Government is to adopt, we now find a situation that one office is deciding where to tax while another institution is deciding on how to spend. That is the reason that our economy is moving in a direction which, to say the least, is becoming worrisome.

'Cooperative federalism'

Sir, we must introspect the problem that we face today. A refrain that the hon. Finance Minister regularly makes is -- **there is a large public opinion in support of that view and I too share that view -- that we may have larger political differences, but support is needed for the sake of the country; management of the economy is 'cooperative federalism'. That is a phrase which he uses, and he needs support from various sections of the society, including the Opposition. It cannot be managed, particularly, in a divided polity. Why is it that we have reached a stage where the kind of support which is required for economic policy is not found? The ideas are known; the roadmap is known; there may be differences on fewer issues, but there could be larger areas of agreement on many issues. I think it is for the**

Government to seriously introspect why it is failing to develop that consensus which is otherwise necessary.

And, a lot of it stems from the approach of the Government itself, which is a political approach. I have said this earlier. You can see every section of this House. The Left supported the Government for four-and-a-half years, in UPA-I. And suddenly, one day, they decided that because they had managed somebody else, they didn't need them. The Left felt let down and they lost the trust with them. Now, there are two groups here. I don't wish to say anything derogatory about anyone, but how did you manage the support of two principal parties from Uttar Pradesh, the BSP and the SP? For five years or eight years you have cases hanging over their national leaders, and yet, they were able to get the support of these two UP parties. The elections in Uttar Pradesh have shown that family charismas are fading and are not able to get them the votes. Therefore, they need the CBI to help them to get the political support from UP as far as these two parties are concerned.

Will you ever be able to build a political consensus on economic issues?

Sir, look at your allies. They are standing by you through thick and thin. Your ally from Tamil Nadu says, "A decision is jointly taken between a Minister of the DMK and a Minister of the Congress." One is in jail and the other is in power. What did you do? Let us just analyse this. Why are you so unsure as to how your ally from West Bengal will react? **The hard truth is that in the matter of the Railway Budget you stole the affection of a vulnerable Minister belonging to the Trinamool Congress. He makes a statement in an interview that the Prime Minister and the Government would have stood by me and not the Trinamool Congress. Probably, you wanted to split it. And, therefore, they are now considering, 'Is this a kind of an alliance that we are in?' If issues, which you can sort out through consensus, are to be handled by manoeuvre, how will consensus on economic policy be possible? Chief Ministers of Opposition States are complaining that Governors are not agreeing to give assent, for months and years, to legislations, Lokayuktas are being appointed bypassing elected Chief Ministers; CBI is being misused against those States.** In matters of governmental schemes or even infrastructural projects, they have a sense of discrimination. In one of the Finance Minister's favourite programmes, the Goods and Services Tax, a lot of us may see merit in it. But, I can tell you that your inability to develop a larger consensus is more relatable to the political approach of this Government than to any other factor. Sir, economic policy

consensus is intrinsically linked to the political environment. It is a hard fact and the Government should realize that. There are areas in politics where we will disagree. But if politics is gentlemanly, despite those disagreements, for the cause of this country, we can come together and we do come together in several areas. But if politics is of revenge, if politics is of teaching a 52 lesson and if politics is of manoeuvre, then your ability to build that consensus will never be there. And, I think, it is this hard reality that the Government must realize. Sir, having said this, let me come to some of the hard facts of the economy as far as this Budget is concerned. Does this Budget honestly reflect the true situation of the economy? The Finance Minister has said that this year the fiscal deficit is an alarming 5.9 per cent and, I think, this 5.9 per cent has been written really to make it optically more acceptable, because anything beyond 6 per cent would have created a further alarm. It is like those old Bata shoes which always used to be sold at some price .95 paise, so that they don't graduate into a higher cost. If some non-provisions and some higher subsidies are taken into account, I have my fears that this may increase. But I hope that my fears are not correct. Let us come to what is projected for the next year. For next year, it is projected that we will have a fiscal deficit of 5.1 per cent. The most alarming figure in any Budget now is the fiscal deficit.

So, 5.9 per cent will become 5.1 per cent. Now, what is this premised on? Now, look at the tax revenues in the 'Budget at a Glance' document. I have seen the tax revenues in this Budget, the corporate tax, the tax on income, wealth tax, customs, Union excise duties, service tax and the tax on the Union Territories. So, you have anticipated an increase. I have actually made a total of how much increase is going to take place. You anticipate that the increase is going to be ₹1.73 lakh crores. Now, I don't know if the economy is going to grow at 12 per cent next year that our revenues are going to increase by this large figure. But, let us, for a moment, leave aside this 'anticipated increase'. Your Budget Speech, at page 5, para 22, when it refers to the Food Security Act, says that all expenses required will be provided for. So, next year, hopefully, if the Food Security Act is passed, the entire burden of that will be provided for. Now, when you provide for that, how do you anticipate the expenditure? Will it increase? Will it go down? Last year, Sir, regarding the total amount spent on subsidies -- I take food subsidy, petrol subsidy and fertilizer subsidy -- you anticipated the amount to be ₹1,43,000 crores approximately. You spent ₹2,16,000 crores. So, it is

almost ₹70,000 crores more. Next year, you hope, once the Food Security Act is implemented, this figure will come down by ₹26,000 crores to ₹1,90,000 crores. So, how does this figure come down is something which I fail to understand. I went into the details of your Expenditure Budget. When I looked at the fertilizer subsidy at page 30 of the Expenditure Budget, even though the international prices are going to go up, you feel that from ₹68,225 crores, it will come down to ₹61,000 crores.

Food subsidy

Regarding food subsidy, there is the increase in price, the MSP and the addition because of the Food Security Act. Instead of factoring all that, you feel that all this will be provided for from ₹72,000 crores. If it is ₹75,000 crores, everything will be taken care of. And, in case of oil, compensation to the oil companies, last year, was anticipated to be ₹20,000 crores. You paid ₹65,000 crores. Next year, despite anticipation that oil prices are going to go up from its present \$125 level, as a surprise, you think that instead of ₹65,000 crores, this year, ₹40,000 crores will be enough. So, you show an increase in taxation. You show that the subsidies will all come down. And, the net effect of all this is going to be that this 5.9 per cent will become 5.1 per cent. And, hopefully, when the figures are made next year, you will find that this itself is a figure which proves to be inaccurate. How are you funding all these deficits? I think, probably, it is through short-term loans, RBI and market. Your cash management bill, last year, was expected to be ₹20,000 crores. You spent ₹93,000 crores. Again, it is going to be ₹95,000 crores from the RBI.

Ways and Means Advances - Markets - which was anticipated at ₹ One Lakh Four Thousand crores is going to be ₹ Seven lakh crores, which you will raise from the market. This, Sir, is the alarming situation as far as public finances are concerned. You have endeavoured to meet this by raising taxes. Now, let us see what the effect of all this is going to be. Excise Duty across the board goes up by two per cent. The coverage of service tax goes up. The rate of service tax, which was 14 per cent and brought down to 8 per cent, and, which gradually rose from eight per cent to ten per cent, now is back to 12 per cent. There is a tinkering of various items. **The entire industry of goldsmiths and jewellers are on the streets in a strike because their entire manufacture and exports is going to come to a standstill. What has to be the approach, Sir, of the hon. Finance Minister?**

His approach has to be, how do I make my economy, my companies more competitive; how do I make them more profitable; how do I make them more efficient, less sluggish; and, how do I create an environment in which people want to invest in India.

Last year, the FDI had declined. This year, it has marginally increased and this increase is not because the actual investment for industry and projects is coming in but it is there because there have been some large managements which have also changed. And, therefore, when managements of existing companies or oil blocks changes, then, of course, a lot of funds do come into the country, which are not helping us to create additional employment because the industries were already there. Last year, you had a very high inflation, and, this Budget can also prop up inflation once again. You have what the media and the public debates now refer to as 'policy paralysis'. You have an infrastructural slowdown, and, I will show you the data of where we stand as far as infrastructure is concerned. You have high interest rates. The cost of capital has gone up, and, therefore, borrowings have become costly. This affects not only the industry; this affects the 'aam aadmi'. So, what happens to this great desire of taking a small loan and buying a vehicle or buying a house? The entire housing or the real-estate sector, which is one of the largest employers, suffers. Your EMIs have gone up. They are not very sure of political stability. You have high taxation, and, also the major retrospective taxation. Now, the increase of all this is that you have the enthusiasm with regard to the Indian economy. Sir, from 1991 till today or till few, one or two, years ago, whenever anyone, whether in the Government or in the Opposition, went out, showed the big picture of the Indian economy as one of the most attractive investment destinations. Today, forget about people wanting to come in, there is a reverse flight of capital going out. All our industrialists who are making acquisitions is not because they have become so big and they think that they can buy over companies in the rest of the world, it is because they feel that India is no longer the best place as far as doing business is concerned. And, therefore, there is a reverse flight of capital, which is going on. It is this environment, which had to be corrected, and, I regret, Sir, this Budget has failed to correct this environment. I mentioned about the infrastructure. I was going through the figures. On 'highways', how many times has this House been told, "You may have started the project when NDA was in power, we are going to build 20-kilometers a day." Let us take the figures. In 2010-11, as against the target of 2500 kilometers, it was 1,780 kilometers, and, when

divided by 365, you get less than five kilometers a day. This year, figures are not known, but the target is even likely to be lesser.

The number of contracts awarded is so meagre that this will be having an impact on the projects in the next year. Regarding your airports, in between, you had a spurt in airports construction and suddenly again you have a dip. Regarding your sea ports, one additional birth has been planned in the whole year. So, where the economy is expanding and there is clogging at the sea ports, you require to use the largest peninsula in the world as having some of the best infrastructure, you have one additional birth being planned. Regarding power, I am glad Shinde ji is here, we have improved, we need to improve. But if this kind of a situation with regard to the coal blocks remains, the enthusiasm of even the Power Minister will go down. The manner in which the coal blocks have been allotted, the inadequacy of coal which a large number of new projects are facing, people who are on the verge of abandoning those projects, where do we stand with regard to those projects? And while I am here on this, Sir, I think, at some stage, when time permits, the Government should agree - the Supreme Court has pronounced one view on how natural resources are to be distributed or allotted - we need a thorough debate in this House. From 2G to coal blocks, we need to consider as to how the country must have a policy with regard to distribution of natural resources so that we have a transparent policy. We have natural resources available at least to the actual users at a price which is pre-determined, whether by market or by indexation. I think, we need a thorough debate which has so far not taken place as far as this House is concerned. We recently saw the poverty figures, Sir, and there was this great achievement that the poverty figures between 2004-05 and the poverty figures between 2009-10, that is five years, have come down by 7.3 per cent. The Planning Commission seems to have given a nod to accepting the formulation of the Tendulkar Committee. Then, reports have appeared that this is on basis of changing the goal post, that ₹ 32, which was once considered curiously enough to take a man out of poverty, has now become ₹ 28. And, now, it appears, Sir, that while calculating this figure of 7.3 per cent - I am sure, the Finance Minister will get into this question - the schemes such as the Mid Day Meal scheme which are external aids to remove poverty have been taken into consideration in order to determine the decline. So, these are the people who still don't have enough to feed themselves, they are still poor, but because of schemes

like this, external aids like this, if they have enough to feed them, then I am not so sure whether that is a correct calculation, I will stand corrected if my impression is inaccurate. Agriculture, Sir, faces various challenges. The cultivable land area is declining. The population is increasing. Fortunately, we had a very good harvest this year, but then input costs have gone up hugely. Power cost has gone up; fertilizer cost has gone up; seeds cost has gone up. Today, you have various kinds of problems. When you had a shortage, you had a problem of a shortage. I was looking at the comments made in the Economic Survey. If we see from page 181 onwards, it deals with 'agriculture'. At page 184, it speaks in terms of changing eating habits of people. Therefore, when we determine the MSPs, we have to take that into consideration so that the farmer is incentivised to move in alternate direction because of changing eating habits of people. Then, it speaks in terms of both availability and cost of power.

It gives month-wise details of procurement at page 197. And because we had a very good harvest, we have the problem of plenty now. Almost in various periods, we have had one and a half to two times or even more the amount of buffer stock required and, therefore, you have the problem of rotting grains, because enough storage facilities have not been built up. These are all areas which are matters of serious concern. You now have a proposal in the Budget where the amount meant for crop insurance has actually come down.

Reduced allocation for MGNREGA

Sir, schemes like MGNREGA, however useful and sacrosanct they are, I think, also require to be revisited from time to time. This year you have reduced the allocation from ₹40,000 crore to ₹33,000 crore. It is down by ₹7,000 crore. It is an employment-giving scheme. It is meant to be a livelihood scheme. But it is not necessary that a livelihood scheme should never be an asset-creating scheme. There is no contradiction between the two. We somehow seem to be moving on a premise that because it is a livelihood scheme, it need not be an asset-creating scheme. You cannot indefinitely have a scheme where you dig pits and fill them up and say that you have created jobs. Who prevents us from continuing with MGNREGA and linking it with various kinds of infrastructural activities? One area is water bodies where something is being done. We can have the same labour with probably a higher payment, with some better training so that we are creating asset in the process also. There is no contradiction between an asset creation and a livelihood

scheme. So far, what appears is that we have kept it as a livelihood scheme and we are finding that the utility is restricted. There is a lot of leakage which takes place. For instance, there was one report -- and I believe it was a correct report -- from April-December 2011 which says that the average rate of employment in the MGNREGA and payment was, 32 days. Therefore, the utility of the scheme will also decline and deplete. Let us be progressive and think in terms of advancing it as a livelihood scheme, but link it with some activity where the leakage is less and where some element of infrastructure creation takes place. Sir, I have said this in this House earlier, and I am saying it again. The Finance Minister in his Budget speech at page 7 has spoken in terms of providing tax certainty. He says this in the context of advance pricing agreements. Now, tax certainty is essential for any taxation planning. When investors come in, they must know how much tax they are going to pay if they earn money.

When a domestic investor takes up a project, he must know for what period he has a rebate and for what period he has to pay. Finance Minister after Finance Minister have resorted to this concept of retrospective planning. You are not the first one, and you will not be the last one. But I think at some stage we must consider it. In this modern age of tax planning, is it fair to impose taxes retrospectively or change legislation retrospectively? Assessments have been closed. People have planned their business and their personal income accordingly. Therefore, from the point of view of an investment environment, both domestically and internationally, this is an issue which is not sending the correct signal.

Sir, now I come to the issue of service tax. The Finance Minister has formulated a principle that all services are going to be taxed this time except those which are on the negative list. I have three points to make in this regard.

Budget an Economic Policy Document

Please don't look at the Budget only as a revenue-raising exercise. It's an economic policy document which has to further the Indian economy and, therefore, if you impose excessive tax burdens, and as I said, you are taxing every activity 365 days 24X7 - from what I earn to what I spend to what I eat to what I wear to where I live and to where I drive - twelve per cent is excessive. You have brought in all services. Therefore, the Finance Minister should seriously reconsider it. This will have an inflationary burden.

Now, I come to the second point. There is no provision in the Constitution with regard to service tax.

Therefore, it obviously comes in the residuary entry which is your power, the power of the Central Government. The services which are otherwise within the domain of the States are now being taxed by the Centre for service tax. The States have no power to levy service tax, but the Centre has because of List I Entry 97, your residuary entry. Now, when you are taxing the services of the States, are you going to compensate the States accordingly?

Sir, now, I come to my third point, a lesser point but something, at least, which defies my intellect. I have gone through this negative list. As a student of law, Sir, in taxation, I have learnt that even illegal activities can be taxed. If somebody earns money through smuggling, he will still have to pay income-tax. But, illegal activities are normally not to be granted exemptions. So, in your list of 17, you have curiously exempted from service tax betting, gambling and lottery. Lottery is lawful but the other two, I think, really need to be discouraged. They need not be incentivised by providing them on the negative list and say that betting and gambling will also be exempted as far as taxes are concerned.

Sir, with regard to the rights of the States, I have one or two brief submissions. You enacted a Constitutional amendment, giving Right to Education. The States are asking: Who's going to fund it? Your initial proposal was that 75 per cent will come from the Centre and 25 per cent will be given by the State. The States were finding it difficult. In your Expenditure Budget, at page 202, I find that earlier it was 75:25. Then, it came down and now, it is going to become 50:50. The States are already starved of funds and the moment it becomes 50:50, they are going to find it extremely difficult as to how to fund this. So, we will have a Constitutional amendment which gives the Fundamental Right to Education, at least, primary education. A Fundamental Right is one which can always be enforced. But, when somebody asks for enforcement, we will say that we don't have the funds. Therefore, when we think in terms of popular slogans, we must chew as much as we can swallow. Therefore, when you thought in terms of granting this as a Fundamental Right, which was an enforceable right, you should have ways and means and the funds in order to implement and enforce that right. So, if the share of the States is going to go down, you will now have a serious difficulty.

Sir, the oil prices will face some other increase as the crude oil cess goes off from ₹2500 per metric tonne to ₹4500 per metric tonne. In this Budget, you have anticipated, and this will create a problem with your fiscal deficit. In the earlier years, you got an advantage

because of the 3G auctions. This year, 122 licences have been cancelled by the Supreme Court. So, you have some surplus 2G spectrum. You also have to charge people for what they got in excess of 6.4 megahertz. Now, you have anticipated that some ₹58,217 crore will come from this auction. At that time, 2G had a great value but once 3G is already in the market and 4G is about to come, I am, at least, keeping my fingers crossed as to whether you will be able to raise the kind of moneys you have anticipated. I hope and pray that you are able to raise them.

But I am not so sure now with 3G spectrum already in the market and 4G likely to come whether the old 2G which will come from these 122 licenses will fetch you the same kind of value. Sir, it is the last point amongst the key points I have to make. You have amended the Customs Act. In the Customs Act you have amended Section 104. There was a time when this country faced with great smuggling and violation of customs duty and, therefore, there was a need to conserve foreign exchange. We had laws. We have Preventive Detention. We used to put people in jail. Suddenly today the business environment has changed. But still we need to be vigilant. I do not know who has suggested and the reason for it is that Section 104 is being amended. Custom offences beyond three years made non-bailable. All right, even in non-bail able offences a person will go and ask for bail. We were earlier told as young students of law about bail, not jail. The kind of environment in the media and the courts which have been the principle seems to have been reversed. We have to seriously consider as to what kind of a society we want to make even with regard to offenders. Now you have brought in a provision, please see in the Finance Bill. The provision which you have brought with regard to Section 104, says when a person applies for bail, no Judge will give him bail. The Judge will issue a notice to the Public Prosecutor. Either the Public Prosecutor has to give his consent or the Public Prosecutor has to say I am convinced that this man is innocent, not guilty. Otherwise, there will be no bail. Sir, this provision existed in POTA and TADA and that is why they said in POTA and TADA there was no bail.

The provision which you have brought with regard to Section 104, says when a person applies for bail, no Judge will give him bail. The Judge will issue a notice to the Public Prosecutor. Either the Public Prosecutor has to give his consent or the Public Prosecutor has to say I am convinced that this man is innocent, not guilty. Otherwise, there will be no bail. Sir, this provision existed in POTA and TADA and that is why they said in POTA and TADA there was no bail. When your Government repealed POTA and TADA, Mr Chidambaram brought back amendments to the Unlawful Activities Act. One of the areas where we said, at least, for terrorists keep this provision.

When your Government repealed POTA and TADA, Mr Chidambaram brought back amendments to the Unlawful Activities Act. One of the areas where we said, at least, for terrorists keep this provision. You said, "No. We are a very liberal Government. We want easy bail provision for terrorists. We will only have a normal bail for terrorists." Now, suddenly you have slipped into the budget, in the Customs Act, the bail provisions of POTA and TADA.

Let us please move in a proper direction. There might be a dispute of value addition. There might be a genuine case of evasion. But then the proportionality of the offences and the manner in which the law deals with him there must be some nexus between the two. You have bought in a disproportionate provision. You don't need a hammer to kill a fly, and, therefore, a provision of this kind which you said should not even apply to terrorists, you are saying now in custom offences these provisions will apply. Slowly once you do it in customs offences, in every economic offence, it will start applying. I can tell you there is no better advice you can give to the Indian business than this, don't invest in India

because if you do, these are going to be the consequences. Please seriously reconsider this. Every law has to be reasonable. People who violate customs law must be dealt with. But they must be dealt with proportionately. They cannot be dealt with a law which was considered even harsh for terrorists by your Government. Therefore, please reconsider these factors.

In the end my appeal to the hon. Finance Minister is this. I can sympathize with the situation on two counts. He is planning the national economy in a difficult environment. Somebody else decides the expenditure and he has to collect the taxes. There is a political environment which is not very conducive to build up a consensus. These are challenges before him. But, at least, make this budget economy business friendly. Today, nobody in the world, not one man has got the right signal from this budget.

So, please reconsider some of your provisions so that we can really help the economy in moving faster. I thank you very much, Sir. ■

Finance Minister failed to keep his promise

By Prabhat Jha

The General Budget 2012-13 presented by the Finance Minister on 16th March 2012 failed to send any positive signal to the country. While intervening in the discussion on budget in Rajya Sabha on 27th March 2012, Madhya Pradesh BJP President Shri Prabhat Jha said that it was a lackluster budget which has uninspired the entire nation. Saying that there was nothing for farmers, youth, women and poor in the budget, he criticized the undemocratic manner in which the budget was prepared. While citing the decisions of Madhya Pradesh government to give Rs 100/- per quintal bonus and agricultural loan at 1% interest rate, he demanded that the Union government should follow its example and include it in the budget. We are publishing the full text of his speech hereunder for our esteemed readers:

Hon'ble Vice Chairman Sir, the presence of members in this house, visitors and journalists in visitor's gallery clearly indicates how grand the general budget is. I don't think there is a need to discuss it.

I am speaking about the entire house, I am speaking what the entire house feels that instead of having a discussion on this budget Pranab ji should have himself seen how a

lackluster budget uninspires the people. I want to ask for whom is this budget? Was this budget presented for farmers, poor, labourers, women, students, children, scheduled castes, scheduled tribes or minorities? You will keep looking for the answer but you will not find even a single proof that something has been done for these sections. Have you given something to them? If you honestly go through the speech of Pranab Mukherji then I don't feel that anything has been done for these sections. Later, I also started to ponder as to why such kind of budget has been presented. It was not very difficult, I had not to apply much mind, just now after drubbings in Bihar the situation deteriorated in Uttar Pradesh for them and Pranab ji is also after all a politician. It is not very surprising. You have seen the situation in Bihar and UP. After all Pranab ji is also a human being, aren't all these things making an impact on him? You just drain blood out of a person and ask him to run and then demand that he should come first, but it is not possible. The situation is that one is being beaten up and asked not to cry. It has never happened. In the history of Indian politics never before such a lackluster budget was seen, never for the last eighty times when budgets were presented. I am here because it is my duty to speak what is there in the budget and it is my



responsibility to expose its shortcomings. It is not a question of one or two States. You can count them – Gujarat, Madhya Pradesh, Uttar Pradesh, Bihar, Karnataka, West Bengal, Odisha, Chhattishgarh, Himachal Pradesh – even if a claim is made in the name of Maharashtra and Jammu & Kashmir, then it also goes in the name of coalition. What can a person do? Everything is lost in

three years. If people are saying goodbye to Congress, defeating it everywhere and also expecting that Pranab Dada and Congress will give good budget then it is fully unacceptable. It was not possible. I know, Pranab ji was at least able to present the budget but any one without any political experience since his early days as it has been said for the Prime Minister, it was not possible for any one except Pranab ji to present the budget. Therefore I congratulate him and say that he is the only Congress leader who in the face of extremely adverse circumstances when Congress is being driven out from the country, showed the guts to at least stand up and present the budget. I thank him very much.

Misguided and misleading

In his budget speech he had said that he got the guidance from two big persons in preparing the budget. He said he got the guidance from two persons – one is Sonia Gandhi and the other is Prime Minister. He elaborated in his speech what kind of guidance and support he received in preparing the budget. Indirectly, he clearly told the people that for the shortcomings too, not he alone but both these persons who guided him, are responsible. Why did he say so? I am not an economist but the figures are sufficient to say what I mean. In 2011-12 we had a loan of 4.36 lac crore and

now in 2012-13 it has become 4.79 lac crore. The darkest aspect of this fact is that we spend 18 paise per rupee in paying interest on this loan. What a guidance, what a support! The other fact also exposes the budget when it says that in every one rupee we have 29 paise of borrowings from the market.

It is interesting to see that if we spend 18 paise in paying interest and borrow 29 paise from the market in each rupee then what is the real debt on us. In every rupee 47 paise will go in debit account. Now only 53 paise is left. The reality of this budget should be presented before the country. The country should not have been misled. The ground reality cannot be ignored by juggling the figures. But it is correct that you have abided by the formality.

In 2011-12 the dependence of the country on loan was 27 paise per rupee which has come to approximately 30 paise per rupee in 2012-13. What kind of guidance is this? What kind of support you have given? I'll come to each and every issue. In view of what Swamianthan ji had said about the farmers, I don't want to make a claim but I want to ask a question from the Finance Minister. Finance Minister in his speech had said that that for him agricultural sector will remain a priority, this sentence is totally wrong. Figures tell the truth and when we look at the figures then we find that expenditure in agricultural sector has been increased from 17.123 lac crore in 2011-12 to 20.208 lac crore in 2012-13. Who will be benefited from this increment in the allocations? The benefit will go to agro-based industries and traders dealing in agricultural produce. Farmers will not be benefited from this in any manner.

Follow Madhya Pradesh example

The Union government has continued with its policy of subsidy cuts in fertilizers. It will affect the agricultural production and the suicides by the farmers will not stop, in fact it will increase. I just want to bring to your notice that in this very house the Agriculture Minister Shri Sharad Pawar had applauded the Madhya Pradesh Chief Minister for giving Rs. 100/- bonus to the farmers. I just want to tell the house that Madhya Pradesh government gives Rs. 100/- bonus on every quintal of wheat. This is what we call concern for the farmers. Yes, it is in addition to the support price. The Union government has declared a support price of Rs 1285/- and we are giving Rs 1385/- there. This is due to concern for the farmers. I want to challenge you to give extra Rs. 100/- if you really feel for the farmers, it will prove your concern for the farmers.

Now there are other things too. Which State gives

loan to farmer on the interest rate of 1%? That State is Madhya Pradesh. Madhya Pradesh is governed by BJP and Shivraj Singh Chauhan is the chief minister. I want you to make it even 3%. Where are your hollow claims for the farmers? The name of Vidarbha now stands changed and it is nowadays better known as "Atmahatya Pradesh". How do you govern a State? You want to mislead us. It might be a universal truth that two into two is equal to four but due to fear of your being in power people might be saying two into two is equal to five. But the truth is that two into two is always equal to four but you will never understand this fact.

Now look at other facts. Doesn't Pranab ji understand this reality? I demand from the Union government that if you are really in favour of the farmers give Rs 100/- per quintal bonus to farmers and make an announcement for giving loan at 1% interest rate to the farmers. The entire nation is concerned. 27% farmers have stopped farming in the country. 40% farmers are lamenting that they have no other option. If 27% and 40%, which means 67% abandon agriculture then what will happen to the country? This is the situation which our *annadatas* are facing. The government should think over it and try to understand the feelings of the farmers. If the country in which 2 lac farmers have committed suicide between 1997 to 2006, the UPA government in its general budget fails to do anything for them, then this is injustice to the farmers.

Youth power ignored in budget

Now we come to that resource which the country feels proud of, that resource is its youth. Youth are the most important resource for development. In the days to come India will be the largest country of youth. If we look at figures then by 2016 the country will be mostly populated by youth. We know that if this huge youth community is not harnessed well, if it is not led in the proper direction and if it moves on the wrong track towards destruction then instead of becoming a big achievement in itself this power might become a big danger to the nation. That's why I was searching in the budget as to what was there for the youth in it. What is there for the youth who are going to become half of the population by 2016 but for them only apathy was found in the budget. In 2011-12, Rs 311.39 crore was allocated for the youth but what have you given in 2012-13? Half of the country's population is that of the youth but you have raised the allocation to only 430.02 crore. It is too meager and it will not help in achieving what is required for the youth. It is not aimed at extending a helping hand to the youth. We are

forcing them to choose wrong paths. The things which are being generally used by youth today, like – talking on mobile, going to restaurant, branded clothes, viewing movies, studying in coaching, gifts – the prices of all these items which are linked to youth have been raised in the budget. What kind of budget is this? Does it attract the youth or force them to do something else? The youth of the country on whom the future of the nation depends, the coming generation which is young, what do they think about you? If you fail to take proper care of this generation then not only their life but the future of this entire country will be plunged in darkness as half of the population belongs to them and if the future of the country becomes dark you can well imagine what will happen.

Bias against women prevails

Sir, I have just now talked about farmers and then about the youth. Women comprise half of the population of this country. Now I want to speak for them. When I scanned the entire budget to see what is written for them and in the process also had a look at the last year's budget also. This year we have celebrated 101st National Women's Day. Our President had said on the occasion that discrimination against women continues in our country. While addressing the nation on the eve of Republic Day this year, Hon'ble President had said, "One important aspect of women development is their economic and social dimensions, their economic and social security. It is necessary to end these social bias present in our society which has unfolded gender discrimination." In the policies and declarations of UPA government gender discrimination is seen everywhere. In all the ministries the target of 30% gender allocation was to be achieved but what has happened? As per 11th five year plan the project "swayamsiddha" has been closed, it is nowhere in operation. In 2012-13 budget it has not been mentioned anywhere. What will be a bigger example than this? In this budget no concession in income tax or any other field has been given to women.

Anti-poor face of UPA exposed

Sir, now I'll speak about the poor. In 2012-13 budget the poor have been completely ignored. The anti-poor and anti-weaker section face of the UPA government in the centre is now fully visible from 2012-13 budget.

Now by making a cut in the interest on the provident fund a huge injustice has been done against them. In 2011-12 it was reduced to 8.5% from 9.5% in 2010-11.

Whose government is this? It is neither for women, nor for youth or farmer. This government is not for the half of the population of the country. The interest cut in the provident fund directly affects the workers in the unorganized sectors. The number of the workers engaged in the unorganized sector stands at 48 crore. Your budget burdens 48 crore people in a single stroke. We know the kind of mockeries being made in India by the Congress led UPA government.

Sir, who gave the figures in Supreme Court on poverty line? The Planning Commission has presented these figures recently. I had made three cheques, one each in the name of Prime Minister, Chidambaram ji and Pranab ji. I had sent these cheques to them to show us whether they can live on it for a single day. If you can't remove poverty then at least don't mock at the poor. Will you ridicule the poor in this way? In 1971, Indira ji had said "Garibi Hatao" but you don't even have respect for her. How 5 crore people have been removed from the list? You go through the basis on which the list of BPL is being made. If there is a small lamp in your house then you are not poor, if there is a roof over latrine then you are not poor, if your son goes to private school then you are not poor. It is a conspiracy, therefore this economic survey should be investigated.

Sir, on what basis they have claimed that eight percent poverty has been reduced. It is not that 8% poverty has decreased but if you bring out the exact figures then in fact 8% poverty has increased. It is a complete lie that has been presented before the house. I know that 72 lac people live below poverty line in my State but the government gives quota to only 42 lac people. The people raise question on this which has led to this kind of conspiracy resulting in striking off of names. On asking them, they say that the officials belong to your State to give an impression that BJP government in Madhya Pradesh is striking off the names but we have also decided that we will become the voice of the poor and fight for them and make them aware also.

There are many things to speak about price rise. You have raised the prices of bread, clothes, house,

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medicine, fertilizer, tour and travel and even loan. Even then you claim that it is the budget for common man. We have said, give your advice and take the budget. We have collected suggestions from the people and given the budget. Have you taken any suggestion from anyone? You even don't discuss it. Unfortunately the nature of the Indian politics has changed so much that Opposition is considered biggest enemy and therefore stands ignored which is dangerous for democracy. We should listen to the suggestions of the Opposition. Opposition also sometime gives good suggestions. In my stint as journalist I have been a witness to many phases in Indian politics. I have seen Atal ji in Opposition and Indiraji and Narsimha Rao ji in power. At that time if Opposition used to say something, it was considered meticulously. When I am saying all these things then it is not because of any

The Finance Minsiter had said that we will collect 40,000 crore from disinvestments but only 14,000 crore were collected. How will you face the house on this issue? You had said that you will limit the government expenditure upto 3.4% but between April and December alone the expenditure has risen to 13.9%. Mr. Finance Minister we want to know what kind of budget is this?

enmity or ill will against anyone but if I will not put the real situation before the house then who will do it.
No concrete measures for Health & Education

If we talk about hospitals, there are only 90 beds available per one lac population, only 60 Doctors available per one lac people. For a population of one lac, there should be at least 140 Doctors but to achieve this target provision of only one percent of GDP has been made. In the paper released in 2004, the Prime Minister had promised to raise it upto 2 to 3 percent of GDP. From 2004 to 2012 – what is happening? Who goes to government hospitals? In government hospitals, poor go, those having BPL card go. Who has given you right to make mockery of them? When will you achieve this target? Kapil Sibbal says so much but all these figures are your own, I've not brought them from my home.

Sir, if we look at the situation that education faces in the country, it pains very much and appears that it is enough now. Now see, so many new IITs, IIMs, NITs were opened but all these are struggling for funds. HRD ministry this year required 30,000 crore but what

have you given? You have allocated them 15,458 crore. This is the situation. In view of the Right to Free and Compulsory Education Bill, there was an increment of 40% in the Sarva Shiksha Abhyan budget last year but this time only 21.55% increment has been made. Now there is another shocking fact. In last year budget the government had decided to open 6000 model schools with a budgetary provision of 1200 crore but what has happened. The schools whose construction started in 2008, among them only 438 schools have been completed. 2500 schools were supposed to be opened under PPP scheme but it is very disheartening to note that neither any planning nor any structure has been formed for it. What are you doing? The people of this cpuntry will now tell you. In the field of higher education even IITs are facing problems.

The Finance minister had promised but he failed to keep his promise on five counts. In the last budget speech he had said that we will achieve 9% growth rate. What happened to that claim? The growth rate is only 6.9%. We want to know why it happened.

The Finance Minsiter had said that we will collect 40,000 crore from disinvestments but only 14,000 crore were collected. How will you face the house on this issue? You had said that you will limit the government expenditure upto 3.4% but between April and December alone the expenditure has risen to 13.9%. Mr. Finance Minister we want to know what kind of budget is this?

Finance Minister had said that he will bring down the subsidy bill to 12% but it has been assumed that it may grow unrestrained upto 250000 crores which is more than the expected 100000crore. Mr. Finance Minster the house wants an answer on this. Finance Minister had said that he will reduce the borrowings upto 5% but to meet the expenses the borrowings have risen to 4.7 lac crore. Sir, here are four lines which better explains the situation:

*Satta ka yeh rajmukt, kab kiskj rahi bapauti,
Loktantra me janaadesh hai sabse badi chunauti,
In chunautiyon ke avasar par suno samay kj bhashha ko,
Kathani aur kamni se pura karo rashtra kj ashha ko.*

(The crown of power doesn't remain with anyone forever, mandate is the biggest challenge in democracy. One should listen to the tunes of time on the occasion of such challenges and fulfill the aspirations of the nation by doing what one promises)

Otherwise, whatever the mandate bestows, is taken away and the time has come to snatch that mandate. Jai Hind! Jai Bharat!! ■

Economy far better handled by NDA vis-a-vis UPA Government

- Piyush Goyal

BJP National Treasurer Shri Piyush Goyal while intervening in the discussion on general Budget 2012-13 on 26 March 2012 in Rajya Sabha criticized frittering away of the benefits of GST and selective application of Direct Tax Code. He also took Mani Shankar Aiyar to task for juggling with the figures in rationalizing a very disappointing budget and showed that the figures suggest that NDA fared much better than the Congress led UPA regime in handling the economy. We are publishing the full text of his speech hereunder for our esteemed readers:

Thank you very much, Mr. Vice-Chairman, Sir, for giving me this opportunity to present my views on the Budget presented by the hon. Finance Minister. At the outset, I am a disappointed man, Sir. We have an illustrious Finance Minister, very experienced. The first Budget he presented was in 1981 when he became the Finance Minister for the first time, and, since then, we have always looked up to him as a beacon of light to take this economy out of the morass that it finds itself in. Unfortunately, that is not to be. Despair is spreading, all over India. Corporate India does not believe that this Government understands what are the evils afflicting the economy.

The middle class is completely shocked and shamed by all the scams that we see with continuous frequency emerging one after the other. Sir, the poor aam aadmi, about whom other Members talked about so passionately from the Treasury Benches, doesn't trust the administration of the welfare schemes, tom-tomed by this Government, which, though may be launched in the name of one particular family over the years, but which are hijacked by administrative failures and corruption of very large magnitude, as evidenced by statements of their own senior leader as far back as 20 years ago or may be 25 years ago when he said, '85 per cent of Government's expenditure is frittered away in corruption and maladministration.'

Sir, this Government needs to address bigger issues of good governance. They need to address the big issue of debureaucratisation rather than just focus on tinkering with FDI in retail because, unfortunately, for this Government, reform is equal to FDI and they go no further.

I think it is time the Government realizes that there are far more things to reform in our country. People want



Government to get out of their lives. *GST benefits frittered away*

People want Government not to interfere, not to tax every aspect of their lives, not to have a license quota raj for everything that they engage in. They are looking for freedom from high taxes. They are looking for freedom from bureaucratic controls over their lives. Sir, I just wish to touch upon one or two points, since I am on the point of reforms, before I go

further. This Government has often alleged that it is the Opposition that is responsible for the paralysis in policy reforms that this country is urgently asking for. I would like to contest that, Sir. We talk of the GST. The Government talks of reforms in the indirect tax structure by the introduction of GST. But what have they done? They have an Empowered Committee of Finance Ministers working for the last four years. In the last four years, the Government has not been able to bring even the Chief Ministers of their own States on the same page as the Central Government in terms of implementing the GST.

On this account, Sir, let me raise a few points about the GST. We do not dispute the advantages of having a Central tax which eliminates a lot of duplication in the system. It eliminates the cascading effect of taxes. It eliminates the export of taxes. Probably, getting a GST in place would also give the States a share in the service tax collected, which by the way, Sir, was a promise made by this Government when service tax was first introduced in India, that the revenue would be shared with the States. But, till date, we have not seen that revenue being shared. However, despite all of these advantages, why are we frittering away the benefits of GST? We are frittering it away because the Government has still not been able to come to modalities of how to

implement that tax. They still do not have a common form, which can be filed by an assessee, finalized by the GST committee. The Central Government wants to usurp all the powers. The States are not willing to let go their powers. As of now, about two lakh assesses report to the Central Government in excise whereas 50-60 lakh assesses are under the jurisdiction of the States. So, now a new formula has come, which I don't think the people outside, who claim that they want GST, are aware. This formula is that the General Sales Tax would comprise two sections - one, a Central GST and the other, a State GST. I don't understand what would be the benefit of such a GST that they are proposing. And then, there is no clarity at all on how the assessments would take place, where the returns have to be filed, how the money has to be paid, who the dealer would report to, and so on. And, I am given to understand that every dealer will have two assessments, one, from a Central authority and another from a State authority. And then, they don't have a dispute resolution mechanism in place. As yet, we don't know how a dispute under the Empowered Committee will be resolved, because the Centre wants a veto power, while implementing GST or dispute resolution, which, obviously, the States are not willing to give.

Sir, they have not yet even determined the rate at which GST would be taxed. Still, there is a talk of two rates but we don't know what those two rates are going to be. We don't know what the floor rate will be. We don't know what the band would be in which the GST would be implemented in various States. We don't know how the money is going to be forwarded to the States in terms of compensation. The Central Government is still not compensating States for the loss of the CST, which was reduced from four per cent to two per cent, with the promise and sovereign assurance that they would be compensated for the loss. To date, except for the first two years, from the third year onwards, a very small compensation has been made. This year, there is no plan for compensation, and the logic being given is that 'when we announced VAT or CST reduction, we had said that we would compensate for two or three years'. But Sir, they had also said that GST would be implemented in three years. They have not completed one part of the bargain. They have not implemented GST, but they have stopped compensating the States. How do they expect States to trust such a Government? And, obviously, there is resistance because the fiscal autonomy of the States is under threat under such a GST regime that is proposed by this Government.

Therefore, Sir, the GST is not a burden on my head. It is a burden on the Centre's head, to resolve these issues, sit down with the people concerned and the

concerned States and find solutions.

Selective application of Direct Tax Code

Sir, we have a great law called the 'Direct Tax Code' which has been proposed by this Government. I am a part of the Standing Committee and we have recently put forth our recommendations and Report. Sir, the recommendations have come out after detailed examination of the DTC. But the Government chose to take selective parts of the DTC, for example, the General Anti-Avoidance Rules, and implement them in the Budget itself in the original form rather than considering the recommendations of the Standing Committee. Sir, these are draconian provisions. In the normal course, we would welcome them since they are a tool to fight black money. But, Sir, we all know, and I think, many people in this House must have experienced their constituents complaining about the misuse of the tax laws in our country. People come with a gun on their head and say, 'Look, you deposit additional tax before 31st March, otherwise I will penalize you; I will trouble you because we have to meet our fiscal targets set by the Finance Ministry.' **Sir, assesses are also told, 'You deposit money before 31st March and we will refund it to you in April. But if you don't deposit it and if I don't meet my targets, then I may not get a good posting, then I may not get a good CR and I may be penalized.' Is that how tax administration in our country works? In that situation, with a provision like GAAR, what will happen to the assessee? They will be under continuous pressure with no safeguards brought into the law. I would urge the hon. Finance Minister to please consider the recommendations of the Standing Committee before finalizing the Budget provisions and bring those recommendations into the GAAR provisions, as they have been proposed.**

Disinvestemnt - A big casualty

Sir, the disinvestment process has been a big casualty of this Government. The NDA Government had initiated a process of strategic sale through auction in a most transparent manner. I don't know how some Members of the Treasury Benches had called it 'sweet-heart deal's. I don't understand how can an auction, where the whole world was invited to participate, be a 'sweet-heart deal'. But ever since this Government has come, no loss-making PSU has been disinvested; no loss-making PSU has been turned around and there is no improvement in efficiency of these PSUs. All that we have seen is the sporadic sale of some shares of PSUs which have not even met the disinvestment targets of the last three years. What is the solution? I would urge the hon. Finance Minister to look at that big pool of assets in the Government's hands. Today, just the listed

PSUs have a market cap of Rs.14 lakh crore. The rest of the PSUs, with all the assets put together, would not be less than another Rs.20 lakh crore. So, he has an asset base of approximately Rs.30 lakh crore. It is already on record that Government can disinvest up to 51 per cent. Why don't you take that forward faster? Why don't you take the process forward to raise revenue from alternate mechanism, as the hon. Leader of the Opposition said, through auction or transparent method? The assets of the country, can be better utilized or exploited in the hands of the private sector, can be utilized through Public-Private Partnerships. I would urge the Government to look at disinvestment in a more holistic fashion and take this process forward.

Sir, one other suggestion that I want to make is that the Government should move to the accrual system of accounting. It will take care of the earlier problem that I mentioned of tax officials troubling the assesseees during the end of the year just to meet fiscal targets. It is high time the Government also started accounting for its assets, expenses and incomes on an accrual basis, which is an internationally accepted, correct method to account for Government revenues.

NDA fared better than UPA

Sir, my dear friend, hon. Shri Mani Shankar Aiyar, very selectively chose one statistic and, unfortunately for him, he chose a statistic on which this Government, or unfortunately India as a whole, has been a complete disaster.

He chose a statistic of debt-to-GDP ratio in order to highlight how India is a great story with 63 per cent debt-to-GDP ratio, and a completely amusing and amazing statistic of China having 155 per cent debt-to-GDP ratio. I wonder from where he got those statistics. I would urge the hon. Finance Minister to please apprise his esteemed colleague on what the real facts are. But, in any case, I will highlight the real facts. The fact of life is that whereas India had a debt-to-GDP ratio of 66.2 per cent in 2011, China had a debt-to-GDP ratio of only 16.5 per cent in 2011. Sir, since you are busy, I will repeat. India is at 66.2 per cent. China is at 16.5 per cent. I wish the Treasury Bench had some more economically-savvy people to give, at least, the correct facts on the Table. Then, unfortunately, he chose a country like China which, on almost every parameter, has beaten India, whether you look at per capita income, whether you look at GDP growth, whether you look at Forex reserves, whether you look at FDI, and I can continue to name so many more fields. China has beaten India hollow and we have to put our act in order, we have to start acting fast. If the dream to make India a super power has to be achieved, I would urge the Finance Minister to please take these large deficits, that he is proposing in his

Budget, more seriously and not fritter away the resources of this country on large subsidies, which have been wasted and not implemented properly.

In the same light, Sir, regarding the foreign exchange reserves, what is the current account situation in this country today? Last year, the current account deficit was over 3.4 or 3.5 per cent. Sir, even in 1947-48, when the country gained independence, the current account deficit was not such an alarming figure. It was, probably, less than 2.5 per cent. And, look at the foreign exchange reserves. Mr. Mani Shankar Aiyar went about harping on NDA Government's performance. So, I did a little calculation. When the NDA Government came to power in 1998, they had Forex reserves of \$29 billion. When they demitted office in March, 2004, the Forex reserves were \$113 billion. It shows a growth of 289 per cent over a period of six years, an increase of about 48 per cent every year. This Government came to power in 2004 with a reserve of \$113 billion. Today, as on 16th March, 2012, the Forex reserves are \$294.821 billion, that is, a growth of about 161 per cent in the last eight years of mismanagement of the economy. That shows growth of only 20 per cent a year in our Forex reserves. I have gone through the Economic Survey. On every page, I can do a statistical analysis to show how the economy was far better handled by the NDA Government, vis-a-vis, the UPA Government.

NDA brought down inflation

Take the case of inflation. I beg to correct myself. The first Budget, that Pranabdas presented, was for the year 1982-83. I stand corrected. Sir, in the fifth para, page 1 of that Budget Speech of 1982-83, hon. Finance Minister had said, "The fight against inflation has been a high priority of the Government. Any slackening of effort on this front would have undermined the very basis of our development. Inflation hurts all sections of the community. But, it hurts the weaker and poorer sections the most. Inflation also hurts the development process, as investment costs get distorted and financing becomes an increasingly severe problem." So, we were assured that this would be the mantra of the hon. Finance Minister when he presented the last two Budgets that I have seen. Unfortunately, Sir, on the front of inflation, this Government has failed miserably. If you see the statistics, when the NDA Government came to power in 1998, they were handed over a headline inflation, which during 1991-96, again, the Congress' previous regime, had reached 9.3 per cent per annum. It was the NDA, which, through sheer fiscal prudence, brought it down to 4.9 per cent per annum. From 9.3 per cent per annum in six, seven years that we were in power, it was brought down to 4.9 per cent per annum.

We almost reduced the WPI inflation to half.

Unfortunately, for this country, the UPA came back to power. In the last seven years, upto 2011, the headline inflation was at an average of 6.2 per cent, again, inched up year on year. Of course, the last year has been even worse. We have seen double-digit inflation all through the year, except in the last two months, but that also was more because of the base level effect. If the base is higher in the previous year, it shows that the inflation has come down.

Similarly, coming to food inflation, Sir, during the NDA regime, food inflation was at an average of 3.5 per cent but in the seven years of this Government, it has been in double-digits at an average of 10 per cent, and, if you take only the last five years, it is 12 per cent per annum. So, in terms of statistics, we can keep going on till the cows come home, and, there will be enough statistics to show as to how this Government has mismanaged the economy.

Sir, I come to one figure which Mr. Mani Shankar Aiyar spoke about, and, I was again very amused to see how selectively statistics can be used for distorting the correct picture. From the Finance Minister's Budget, he spoke about the interest outgo versus revenue receipts. So, I sat down, took out a calculator and gathered the old information. Look at what I have found, Sir. This Government was in office till 1996. They left behind an interest to revenue receipts ratio of 47 per cent, and, when the NDA came to power in 1998, we were handed over an interest to revenue receipts ratio of 49 per cent. So, it was 47 per cent during the original Congress rule, and, 49 per cent when the NDA came to power. Again, by the time, we left office in 2004, with sheer fiscal prudence, we had brought it down to 41 per cent in the Budget Estimates of 2004-05, which were actually achieved. And, as my hon. Leader also mentioned, it was not like the present Government which gives figures which are never to be achieved. Our figures used to be achieved.

We brought it down to 41 per cent, which is a reduction of 16 per cent. But, there again, in the last six, seven years of UPA rule, as per the 2011-12 Revised Estimates, they have been able to bring it down to 36 per cent, and, a fall from 41 per cent to 36 per cent amounts to only 12 per cent reduction. So, despite having a much better fiscal position than what we had, they have not been able to reduce it as much as we had reduced the ratio. So, I wish Mr. Mani Shankar Aiyar would check his statistics better, maybe, he can consult somebody like me, I will help him to run through statistics and give more factual statistics rather than giving distorted figures, which do not mean anything. The most amusing thing, I repeat, is the China's 155 per cent Debt-to-GDP ratio. That is the best of them all, Sir.

Some achievement of NDA

One very interesting figure came to my notice when I was going through the Budget in detail. Sir, since they like to blame the NDA Government for everything, I thought I will highlight some of the achievements of the NDA, which are far more important than the so-called blames. Sir, when the NDA Government left office in 2004, as per the actual figures for 2003-04 in the last year when we were in power, our non-Plan expenditure on the revenue side was Rs. 2,83,000 crore, and, on capital account, it was Rs. 65,000 crore, whereas in the current Budget of 2012-13, they have increased the revenue account to Rs. 8,65,000 crore, and, capital account to Rs. 1,04,000 crore.

So, Sir, in the seven years that they have been here, or eight years now, they are increasing the Revenue Account by 200 per cent whereas the Capital Account expenditure is increasing only by 50 per cent, And the same goes with the Plan expenditure. The Revenue Account expenditure from 2004 to 2012 has increased from Rs. 78,000 crores to Rs. 4,20,000 crores, which is an increase of 450 per cent on the Revenue Account, and on the Capital Account, the increase has been from Rs. 43,000 crore to Rs. 100,000 crore, which is only 150 per cent. What does that show you? It shows you clearly a Government which is focused on vote bank politics. They are throwing away the money of this nation, creating large fiscal deficits only on the Revenue Account, costing the nation and the future generations of this country huge problems as we go into the future, and that, by no stretch of imagination, is prudent fiscal management. I think, a good Government would have spent more money on creating assets of this country, spending on the Capital Account rather than wasting money on the Revenue Account. And, further, I just want to highlight one small thing. The hon. Finance Minister had projected GDP to grow by 14 per cent in the last year's Budget and again 14 per cent in this year's Budget. Now, he did achieve 14 per cent in the last year's Budget, but not by genuine growth. The nominal growth is 14 per cent and the real growth, as he himself has acknowledged, is 6.9 per cent, which I personally contest because that figure is based on the first three quarters and the last quarter is worse than the previous one. I think, 6.9 per cent will be left at about 6.5 per cent by the time we get the actual figures.

Having said that, we still achieved 14 per cent. So, how did you do that? The rest was inflation. Now, in the current year, we are told that it will again be GDP growth of 14 per cent. I am just calculating that if the real growth in GDP is going to be 7.6 per cent this year, at 14 per cent nominal growth, that means, it is already budgeting for 7 per cent inflation. Whatever may be

the final figures, today we are already budgeting a 7 per cent inflation in this. Final figures, I suspect, would again be a double digit inflation with the pressure of large indirect taxes and the lower growth would be compensated it by inflation. Yes, you will again have 14 per cent nominal growth in GDP, but through means of inflation.

Yes, Sir. In terms of subsidies, the hon. Finance Minister has under-provided so grossly that I am amazed that even a common reader - Sir, I gave a speech in March last year on last year's Budget and I raised exactly the same point - of the Budget could glance at it and tell you subsidies were underprovided, revenues were over-provided. It does not need rocket science to understand that, Sir. But again, this year it is the same ploy - show low subsidy, show higher revenue growth, fool the public because after all, public does not bother about the Revised Estimates of the last year. वह तो हो गया। वह पीछे की बात है, अब आगे देखो। So, you tell them आगे तो बहुत अच्छा होने वाला है। The future is rosy, forget the past. In 2013, when we come back to debate again, and I hope my party gives me a chance to speak then, we will again see a picture, an actual picture, when you will have all these figures going wrong and nothing to write home about.

Service Tax : A big burden on aam aadmi

Sir, Service Tax is one area I want to highlight to the hon. Finance Minister when I talk about this Budget being less than honest in its figures, and I hope I will get some answers. I have sought protection from the Chair on many an occasion. This is my seventh or eighth intervention in the House in the last one and a half year, but to date I have got no response to any of the points I have raised. But then that is another story. I hope the Parliamentary procedures bring in some mechanism that we get a response to our comments. Sir, they have shown Service Tax to grow from Rs. 95,000 crore to about Rs. 1, 24,000 crore, an increase of only Rs. 29,000 crore.

The projection being made is not a very big burden on the aam aadmi. Sir, I contest that figure. And I will tell you why.

Sir, the hon. Finance Minister is on record saying that there will be a GDP growth of 14 per cent, and we all know that services are growing faster. It compensates for the lower agricultural and manufacturing growth. Last year, service tax grew from Rs.71,000 to Rs.95,000 crore. This is 34 per cent growth without any increase in rates. This year and last year also, the GDP was slated to grow at 14 per cent. So, by that same logic, this year also, in the normal course, without increasing the tax rate and without increasing the scope of services to be taxed, there should be a 35 per cent growth in service tax. However, to be more conservative, I have taken 30

per cent as the normal growth. Hence it will be Rs.95,000 crore + Rs.28,000 crore, which is 30 per cent, as the normal growth in service tax. Now, they have also expanded the scope of service tax, everything on earth except 17 items. I have assumed that this will add another 25 per cent. So, another Rs.32,000 crore can be added by the expanded scope. The total becomes Rs.1,55,000 crore. Then there is a 20 per cent rate increase, from 10-12 per cent, which is another Rs.31,000 crore. So, the effective tax, service tax alone, I suspect, Sir, could be Rs.1,86,000 crore and by the time the year ends, you will see an additional burden on the common man. As my hon. Leader said, the Prime Minister is on record in 1991 to state that indirect taxes are an inefficient way of taxing the people; it is a burden on the common man; and it should not be resorted to. But what we are seeing is a burden of Rs.91,000 crore on the common man which in addition to a customs increase of Rs.33,000 crore and an excise increase of Rs.44,000 crore is a phenomenal burden on the common man.

Just one more thing. They are talking of excise increase of 30 per cent in the current year. Out of that, 20 per cent is due to the rate increase. They are saying that only ten per cent will be the real growth of excise collected. They are already acknowledging that production and manufacturing in India are dead. There is no hope for domestic Indian manufacturers. But on the customs side, without any increase in rate, there is an increase of 22 per cent. Are we going to see an increasing, an overarching dependence on imports in the years to come causing the Indian economy to be shattered and the foreign economies to gain at our expense from the large domestic market in India?

However, Sir, as we can see, today, we are in a situation where the Indian Government has to take proactive steps to ameliorate the problems of the poor, effectively give them relief from the high dose of taxation, do something for good healthcare, and provide them quality education. I was amazed to see Shri Mani Shankar Aiyar quoting statistics that a ninth standard boy cannot read a second standard textbook.

I don't know whether he was speaking from our benches or from their benches. I think it is an insult to the Government of the day if that is the status of their highly tom-tommed Sarva Shiksha Abhiyan. If the NRHM loot is going to continue in this country, when is healthcare really going to reach the common man? What is there in this Budget for tourism? What is there in this Budget for infrastructure? And all that they can do is retrospective amendments laws due to which SEZ story has been killed, foreign investment will be killed, and we will have a situation where India will, once again, go back to the old days of backwardness and lose the momentum that we have achieved in the last few years. Thank you very much, Sir. ■

Inflation, corruption, shortages a triple whammy on poor

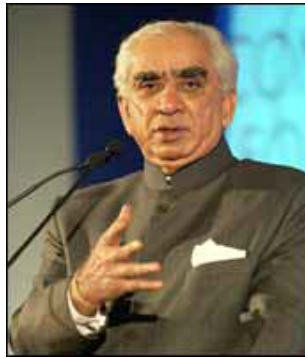
- Jaswant Singh

In the Lok Sabha, while initiating the discussion on budget 2012-13 on 22nd March 2012, Former Finance Minister Shri Jaswant Singh lamented that the budget lacked the central purpose. Emphasizing the Indian cultural attributes and economic philosophy should be the guiding principles of budget preparing exercise, he said that budget should have prioritized sectors like agriculture, environment and swadeshi. He further said that the triple whammy of corruption, inflation and shortages is having a very adverse impact on the life of the people. He said the most important reform is the reform of mindset which appears vital for the country. We are publishing the full text of his speech hereunder for our esteemed readers:

Mr. Deputy-Speaker, Sir, of the three annual debates at the commencement of the year -- the President's Address, the Union Budget and the Railway Budget -- I incline to the view that the debate on the Union Budget is of central significance. I approach this task assigned to me by my party in the absence of my learned colleague, Shri Yashwant Sinha with restraint, a sense of responsibility and high personal regard for the hon. the Finance Minister. I defer, Sir, Mr. Finance Minister to your years of experience in Government, but whereas I defer to all that, permit me to differ with you on some of your views, more specially, the central purpose and focus of the important document of Fiscal Policy. I am at a loss to grasp what is the central point that you, with all your experience, are trying to deliver to the country; what is the focus that you wish the nation to address to.

Budget lacks central purpose

Is it a reversion to command economy? Is it that you are reasserting the need for a socialist economy? Are you placing the public sector banks back on the commanding heights of the economy? I am unable to discern that central purpose, not because I am deficient in understanding, but because I do hold that this very important document, which comes only once a year and which is a statement of the fiscal policy of the Government, is deficient in conveying to us what has happened and why has this happened. I personally feel that there are far too many economists in this Government. I believe that there are more economists infesting this Government than any other Government.



Then, if, despite all these economists, all this is happening, a very serious question arises. Now, you, the hon. Finance Minister, are surely familiar with the saying about too many cooks spoil the broth but these too many cooks are not simply spoiling the broth, Mr. Finance Minister, they actually do not let the broth to be cooked. That is why, we suffer this deficiency.

The Budgetary speech that you so eloquently and at such length made has addressed too many demands being placed on it. Therefore, you are putting too many ingredients into this speech. Forgive me for pointing out, it really gets nowhere. So, I cite something which I read recently from James Wilson who was a very noted investigator of American society. He died on 2nd of March this year. He had taught in the Harvard University for 26 years about Government. He was a prolific writer and he was proud of those items that he investigated into the working of the Government. In my own humble way, I too am an investigator of the functioning of the Government. I share this passion with late James Wilson. When I examine this document or other aspects, I investigate flaws, hopelessly disjointed, shambling efforts of our Government to balance Budget, to run railways, manage coalition, attend to the demands of an obstreperous Parliament, ensure fiscal prudence-all very big goals-all are accompanied by bigger bourses. All are, Mr. Finance Minister, on your able shoulder. Now, I wish there were more Ministers to share your responsibilities because all these burdens are on you.

I am told that you had to even draft the reply of the

hon. Railway Minister.

That is why, I am marveled at your Government. I am marveled at your Government because despite all your efforts, it is still working. That is why also, I quite often ask myself a question. Is it a Government or an illusion? Most of the times, I am frank with you that the Government now that we have the benefit of working under is not just an illusion. It is only a notion.

Mr. Deputy, Speaker, Sir, my good friend Shri Pawan Kumar Bansal is making a very philosophical point सभी कुछ माया है। यह इल्यूशन है तो वह भी इल्यूशन है। That is why, I submit, Mr. Finance Minister, Sir, and you would admit that I am not rude when I say that we are now having to suffer a Government that is condemned to perpetual crisis - one crisis after another. The other day I said, and I said it in all sincerity, that we want you to succeed. I am personally committed to your success because if you succeed, it is good for the country. But, Mr. Finance Minister, you seem and your Government seems determined not to succeed. Now, how are we to address that?

You said the other day in a different context that you have managed your coalition much better than we managed. I am not in competition of coalition management, but if this is an example of managing coalition, very well तो मुबारक है आपको। आप इसी रास्ते चले जाएँ, और दिक्कतें हमारी बढ़ जाएंगी और आसान भी हो सकती है। Sir, I wish to add here because I had the benefit of performing just the function that the hon. Finance Minister is now performing. You have, of course, performed it with much greater ability than I can personally command and also for longer. I think, if I recollect right, I have had the honour and benefit of presenting three or four Budgets. I first had the same job for the short period in 1996 and thereafter from 2002 onwards.

Now, I want to share with you for a minute the story of what I call a reluctant Finance Minister. This job that you today have is of keenness and I am very glad that you are back in this job after a long gap. Mr. Finance Minister, Sir, you and I, we have worked together in Parliament for three scores and three years. It is a very long period and we have shared many experiences and many ups and downs. But, I tell you with candour and honesty that I was assigned the job to perform in South Block. One day, hon. Shri L.K. Advani called me on the telephone because Prime Minister Vajpayee always assigned such tasks to Shri Advani ji. He called Advaniji and said, tell Mr. Jaswant Singh to move from South Block to North Block - आडवाणी जी ने हम को

टेलीफोन किया और कहा कि जसवंत सिंह जी आपको नॉर्थ ब्लॉक जाना है। जैसे राजस्थान की हमारी पद्धति है, हमने कहा हुक्म। आठ दिन बीत गए, दस दिन बीत गए। मेरे दोस्त मुझे टेलीफोन कर-कर के कहें। कुछ दोस्तों ने विलायत से भी टेलीफोन किया। Jaswant, when are you going? You do not even know the vocabulary of Finance. I admit, I do not know. करीब 12 दिन जब बीत गए, तो आडवाणी जी ने फिर कहा कि भई, आप गए नहीं! फिर लोगों ने पूछा that it is a very bad policy to keep arguing with the Prime Minister and Dy. Prime Minister for more than 10-12 days. Then, I chose discretion to be the better part of my resistance and I walked across from South to North Block. As is usual, there was a lot of Press that had collected at the entrance of North Block and immediately they asked me as to what is your policy. On the spur of the moment, Mr. Finance Minister, because it was central to our concerns and conviction, I shared with them just two sentences. गृहिणी की टुकिया में आना, गरीब के पेट में दाना। That became and remained the central focus of my approach as the Finance Minister. I think centrally this continues to be your approach. This continues to be the approach, has to be the approach. If I were to elaborate टुकिया में आना, begging the pardon of the Leader of Opposition, women have a tactile sense of money. Therefore, they keep money in their टुकिया. I hope you get the sense of what I am trying to say. **You must provide more spending power to the household, to the housewife and to the citizens. Spending power is a derivative of income exceeding expenditure, income not being eaten away by inflation, sufficient income so as to enable citizens to have the luxury of spending money. You cannot imagine - I am sure you can - what a great freedom is felt when a citizen is able to put his hand in his pocket or in the purse if she is a housewife and to be able to actually spend money.** ; g cgr cMh phT gkrh gA It is not easy to achieve. I do not minimise your difficulty. दूसरा था, गरीब के पेट में दाना। A citizen, our countrymen and women are entitled.

Gross National contentment more important than GDP

Mr. Finance Minister, to affordable food. These two tasks I had assigned to myself as the central purpose of my responsibility as the Finance Minister. Why, Sir? Because I believe that the combination of these two results in what I call Gross National Contentment. Gross National Contentment to me personally is infinitely more important than an empty figure like GDP. Mr. Finance Minister, citizens cannot eat GDP. The Gross National Contentment provides the impetus to the enthusiasm

of animal spirits. I do also believe that animal spirits in economic management of our country are a factor that are important and must be promoted. I share with you, Mr. Finance Minister Sir, and other hon. Members that it is my belief - and I had then as the Finance Minister shared it with, I do not know whether with the House, but certainly with many others - that there is a basic, fundamental Indian economic philosophy that we have not given emphasis, because we are far too persuaded by talks of the West economic thinkers and philosophers who are very worthy. But there is a fundamental Indian economic philosophy which I think merits us to recollect, to re-imbibe. It is very simple. It has four or five elements. Those four or five elements are that every citizen of this country - no matter what profession he pursues - is enjoined by *dharma* to produce the maximum that he can. It is our requirement. By *dharma*, I do not mean the ritual of worship; by *dharma*, I mean the requirement enjoined as a citizen's duty to the nation, to the soil, to this *dharti* that we must produce the maximum that we can. चाहे वह कारीगर हो। आप जो कुछ भी काम करते हो, produce the maximum and produce the best quality. We have forgotten that. This was our innate Indian cultural attribute or economic philosophy.

The second one is that we must share. I think, you must have this tradition in West Bengal. I know the traditions of West Bengal, certainly not as well as you do, but I remember that during our childhood when we even sat down to eat, we were told to put this aside for the cow, to put this aside for the birds. This was the concept of sharing. We have forgotten this. I try and we imbibe these thoughts because we cannot be a western country; we are India and we have to remain Indian and we will be Indian only when we revive what is essentially our culture. The third used to be 'to save' - do not use, eat or spend a penny more than you need. Again, I share something biographical. Whenever I had to come to Delhi or go from Delhi, I would take some little - जिसे हम राजस्थान में संभाल कहते हैं- संभाल। My widowed mother would unwrap the paper, undo the trine fold the paper, fold the trine and put it under her pillow. If I asked her why she was trying to do that, why she was trying to save the trine - एक जूट की डोरी का टोकरा है,- she would say क्या मालूम फिर काम आ जाए। This was the innate tendency to save. It was not that there was any lack of trine or paper. We have become, Mr. Finance Minister, not a saving-oriented economy, but we are becoming a consumerist economy, to which point I will come back in a moment. The only other thing she would ever tell me, which I find very difficult now to explain.

She would ask me 'शस्त्र तो है', The Minister of State for Finance, who is from Rajasthan, would understand what I am saying. *Shashtra* for us in Rajasthan was and is a personal adornment; it is not a weapon of offence. If she said शस्त्र तो लेकर जा रहे हो, she was not asking me to violate any arms law. Perhaps I am a traditionalist. But I believe that in these traditions, which I am simply pointing out, lay great strengths of India. Why I am re-emphasising these is because the strengths are the vital forces, which run through our arteries and veins, like reenergising the blood of India. We cannot forget these. There are two other final points which, I think, are part of it. One is charity. It was only India that had till it was ruined, and continues to have a concept of *gupt daan*. But I accept, Mr. Finance Minister, because I faced this problem. **Lot of very clever businessmen used *gupt daan* to convert taxable money into non-taxable money, which we read as white money and black money. It is a great shame. But why did this come?** It was because we brought about a If you permit me yet another recollection, I remember that there was a very illustrious Finance Minister, late Shri Yashwantrao Chavan and he was a very illustrious Indian also. He was very much an Indian and a great citizen of the country. In his time, we had a tax regime of income tax and wealth tax that had gone at one time to 113 per cent. The middle-class housewives, law-abiding citizens, all of them were converted into thieves. They would go abroad, go to Dubai, hide gold in the folds of their sarees and come back. Why should we have taxation law that converts law-abiding citizens into thieves. It is this I wish to reintroduce, the importance of charity in our national lives. I wish to share one more point because these are part of our traditional thinking. गुजरात में मुझे नहीं मालूम, यह कहावत प्रचलित है या नहीं। I say that in the vernacular, Mr. Finance Minister, because the music of this saying is in the vernacular. जहां राजा व्यापारी, वहां प्रजा भिखारी। It is a very eminent saying that the State must not ever become a trader. We find increasingly a tendency of the State to become a grasping trader or agents of the stake. If you permit, those that hold office or are in a position to do so, if they start trading for personal benefit, then the citizenry shall be pauperised. I will not persist with that.

Fiscal consolidation : A central challenge

Mr. Finance Minister, I will come to your speech proper. I do not wish to re-read your speech or even to define the parameters, but I have tried to condense what you said in your speech and what was contained in the

Economic Survey, which is otherwise a very fine document because whatever the Finance Minister is unable to contain in his speech always can be there. The Economic Survey very briefly is optimistic on growth improving in the coming year and also in the year after that. It also identifies, and quite rightly, fiscal consolidation as the central challenge so as to revive investment growth and to contain aggregate demand because if aggregate demand is not contained, then it has twin fallout. They are the index of inflation going up and current account deficit widening. All these are eminently acceptable and reasonable.

The Economic Survey also calls for getting energy prices right. Again, who can dispute that? It is easier said than done to set energy prices right so that technical and commercial losses in the power sector are reduced. It is a very big thing, but the Economic Survey fails to identify, which I am sorry to say, Sir, that you too as Finance Minister really do not identify. The Economic Survey cannot display political courage and it is expected of you - it is decontrol of fuel prices. Mr. Finance Minister, when I compare my present days of coming to Parliament with that of the earlier days - this is my ninth term now - when I first used to come, the kind of limousines today crowd the Parliament or crowd the streets of Delhi persuade me to recommend to you that please increase petrol prices straightaway. You have increased petrol prices a few times earlier, and you have met with a considerable amount of hue and cry against it. But I have not seen any reduction whatsoever in the traffic on the roads of Delhi or the kinds of limousines that come into Parliament. Along with that, for long, you will not be able to resist it now - if you permit me to say - for obvious reasons. I do not want to labour the point of why you cannot resist petrol price hike. It is because of the international situation, Iran, etc. But you cannot also resist doing so for diesel. This is not a politically popular point, but it is economically and fiscally a vital point. It is a requirement that States must cooperate to stamp all power thefts. Power theft in the country is rampant except in some States, and if you continue to steal power, then we will always be short of power. Investment has also suffered, and quite rightly the Survey points it out as indeed your speech also indicates it. But in addition to that, may I point out how decision-making is almost at a stand-still. Why is decision-making at a stand-still?

It is because there has been a kind of an outbreak -- what else can I call it -- of scandals, scams and corruption cases with the result that all civil servants, without exception, have taken a very easy course, which is not to take any decision whatsoever. If you do not
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take decisions, then certainly you cannot make mistakes. But Finance Minister, Sir, either a political community or a civil service that withdraws itself -- as the Survey points out, not in these words, but is certainly indicating -- into a shell of inertia, then permit me to point out that it testifies indisputably to a weak political leadership. If the fiscal consolidation having been achieved has been pointed out, then here I would like to say that you have to see very carefully and compare what the States have achieved -- which I shall revert to in a minute -- as compared to what the Centre has made.

Sir, I would not labour on what this Survey says because it is your document and you know it very well. The inflation is a tax and it is a bane. I must underline it here. Now, a brief review of this Survey brings us to the issues that are contained in the fiscal document of your Budget presentation. I again ask this. What is the Central thought that has inspired this statement of fiscal policy? It is fiscal consolidation and deficit. Now, you know very well that the total deficit of the Centre and the States crosses nine per cent. At about nine per cent of fiscal deficit, it is a ruinous state. You cannot refute the economic logic of such high and unsustainable fiscal deficit for a sub-Continent like India. We are a continental economy, but here I will submit -- as you had hinted earlier, and if you permit me to point out -- that the States have actually performed better than the Centre. An aggregate of the States informs me that they have concentrated on Capital Account. If you have it examined, the Centre seems to be concentrating on Consumption and Revenue Account. I earnestly address you for an examination of this and for a correction of this. The States' fiscal deficits have come down. They are concentrating on Capital Account, and the Centre is concentrating on Consumption. It ought to be the other way round.

Erosion of national confidence

I wish also to point out on other great deficiency of the Centre, which is credibility. No Government can deliver goods and manage the economy of a country unless it has credibility. So, there is an illusion of national confidence. I do not say it only as a critic, but events are criticising it. There is an erosion of national confidence because there is a great fall from the Government in the criteria of truth telling. Please tell us the truth. When we point out issues, it is not only to find fault because unless we examine issues truthfully, we cannot move forward.

I wish to talk on the issue of taxation. It ought really to be addressed in the discussion on the Finance Bill, and that is how I address the issue. Larger issues of economic management are what we address in the

debate on the Budget or the Finance Minister's Speech. But there is one issue that I wish to point out, that is, about retrospective legislation. I do not for a moment deny your Government or any Government, if there is X, Y or Z with a liability of about ₹ 10,000 crore as taxes. No Government can take such a tax liability lightly. I am told, perhaps I am wrong on figures -- this is not an advocacy of any one particular case or another, this is an advocacy of the principle -- that in this Budget, there are about 17 incidences of retrospective legislation. If it is correct, then it is a profligate number. Secondly, having conceded the Government's right to recover what is obviously a wrong, it is every Government's right and the Government must do it, but there is a simultaneous moral hazard in this. If you apply this to corporate bodies, law will require you to write to individuals. The corporate bodies have more fat; individuals have less fat. That is why whereas please do go and collect taxes which you believe legitimately to be the dues of the Government, please address this question also from the angle of the moral hazard that citizens will face.

Sir, I go to what I think is a critical challenge for the country. The other day we have the debate here impromptu on poverty figures. I will come back to this question in a minute. The essential, central question of any Government in India has to be not just lowering of poverty figures, but actually to eliminate the dehumanizing quotient of poverty. Rather than repeat everything here, let me leave this thought here only to revert.

Agriculture is central to India

कृषि भारत में मात्र जीविकोपार्जन का साधन नहीं है। कृषि एक जीवन शैली है। यह केवल भारत में ही जीवन शैली है। यह कृषि है कृषि से ही हमारे सांस्कृतिक व्यवहार हमारे त्योहार गीत, गायन सब उपजते हैं। इसीलिए कहावत है— उत्तम खेती मद्धम बाण, अदम चाकरी भीख निदान। Krishi is central to India. It is central, not that economically. It is just about 15.1 per cent of the GDP. It is central not because almost three quarters of India lives in villages but it is central because it is fountain head of our cultural functions. Now, I just said that it gives about 15.7 per cent of the GDP. That is what has come in year 2009-10. It is about half of 52.1 per cent. We have the largest cattle wealth in the world. We have the largest arable land mass in the world, more than United States of America and almost twice of that of China. We have about 288 million hectares. China has about 144 million hectares. We have the second largest number of sheep, camel, goat etc. This is all wealth. And yet Sir, it is a matter of great disappointment to me that in terms of production per

acre or per hectare or production per head of cow or production of wool per sheep is very low. I have often pointed that. Very eminent person and former Chief Minister of Himachal Pradesh and very eminent Minister of this Government who is sitting here, he would accept that almost 65 per cent of the horticulture produce of Himachal Pradesh rots either on the trees or on the ground. A number of times and number of Governments have spoken of warehousing facilities, cold storage. This is all the wealth of India that contributes. Now, I could keep on emphasising the importance of agriculture but this is not the discussion on the Ministry of Agriculture and I can only indicate in points what I think is vital in the agriculture sector. The hon. the Finance Minister has given us the figures saying that the total agriculture credit for 2012-13 should be increased to ₹ 5,75,000 crore. I have done the same thing during my time. But it is not the quantum increase that matters, what matters is the application of the money in terms of real return.

Sir, I am pointing out roughly. Please correct me, if my figure is wrong. If you are talking of credit, roughly, there are 12 crore of farmers in the country who are loan seekers. Of that, only five and a half crore farmers have actually got loan. Not even 50 per cent of the farmers have been given loans. I have pointed out what we need. Yes, the revolution of the 16 varieties of high yielding in rice and indeed it expanded the use of irrigation but while expanding the use of irrigation, we went into profligate water usage like flood irrigation. अगर मैं कहूँ, मैंने सब अपने हाथों से किया हुआ है। मैं आज भी गाय पालता हूँ। थरपारकर पचास गाय आज भी मेरे पास हैं। घोड़े भी रखता हूँ, शौक से रखता हूँ क्योंकि घोड़ों का प्रेम भी हूँ। मैंने अपने हाथों से बैल के पीछे हल खड़ा किया है। मैंने अपने हाथों से हल जोता है। खेत काटा है। कुएं की जगत पर बैठकर पानी सींचा है।

The requirement in agriculture is about soil erosion, soil salination and the most economical usage of water where flood irrigation is not the answer. The average high yield variety in India today is generally 30 to 50 per cent lower than the average high yield variety of rice for example, in China and about half of that in Vietnam or Indonesia. It continues to be so. Today, the Finance Minister knows, we are the net importer of lentil. It is the largest provider of protein. We are also the net importer of vegetable oil. It is the only country which culturally and civilisationally will not and cannot use animal fat. That being a reality that, today 63 years after Independence, we still continue to have to import vegetable oil. We are not self-sufficient. For us, the principal protein requirement comes from lentil and we

still have to import lentil. I do not have to point out why agriculture is so important to us.

Eliminate poverty

Sir, I will share some very disturbing, troubling figures to me about poverty. These are the World Bank statistics. I know the World Bank. I am familiar with it. It means that I also know their statistics. About 75.6 per cent of our population - this is as of 2005 - lives on less than two dollars per day on the purchasing power parity criteria; 41.6 per cent of the population is living below the new international line of poverty, which is also on PPP of 1.25 dollars. The data that has been released by the Government of India on poverty figures resulted in a discussion the other day. The issue is not what the figures of poverty are. The central issue remains that there is poverty which is appalling, which is unacceptable and the poverty that is degrading and dehumanising all of us. It is for many many reasons. In so far as the farmer is concerned, a study has also stated that a farmer receives only about one-fifth or 20 per cent of what ultimately is sold in the shop. The farmer receives only 20 per cent of that. These figures ought to tell us effectively enough. Of course, I could speak for long on agriculture. But that is not today's subject. I have about ten minutes and I will try and finish on that. I have some parochial points - I say parochial because they are issues of personal interest to me. One is the Army, the second is the desert and the third are the mountains which have so kindly sent me here.

If I were asked and I would attempt to answer what is my view as to what India ought to be, we must be a modern, a self-reliant, a self-confident national economy that competes with the best globally. We must have a happy and a contented citizen, eliminate poverty for this and enthuse the citizenry with the renewed spirit. For this, rural development is right. I appeal to you, Mr. Finance Minister, Sir - I agree that you have political differences with us - that some of the programmes that were introduced by the NDA Government for rural development were eminently sensible. One of them was the provision of urban resources and facilities for rural areas. Please re-examine that programme. It is a very good programme which subserves the purpose of rural areas very well. Do not reject it only because we had introduced it.

More money gone out of India

The second thought I would leave with you - because I cannot keep speaking all the time - is, Sir, you must address to the challenge of reversing the investment flows out of the country back into the country. If you examine the figures of outflow last year ~~I have rough figures which~~ I do not want to cite - you

will find that more money has gone out of India by Indian investors investing abroad than has come into India as investment. I think this tendency is telling us something. Why are Indian investors going out rather than investing in India? This is a challenge to the management of our economy by the Finance Minister. Of course there are many causes, of course land acquisition, of course the absolute obstinacy of our system in early grant of sanctions and permissions. And money is like water. It finds the area of least resistance and it flows to that. I am not suggesting that you block that route. Not at all! It reflects and demonstrates the entrepreneurial spirit of India. But try and divert that spirit back into the country, not outside the country. I cite this because perhaps you intended it through your budgetary document, but I did not find it. That is why I underline it. Sir, I do again repeat, GDP figures are very important. But the conversion of GDP figures into figures of national contentment is the vital question. GDP figures by themselves cannot feed India; cannot give contentment to India. This is a challenge that all of us had to address. I have a request here. The Ganga and the Yamuna are the lifelines of India. They are the arteries of our civilisational growth. Certainly from late Rajiv Gandhi as Prime Minister's days I have been hearing of the need for reviving and cleaning up Ganga, cleaning up Yamuna just languishing. I request you, Mr. Finance Minister, if necessary, do what you will, constitute what authority of power or Committee or whatever, comprising of Members of this Parliament or whoever, but please address to the health of these two rivers with which the core of India, the civilisation of India - what we say Ganga-Jamuni civilisation, etc., etc., - is identified.

Re-examine MNREGA

On deficit, the control of fiscal deficit and subsidies, I do not want to elaborate the point except to submit to you that not fully digested and examined concepts of welfarism which we import from West Europe or wherever might not be the most suitable methods. Like MNREGA was introduced. I have seen, and I am sure hon. Namo Narayanji Meena has seen with his own eyes, *Sarpanches* in villages become enormously rich overnight. कहां से पैसा आया, यह मनरेगा का पैसा है। इमारतें खड़ी हो गई। मैं किसी को अगले दिन कह रहा था कि मैं थोड़े दिन पहले बाडमेर गया। वहां कोई सज्जन मुझसे मिलने आए, नमो नारायण जी, सब थे, वह सज्जन मोटर साइकल पर आए। वह खुद मोटर साइकल की पिछली सीट पर बैठे थे, दूसरा व्यक्ति आगे बैठा उसे चला रहा था। मैंने पूछा कि भई तुम कैसे मोटर साइकल पर चढ़े तो उसने कहा कि भाई साहब मैंने मोटर साइकल खरीदी है। मैं चला नहीं

सकता, इसलिए एक ड्राइवर रखा है चलाने के लिए। उन साहब का क्या नाम बताऊँ आपको, मैं यह कहना चाहता हूँ कि यह सब मनरेगा की देन है। मनरेगा के फाइनेंस द्वारा ऐसी कई रिकार्ड देन हैं।

You have totally perverted the labour system in the country whether industrial or agricultural. This is a very serious flaw. It is un-intended flaw. It is the consequence of introduction of rural employment. I have seen with my own eyes village women going there, sitting by the roadside in some shade. हमारे यहां तो शैड भी कम मिलते हैं। वहां गृहिणियां एक-दो घंटे बैठी रहती हैं, फिर घर चली जाती हैं। सरपंच कहता है कि तुम्हें 700 रुपए देने हैं, आधे मैं लूंगा और आधे तुम। इस पर वह गृहिण कहती है कि आधे तुम ले लो, मुझे यहां बैठकर क्या करपा है, रात थोड़े ही यहां गुजारती है बैठकर। यह यू.पी. की देन है।

Please re-examine the whole question. We had in the Janata Government days introduced a very good scheme called Antyodaya, Food for Work scheme. In the great drought of 2003, when I had the responsibility and the job - I am rather jobless now and so I can say all these things - I had myself seen and Namon Narain ji would bear with me, that in the households of Rajasthan जिन्होंने गेहूँ का दाना नहीं देखा था, उनके घरों में 30-30 किलोग्राम गेहूँ पड़ा था।

This has to be re-examined. Please at least re-examine it. *Antyodaya* was not a bad scheme because whoever was to be benefited was selected by the village itself and the State had very little to do with it. I leave that only as a thought, Sir.

Sir, on inflation I may use an American phrase; 'On the citizens it is now triple whammy'. The triple whammy comes by shortages. On top of shortages, because you have spoken of supply side glitches, comes governmental inefficiency. And on top of that there is corruption in system. So, there are shortages, governmental inefficiencies, corruptions and petty corruptions.

I would like to share a thought with everyone. This morning we read an account of scam worth ₹10 lakh crore. It is very difficult to conceive how many zeros are there in 10 lakh crore. The money becomes notional. This kind of suggestion of corruption, believe me, I share with you does not really affect the common citizen. What affects him is, if he goes to the *patwari*, and *patwari* to give him the certificate, saying नहीं, नहीं, 100 रुपए की काटो। That corruption pinches much more than the figures that we read.

It is this petty corruption that is cruelly killing. On

inflation, this petty corruption, shortages and all these become a kind of triple whammy and more particularly on rural population and on the poor. I have a parochial interest. I had introduced, when I had the job that you hold with so much greater distinction, a measure of pasture development. The West Rajasthan is really animal husbandry-oriented economy. I had introduced a measure for developing the pastures of West Rajasthan. जिन्हें हम ओरल कहते हैं। I am so saddened to say that when I was thrown out of office and your Party came into office, among the steps that you took was to stop the pasture development. What wrong had we done? The pasture development will go to Ladakh also. The pasture development will take care of Himachal pasture development also. Please look at that.

Sir, for the mountains, I have three requests because I represent them. Consider please granting to them for a limited purpose of time the same benefits that you gave and Mr. Prime Minister gave to the North-East of India or to those States so that for 30 years what was the consequence of the neglect of the hill can be removed. Sir, the state of the highways in Darjeeling District is such, they are notional now.

They are called national highways but we call them notional highways. They are hardly means of communication. The great railway line which was inherited, that has also collapsed in the recent earthquake. Please address them. I appeal to you let us not revert to a state of command economy. Let the spirit of India flower. Let it become productive. Let our economy not become State centric. Let it be citizen centric. Let it be for India and not for the Government of India nor for any Party.

Swadeshi- the core for development of India

I do submit that we must move away from this frenziedly-consumerous economy and society that we seem to have developed. I am told everyday by my children and grand-children about this mall and that mall. In our villages, we had no malls but much more *maal*. We had *maal* but no mall. I would request you to remember not long back, **there was an old man who wore only a loincloth and he used to walk all over India, quite often on foot. He was called, Mohandas Karamchand Gandhi. He had said, 'the soul of India resides in our villages'. Mr. Finance Minister, Sir, he was the first advocate for swadeshi. That is the real swadeshi. I appeal to you because you can do it. I know as a person and having worked with you for more than plus three decades. Please revive the spirit. This is the central core for the development of India.**

For the most important reforms that India needs today is firstly a reform of the mindset. This is a vital reform. I have said it earlier when I had this responsibility and I repeat it. We then need a reform of governance without which we will certainly fail to deliver to our citizens that which is their inalienable right, their due and that which is our bounden duty to provide. Thirdly and importantly, India needs a political reform which must address the question of eliminating poverty, prevalent cynicism and corruption of spirit, of conduct, re-impacting probity and rectitude in public life. This would be for improving our political systems and ensuring that Legislatures are able to perform their duty as mandated by their respective electorates. Mr. Finance Minister, Sir, without this, we will not be able to address the central challenge that we face today: "How to eliminate poverty, how to improve the quality of life of our citizens - and in the memorable words of late Pandit Jawaharlal Nehru - to create a civilised society through

civilised means and thus propel India to its destiny in the global comity of nations? Without such a minimum programme of reform, hon. Finance Minister, forgive me to say that no budgetary proposals will achieve their purpose. The challenge is not only fiscal or economical but it is critically political. If we do not recognise this challenge, then we will surely fail in achieving our economic objectives.

Please recognise - and I include myself, Sir, in that - that we, politicians and politics that we are currently practising have kidnapped our economy, our country and our society. We alone are responsible for all that is going wrong in the country and not any outsider. Because you are the Government, you are in the seat of governance, you bear the principal burden of this responsibility. The challenge is of meeting this test of transition. Hon. Finance Minister Sir, let us all act before time passes you by. Thank you very much, Mr. Deputy-Speaker. ■

Do justice to the common man of the country

-Yashwant Sinha

Former Finance Minister Shri Yashwant Sinha while speaking on the discussion on General Budget in Lok Sabha on 27th March 2012 said that the inflation is the fundamental problem of the economy but the Congress led UPA government has failed to control inflation. Expressing concern over the revenue deficit which has increased to 4.5 per cent, he said it is a vicious cycle which will adversely impact inflation in the country. Saying that the government lacks the skill of expenditure management he demanded that tax on bullion should be immediately withdrawn. We are publishing the synopsis of his speech hereunder for our esteemed readers:

The inflation is the core issue of our economy. If one goes through the figures of the last some years, one would find that everything was alright till 2007-2008. Our economy grew at the rate of more than 9 percent in the year 2003-2004. Fiscal deficit, revenue deficit and inflation were under control during this period. But, the situation began to deteriorate all of a sudden in 2008-2009. The fiscal deficit shot up to more than Rs.2 lakh crore. That time the hon. Minister stated that this fiscal deficit should be treated as stimulus package to tide over the financial crisis that our country was facing due to slowdown world over. In 2008-2009, the fiscal deficit increased to 6 per cent, revenue deficit grew to 4.5 per cent and the rate of inflation increased from 4.8 per cent to 8 per cent. Since then our economy is on the slide. This is all because of a vicious cycle. The Reserve Bank of India has increased the Bank rate



13 times in the last one year. This has had a direct bearing on capital investment and growth rate of our economy. We are back to that vicious cycle of rising inflation because of Government deficit but this Budget has nothing to get out of this vicious cycle. We will have to get out of this vicious cycle. I request the hon. Finance Minister to release

the amount due to the States on account of Central Sales Tax. The bullion market is closed since the day Budget was presented. Jewellers are on strike across the country. I appeal to the hon. Finance Minister to immediately withdraw the tax levied on jewellery items. There is no mention of austerity measures in the Budget to be taken to rein in fiscal deficit. The Government has not issued any direction to check the foreign trips of Ministers and government officials. Finally, I would like to request the hon. Finance Minister to kindly do justice to the common man of the country. ■