

KSK/NKR/2.00/1H

**The House reassembled after lunch at two of the clock,**

**MR. DEPUTY CHAIRMAN in the Chair**

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**SHRI A. NAVANEETHAKRISHNAN:** Sir, I want to say something.

**MR. DEPUTY CHAIRMAN:** Okay, I can allow you, but others should take their seats.

**SHRI A. NAVANEETHAKRISHNAN (TAMIL NADU):** Mr. Deputy Chairman, Sir, in Tamil Nadu, the swearing-in function of the Chief Minister must be held today immediately because otherwise, the unwanted things will take place. Now, drought is prevailing in Tamil Nadu. Budget has to be presented in the Assembly. So many important immediate functions have to be performed by the Government. But because of the absence of the His Excellency Governor, it is not possible to conduct the swearing-in function.

**MR. DEPUTY CHAIRMAN:** We have nothing to do about that.

**SHRI A. NAVANEETHAKRISHNAN:** The swearing-in function must be conducted immediately by the hon. Governor so that there is no further delay in undertaking important things. This is very urgent. Sir, we have to save the democracy. ... (Interruptions)...

**SHRI S.R. BALASUBRAMONIYAN:** He has not come to Tamil Nadu at all. We have been hearing that he will come this morning, he will come this evening, but he has not come at all. ...(Interruptions)...

**MR. DEPUTY CHAIRMAN:** The Chair has no objection.

**SHRI A. NAVANEETHAKRISHNAN:** Sir, the Central Government should do the needful.

**संसदीय कार्य मंत्रालय में राज्य मंत्री (श्री मुख्तार अब्बास नकवी) :** मेरी जानकारी के अनुसार ऑनरेबल गवर्नर साहब आज चेन्नई पहुंचने वाले हैं और वहां पहुंचने के बाद, Constitution के तहत जो भी उचित होगा, वही करेंगे। ..(व्यवधान)..

**SHRI A. NAVANEETHAKRISHNAN:** Please speak in English.

**MR. DEPUTY CHAIRMAN:** I will tell you. What he has said is that the hon. Governor will go by the Constitution, and what is appropriate as per the Constitution will be done.

**SHRI A. NAVANEETHAKRISHNAN:** Sir, the delay is impermissible under the law. Now that the resignation of Mr. Panneerselvam has been accepted, there should not be any delay. ...(Interruptions)...

**MR. DEPUTY CHAIRMAN:** He cannot direct the Governor. ...(Interruptions)... Navaneethakrishnanji, the point is that he cannot direct the Governor.

**SHRI MUKHTAR ABBAS NAQVI:** Sir, as far as our information is concerned, the hon. Governor is reaching today. ...(Interruptions)...

**SHRI A. NAVANEETHAKRISHNAN:** Sir, I am very happy to note that the Governor is reaching Chennai today. We hope that good things will take place as early as possible. Thank you, Sir.

**MR. DEPUTY CHAIRMAN:** Yes, that is correct. Let us hope that good things take place there for the Tamil people and we all extend good wishes to all Tamilians.

Now, we shall start the general discussion on the Union Budget, 2017-18 - Shri P. Chidambaram.

### **THE UNION BUDGET, 2017-18**

**SHRI P. CHIDAMBARAM (MAHARASHTRA):** Mr. Deputy Chairman, Sir, perhaps, the most important day in the calendar of a Government...

**SHRI ANAND SHARMA:** Sir, the Ministers are disturbing. They are talking. ...(Interruptions)...

**SHRI P. CHIDAMBARAM:** Perhaps, the most important day in the calendar for the Government is the day the Budget is presented. In fact, from the people's point of view, it is the day when the people look forward to with great expectation. This year, we will spend about Rs.20,14,407 crore, and

next year, the Government plans to spend Rs.21,46,735 crore. Yet, ten days after the Budget Session started, we are forced to begin a discussion in the last couple of hours of the last day of the Session. I think, it is a very sad commentary on the way the Government organizes its Business in the Parliament.

(Contd. by 1J - GSP)

GSP-DS/2.05/1J

**SHRI P. CHIDAMBARAM (CONTD.):** This debate will spill over to the resumed Session after four, five weeks, and, by that time, most of the people would have lost interest in the Budget. I make this comment because, I think, this should not be repeated in future. In the Budget Session, immediately after the President's Address is discussed and the Motion of Thanks is passed, we should take up the general discussion on the Budget and spend adequate time.

Sir, in the limited time that I have, I wish to make just a few major points. I am not going to burden this House with numbers. I know that the Government is dazzled by the numbers. In fact, it is holding out one number to dazzle the people of India for nearly two years and now when that number began to crumble, they no longer talk about numbers. Sir, the Government inherited an economy, -- although their Ministers do not believe their Central

Statistical Organization but I would like to believe the CSO -- which, in the last two years of the UPA Government, grew by 6.1 per cent and 6.9 per cent. These are the numbers of your CSO. If you do not believe your CSO, sack him; you have sacked a number of people. You can sack the CSO also. If you believe the CSO, don't repeat any other number, repeat the correct number. The average for the first five years of UPA Government was 8.5 per cent, and, the average for the ten year period was 7.5 per cent. And, therefore, you have a certain objective, and, I compliment you for that that you want to raise the growth rate beyond 7.5 per cent. That is a good ambition to have. In fact, everyone in this House would want the growth rate to be lifted to 8.0, 8.5, or, even to 9.0 per cent. I have no doubt in my mind that the Prime Minister wants high growth. I have no doubt in my mind that the Finance Minister wants high growth. In the first couple of years, you revised the methodology in which GDP is calculated and then proclaimed that you have achieved 7.6 per cent and 7.5 per cent. Let us accept that for the sake of argument. It is now unanimously accepted that under the old methodology, that 7.6 per cent and the 7.5 per cent of your first two years would translate only to about 5.5 per cent or 5.7 per cent.

Now, we enter the third year. The economy is growing. I am not denying that. In fact, I have said on many occasions that India is amongst

the fastest-growing large economies in the world. It is not the first time that we have achieved this distinction. We achieved that distinction during the tenure of the UPA Government also. If you have achieved this distinction, I am happy, we are all happy. But through the year, especially 2016 calendar year, or, 2016-17 Financial Year, you made a series of mistakes capped by the most terrible mistake in India's economic history, and, that is, demonetization. As a result of that, you have interrupted the India's growth story. You are struggling to find justification for what you did. You are fumbling, you are bumbling, you are scrambling, and you are inventing a new narrative every day.

Look at the impact of that. I am not talking about demonetization. I will come to that in a moment. In the Budget that the Finance Minister presented for 2017-18, he is projecting a certain GDP figure. He is assuming it, based on the Revised Estimates of the year that will come to an end, 2016-17. My first question is: where did he get that Revised Estimate from?

(Contd. by SK/1K)

SK/1K/2.10

**SHRI P. CHIDAMBARAM (CONTD.):** The CSO has not published a Revised Estimate. We always accept a Revised Estimate or the Advance Estimate of the CSO and then project the growth for the next year. As far as

I am able to gather, this is the first time when the CSO has only published an Advance Estimate. The Budget document assumes a Revised Estimate and then, on that estimate, projects a certain growth rate. Every analyst has seen through the numbers and questioned your GDP number. And after projecting a certain GDP number, neither the Prime Minister nor the Finance Minister is willing to put a number on the GDP growth rate. Why? Because you are not sure how much the economy will grow in 2016-17, the year that will come to an end, and you are not sure how the economy will grow in 2017-18. When you give a GDP estimate, why are you fighting shy of giving a GDP number? This was the magic number that you have been dangling before the people of India for the last two years and now you are hiding behind words and not giving a number. I will tell you what the number would be. It is now widely accepted that 2016-17 will witness a hit on the GDP of at least 1 per cent, perhaps 1.5 per cent and if we are unlucky, it may even be 2 per cent. It will spill over to 2017-18. We are going to meet again after a year. You will be there, we will be here. This day will come again next year and we will tell you the same in 2017-18; this will spill over to 2017-18. Even if you have not been told about it, your Budget numbers tell that story. In an economy that has admittedly slowed down -- even according to your CSO, 7.1 as on October. The second half will be worse; according to RBI, 6.9;

according to CMIE, 6.0 -- what does your Budget do? It contracts Government expenditure. Please analyse these numbers. What does the Finance Minister present? And I am willing to say every Finance Minister is, to some extent, guilty of that. You present a gross number of actuals for the year before, Revised Estimate for the current year and the BE for the next year. We look at the revised numbers and say he has increased it by four thousand crores; he has increased it by three thousand crores! What it hides is these gross numbers being nothing unless you take it as a percentage of your GDP. I will give you one head which concerns all of us. Take Defence. Do you know what you have done in 'Defence Capital'? In 'Defence Capital', for 2015-16, it was Rs. 71,675 crore. In the current year, 2016-17, you expect to spend, by March, Rs. 71,700 crore. If you look at the BE for the next year, you will see a jump to Rs. 86,488 crore, and I am sure everyone applauded when he heard that number. But how did that number come? You shifted Rs. 8,364 crore from another head called 'Defence Research' and put it under 'Defence Capital'. Last year, you did that in agriculture. You took the interest subsidy from another head and added it to agriculture. This year what you have done is, you have taken Rs. 8,364 crore from 'Defence Research' and put it under 'Defence Capital'. So, if you subtract that number, you will get the real 'Defence Capital' expenditure of

Rs. 78,124 crore which is slightly higher than the current year's RE but Rs. 460 crore less than the current year's BE. Either you are unable to spend the money or you don't have the money to spend. You are contracting 'Defence Capital' expenditure. When you go to other heads, it is worse. As a percentage of GDP -- I am going to read numbers and I will explain the economic consequences of this -- the total expenditure was 13.09 per cent in 2015-16, 13.36 per cent in 2016-17, but will fall to 12.74 per cent in 2017-18.

(Contd. by YSR/1L)

-SK/YSR-SC/2.15/1L

**SHRI P. CHIDAMBARAM (CONTD.):** A good reduction of 0.62 per cent. And 0.62 per cent of your projected GDP is approximately Rs.85,000 crore. If you go head-wise, there are alarming numbers. Take the National Education Mission. I am giving numbers for three years – 2015-16, 2016-17 and 2017-18. Maybe the Secretary has not yet briefed the Education Minister. 'Not yet,' I said. He will. The numbers are -- 0.20, 0.19 and 0.18. Come to MGNREGA. The numbers are – 0.27, 0.32 and 0.28 for the next year. Next is, the Pradhan Mantri Gram Sadak Yojana. The numbers are – 0.13, 0.13 and for the next year, it is 0.11. I now come to Mid Day Meal. More children are joining schools, so more children need meals. Prices have gone up. Better meals have to be given. The numbers are -- 0.07,

0.06 and it remains 0.06 for the next year. Net of inflation. This has been done on an Excel Sheet. I come to fertilizer subsidy. All of us are concerned about farmers. The numbers are – 0.53, 0.46 and 0.42. Next is food subsidy. The numbers are -- 1.02, 0.90 and next year it is 0.86. Next is petroleum subsidy. The numbers are – 1.77, 1.54 and 1.43. Next is interest subsidy to farmers. You say that you have increased the total loan that will be given to Rs. 10,00,000 crore from Rs.9,50,000 crore. We started it. When we started it, it was Rs.72,000 crore. We brought it up to Rs.10,00,000 crore. Look at the interest subsidy. The numbers are -- 0.1, 0.09 and next year also it remains 0.09. How can it remain 0.09 unless you deny interest subsidy to a large number of farmers? What is the effect of this? I think, more important one is not that you are reducing expenditure as a proportion of GDP in the next year, but that the impact is going to be enormous. The textbook tells us when the economy is slowing down, you must spend more. All of us will agree on that. This is economics 101. You don't need to be a trained economist. I am not one either. You have to spend more. What you are doing is this. As a percentage of GDP, public expenditure is being contracted. And if public expenditure, which is Government expenditure, is contracted, it is not going to give a boost to the economy. In fact, the economy is going to suffer for want of expenditure.

Either Government Capital Expenditure or Government Revenue Expenditure. The economy is going to suffer for want of expenditure unless the slack is picked up by the private sector. Now, we know that the slack is not being picked up by the private sector. Just look at three numbers. Gross Fixed Capital Formation has declined over the last three years. Credit to industry has declined and turned negative in October 2016 and December 2016.

The Minister for Coal and Energy is not here. Please ask him this question. What is the Plant Load Factor? The Plant Load Factor in all your thermal plants has come down to a decadal low. It is the lowest in ten years to 59.64 per cent and as a result of that coal offtake as reported by the CIL in April-December was 391 million tonne against a target of 434 million tonne.

(Contd. by VKK/1M)

-YSR/VKK/1M/2.20

**SHRI P. CHIDAMBARAM (CONTD.):** Now, what has this been? I am not giving any other number. There have been many numbers which point to the same conclusion. The conclusion is, private investment is not taking place,

there is no demand for credit from industry and there is no demand for electricity. You don't have to look at ten parameters. These three parameters will tell you that industry is simply not picking up. People are not investing; people are not willing to invest. And, foreign portfolio investment was positive up to October; in November and December, it turned net negative. Money is being pulled out. So, I don't know what your objectives are, what your goal is and what your overarching vision is. If your overarching goal is to give a boost to the economy, if your overarching goal is to improve the economy and raise the growth rate, the strategy that your Budget has followed is absolutely wrong, it is a dismal failure and you will realise it next year.

Sir, the second aspect I want to concentrate on is something which concerns every family in India. Now, we had the *Jallikattu* protest in Chennai, which they call the Marina protest. I have tried to put together various pieces of information that I gathered from the people assembled. *Jallikattu* was only a symbol for which everyone converged there. In fact, most of the people who converged there were urban youth who may not have seen a *Jallikattu* in their 17 or 18 years of life. They may have seen it in pictures or a movie. But, they all converged there because each one has a different concern, a different anxiety and a different angst. And, the most

vocal angst and anger is about jobs. There are simply no jobs created. Where are the jobs created? The Labour Bureau's numbers were given. In 2015-16, you created around 1,50,000 jobs against a claim of one to two crore jobs a year. Where are one to two crore jobs and where are 1,50,000 jobs? ...(Interruptions)... In the current year, you may not even create 1,50,000 jobs because jobs were destroyed after November 8. Don't believe me. Believe your Bharatiya Mazdoor Sangh statement. Read the statement of BMS. This is not polemical; this is not us *versus* you. I am appealing to all of you that please read your BMS statement. Seventy-five per cent of all small and medium industries have closed down. Come with me to Tiruppur-Coimbatore-Pollachi area; come with me to Hyderabad-Medak area; come with me to Ludhiana-Jalandhar area; come with me to Panipat; come with me to Agra; come with me to Moradabad. Small and medium industries have completely closed down. Seventy-five per cent has closed down. Where are the jobs? The jobs have been taken away. This is the angst that brought young men, their parents, their sisters and their brothers to Marina. Everybody has got different concerns. Some are concerned about the caste conflicts; some are concerned about the divisive language used in public discourse; some are concerned about our intolerance like ban jeans, ban books, ban authors, ban movies, ban beef, ban this and ban that.

Everybody has got concerns, but the most important and the underlying concern is the concern about the future. There is serious concern among families about the future. Please remember, we have to find jobs not only for the highly educated and highly skilled, but 50 per cent of the children drop out by the time they complete class 8 or class 9. Another 20-25 per cent drop out by the time they complete class 10. Only about 25 per cent complete class 12 and out of that, of all the children, only about 15 per cent go to university. We have to find jobs for the highly skilled and highly educated; we have to find jobs for semi-educated; we have to find jobs for those who have dropped out of class 8. And they are not really educated; they are barely literate. They can read, write and count. We have to find jobs for them.

(Contd. by RL/1N)

-VKK/RL-HMS/2.25/1N

**SHRI P. CHIDAMBARAM (CONTD.):** You will find jobs in different segments of the economy. Where are the jobs today? There are simply no jobs. Please go through the Budget carefully. It has 37 pages and 184 paragraphs. I have read it several times. Tell me one strategy in the Budget which will create jobs. On the contrary, what you have done is destroyed jobs. Sir, if this mounting unemployment continues, then it is like a powder

keg and all it requires is a spark. This powder keg is not good for India. It is not good for good governance. It is not good for peace and tranquility in the society. It only requires a spark to set off this powder keg. I would caution the Government that the Budget does not have a strategy to create jobs; it does not have a strategy to attract private investment; it does not have a strategy to expand employment in existing industry, organized industry and the informal sector, and this is a powder keg on which the country is sitting.

Sir, the other thing is about farmers. Now, you have said that you are increasing the lending to Rs. 10 lakh crores. Good; last year, it was Rs. 9.5 lakh crores, this year it will be Rs. 10 lakh crores and next year, it will be more. These are not peaks that you cross. Every Government will have a new peak to cross. Every Government will set a target which will always be a peak. It is like saying, "If you keep moving forward on a road, you will always be at a peak at any given time because you have moved forward." So, there is no great merit in saying, "This is a new peak." Next year, your Government will say, "We have touched another peak at Rs. 10.5 lakh crores." And, the Government after your Government will say, "We have touched the peak." So, that doesn't mean anything. It is natural growth. But that is not important to the farmer. What is important to the farmer is one signal that will give him confidence that agriculture is a vocation that he

can pursue to support his family and it is viable. That signal can only come from the Minimum Support Price. The merit of the UPA Government was that, year after year, we increased the Minimum Support Price at levels at which the farmer was enthused to sow, to work on his farm and to reap a harvest. Barring a natural calamity, if you look at the ten year growth, we always reached a new peak in the agricultural production. Your entire Budget speech makes no reference to Minimum Support Price. The three words are completely missing. Why did you not have a word of assurance for the farmer and told him," Listen, we know you have gone through difficulty; there have been two years of drought; there have been floods in some parts; there have been cyclones in some parts, demonetizations have affected you but we assure you, please go back to farming, please plough your fields; please work hard and we guarantee you a better price for your projects." There was not a word of assurance to the farmers. Anything else that you do, say, Soil Health Cards, *Aadhaar* linked bank accounts. ... (Interruptions)... I am coming to the Fasal Bima Yojana.

**SHRI TAPAN KUMAR SEN:** Doubling the income in five years!

**SHRI P. CHIDAMBARAM:** Doubling the income is arithmetically impossible. You know that. It is arithmetically impossible. Unless your income grows at

12 per cent a year, doubling the income is arithmetically impossible in the period.

**श्री आलोक तिवारी** : स्वामीनाथन रिपोर्ट लागू कर दें।

**SHRI P. CHIDAMBARAM**: The Swaminathan Report said, "Give MSP at cost plus 50 per cent." I agree that my Government, our Government, did not accept it. But your party accepted it. You had included it in your manifesto. Your Prime Minister made a statement. So, you can't point a finger at me and say why we did not implement it. We did not accept it. But you accepted it. You came to power on that promise. Now, why are you not implementing that promise? Far from that promise, why are you not giving meaningful increases in the MSP that can take note of inflation?

(Contd. by DC/10)

DC/2.30/10

**SHRI P. CHIDAMBARAM (CONTD.)**: In many of your cases, inflation is not taken care of even when the MSP increases. Please ask yourself this question. You don't have to agree with me today. Just go home and look at the numbers. And what do you offer finally? It is *Fasal Bima Yojana*. I am not complaining. The Finance Minister said, "We have covered 30 per cent." But the actual number is 26.5. It does not matter, he is rounding off. But what is this? I am saying, "I need money to educate my child; I need

money to start a small business for my son; I need money to perform the marriage of my daughter,” and you tell me, “no, no; I will provide you money for your funeral expense. What is *Fasal Bima Yojana*? *Fasal Bima Yojana* is, after the crop has failed. I am glad that you are protecting me when my crop has failed. What I want to know is, what you are doing to make sure that I grow a crop at all; that I get good seeds; I get good fertilizers; I get electricity; I get water and I get a good price. What are you doing about that? When I am asking you, “How do I live”; you say, “No, no. I will give you a decent death.” Is this the way to treat farmers in this country?

Sir, then, I come to industry. I have spoken about investment but I want to speak about industry. Yesterday, the Reserve Bank declined to cut the policy rate. Why? Please ask yourself, “Why”. Eight days after the Budget is presented, the RBI says, “No confidence in your Budget”. If your Budget projections were right, if your Budget numbers were right, if your Budget had credibility, if the people sitting in Mumbai believed the people sitting in Delhi, they should have cut the policy rate as well. They did not. Why? It is because they don’t believe your GDP number. They don’t believe the kind of aggressive revenue projections that you are making. They don’t believe that you will achieve your expenditure targets. They don’t believe your fiscal deficit number, which is the point I will come to

presently. And, therefore, they say, “listen, inflation is bound to rise to five per cent because commodity prices are rising, petroleum prices are rising, and if the US increases its rate, capital will flow out of India; that will mean higher inflation and, therefore, we are holding the rate.” If the Governor had said, “I am holding the rates”, maybe, I would be more restrained. What he said was, “We are moving from an accommodative position to a neutral position so that we can move either way.” Please read that sentence. Until day before yesterday, he was taking an accommodative position. Accommodative monetary policy means, he will be helpful by cutting rate. Today, he has moved back a step to say, “From accommodative monetary policy, we are moving to a neutral monetary policy so that we can move either way,” which means he can cut the rate, he may raise the rate. He has no faith in your numbers. He has no faith in your story that you are projecting. RBI says, “I know we have not cut the rate, but you have enough room to cut the rate.” The Chairmen of all the Banks, who ordinarily sing the praise of the RBI, whatever it does,—that is the pattern, not only now, but always—said yesterday, “No; there is no room to cut the rate.” The RBI says, “I have given you enough room to cut your lending rate”. The Banks’ Chairmen say, “There is no room to cut the lending rate.” If there is no room to cut the lending rate, if investment is not taking place at this

lending rate, how will investment take place if there is no room to cut the lending rate? So going forward, there is not going to be investment. Capital is flowing out; investment intentions are declining; credit growth is the lowest in 40 years; credit growth to industry is negative; banks refuse to cut the lending rate; RBI refuses to cut the policy rate: Where is your industry going to grow up? Please tell me. If all these factors are true, even a blind economist will tell you that there is not going to be any growth in industry.

(Contd. by KR/1P)

KR/LP/1P/2.35

**SHRI P. CHIDAMBARAM (CONTD.):** Sir, we will have an opportunity to discuss the Finance Bill. But I want to give a preview of what will come when the Finance Bill is taken up. In a situation like this, what should we have done? What is the problem in India's economy? Sluggish demand, exports have collapsed, year-after-year we have not achieved the targets. Aggregate exports are less than the previous year. Private investment is not taking place. Private consumption has collapsed after demonetization. What should we have done? Boost the aggregate demand. How do you boost the aggregate demand? The tried, tested and proven method of boosting the aggregate demand is to cut the indirect taxes. You should have cut indirect taxes across the board. It would have come into force on

the 1<sup>st</sup> of February. The GST is not likely to come into force before the 1<sup>st</sup> of October, whatever the Finance Minister may say. It is not likely to come. You had eight months in which you could have cut the indirect taxes to boost the demand. Everybody has said cut indirect taxes. What did you do? Cutting the indirect taxes would have helped the consumer and the producer. It would have helped the poor man, the middle class and the rich man because taxes fall on everyone. It would have helped the producer because once you cut the indirect taxes, the demand will go up. He will produce more. Slack in the capacity would have been picked up. There may even be a case to make a fresh investment, or, add to the capacity. Instead of cutting indirect taxes, you did the exact opposite and the wrong thing by cutting direct taxes. Who did you cut direct taxes for? You said that you have cut direct taxes for a large number of people. Look at the numbers. You cut direct taxes at the best; and ask your CDBT to confirm this number, 1.98 crore people who pay taxes in a country of 131 crore people, you have cut direct taxes which give a benefit on an average of Rs.5000 for 1.98 crore people. I welcome it. But you should not have stopped here. You should have cut indirect taxes across the board. It would have helped everyone, every consumer and every producer would have been helped. Then, you claim that you have cut direct taxes for small and medium sector. Let's

focus on small and medium sector. According to the Finance Minister's statement, small and medium sector has only 2,85,000 units which are organized as companies which pay tax. Please see each one has a qualification. Most small and medium enterprises are not companies. Most small and medium enterprises, anyone will know, are proprietorships or partnerships. So, all of them have been left out. I know we all applauded when he said he is cutting taxes for SMEs, but he qualified by saying, "I am cutting taxes, corporate tax for SMEs." So, all proprietorships are out, all the partnerships are out. That is the bulk of small and medium of enterprises. Everybody knows that. Go back to your constituency tomorrow you will know that. A small number is of organized companies. Out of which 2,85,000 pay taxes and the rest make losses. Rest of the SMEs are making losses. So, the cut in corporate tax makes no difference to them. He says 96 per cent of that will benefit. We do the math 2,70,000 small and medium enterprise companies are benefiting from this cut of 30 or 25 per cent. So, what you have done is not a great thing at all. What you have done is a drop in the ocean. I mean it is like throwing one stone into the sea, it will not even create a ripple. If you throw a stone into the pond it may create a ripple. But if you throw a stone into the big ocean what ripple it will create? The correct thing to have done is to cut indirect taxes across the board. If you

have cut indirect taxes across the board, it would have immediately boosted demand.

Sir, I have spoken about jobs, I have spoken about the Minimum Support Price, I have spoken about credit, I have spoken about small and medium industry, I have spoken about individual taxpayers.

(Continued by 1Q/KS)

KS/1Q/2.40

**SHRI P. CHIDAMBARAM (contd.):** Now, I have to talk about the most terrible decision that you took on November 8, 2016. I know, after he provoked us to protest, we staged a legitimate walk-out instead of disrupting his speech. Please remember, we did not disrupt the Prime Minister's speech yesterday because we hold the office of the Prime Minister in high esteem. He is not an ordinary Minister. He is the Prime Minister of India. He is my Prime Minister as much as he is your Prime Minister. We did not disrupt his speech. That option was available to us, but we deliberately said we won't disrupt the Prime Minister's speech although he has provoked us greatly. We walked out.

He is sitting in the chair which Pandit Jawaharlal Nehru sat on. He is sitting in the chair which Mr. Vajpayee sat on. And I would implore you, in your private discussions, to kindly prevail upon your Prime Minister to use

language which is moderate and respectful, to his office and to the office held by his predecessors. We don't agree with Donald Trump. He said some of the most outrageous things in his campaign. But the day he was sworn in as President, how did he begin his speech? He said, 'My fellow Americans, President Obama, President Clinton, President Carter, President Bush and millions of people who have gathered here.'" That is the respect you have to show. Every Prime Minister would, one day, become an ex-Prime Minister. That is the law of nature. I think, the Prime Minister owes it to this House to say -- at least, he should say -- that he did not mean any disrespect to Dr. Manmohan Singh, and that if it is construed as derogatory language, he unhesitatingly withdraws those words that he has said, and then he could go on talking about policies and programmes and, criticism of our various decisions. That is perfectly legitimate.

Be that as it may, what did you do? Overnight, you withdrew 86 per cent of currency. Now, you know now, as I knew days after November, 8 -- you can become defensive about it; you can rationalize; but you know -- the Prime Minister was not told that 2,400 crore individual currency notes were going to be demonetized. He was not told that. Absolutely! He was not told that, nor was he told that the printing capacity of all the printing presses was only 300 crore notes a month. Any Prime Minister, who is told

that he is declaring illegal 2,400 crore notes but the capacity to print is only 300 crore notes, would have immediately done the arithmetic and thought that it would take eight months to print these notes! If the Prime Minister knew that, he would not say that things would become normal in a few days, and the Finance Minister would not have said, things would become normal next Wednesday. The Finance Minister said, things would become normal next Wednesday. Nor was the Prime Minister told that if the size and shape of the note was changed, the ATM machine would not accept it; it will not dispense notes. The Pepsi bottle will not fit into the Coca Cola machine; the Coca Cola bottle will not fit into the Pepsi machine. This is elementary. And they took two months to recalibrate.

And, take it from me, many ATMs have still not been recalibrated. Just walk with me, come with me. I did a 500 kilometer tour only four days ago. I drove from Tiruchi to Pamban near Rameswaram and drove back to Thanjavur. Every ATM on the road is closed. In my town of Karaikudi, I asked my people to go and take photographs between 9.30 and 10.00. They went to 26 ATMs. All the 26 ATMs were closed. I went to Thirumala. Every bank has got a branch in Thirumala and every branch has got an ATM. Every ATM was closed.

(CONTD. BY RSS/1R)

RSS/1R/2.45

**SHRI P. CHIDAMBARAM (CONTD.):** You still want to believe that ATMs are functioning; you still want to believe that ATMs are flush with cash. Come with me. I will take you now to the ATMs. It is like the story that has appeared in the newspaper today. A village from the centre of Delhi has been declared as the first digital village in Delhi, NCT. Go to that village. People are saying, what digital? Have you read the story? Did you read the story this morning? I want you to read the story, Sir, in 'The Hindu', I think, on second or third page. You declare a village as digital, it becomes digital. This is not your Government; this is the NCT Government. Therefore, don't believe this. You see, it was said, it is very difficult to get away with a lie. But, the best way to get away with a lie is to utter the biggest lie. Many can get away with it. I am not saying anyone is lying. I am only saying, you are economising on truth, you are exaggerating the situation, and you are not looking at the reality. Come with me. I will take you to the guided tour of ATMs. As of today, as I speak today, you have replenished 9 lakh crore notes, including, old and new notes in circulation, as against 17 lakh crore

notes that have been in circulation in terms of value. Believe me, RBI may lift the restrictions. Are you seriously saying every bank branch is giving you Rs. 24,000/- today? Are you seriously believing that they will give you Rs. 50,000/- on 20<sup>th</sup> of February? I saw my first 2,000 rupee note four days later, whereas, bundles of 2,000 rupee notes were taken through the back door to Gujarat, Kandla Port Trust. One hundred and twenty four new 2,000 rupee notes were found with two engineers, Military Engineering Service engineers, two Chief Engineers of Karnataka, the Chief Secretary of Tamil Nadu, and hundred and twenty four crores rupees were found in Delhi with a lawyer, all 2,000 rupee notes. Where did they get these notes? I ask myself, did it go directly from the RBI Press to the lawyer? It must have gone directly from the RBI Press to the lawyer. There are only three places it can leak from. One is the RBI's Printing Press, Mysore in Salboni, and the two Printing Presses of the Government of India at Dewas and Nashik, only four Presses. It can come out of the Press; directly from the Press; hot from the Press; it goes directly to these guys, or, it can go from the Currency Chest. But, Currency Chests are mostly managed by the State Bank of India, or, it can go from the Bank branch. Now, please ask, for 89 days or 90 days, where did they go from? Have you found out? Have you found out how did these brand new 2,000 rupee notes leak to these guys? You have not found

out. What are you doing? I say, this is the biggest scam of 2016. Two thousand rupee notes are printed and go to these guys. Please remember, out of the four objectives of the Prime Minister, the fact that 2,000 rupee notes are found with engineers of the Kandla Port Trust, or the Military Engineering Service, or the Chief Engineers of Karnataka, or the Chief Secretary of Tamil Nadu, or, the lawyer in Delhi means that corruption and black money have thrived after demonetization. It is both corruption and black money. And when the 2,000 rupee note was found with a terrorist in Bandipura, the third objective was shot down. And now, when the 2,000 rupee counterfeit notes are surfacing, the fourth objective is shot down. So, which objective is served? And I won't go into a long talk about none of the objectives will be served by demonetization. There are other measures you should take. I won't go into that today. My question is different. Please look at your NSSO Survey. Fifteen crore people in this country are, what we call, daily wage earners. They have to work that day to get a wage, and go and feed their family. Most of them are farm labour. Some of them are hamals, headload workers. Casual, manual labour is 15 crore a day. 25.5 crore workers are daily income earners.

(contd. by 1s/KGG)

KGG-SCH/1S/2.50

**SHRI P. CHIDAMBARAM (contd.):** That means flower seller, fruit seller, carpenter, plumber, electrician, or the people who employ themselves, the lady who sells *pav bhaji* in the streets of Mumbai, the lady who sells *idli* on the streets of Chennai are daily income earners. Forty crore people were completely devastated by your demonetization for eight weeks. Many families went hungry. They had no money, no income, no wage. Let me tell you—these 40 crore people may forgive you but they will not forget the experience they went through. 40 crore people were daily income earners and daily wage earners; their lives have been completely devastated. Then, about the SMEs, 70 per cent or 80 per cent are shut down. And what did we achieve? This is why I said in my poor Hindi, "खोदा पहाड़, निकली चुहिया।"...(व्यवधान)...

**श्री आनन्द शर्मा :** वह भी मरी हुई।...(व्यवधान)...

**SHRI P. CHIDAMBARAM :** Why did we have to do this? For the first eight weeks, you talked about demonetization and now you talk about remonetization. Why should you demonetize and then remonetize? What is this exercise about? Why do you have to first demonetize and then remonetize? What is it about? Believe me, RBI officials are busy physically counting the notes! They don't remember that they have counting machines. The counting machines will do this job in two days. They are still

counting! Today, he says, “I am going to declare the result!” Like an election result, we are waiting for the counting of notes! What is this counting? You talk about digitalization; firstly, teach digitalization to the RBI. How do we count? I will tell you that every Rupee has come back except the money in Bhutan, Nepal and that with the NRIs where you are refusing to exchange the money in breach of your promise. You promised the NRIs that, up to March 31, they could come and collect their money. Now, NRIs are standing before the RBI. They have horror stories. An NRI went and she had to spend four hours to gain entry into the RBI, six hour waiting at the counter, and, at the end of the tenth hour, she was told, “Sorry, your entry papers into India and some documentation is incomplete, go and complete the documentation and then come.” She wanted to change Rs.4,000 worth of currencies. ...(Interruptions)... Therefore, every Rupee has come back. Of the Rs. 15,44,000 crore, every Rupee has come back. Now, you are remonetizing by printing! Please tell me the logic. I have tried to know by asking everyone I know. You say that the notes of 1,000 and 500 are the cause of corruption, the cause of black money, prone to counterfeiting and terror financing. If the notes of 1,000 and 500 are the cause of all these four major ills, how does the 2,000 Rupee note put an end to that? Please tell me. Anyone from the Ruling Party may tell me. How does the 2,000 Rupee

note put an end to it? In fact, the guy who carries the money in a suitcase has to only take a smaller briefcase now! What is the meaning of all this? I want to know. Nobody I have spoken to has answered. I have spoken to the poor people, I have spoken to the domestic help, I have spoken to the young lawyers, young professionals. Nobody is able to understand why this was done. None of the objectives will be served.

I support your objectives. We fully stand by you if you want to put an end to black money, corruption and counterfeiting. But, this is not the instrument for that. In fact, what has happened is, if 10 per cent of bank officials were dishonest earlier, now you have practically made every bank official dishonest. In a bank branch, there are, on an average, five or six people. If money was taken through the back door, it could not have been done without the knowledge of all five or six. So, every bank branch, all the five or six people are complicit in one manner or the other, when the money was taken through the back door. This is a completely irrelevant exercise. Don't even try to defend it. I know, all of you try to defend it and you are obliged to do that. Loyal Members of your Party will do that. Your Prime Minister defends it so passionately, but the narrative changes, of course, from time to time.

(Contd. by SSS/1T)

**SHRI P. CHIDAMBARAM (CONTD.):** You have to defend it. The narrative started with corruption and black money. It switched over to cashless society. Yesterday the Finance Minister was eloquent. I will give you the numbers. Please contradict me. Eighty per cent of all transactions in Germany are cash. Eighty per cent in Austria is cash. Sixty per cent in Australia is cash. Fifty-six per cent in Canada is cash. Fifty per cent in France is cash and in the multi United States, forty-six per cent is cash. Why? It is because these raise fundamental questions in an open society. It is my right to decide whether I will use cash or use a digital mode. It is my right to decide. You can't change. I will give you examples. A young lady wants to buy lingerie or undergarments. Why should there be a record of what she buys? A young couple wants to take a private holiday. Why should there be a digital record of that holiday? I want to give money to my daughter-in-law to supplement the money given by my son to my daughter-in-law to run the house, but I don't want my son to know that because I want her to have money to spend at her discretion. My son gives her money. She runs the house, but I want to give her another Rs. 5000, tell her, "*Beti*, have this money. You may want it for your expenses." Why should I have a digital record of that? An adult wants to buy adult diapers.

Why should there be a record of that? I have a serious ailment. I buy medicines. Why should anyone know what ailment I have and what medicines I buy? Serious issues of privacy are involved which is respected in every democracy. That is why the democracy say that it is your right to decide whether you will use cash or whether you will use digital. You say that the world is going cashless. The world is not going cashless. The world is moving towards cash. I will tell you the number. In the last ten years, the value of dollar notes has doubled to 1.48 trillion dollars and in the same ten-year period the value of Euros has doubled to 1.09 trillion Euros. Dollar and Euros are the major currencies in the world. Now, Yuan is coming into the picture. The amount of these two currencies used has not reduced. The amount of currency used has actually doubled. What does that mean? It doesn't mean that we are moving towards cashless. Of course, more transactions are done by cash. I am not denying that. I support it. I support more transactions done by cash. You have done a couple of good things. You have expanded our list. You have now made certain transactions mandatably non-cash. We did it by amending the Income Tax Act. You are now doing it by amending the Income Tax Act. I support it. But that is the way to go. Not to tell people, 'Go to your village fair. Buy potatoes and tomatoes and pay Rs. 7.50 by credit card.' What will

the poor lady do? Does she have a POS machine there? Is it connected to an electricity source? Is there Wi-Fi there? Is the internet working there? Do you know that every village has got a village fair? In my part of the country, the village fair takes place in turns. Monday in one village, Tuesday in the next village, Wednesday in another village. It is all over India. That is where you bring your produce and sell vegetables, fruits, baskets, toys, plastic etc. You bring it and sell it. Do you think all of them should have a POS machine in their hand? What kind of a false picture are you presenting? Don't even try to defend demonetization. I know that it is too big a blunder and you are too proud a people to accept that you made a mistake, but at least spare us the ignominy of listening to labour defence of demonetization. The deed has been done. The consequences will be felt. It will have an impact on the economy. One per cent means one-and-a-half lakh crore rupees of economic detriment. One-and-a-half per cent means Rs. 2,25,000 crores. It has been done. We have to live through it. There is nothing else you can do about it. We have to live through it.

(Contd. by NBR/1U)