

RAJYA SABHA

*SYNOPSIS OF DEBATE

(Proceedings other than Questions and Answers)

Thursday, February 09, 2017/ Magha 20, 1938 (Saka)

The Union Budget, 2017-18

General Discussion

SHRI P. CHIDAMBARAM, initiating the discussion, said:

It is very sad that the discussion on Budget has been started ten days after the commencement of this Session and that too on the last day of the first part of this Session. With regard to this years Budget, I would like to mention that this Government inherited an economy which, in the last two years of the UPA Government, grew by 6.1 per cent and 6.9 per cent. Now you want to raise the growth rate beyond 7.5 per cent. 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 whereas under the old methodology, this 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. But through the year, especially 2016-17 Financial Year, you made 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. In the Current Budget, the Finance Minister 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 question is: where did he get that Revised Estimate from, as the CSO

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has not published a Revised Estimate. Every analyst has questioned your GDP number. It is now widely accepted that 2016-17 will witness a hit on the GDP of at least 1 per cent or even more. Last year, 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'. When you go to other heads, it is worse. As a percentage of GDP 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. The impact of it, is going to be enormous. We all know that when the economy is slowing down, you must spend more. As a percentage of GDP, public expenditure is being contracted. And if public expenditure, is contracted, it is not going to give a boost to the economy.

Today, private investment is not taking place, there is no demand for credit from industry and there is no demand for electricity. People are not willing to invest. The foreign portfolio investment was positive up to October; in November and December, it turned net negative. If your 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. Now, we had the Jallikattu protest in Chennai. Most of the people who converged there were having a different anxiety and a different angst. And, the most vocal angst and anger is about jobs. In 2015-16, you created around 1,50,000 jobs against your claim of one to two crore jobs a year. These figures are going to be more dismal as seventy-five per cent of all small and medium industries have closed down after demonetization. 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 etc. So far as the farmers are concerned, the entire Budget speech makes no reference to Minimum Support Price. There was not a word of assurance to the farmers in this regard. And what do Government finally offer that it is Fasal Bima Yojna. I need money to educate my child and to perform the marriage of my daughter but Government provide money for your funeral expense. Fasal Bima

Yojana is, after the crop has failed. I am glad that Government are protecting me when my crop has failed. Is this the way to treat farmers in this country? The Reserve Bank of India declined to cut the lending rate just eight days after the Budget is presented because they don't believe your GDP number. Therefore, inflation is bound to rise to five per cent because prices of commodity and petroleum are rising. How will investment take place if there is no room to cut the lending rate? If all these factors are true, even a blind economist will tell you that there is not going to be any growth in industry. Sluggish demand and collapsed exports, year-after-year, are the problem in India's economy. Private investment is not taking place. Private consumption has collapsed after demonetization. Boost the aggregate demand. The tried, tested and proven method of boosting the aggregate demand is to cut the indirect taxes. Whatever the Finance Minister may say but GST is not likely to come into force before the 1st of October. Cutting the indirect taxes would have helped the consumer and the producer both. There may even be a case to make a fresh investment, or, add to the capacity. Government did the wrong thing by cutting direct taxes though I welcome it. Small and medium sector has only 2,85,000 units which pay tax. Most small and medium enterprises, are proprietorships or partnerships. So, all of them have been left out of which pay taxes. Rest of the SMEs are making losses. So, the cut in corporate tax makes no difference to them. So, correct thing to have done is to cut indirect taxes across the board.

We did not disrupt the Prime Minister's speech yesterday because we hold the office of the Prime Minister in high esteem. I think, the Prime Minister owes it to this House to say that he did not mean any disrespect to Dr. Manmohan Singh. Prime Minister withdrew 86 per cent of currency. Prime Minister was not told that 2,400 crore individual currency notes were going to be demonetized. He was not told that the printing capacity of all the printing presses was only 300 crore notes a month. 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. 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 and they took two months to recalibrate. Many ATMs have still not been recalibrated. I drove from Tiruchi to Pamban near Rameswaram and every ATM on the road is closed. Government still want to believe that ATMs are flush with cash. The best way to get away with a lie is to utter the biggest lie. Government are exaggerating the situation, and not looking at the reality. Government have replenished 9 lakh crore notes, as against 17 lakh crore notes that have been in circulation in terms of value. Believe me, RBI may lift the restrictions. Are Government seriously saying every that bank branch is giving you Rs. 24,000/- today? I saw my first 2,000 rupee note four days later, whereas, bundles of 2,000 rupee notes were taken through the back door. Where did they get these notes? Have you found out how did these brand new 2,000 rupee notes leaked? This is the biggest scam of 2016. It is both corruption and black money. Rs 2000 note was found with a terrorist in Bandipura. Now the 2,000 rupee counterfeit notes are surfacing.

Fifteen crore people in this country are daily wage earners. That means flower seller, fruit seller, carpenter, plumber, electrician, or the people who employ themselves. These 40 crore people may forgive you but they will not forget the experience they went through. For the first eight weeks, Government talked about demonetization and now Government talk about remonetization. What is this exercise about? RBI officials are busy physically counting the notes! Firstly, teach digitalization to the RBI. I will tell you that every Rupee has come back except the money in Bhutan, Nepal and that with the NRIs. Government promised the NRIs that, up to March 31 can exchange notes. Now, NRIs are standing before the RBI. They have horror stories. If the notes of 1,000 and 500 are the cause of corruption, the cause of black money, prone to counterfeiting and terror financing how does the 2,000 Rupee note put an end to that? None of the objectives will be served. We support your objectives. But, this is not the instrument for that. Now, Government 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.

The narrative started with corruption and black money. It switched over to cashless society. In many of developed economies, cash transactions are going on from eighty per cent to forty-six per cent. It is my right to decide whether I will use cash or use a digital mode. You can't change. An adult wants to buy adult diapers. Why should there be a record of that? Serious issues of privacy are involved which is respected in every democracy. The world is not going cashless but the world is moving towards cash. Dollar and Euros are the major currencies in the world. In the last ten years, the amount of these currencies used has actually doubled. What does that mean? 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? 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. It will have an impact on the economy. One per cent means one-and-a-half lakh crore rupees of economic detriment. Let me conclude by saying, this Budget has been a great disappointment to me. It has no overarching vision and goal. It has no strategy to boost demand and growth. It has no strategy for creating jobs. By cutting expenditure you have shown that your Government and your party has no empathy for the poor people. This Budget shows no empathy for the poor. This Budget is a demonstrable failure of economic management. It will not take the country forward. It will not lift people out of poverty. It will not bring any relief to any section of the people. I hope that corrective measures can still be taken.

SHRI PRABHAT JHA: This Budget of 2017-18 is meant for poor, farmers, labourers and downtrodden people. The poor of the country has been made a focal point in this Budget. Farmers never figured in your Budget, we never saw villages in your Budget. You presented Budget always for voters. BJP has always presented its Budget for citizens. Rural economy has been given top priority in this Budget. The Government has increased the rural allocation to

1,87,233 crores rupees while in the Budget of 2016-17 the allocation was 87,765 crores. By granting major relief to farmers this government has made a provision of 10 lakh crores. The Government has decided to give priority to the farmers of Jammu and Kashmir and North Eastern States in providing loans. This year agriculture is likely to boost at the rate of 4.1 percent. A provision of rupees 8,000 crores has been made for dairy industry through NABARD. Encouragement has been given to computerization in NABARD to facilitate providing of loans to farmers. An allocation of 10,000 crore rupees has been made to concerned projects in India. 60 percent sanitation work has started in rural areas. A Budget of rupees 4,818 crore has been provided to take electricity to villages under Deen Dayal Upadhya Gram Jyoti Yojna so that all villages are covered by electricity by March, 2018. Allocation for housing for rural people under Prime Minister Awas Yojna has been increased to 23,000 crores in 2017-18 so that construction of one crore houses is completed by 2019. Rural infrastructure has got special attention. 19,000 crore rupees have been allocated in 2017-18 for Pradhan Mantri Gram Sadak Yojna. This will facilitate to extend roads in rural areas. The Budget provision in MGNREGA has been increased to 48,000 crores from 38,000 crores of previous year's Budget allocation. It has been decided that entire work under MGNREGA will be completed through space technology and 10 lakh reservoirs will be constructed. Participation of women has increased in MGNREGA. Today 55 percent women are working therein. The allocations for Deen Dayal Antyodaya Yojna and National Rural Livelihood Mission have been proposed to be enhanced. Through this one crore families will be taken out of poverty line this year. You were talking about employment. Whether employment indicates jobs only? We are creating such people who are not only earning themselves but also heading in the direction of making efforts to provide employment to other people also.

A provision has been made to give a boost to affordable housing and real estate sector in this Budget. A provision of personal housing loan of 20,000 crores has been made in 2017-18. Announcement for providing relief in interest on housing loan has already been made by Prime Minister. Please don't do politics under

the cover of demonetization. Quite big decisions have been taken to promote small scale and medium industries. Corporate tax on small scale and medium industries having a turn over upto 50 crore has been decreased from 30 percent to 25 percent. This will benefit 6.67 lakh companies constituting 96 percent thereof. We have taken care of every citizen in India. We have materialized the dreams of Gandhi ji. This Budget is a Budget connected with the life of each and every Indian. It is alleged about us that we are anti SC, ST and minorities. But in this Budget, announcement has been made to make an enhancement of over 35 percent in the allocation for SC community. The allocation for SCs, STs and Muslims has been increased. New pension scheme has been announced for senior citizens. There is mention of affordable houses. This Government has tried to curb black money by various ways. Now every post office will work as bank. Defaulters cannot run away from this country now. Now a law will be enacted to confiscate the property of absconders. Big relief has been given to medium class in income tax. One of the priorities of the budget is welfare of farmers and poor. I fail to understand that why some people are not happy with the decision of demonetization. Our Government is working in a very transparent and honest manner. Kindly don't try to mislead the people. They have full faith in the Government.

SHRI VISHAMBHAR PRASAD NISHAD: This budget is very disappointing and directionless. It is anti -farmer and anti- poor too. This Government had promised to provide employment. But nothing has been done in this regard. Demonetization has affected the country very badly. Due to demonetization crores of people have even lost their jobs. In this budget nothing has been said about farmers and providing employment to the youths. If this Government can do demonetization then it can provide employment guarantee too. No provision has been made for right to equal education. Today numbers of cancer patients are increasing alarmingly but budget is silent about it. Earlier as a opposition this Government used to oppose FDI. Now they are worried about rich people only. Government is talking of affordable houses but in reality they have destroyed the poor and all other people. It is very unfortunate that step

motherly treatment is meted by the Government with the Uttar Pradesh. In this budget no provision has been made for agriculture. There is no mention of interest free loans for students. Many times the cows ruined the crops. Government should make arrangements for animal shelter centres. Chinese products have affected our domestic production very badly.

On one side China is taking over our business and on the other you are unable to provide employment. As all of us know that India is primarily an agrarian country, but farmers are committing suicides in the country. They are also not getting proper remuneration for their produce and are selling the produce at throw away prices or giving them free of cost. The situation in the field of games is also not good and you have provided only 350 crores of rupees in this budget. It is good to expand the reach of internet facility to promote cashless transactions in the country but all the villages must be electrified in the first instance. This Government has ruined the Grameen Banks by privatising their shares. When there are not enough banks in the villages, how would you pay the wages through banks. Today, the farmers of Bundelkhand are in distress. The Government has not waived off their loan. There should be sufficient train services for the people of Bundelkhand. I would say that this Budget is direction-less and anti farmer.

SHRI SUKHENDU SEKHAR ROY: This Budget focuses on Government's spending and consumption only whereas the export has lost momentum. Indian companies are cash rich but they are not investing here or abroad. Nothing has been said about the mounting NPAs over the years. The farmers, workers, poor, Scheduled Castes, Scheduled Tribes, women, etc., are not getting the benefit of growth in the country. India's 224 million people live Below the Poverty Line. There is no doubt that the country's wealth has increased, but the irony is that more than 60 per cent of this increase in wealth has gone only to the top one per cent of Indians. The Finance Minister has rightly claimed that the Foreign Direct Investment has increased by 36 per cent, but there is no mention of how much FII is going back from the share market. Since November, 8, 2016, till January 23, 2017, Rs.

70,000 crores have already gone out, but Finance Minister has not spoken a single word in this regard. Only the leaders of the ruling party were aware about the likely demonetization exercise. That's why, crores of rupees were deposited in the banks in Kolkata in a single night along with purchase of hundreds of acres of land. This Demonetization had four-five objectives, but we still don't know the exact seized or recovered fake currency and to what extent the subversive activities have been curbed. The common people stood in the banks' line in the hope of good days. India is a signatory to agreements with many other countries and you had also claimed to bring back the black money stashed in foreign countries, but the result is nil. Even the Government has not shared the information received from Switzerland. The experts say that a major portion of the money parked in foreign countries has been laundered back into India through foreign investments. You must act on the information provided in the 'Panama Papers.'

It has also come to the light that the Government had given directive to the Reserve Bank to discuss and decide the demonization issue and send the recommendation to the Government. The RBI has acted on the dictates of the Government. It did not have any planning and preparations. We have destroyed the basic structure of India. After demonetization, the withdrawal limit was imposed. If the Government takes any steps, it is supposed to mention in the notification as under which rule this limit was imposed. Paytm has replaced ATM. Now how much money Paytm minted, I don't want to say. The BJP said in its election manifesto that the income of farmers would be doubled. The Government must tell as to what extent this income is increased. The government have mentioned in this budget that a Metro Railway at would be introduced under which privatisation of Railway had been discussed. My party has been demanding state funding for political parties in election.

SHRI TAPAN KUMAR SEN: The Budget is a contractionary Budget. The GDP is consistent on decline. If we talk about expenditure, in terms of figures, it is shown that a great increase has been made for SCs, STs, Women, Tribal population and

Minorities. But, if we go in terms of GDP, but the reality is different. Whatever flowery language, we use in the Budget, that does not serve the purpose. I call this an absolutely deceptive Budget. The Government is going ahead with privatization of all profit-making public sectors. The 'Make in India' slogan is being given to befool the people. About demonetization, enough of drama has been done. This House must be told how much black money has been recovered, counterfeit currency be seized and what extent the terrorist activities and terrorist funding could be contained. (*Speech unfinished*)

Discussion not concluded.

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