

[Translation]

COMMITTEE ON AUSTERITY

Government Expenditure43. SHRIMRUTYUNJAYA NAYAK
SHRI BARE LAL JATAV

Will the Minister of planning and programme implementation be pleased to state:

(a) the main recommendations made by the sub-committee of the National Development Council in its report regarding Government expenditure:

(b) whether the Government have since considered the report; and

(c) if not, the steps taken by the Government in this regard?

[English]

THE MINISTER OF STATE OF THE MINISTRY OF PLANNING AND PROGRAMME IMPLEMENTATION (SHRI GIRIDHAR GOMANGO): (a) A statement is laid on the Table of the House.

(b) and (c) The Report of the National Development Council (NDC) Committee on Austerity was considered by the National Development Council at its meeting held on 5.4.1993.

There was general endorsement of the recommendations contained in the Report of the NDC Sub-Committee on Austerity. It was, however, felt that there was a need for wider consultation

It was also decided that this exercise could be undertaken by the planning Commission. The planning commission has initiated discussions with political parties and trade unions for wider consultations in this regard. The results of this discussion will be placed before the NDC for its consideration.

STATEMENT**RECOMMENDATIONS OF THE NDC**

The Eighth Plan envisages a total public sector outlay of Rs. 434,100 crores in 1991-92 prices. The outlay of the States has been fixed at Rs. 179,985 crores. In 1991-92 latest estimates show that the balance from current revenue of states alone was (-)Rs. 2,940 crores. A substantial improvement in BCR amounting to almost an annual average of Rs. 7,000 crores for the Centre and States taken together in the Eighth Plan is required. This will be possible only if determined efforts are made by the Centre and States have to work together and it is necessary to ensure that the policies pursued by the Centre do not in any way come in the way of the states either raising the necessary resources or cutting their expenditures. In this context, Particular reference must be made to the need for pursuing same policies by the Centre and the States on the revision of pay scales and D.A. The Special category States in view of their special financial and other problems may not be able to fulfil strictly all the recommendations of the Committees. However, they should abide by the spirit of the recommendations of the Committee which are given below:-

(1) There is paramount need to bring down the ratio of non-Plan revenue expenditure to total revenues of states. From the base year all States should bring down this ratio on an average by 5 percentage points during the Eighth Plan period. Such a reduction is implicit in the plan size of states already agreed to with the Planning Commission. Special Category States which have been recently formed may however bring down this ratio by at least 3 percentage points.

(2) The Budget Estimates of the States should provide separate statements on Ministry/Department-Wise staff strength and expenditure on salaries and allowances on the pattern of the Union Budget. The ratio of pay and allowances to total non-Plan expenditure should also be indicated. There should be no general expansion in employment in the Government

sector in the Eighth Plan period.

(3) For a period of one year there should be no further release of additional D.A. both at the Centre and in states. The initiative in this regard must be taken by the Centre since the state Governments follow the central pattern. This policy relating to D.A. should also cover public sector undertakings as well as organised private sector. There should be no pay revision in Government during this period. All these steps must be linked to a national wage and income (including dividend) policy. Such extraordinary steps are necessary to bring the fiscal system back to balance. At the end of the year the position can be reviewed. There should also be an examination of the D.A. formula that is currently in operation. No bonus should be paid to Government servants. There should be no encashment of surrendered earned leave except at the time of superannuation. Leave travel concessions other than home travels also should be discontinued.

(4) A review of the scale, content and rationale of subsidies must be undertaken in order to reduce their overall level. Besides revamping the public distribution system, user charges must be raised in the case of electricity tariffs irrigation rates, bus fares and tuition fees for higher education.

In the case of public distribution system higher income brackets such as income tax payers should be excluded from its purview. In the rural areas. Only small and marginal farmers and landless labourers should be entitled.

In the case of higher education that is education above higher secondary level fees should be revised, but concessions can be offered based on economic criteria. Some additional concessions can however, be offered in relation to higher education for women.

(5) In the case of public sector enterprises which are commercial and manufacturing in character no budgetary support should be pro-

vided in the form of subsidies or to make up losses.

(6) It is necessary to simplify the existing sales tax structure by classifying them into 3 or 4 homogeneous groups and by eliminating numerous concessions and exemptions.

(7) Ad-valorem duties should be adopted wherever it is feasible.

(8) Sales tax rate should be uniform on a national basis. Concessions and incentives offered to attract trade and industry should also be uniform and exceptions may however be made in the case of extremely industrially backward areas.

(9) More resources should be raised through and revenues and cess. Revision of rates should be undertaken particularly by states where no revision has been made in the recent period. The small and marginal farmers may however be exempted from such a levy.

(10) Draft guidelines should be formulated and the necessary enabling legislation should be introduced in the Parliament in respect of consignment tax preferably within three months but not exceeding six months.

(11) As a measure of raising resources for the expansion and modernisation of the public sector a selective scheme of disinvestment of shares in respect of public sector undertakings should be adopted by the state Governments.

(12) In order to reduce subsidy in the irrigation sector in regard to supply of water it is necessary to raise water rates periodically to cover adequately the maintenance costs. Efforts also should be made to make optimum use of water resources and collect dues regularly from the consumers.

(13) In the case of State Electricity Boards efforts should be made realise a 3 per cent return on net worth by suitable tariff adjustments.

economy in administration and by proper maintenance of plant and machinery. A minimum tariff of 50 paise per unit for the use of energy in the agricultural sector as agreed to at the Power Ministers Conference should be implemented immediately. A collective action by all States in this regard is required.

(14) It is necessary that the State Transport Corporations are put on a sound economic footing and, therefore, a 5 per cent return should be aimed at which can be achieved through appropriate tariff revisions, better fleet utilisation and reduction in administrative expenditure.

(15) Loans given to States against net collections of small savings should be treated as loans in perpetuity.

(16) The interest rate charged from the states on IDA loan may be revised taking into account the very low interest rate charged on these loans by the World Bank and the likely burden on the centre due to depreciation in exchange rate.

(17) Incentives in the form of additional financial flows should be provided to those states which show better fiscal efficiency and management.

SHRIMRUTYUNJAYA NAYAK: In view of part (a) of my question, I would like to know what are the areas pointed out by the Committee where Government expenditure has been the highest or the lowest and the reason assigned by the Committee for undue expenditure in this area. I would also like to know who are the persons held responsible for such expenditure. Whether instructions have been issued in this regard or not?

GOMANGO: In regard to information relating to part (a) of the question, the statement is attached with the answer.

MR. SPEAKER: He wants to know which

are the areas in which the expenditure is highest and lowest and the persons responsible. If you have the answer, you please reply, otherwise you can send it later on.

SHRIGIRIDHAR GOMANGO: I will supply the information to the hon. Member.

SHRIMRUTYUNJAYA NAYAK: My second supplementary is about the Tribal Sub Plan and the Central Government funds placed to implement the scheme in the States. They are mostly diverted or are misused. In this regard, whether the Government is very careful and what steps are being contemplated to prevent this undue expenditure?

SHRIGIRIDHAR GOMANGO: The Ministry of Welfare is competent to give a detailed answer. Regarding the second part, I would say that these are not the areas which are to be considered by the NDC Sub-Committee, so the question does not arise.

[Translation]

SHRIBARE LAL JATAV: Mr. Speaker, Sir, one of the recommendations of the NDC sub Committee is on the performance of Electricity department. In the light of this, I would like to know from the hon. Minister the achievements of this department during the last two years.

[English]

SHRIGIRIDHAR GOMANGO: One of the recommendations of the NDC-Committee is on the performance of State Electricity Boards and Central Electricity Authority.

The performance of some of the States is not quite happy. Once the power situation improves, naturally the shortage of power for all developmental aspects including the reduction of power consumption, etc. will come. Keeping in view the power shortage, the Departments and Ministries of the most of the State Governments

and the Central Government have taken some steps to check the misutilisation of power.

SHRI SOBHANADREESWARA RAO VADDE: Mr. Speaker, Sir, I draw the attention of the hon. Minister of recommendation Nos. 12 and 13.

In this connection, while there is no objection for reducing the subsidy in the irrigation sector for supply of irrigation water through flow irrigation, the recommendation no. 13 will have very serious implications and adverse impact on the production of agricultural products depending upon the underground water resources. So, in this connection, I request the hon. Minister to clarify it. Though he has stated in reply to parts (b) and (c) that the Planning Commission has initiated discussions with political parties, in this connection I would like to categorically know from the hon. Minister whether the Government is planning to hold discussions with farmers' organizations and various political parties in regard to the specific recommendations number 13, which has very serious implications.

SHRI GIRIDHAR GOMANGO: Sir, we have already discussed with almost all the political parties except one party, the B.J.P., who have postponed the discussion.

SHRI SOBHANADREESWARA RAO VADDE: You have not consulted the Telugu Desam.

SHRI GIRIDHAR GOMANGO: Sir, the major political parties were consulted.

SHRI SOBHANADREESWARA RAO VADDE: What about regional parties? (*Interruptions*)

SHRI GIRIDHAR GOMANGO: The major parties were consulted. Trade Unions like INTUC and others have come for discussion except the B.J.P. They have not yet come forward to make suggestions. But almost all the points, numbers

12 and 13 also, were discussed.

SHRI SOBHANADREESWARA RAO VADDE: On recommendation number 13 how can the trade unions discuss which is about farmers' organizations?

SHRI GIRIDHAR GOMANGO: The trade unions and the political parties have come and discussed with the Planning Commission. All the points are with me. If you will allow me, Sir, I can read out the recommendations.

MR. SPEAKER: If it is a very long recommendation you can send it in writing.

SHRI GIRIDHAR GOMANGO: It is a long recommendation.

MR. SPEAKER: Then you send it in writing.

SHRI GIRIDHAR GOMANGO: The findings and opinions of political parties and trade unions are already incorporated. They will be placed before the N.D.C. The only major party, the B.J.P., has not turned up twice.

MR. SPEAKER: You consult Telugu Desam also.

[*Translation*]

Cryogenic Engines

**44. PROF. PREM DHUMAL:
SHRI G. DEVARAYA NAIK:**

Will the PRIME MINISTER be pleased to state:

(a) whether Russia has scrapped the deal for supply of cryogenic engines and their technology to India;

(b) if so, the facts in this regard;

(c) the reasons for scrapping the deal;