

# FIRST REPORT

## STANDING COMMITTEE ON FINANCE (1993-94)

(TENTH LOK SABHA)

MINISTRY OF FINANCE—DEMANDS FOR GRANTS  
(1993-94)



*Presented to Lok Sabha on 4-5-93  
Laid in Rajya Sabha on 4-5-93*

LOK SABHA SECRETARIAT  
NEW DELHI

*April, 1993/Vaisakha, 1915 (Saka)*

**F.C. No. 001**

---

*Price: Rs. 12.00*

© 1992 BY LOK SABHA SECRETARIAT

Published Under Rule 382 of the Rules of Procedure and Conduct of Business in Lok Sabha (Seventh Edition) and Printed by Manager, Govt. of India Press, Photolitho Unit, Minto Road, New Delhi.

(iv)

40. Shri Kamal Morarka
41. Shri Rajubhai A. Parmar
42. Shri Ashis Sen
43. Shri Surinder Kumar Singla
44. Shri Arangil Sreedharan
45. Shri S. Vidhuthalai Virumbi

SECRETARIAT

1. Shri G.L. Batra—*Additional Secretary*
2. Shri Satish Loomba—*Deputy Secretary*
3. Shri Ram Autar Ram—*Under Secretary*

COMPOSITION OF THE STANDING COMMITTEE ON FINANCE  
(1993-94)

**CHAIRMAN**

Dr. Debi Prosad Pal

**MEMBERS**  
*Lok Sabha*

2. Shri P. Chidambaram
3. Shri Magunta Subharama Reddy
4. Prof. K.V. Thomas
5. Shri Chandulal Chandrakar
6. Dr. K.V.R. Chowdary
7. Shri Chhitubhai Gamit
8. Shri Prithviraj D. Chavan
9. Shri S.B. Sidal
10. Smt. Maragatham Chandrasekhar
11. Shri P.C. Chacko
12. Shri Prakash V. Patil
13. Shri Mahendra Kumar Singh Thakur
14. Shri B. Akbar Pasha
15. Shri Sushil Chandra Varma
16. Shri Jeewan Sharma
17. Shri Chetan P.S. Chauhan
18. Shri Dileepbhai Sanghani
19. Shri Manabendra Shah
20. Shri Sartaj Singh Chattwal
21. Shri Harin Pathak
22. Shri George Fernandes
23. Shri Abdul Ghafoor
24. Shri Srikanta Jena
25. Shri Satyapal Singh Yadav
26. Shri Nirmal Kanti Chatterjee
27. Prof. Susanta Chakraborty
28. Shri Basudeb Acharia
29. Shri Bhogendra Jha
30. Shri Kadambur M.R. Janardhanan

*Rajya Sabha*

31. Shri Jitendrabhai Labhshanker Bhatt
32. Shri Krishna Kumar Birla
33. Shri Triloki Nath Chaturvedi
34. Shri Gurudas Das Gupta
35. Shri K.R. Jayadevappa
36. Dr. Shrikant Ramchandra Jichkar
37. Dr. Murli Manohar Joshi
38. Shri Ghulam Rasool Matto
39. Shri Chimabhai Mehta

(iv)

40. **Shri Kamal Morarka**
41. **Shri Rajubhai A. Parmar**
42. **Shri Ashis Sen**
43. **Shri Surinder Kumar Singla**
44. **Shri Arangil Sreedharan**
45. **Shri S. Vidhuthalai Virumbi**

**SECRETARIAT**

1. **Shri G.L. Batra—*Additional Secretary***
2. **Shri Satish Loomba—*Deputy Secretary***
3. **Shri Ram Autar Ram—*Under Secretary***

**†**

## INTRODUCTION

1. Dr. Debi Prosad Pal, Chairman of the Standing Committee on Finance (1993-94), having been authorised to submit the Report on their behalf, present this First Report on the Demands for Grants (1993-94) of the Ministry of Finance.

2. The Ministry of Finance is responsible for the administration of the finances of the Central Government. It is concerned with all economic and financial matters, affecting the country as a whole, including mobilisation of resources for development. It regulates the expenditure of the Central Government including the transfer of resources to States. The Ministry comprises three Departments, namely:—

- I. Department of Economic Affairs;
- II. Department of Expenditure; and
- III. Department of Revenue.

The Department of Economic Affairs monitors current economic trends and advises the Government on all matters having a bearing on internal and external economic management, including the working of commercial banks, term lending institutions, investment regulations, external assistance, production of currency/bank notes and coins of various denominations, postal stationery, postal stamps, etc. The preparation of the Budget of the Union of India, as well as the State Governments and the Government of Union Territories with legislature when under President's Rule, and their presentation to the Parliament is also the responsibility of this Department.

The Department of Expenditure looks after the service conditions of the Central Govt. employees having any financial aspect. It also comprises of the Finance Commission Division, Plan Finance Division, Cost Accounts Branch, the Controller General of Accounts and the Staff Inspection Unit.

The Department of Revenue exercises control in respect of revenue matters relating to Direct and Indirect Union taxes through the two statutory Boards, namely, the Central Board of Direct Taxes and the Central Board of Excise and Customs.

3. Owing to paucity of time at their disposal, the Committee could not call the representatives of the Ministry of Finance for evidence and confined their examination to the documents and information furnished by the Ministry. As the Ministry deals with broad and basic areas relating to economic policy, Budget and fiscal policy, external aid transfer of

resources to State Govt., Banking, Revenue policy and other important issues, many members felt that an in-depth scrutiny on these subjects is called for, which would be attempted in course of the year, including the examination of the Finance Bill, which could not be taken up now.

4. The Committee wish to express their thanks to the Ministry of Finance for furnishing the desired information at short notice and also to the Secretariat for preparing the report quickly.

5. The Committee adopted this Report in its meeting held on 29.4.1993.

NEW DELHI:  
*April 29, 1993*

---

*Vaisakha 9, 1915 (Saka)*

DR. DEBI PROSAD PAL,  
*Chairman,  
Standing Committee  
on Finance.*

## REPORT

### Payment to Nationalised Banks (Demand No. 27 — Major Head 2465)

The Committee note that a large sum of Rs. 5,700 crores, as against 700 crores last year is being sought for increased capital requirements of nationalised banks for 93-94. While no details were mentioned in the detailed Demands for Grants, the Ministry has in written reply stated that the requirement is the result of application of the norms prescribed by the Narsimham Committee Report on Financial Sector Reforms. The Narsimham Committee in its Report, had recommended that banks should adopt a policy of income recognition based on objective criteria rather than subjective considerations. It transpires that banks have not been following uniform Accounting standards and have been generally over estimating their assets, some of them of sub-standard or doubtful value. As a result of the proper provisioning of bad and doubtful debts, it is expected that nationalised banks will have to make an allowance of over Rs. 10,000 crores, which will significantly impair their capital. The Committee note that the situation, as it exists, itself speaks of the state of affairs prevailing in the nationalised banks. Why assets were over rated, doubtful advances shown as good, Accounting standards not applied strictly and uniformly by RBI, resulting in a staggering deficit of Rs. 10,000 crores are questions that need to be answered. The Committee feel that an investigation should be carried out to find out who the defaulters are for non-return of loans, and measures taken to ensure that such losses do not recur. The Committee will await further action by the Ministry in this regard.

### 2. Foreign Currency Loans for Financial Institutions (Demand No. 27 — Major Head 2885)

The Committee note that where foreign loans are being routed through the Central Government, the exchange rate risk is borne solely by the Central Government. In other words, in respect of large foreign loans that the Government of India obtains from external sources for passing on to the Term Lending Financial Institutions, the burden of rupee devaluation falls entirely on it. In view of the prevailing exchange rate scenario, the Government of India will have to pay to the foreign creditors large differentials, representing rupee devaluation, at the time of repayments/maturity of foreign loans.

This issue has engaged the attention of the Committee and they would like the Ministry of Finance to give more thought to it. The Ministry of Finance



should formulate a Scheme whereby the Central Revenues do not have to bear the loss due to exchange rate fluctuation. It should also be considered by the financial institutions to pass on some part of the loss to the ultimate borrowers. The Ministry of Finance could possibly evolve some guidelines for distinguishing between borrowing required by priority and non priority areas within the country. It could not be ascertained by the Committee whether the Industrial Credit and Investment Corporation of India has a suitable clause in its agreements with borrowers of foreign currency loans, regarding return of money at the prevailing exchange rates thereby indemnifying itself against possible losses.

### 3. National Housing Bank (Demand No. 27 — Major Head 2216)

The Budget Estimate for 93-94 in respect of National Housing Bank provides for Rs. 2.2 crores for reimbursement to National Housing Bank on account of all exchange loss suffered on a commercial borrowing of US\$ 25 million. It is noted that Government of India had agreed to bear the exchange loss and also other expenses on the commercial borrowing arranged in USA. The Committee note that a sum of Rs. 35 lakhs was reimbursed to National Housing Bank in 91-92, Rs. 2.53 crores (approx.) in 92-93 and Rs. 2.20 crores have been provided now in 93-94 for reimbursement on account of exchange loss. In view of this continuous drain of public money, the views expressed in Point No. 2 above needs to be thoroughly examined. The Ministry of Finance should also make a denovo examination of this requirement vis-a-vis the working results of National Housing Bank which were not available to the Committee.

### 4. Small Industries Development Bank of India (Demand No. 27 — Major Head No. 2885)

A sum of only Rs. 1 crore has been provided as loan to the Small Industries Development Bank of India in the BE for 93-94, ostensibly due to resource constraints. SIDBI is expected to function as the principal financial institution for the promotion, financing and development of the Small Scale Industry. In view of the wide role envisaged for SIDBI, the Committee are of the view that the provisions relating to SIDBI are inadequate, and express unhappiness over the same, hoping that its full share of Rs. 35 crores will be provided quickly.

### 5. Regional Rural Banks (Demand No. 27 — Major Head No. 4416)

A provision of Rs. 5 crores has been made in the Budget Estimate for 93-94 in respect of the Regional Rural Banks. This sum is also considered by the Committee as inadequate considering the wide mandate that has been assigned to the Regional Rural Banks. The Ministry of Finance have replied that Government is actively considering the restructuring/reorganisation of

Regional Rural Banks and any further budgetary demand will be linked to that decision. This Committee will await the decision of the Government in this regard.

It was also noted that total deposits with Regional Rural Banks as in March, 92 were Rs. 5868 crores against which total loans and advances were Rs. 4091 crores. The Committee is of the view that the Regional Rural Banks are a tremendous vehicle for productive channelisation of rural savings and if the return on loans and advances has been poor, it is not for reasons of lack of entrepreneurship but due to infrastructural constraints. The Committee would like the Ministry of Finance to devote more attention to the development of Regional Rural Banks by creation of conducive conditions through giving of incentives and other facilities, etc. to entrepreneurs and rural loanees.

It is the policy of the Government to create employment opportunities in rural areas by giving employment to people of rural origin in the Regional Rural Banks. As no figures regarding the background of employees, whether from rural or urban areas was available with the Ministry of Finance, the Committee hopes that the policy of the Government is being implemented.

#### 6. Redeployment of Surplus Manpower

It is the policy of the Government to identify Branches of Banks with surplus manpower for their redeployment in branches which are understaffed. It is common knowledge that public sector banks have surplus pockets of staff, particularly in certain Metropolitan and Urban branches while in some branches there is justification for increase of staff on account of increase in workload. Though steps have been taken to move surplus staff to deficit pockets, the Committee note that much progress in this direction has not been achieved. In view of mounting losses of the Nationalised Banks, the Committee feels that this process should be expedited.

#### 7. General Insurance Corporation

The performance of the General Insurance Corporation and its subsidiaries, on the Motor Claims side is unsatisfactory, with the GIC and its subsidiaries reporting under writing loss of Rs. 76.94 crores in this sector. The Ministry of Finance were unable to explain this loss in a business like perspective. The Committee feel that many claims may be fraudulent and this calls for toning up of the vigilance machinery in the Insurance companies. The Ministry were unable to give any information regarding fraudulent Motor Claims/Vigilance cases being processed in this regard by the vigilance machinery of the Insurance companies.

## 8. Railways (Demand No. 25 — Major Head No. 3075)

Under major Head 3075, a sum of Rs. 3,58,85,00,000 has been included as BE for 93-94 as subsidy to railways towards dividend relief and other concessions. The Committee note with concern that this amount is steadily rising over the last few years and represents the dividend concessions which are provided to Railways in the form of subsidy from general revenue enabling the railways to pay dividend to general revenues on a gross basis. The Committee would like the Ministry of Finance to find out ways and means to ensure that this subsidy is reduced to the minimum and the Railways are able to meet their budget without subsidy.

## 9. Board of Industrial & Financial Reconstruction (Demand No. 25 — Major Head No. 2070)

While the expenses on the direction and administration of Board of Industrial and Financial Reconstruction have been rising steadily over the years, the progress on cases registered with it has been extremely slow. As on 31.3.93, there were 92 PSUs cases, both, of Central and State Governments, registered with BIFR. The Committee note with regret that final orders for rehabilitation or liquidation have not been issued in any case so far. The Committee would appreciate if the BIFR in close coordination with the Administrative Ministries of the concerned PSUs, decides speedily the references made to it, since delay in this matter affects adversely the morale of the PSUs employees as well as the exchequer. Targets set may be intimated.

## 10. External Assistance

Out of the entire Central Government expenditure of Rs. 1,31,323 crores, external assistance forms a small part of Rs. 5,454 crores. The Committee note that the 7th Plan spoke in terms of zero net aid and they would appreciate if the Ministry of Finance were to make tangible efforts for doing without external assistance.

## 11. Calamity Relief Fund (Demand No. 29 — Major Head No. 3601)

It is noted that the allocation for Calamity Relief Fund is only Rs. 487 crores which is considered inadequate considering the requirements of States in this vast country. As the Committee are told by the Finance Ministry, that the provisions are based on the judgement of the Finance Commission, the recommendations of the 10th Finance Commission in this connection would be awaited.

## 12. Interest Payment (Appropriation No. 28)

The Committee note with deep concern the stupendous rise in the interest payment obligation by the Government which will amount to Rs. 38,000 crores for 93-94. This huge and staggering liability, which is a charged expenditure, represents 25 paise out of every rupee spent by the Govt. The Committee cannot but express their deep concern and apprehension on the phenomenon of such large interest obligation and suggest that an immediate task force may be set up under the aegis of the Ministry of Finance to look into this area of national liability.

## 13. Government Opium & Alkaloid Works Undertakings Nimach and Ghazipur (Demand No. 35)

The Committee note with concern the poor performance of the opium and alkaloid works at Nimach and Ghazipur. Capital as well as Revenue expenses on the running of these undertakings have been rising in a large way but recovery and production has not been commensurate. The purchase of opium at the Ghazipur factory that amounted to Rs. 5,78,77,000 will rise to Rs. 8,63,00,000 as provided in the Budget Estimate for 93-94 (Major Head 2875). The Committee would like to know the increase in production in quantitative terms. The salaries of Neemach Alkaloid works have risen from Rs. 50,76,000 in 91-92 to Rs. 68,00,000 for RE 92-93, proposed now at 1,10,00,000 for BE 93-94. Similarly, its office expenses, Material and Supplies expenditure have also exhibited nearly 50% increase in Rupee terms. The Committee regret to note that the trials of new equipments procured for the Neemach Alkaloid Plant for improving the recovery of alkaloids have been unsuccessful. The Committee would watch anxiously the improvement in the working of these Undertakings.

NEW DELHI:

April 29, 1993

Vaisakha 9, 1915 (Saka)

DR. DEBI PROSAD PAL.

*Chairman,  
Standing Committee on  
Finance.*

**Statement of Conclusions/Recommendations of the Standing Committee on  
Finance contained in the Report**

S. No.	Reference of Para No. IV of the Report	Conclusions/Recommendations
1	2	3
1	1	<p>The Committee note that a large sum of Rs. 5,700 crores, as against 700 crores last year is being sought for increased capital requirements of nationalised banks for 93-94. While no details were mentioned in the detailed Demands for Grants, the Ministry has in written reply stated that the requirement is the result of application of the norms prescribed by the Narsimham Committee Report on Financial Sector Reforms. The Narsimham Committee in its Report, had recommended that banks should adopt a policy of income recognition based on objective criteria rather than subjective considerations. It transpires that banks have not been following uniform Accounting standards and have been generally over estimating their assets, some of them of sub-standard or doubtful value. As a result of the proper provisioning of bad and doubtful debts, it is expected that nationalised banks will have to make an allowance of over Rs. 10,000 crores, which will significantly impair their capital. The Committee note that the situation, as it exists, itself speaks of the state of affairs prevailing in the nationalised banks. Why assets were over rated, doubtful advances shown as good, Accounting standards not applied strictly and uniformly by RBI, resulting in a staggering deficit of Rs. 10,000 crores are questions that need to be answered. The Committee feel that an investigation should be carried out to find out who the defaulters are for non-return of loans, and measures taken to ensure that such losses do not recur. The Committee will await further action by the Ministry in this regard.</p>
2	2	<p>The Committee note that where foreign loans are being routed through the Central Government, the</p>

---

exchange rate risk is borne solely by the Central Government. In other words, in respect of large foreign loans that the Government of India obtains from external sources for passing on to the Term Lending Financial Institutions, the burden of rupee devaluation falls entirely on it. In view of the prevailing exchange rate scenario, the Government of India will have to pay to the foreign creditors large differentials, representing rupee devaluation, at the time of repayments/maturity of foreign loans.

This issue has engaged the attention of the Committee and they would like the Ministry of Finance to give more thought to it. The Ministry of Finance should formulate a Scheme whereby the Central Revenues do not have to bear the loss due to exchange rate fluctuation. It should also be considered by the financial institutions to pass on some part of the loss to the ultimate borrowers. The Ministry of Finance could possibly evolve some guidelines for distinguishing between borrowing required by priority and not priority areas within the country. It could not be ascertained by the Committee whether the Industrial Credit and Investment Corporation of India has a suitable clause in its agreements with borrowers of foreign currency loans, regarding return of money at the prevailing exchange rates thereby indemnifying itself against possible losses.

The Budget Estimate for 93-94 in respect of National Housing Bank provides for Rs. 2.2 crores for reimbursement to National Housing Bank on account of all exchange loss suffered on a commercial borrowing of US \$25 million. It is noted that Government of India had agreed to bear the exchange loss and also other expenses on the commercial borrowing arranged in USA. The Committee note that a sum of Rs. 35 lakhs was reimbursed to National Housing Bank in 91-92. Rs. 2.53 crores (approx.) in 92-93 and Rs. 2.20 crores have been provided now in

---

---

1	2	3
---	---	---

---

93-94 for reimbursement on account of exchange loss. In view of this continuous drain of public money, the views expressed in Point No. 2 above needs to be thoroughly examined. The Ministry of Finance should also make a *denovo* examination of this requirement *vis-a-vis* the working results of National Housing Bank which were not available to the Committee.

4            4            A sum of only Rs. 1 crore has been provided as loan to the Small Industries Development Bank of India in the BE for 93-94, ostensibly due to resource constraints. SIDBI is expected to function as the principal financial institution for the promotion, financing and development of the Small Scale Industry. In view of the wide role envisaged for SIDBI, the Committee are of the view that the provisions relating to SIDBI are inadequate, and express unhappiness over the same, hoping that its full share of Rs. 35 crores will be provided quickly.

5            5            A provision of Rs. 5 crores has been made in the Budget Estimate for 93-94 in respect of the Regional Rural Banks. This sum is also considered by the Committee as inadequate considering the wide mandate that has been assigned to the Regional Rural Banks. The Ministry of Finance have replied that Government is actively considering the restructuring/reorganisation of Regional Rural Banks and any further budgetary demand will be linked to that decision. This Committee will await the decision of the Government in this regard.

It was also noted that total deposits with Regional Rural Banks as in March, 92 were Rs. 5868 crores against which total loans and advances were Rs. 4091 crores. The Committee is of the view that the Regional Rural Banks are a tremendous vehicle for productive channelisation of rural savings and if the return on loans and advances has been poor, it is not for reasons of lack of entrepreneurship but due to infrastructural constraints. The Committee would like the Ministry of Finance to devote more attention to the developing of Regional Rural Banks by creation of conducive conditions through giving of incentives and other facilities, etc. to entrepreneurs and rural loanees.

---

---

1	2	3
---	---	---

---

It is the policy of the Government to create employment opportunities in rural areas by giving employment to people of rural origin in the Regional Rural Banks. As no figures regarding the background of employees, whether from rural or urban areas was available with the Ministry of Finance, the Committee hopes that the policy of the Government is being implemented.

6	6	<p>It is the policy of the Government to identify Branches of Banks with surplus manpower for their redeployment in branches which are under-staffed. It is common knowledge that public sector banks have surplus pockets of staff, particularly in certain Metropolitan and Urban branches while in some branches there is justification for increase of staff on account of increase in workload. Though steps have been taken to move surplus staff to deficit pockets, the Committee note that much progress in this direction has not been achieved. In view of mounting losses of the Nationalised Banks, the Committee feels that this process should be expedited.</p>
---	---	---

7	7	<p>The performance of the General Insurance Corporation and its subsidiaries, on the Motor Claims side is unsatisfactory, with the GIC and its subsidiaries reporting under writing loss of Rs. 76.94 crores in this sector. The Ministry of Finance were unable to explain this loss in a business like perspective. The Committee feel that many claims may be fraudulent and this calls for toning up of the vigilance machinery in the Insurance companies. The Ministry were unable to give any information regarding fraudulent Motor Claims/Vigilance cases being processed in this regard by the vigilance machinery of the Insurance companies.</p>
---	---	--

8	8	<p>Under major Head 3075, a sum of Rs. 3,58,85,00,000 has been included as BE for 93-94 as subsidy to railways towards dividend relief and other concessions. The Committee note with concern that this amount is steadily rising over the last few years and represents the dividend concessions which are provided to Railways in the form of</p>
---	---	---

---



1 2

3

subsidy from general revenue enabling the railways to pay dividend to general revenues on a gross basis. The Committee would like the Ministry of Finance to find out ways and means to ensure that this subsidy is reduced to the minimum and the Railways are able to meet their budget without subsidy.

9 9

While the expenses on the direction and administration of Board of Industrial and Financial Reconstruction have been rising steadily over the years, the progress on cases registered with it has been extremely slow. As on 31.3.93, there were 92 PSUs cases, both, of Central and State Governments, registered with BIFR. The Committee note with regret that final orders for rehabilitation or liquidation have not been issued in any case so far. The Committee would appreciate if the BIFR in close coordination with the Administrative Ministries of the concerned PSUs, decides speedily the references made to it, since delay in this matter affects adversely the morale of the PSUs employees as well as the exchequer. Targets set may be intimated.

10 11

It is noted that the allocation for Calamity Relief Fund is only Rs. 487 crores which is considered inadequate considering the requirements of States in this vast country. As the Committee are told by the Finance Ministry, that the provisions are based on the judgement of the Finance Commission, the recommendations of the 10th Finance Commission in this connection would be awaited.

11 12

The Committee note with deep concern the stupendous rise in the interest payment obligation by the Government which will amount to Rs. 38,000 crores for 93-94. This huge and staggering liability, which is a charged expenditure, represents 25 paise out of every rupee spent by the Govt. The Committee cannot but express their deep concern and apprehension on the phenomenon of such large interest obligation and suggest that an immediate task force may be set up under the aegis of the Ministry of Finance to look into this area of national liability.

---

1	2	3
12	13	<p>The Committee note with concern the poor performance of the opium and alkaloid works at Nimach and Ghazipur. Capital as well as Revenue expenses on the running of these undertakings have been rising in a large way but recovery and production has not been commensurate. The purchase of opium at the Ghazipur factory that amounted to Rs. 5,78,77,000 will rise to Rs. 8,63,00,000 as provided in the Budget Estimate for 93-94 (Major Head 2875). The Committee would like to know the increase in production in quantitative terms. The salaries of Nimach Alkaloid Works have risen from Rs. 50,76,000 in 91-92 to Rs. 68,00,000 for RE 92-93, proposed now at 1,10,00,000 for BE 93-94. Similarly, its office expenses, Material and Supplies expenditure have also exhibited nearly 50% increase in Rupee terms. The Committee regret to note that the trails of new equipments procured for the Nimach Alkaloid Plant for improving the recovery of alkaloids have been unsuccessful. The Committee would watch anxiously the improvement in the working of these Undertakings.</p>

---

**MINUTES**  
**STANDING COMMITTEE ON FINANCE**  
**(1993-94)**

*First Sitting*

*19.4.1993*

The Committee sat from 16.00 hrs. to 17.45 hrs.

**PRESENT**

Dr. Debi Prosad Pal — *Chairman*

**MEMBERS**

*Lok Sabha*

2. Prof. K.V. Thomas
3. Shri Chandulal Chandrakar
4. Shri Prithviraj D. Chavan
5. Shri S.B. Sidnal
6. Shri Mahendra Kumar Singh Thakur
7. Shri B. Akbar Pasha
8. Shri Sushil Chandra Varma
9. Shri Jeewan Sharma
10. Shri Chetan P.S. Chauhan
11. Shri Dilcepbbhai Sanghani
12. Shri Manabendra Shah
13. Shri Sartaj Singh Chhatwal
14. Shri George Fernandes
15. Shri Srikanta Jena
16. Shri Nirmal Kanti Chatterjee
17. Prof. Susanta Chakraborty
18. Shri Bhogendra Jha

*Rajya Sabha*

19. Shri Jitendrabhai Labhshanker Bhatt
20. Shri K.R. Jayadevappa
21. Shri Ghulam Rasool Matto
22. Shri Ashis Sen
23. Shri Arangil Sreedharan

**SECRETARIAT**

1. Shri S. Loomba — *Deputy Secretary*
2. Shri Mange Ram — *Assistant Director*

2. At the outset, the Chairman welcomed the Members to the first sitting of the Committee and briefed the Members regarding the functions of the Committee.

3. Some Members referred to the Third Report of the Rules Committee and wanted suspension of Rule No. 331G(a) and (b) whereunder 'after the general discussion on the Budget in the Houses is over, the Houses shall be adjourned for a fixed period'. The Chairman stated that regarding the suspension of the Rule, a proposal has to be placed before the Speaker and this being the first year of the operation of the Committee, it could perhaps look over these procedural difficulties.

4. Some Members suggested that sitting hours of the Parliament may be restricted upto 4 p.m. after which the Committees may function. It was thought necessary that Chairman may have a word with the Speaker in this regard.

5. The Chairman then drew the attention of the Members to the submission of the Report within the available time of one week. The Chairman desired to know the points to be raised by the members on the Demands for Grants (1993-94) already circulated to them. The members pointed out that certain Demands of Ministry of Finance relating to Interest Payments, Payments to Financial Institutions and Transfers to State Governments have to be studied in depth.

6. Some members stated that the notes in the Demands for Grants are not adequate and other relevant Reports may be obtained from the Ministry. The Chairman held the view that since time was short a qualifying Report could be submitted by the Committee within the time available and further examination could be done in course of the year. The Chairman then asked the members to give further direction for facilitating the preparation of the Report.

7. It was sought to be known by some members whether the National Housing Bank was performing satisfactorily and whether further allocations were justified for such institutions tainted in the Scam.

8. The Chairman decided that the next sitting of the Committee will be held on 22nd April, 1993 at 16.00 hrs.

*The Committee then adjourned.*

**MINUTES**  
**STANDING COMMITTEE ON FINANCE**  
**(1993-94)**

**Second Sitting**

**22.4.1993**

The Committee sat from 16.00 hrs. to 19.15 hrs.

**PRESENT**

Dr. Debi Prosad Pal — *Chairman*

**MEMBERS**

*Lok Sabha*

2. Shri Chandulal Chandrakar
3. Dr. K.V.R. Chowdary
4. Shri Chhitubhai Gamit
5. Shri Prithviraj D. Chavan
6. Shri S.B. Sidnal
7. Smt. Maragatham Chandrasekhar
8. Shri Mahendra Kumar Singh Thakur
9. Shri B. Akbar Pasha
10. Shri Sushil Chandra Varma
11. Shri Jeevan Sharma
12. Shri Chetan P.S. Chauhan
13. Shri Dileepbhai Sanghani
14. Shri Manabendra Shah
15. Shri George Fernandes
16. Shri Nirmal Kanti Chatterjee
17. Prof. Susanta Chakraborty
18. Shri Basudeb Acharia
19. Shri Kadambur M.R. Janardhanan

*Rajya Sabha*

20. Shri Jitendrabhai Labhshanker Bhatt
21. Shri Krishna Kumar Birla
22. Shri Triloki Nath Chaturvedi
23. Shri Gurudas Das Gupta
24. Dr. Shrikant Ramchandra Jichhar
25. Shri Ghulam Rasool Matto
26. Shri Rajubhai A. Parmar
27. Shri Ashis Sen
28. Shri Surinder Kumar Singla

## SECRETARIAT

1. Shri S. Loomba — *Deputy Secretary*
2. Shri Mange Ram — *Assistant Director*

2. At the outset, the Chairman stated that only a qualifying report will be submitted by the Committee this year due to the paucity of time. The Chairman, then invited suggestions from the Members based upon the Demands for Grants pertaining to the Ministries of Finance and Planning and Programme Implementation, so as to facilitate the preparation of the Report. At this juncture, some Members suggested for calling of the officials of the Ministry of Finance for evidence before the Committee. The Chairman clarified to the Members that since time was very short and calling official evidence shall entail more time, a brief questionnaire will be sent to the Ministry of Finance inviting their comments on the queries raised by the Committee.

3. The Chairman pointed out to the Members that at the initial stage, there are certain teething problems which have to be overcome and sought the cooperation of the Members. The Chairman further stated that detailed examination will be conducted in the course of the year. The Chairman then placed before the Members a questionnaire containing 21 points proposed to be forwarded to the Ministry of Finance after their approval.

4. The Members discussed the List of Points contained in the questionnaire and brought out certain suggestions which mainly related to strengthening of the Rural Banks; interest payments; capital funds for nationalised banks; taxation policy and allocations to small scale industries. Some Members also suggested that implementation of the centrally sponsored schemes monitored by the Ministry of Planning and Programme Implementation may be scrutinised properly. The Members, approved the questionnaire adding 8 additional points and desired that the questionnaire be sent to the Ministry of Finance. The Committee decided that the questionnaire should be sent to the Ministry asking them to furnish their replies within 2 to 3 days.

5. Some Members also highlighted the fact that the Ministry of Finance does not prepared any performance budget like other Ministries and desired that the Ministry of Finance may be asked to submit a performance budget to Parliament.

6. The Chairman informed the Members regarding the applicability of Rule 331G(a) Rules Committee (Third Report) which was discussed in the last sitting, he had had a word with the Speaker on the matter. The

Chairman stated that Speaker had desired that the Committee may go ahead with the preparation of the Report this year.

7. The Chairman, then decided in consultation with the Members that the next sitting of the Committee will be a held on 29 April, 1993 at 1530 hours and asked the Members to send their additional comments in writing latest by Monday, 26th April, 1993.

*The Committee then adjourned.*

## SECRETARIAT

1. Shri S. Loomba — *Deputy Secretary*  
 2. Shri Mange Ram — *Assistant Director*

2. At the outset, the Chairman stated that only a qualifying report will be submitted by the Committee this year due to the paucity of time. The Chairman, then invited suggestions from the Members based upon the Demands for Grants pertaining to the Ministries of Finance and Planning and Programme Implementation, so as to facilitate the preparation of the Report. At this juncture, some Members suggested for calling of the officials of the Ministry of Finance for evidence before the Committee. The Chairman clarified to the Members that since time was very short and calling official evidence shall entail more time, a brief questionnaire will be sent to the Ministry of Finance inviting their comments on the queries raised by the Committee.

3. The Chairman pointed out to the Members that at the initial stage, there are certain teething problems which have to be overcome and sought the cooperation of the Members. The Chairman further stated that detailed examination will be conducted in the course of the year. The Chairman then placed before the Members a questionnaire containing 21 points proposed to be forwarded to the Ministry of Finance after their approval.

4. The Members discussed the List of Points contained in the questionnaire and brought out certain suggestions which mainly related to strengthening of the Rural Banks; interest payments; capital funds for nationalised banks; taxation policy and allocations to small scale industries. Some Members also suggested that implementation of the centrally sponsored schemes monitored by the Ministry of Planning and Programme Implementation may be scrutinised properly. The Members, approved the questionnaire adding 8 additional points and desired that the questionnaire be sent to the Ministry of Finance. The Committee decided that the questionnaire should be sent to the Ministry asking them to furnish their replies within 2 to 3 days.

5. Some Members also highlighted the fact that the Ministry of Finance does not prepared any performance budget like other Ministries and desired that the Ministry of Finance may be asked to submit a performance budget to Parliament.

6. The Chairman informed the Members regarding the applicability of Rule 331G(a) Rules Committee (Third Report) which was discussed in the last sitting, he had had a word with the Speaker on the matter. The



Chairman stated that Speaker had desired that the Committee may go ahead with the preparation of the Report this year.

7. The Chairman, then decided in consultation with the Members that the next sitting of the Committee will be held on 29 April, 1993 at 1530 hours and asked the Members to send their additional comments in writing latest by Monday, 26th April, 1993.

*The Committee then adjourned.*

## ANNEXURE

### AMENDMENTS/MODIFICATIONS MADE BY STANDING COMMITTEE ON FINANCE AT THEIR SITTING HELD ON 29 APRIL, 1993 IN DRAFT REPORT ON THE DEMANDS FOR GRANTS OF MINISTRY OF FINANCE

<i>Page</i>	<i>Para</i>	<i>Line</i>	<i>Amendments/Modifications</i>
(iii)	3	7, 9	<p><i>For</i> 'currency and coinage matters' <i>Substitute</i> 'Banking'</p> <p><i>For</i> 'and collection tax, the Committee feel' <i>Substitute</i> 'and other important issues, many members felt'</p> <p><i>After</i> 'scrutiny'</p> <p><i>Insert</i> 'on these subjects'</p>
	4	3	<p><i>After</i> '.... notice' <i>add</i> 'and also to the secretariat for preparing the Report quickly'.</p>
1-2	1	5 from bottom	<p><i>For</i> 'The Committee express .... capital in future.'</p> <p><i>Substitute</i> 'The Committee feel that an investigation should be carried out to find out who the defaulters are for non return of loans, and measures taken to ensure that such losses do not recur. The, Committee will await further action by the Ministry in this regard'.</p>
2	2	11-3 from bottom	<p><i>For</i> 'Perhaps the Government institution and the Government'</p> <p><i>Substitute</i> 'The Ministry of Finance should formulate a scheme whereby the Central Revenues do not have to bear the loss due to exchange rate fluctuation.'</p>
3	3	5 from bottom	<p><i>For</i> 'sentiment'</p> <p><i>Substitute</i> 'views'</p>
4	—	3	<p><i>After</i> '..... over the same'</p> <p><i>Insert</i> ', hoping that its full share of Rs. 35 crores will be provided quickly'</p>

<i>Page</i>	<i>Para</i>	<i>Line</i>	<i>Amendments / Modifications</i>
5	6	6	<i>Delete</i> 'affecting their efficiency and productivity'
6	8	4 from bottom	<i>For</i> '..... take up this matter ..... the General Revenues as required' <i>Substitute</i> 'find out ways and means to ensure that this subsidy is reduced to the minimum and the Railways are able to meet their budget without subsidy.'
7	—	7	<i>After</i> ..... exchequer' <i>Insert</i> 'Targets set may be intimated.'