

14.33 hrs.

Title: Consideration and passing of the Fiscal Responsibility and Budget Management Bill,2000. (Bill as amended, passed)

MR. DEPUTY-SPEAKER: The House shall now take up consideration and passing of Fiscal Responsibility and Budget Management Bill. The time allotted for this purpose is six hours.

THE MINISTER OF FINANCE AND COMPANY AFFAIRS (SHRI JASWANT SINGH): Sir, before I make my introductory remarks, there is one request that I have to make. Being an important Bill, I welcome interventions by the House. But it should be finished today itself so that I can then take it to the other House and get it enacted before this Session is over.

MR. DEPUTY-SPEAKER: If the House agrees, I do not have any objection.

SHRI JASWANT SINGH: My request is that we finish this Bill today itself so that I am able to deal with the rest of the formalities in the other House before the Session ends.

SHRI SHIVRAJ V. PATIL (LATUR): We will cooperate.

SHRI JASWANT SINGH: I beg to move:

"That the Bill to provide for the responsibility of the Central Government to ensure inter-generational equity in fiscal management and long-term macro-economic stability by achieving sufficient revenue surplus, eliminating fiscal deficit and removing fiscal impediments in the effective conduct of monetary policy and prudential debt management consistent with fiscal sustainability through limits on the Central Government borrowings, debt and deficits, greater transparency in fiscal operations of the Central Government and conducting fiscal policy in a medium-term framework and for matters connected therewith or incidental thereto, be taken into consideration."

Mr. Deputy-Speaker Sir, this Bill was introduced in Parliament in December 2000. Thereafter, it was referred to the Standing Committee on Finance and after a very detailed examination of the provisions of this Bill the Standing Committee made various observations and recommendations in a Report that was tabled in November 2001. Based on these recommendations, amendments to the Bill have now been proposed.

Before the provisions of the Bill and amendments thereon are taken up for consideration, permit me Mr. Deputy-Speaker Sir to say very briefly on the achievements of the Indian economy. The decade of the nineties has witnessed robust economic growth and has been marked by benign inflation, a steady growth in foreign exchange reserves and a positive balance in the current account. While macro economic parameters have been sound, there is one area that continues to cause concern and should be addressed seriously by the Government. This pertains to sound fiscal management. The Central Government has both a high revenue and a fiscal deficit. Rising deficit necessitates larger borrowings which in turn add to further accretion of debt, thus higher cost of servicing. In consequence, the outstanding liabilities of the Central Government have steadily risen over the years and, as on 31st March, 2004, total liabilities are estimated to be Rs. 18,00,000 crore. Interest burden on these liabilities itself will be Rs. 1,23,000 crore. This pre-empts almost 50 per cent of our revenue earning. It is vital that we break out of this cycle of high deficit, high debt and high interest burden. We need to work steadily towards a regime of surpluses which can then be gainfully utilised for shoring public investment and thereby economic growth, in a stable fiscal environment.

The proposed legislation is historic in the country's fiscal history. It obliges the Central Government to ensure fiscal sustainability, in the medium term, by generating a revenue surplus, thus bringing down debt stock as a ratio of GDP to reasonable levels.

As I have already mentioned, based on the recommendations of the Standing Committee on Finance, it has been decided that specific targets which were stipulated in the Bill will no more form a part of the legislation. They, however, will be included in the rules to be framed under the Act so as to enable flexibility in fiscal operations.

The Fiscal Responsibility and Budget Management Bill also enjoins the Government to table the following statements alongwith the Budget every year:

- a. Medium term fiscal policy statement;
- b. Fiscal policy strategy statements; and
- c. Macro-economic framework statement.

This will place the budgeting exercise in a much larger macro-economic framework and long-term perspective so as to ensure transparency, stability and consistency with long-term policy objectives.

With these words, I commend the Fiscal Responsibility and Budget Management Bill, alongwith the proposed amendments, for consideration and adoption by the House.

MR. DEPUTY-SPEAKER: Motion moved:

"That the Bill to provide for the responsibility of the Central Government to ensure inter-generational equity in fiscal management and long-term macro-economic stability by achieving sufficient revenue surplus, eliminating fiscal deficit and removing fiscal impediments in the effective conduct of monetary policy and prudential debt management consistent with fiscal sustainability through limits on the Central Government borrowings, debt and deficits, greater transparency in fiscal operations of the Central Government and conducting fiscal policy in a medium-term framework and for matters connected therewith or incidental thereto, be taken into consideration."

SHRI SHIVRAJ V. PATIL : Sir, before I start speaking on this Bill, I would like to bring to your notice that I was the Chairman of this Committee, the Report of which was given, and before any Member raises any objection, I seek your permission to speak on this Bill. Other Members of the Committee who want to speak should also be considered. Shri Swain is sitting there. He may stand up to speak. He should also be allowed to speak.

MR. DEPUTY-SPEAKER: He himself is going to follow you.

SHRI SHIVRAJ V. PATIL : Thank you, Sir. I would be very brief.

This is a very important piece of legislation, and the Government is very keen to see that this Bill should be passed. We are also keen to see that this Bill is passed.

We know that this Bill is not going to solve all the problems faced by us in the country in the field of economic development, fiscal responsibility and Budget management. Yet, to some extent, at least, it is going to help us and we should, therefore, welcome it. When I express my views which are not in consonance with the provisions of the Bill in some respects, it should not be taken that I am opposing the entire Bill as such. The spirit of the Bill is welcome but the details can be discussed by us. We can express our views on these different provisions.

This kind of a legislation is available in other countries also. In some countries, it has helped; in some countries, it has not helped. In some countries where it has not helped, there is a move to see that this kind of a Bill is either removed from the Statute Book or it is modified a great deal. I am not going to go into those details. I just wanted to make a mention that it has helped in some countries and it has not helped in some other countries.

When this Bill was considered by the Standing Committee, the officers were there and they were very much helpful. I would like to mention on the floor of this House that they did explain the provisions of this Bill in great detail. Experts were invited to give their views on the Bill. There were some professors and academicians also who were also invited to speak on the Bill. They gave their views on this Bill.

I am very much grateful to the Government for having accepted, I think, 99 per cent of the recommendations made by the Standing Committee. Those recommendations have been incorporated into the Bill. This is something which gives us a lot of satisfaction. This is something which will strengthen the Committee System. This is something which will help us to make laws which will be more helpful to all of us here.

The Government has rightly accepted to have the rules to fix the numerical ceiling which the law was intending to provide through the statute. This will give a lot of liberty to the Government. What we are saying is that if the Government wants to put a ceiling on the expenditure to reduce the revenue deficit and the fiscal deficit, the Government will have the right and liberty to do it. In fact, even without a Bill like this also or rules, if the Government wants to do it, the Government is at liberty to do it. But if the Government wants to have a law like this and then do it, we thought it would tie down the hands of the Government too much. If this Government is there, well, it would also face some difficulties. If some other Government comes, it will also have some difficulties. That is why, we follow the route which is not on the extreme of the position that is available here – that is to tie down the hands of the Government and not having a legal frame- work which can really be helpful. That is why, the Committee suggested that if the Government wants to have any numerical ceiling or any specifications, it need not be done through the Bill but it can be provided through in the rules. The Government can have the rules; it can use the rules. The rules are nothing but a kind of law. They are not passed as the Bills are passed and yet the rule can help. I am very happy that the Government has accepted this suggestion given by the Committee. The Government has amended some definitions also.

One of the provisions which is causing me a little concern is this.

It is given in Clause 5. It says : "The Government shall not borrow from the Reserve Bank". If the Government does not borrow from the Reserve Bank and if it needs money, where will it get it from? It can get it either by raising the revenue or if it has to borrow, it shall have to borrow from the open market or from the international financial institutions. If it gets the funds from the international financial institutions, it is very good. It is because the rate of interest that would be required to be given on the funds procured from the international financial institutions would certainly be very comfortable. But, suppose, the Government, is not in a position to get the funds from the international financial institutions and if it is required to borrow from the open market, how will it help the Government? The rate of interest which it would be required to give to the Reserve Bank would be less and the rate of interest at which it would borrow from the open market will be very high. The hon. Minister was right in saying that the debt burden has increased to Rs.18 lakh crore and nearly Rs.1.18 lakh crore interest is given on that. Why has this happened?

Let us consider this fact. The State Governments are also suffering. This is happening because they are also borrowing from the open market. The Union Government is not borrowing from the open market as much as the State Governments have been doing. That is why, the debt burden of the Union Government is not very uncomfortable or is not as uncomfortable as the debt burden of the State Governments is. I know some of the States have already borrowed from the open market and the rate of interest at which they have borrowed is 16 per cent, 18 per cent. If you do not borrow at 4 per cent and if you are compelled by law to borrow at 18 per cent, how is it going to help the Government to reduce this fiscal deficit, I fail to understand.

This is one of the most important things which the Government has to consider. But we are willing to allow the Government to make use of this provision also and to see that the debt burden is reduced, the interest burden is also

reduced but at the same time we would also like the Government to see that they provide funds for the development of infrastructure. Without developing the infrastructure, we will not be able to develop the industry or agriculture or other professions and it will be very difficult to strengthen the sinews of our economy. So, as far as the development of infrastructure is concerned, there should be no dearth of funds. The Government is not coming forth and saying that they do not have the funds and that is why they cannot develop the infrastructure.

Secondly, there are many things which have to be done to help the people. For instance, take the case of drinking water. Drinking water is not available in the country at many places. Supposing the Government says that they do not have the funds and the Government is not borrowing from the Reserve Bank and if drinking water is not available to the people, who will suffer? It is the people who will suffer. The Government cannot be oblivious of the difficulties that the people will suffer because of this.

Thirdly, if you want to reduce the subsidies, by all means, rationalize the subsidies. If you want to scarp the subsidies which are given on foodgrains supply, the poor people will suffer. The poor people living in this country, do not have land, do not have industry, do not have shops and do not even have the jobs that they want. If the foodgrains are to be subsidized, you will not be in a position to deny them the subsidy on the foodgrains.

Fortunately, the Government has not reduced the subsidy on foodgrains. That is a good thing. But if somebody is suggesting that you should reduce the subsidy on foodgrains, that will not be useful. If we reduce the funds which are made available to the people to provide employment, it will not help. So, my submission on this point is that the Central Government shall not borrow from the Reserve Bank. I do not know how it is going to help.

Now we are suffering from the scourge of deficit. How do we do away with the scourge of deficit? We are asked this question sometimes and the answer does not come out of a law like this. I agree that the law would help to a certain extent, but the answer would come from something else. Where the answer is going to come from? The answer is going to come from good governance. I am not going to hold the Finance Minister responsible for good governance. I am not going to hold responsible any Minister as such for good governance. It is the totality of the Government which has to be responsible for good governance. If there is no good governance and if anybody is asking the Finance Minister to collect revenue and provide funds and see that development takes place, the Finance Minister will not be in a position to do anything. Every Minister of the Government, as a whole, has to be responsible for good governance.

Now, for instance, with regard to the power that we generate, we get the report that 40 per cent of the power is stolen. Sometimes we are told that it is the responsibility of the State Governments. Sometimes we are told that

they are not responsible for that. To some extent, what is stated to us is correct. It is not entirely the responsibility of the Government of India to see that the power is not stolen. It is for the State Governments also to see that the power is not stolen and the power stolen comes to 40 per cent of the power that is generated in the country. We are producing power and if that power is stolen, if we are not in a position to stop that kind of theft of power, the State Governments should be told to see that power is not stolen. The Union Government is also generating power and if that power is stolen, that should be stopped. If there are any transmission losses in taking power from the place where it is produced to the consumers, it should be stopped by adopting new technologies and if it is not done, it is not a good governance.

For instance, I had the occasion to examine the projects of the Government of India. The Committee had examined 200 projects of the Government of India. The information about this was given by the officers who appeared before the Committee and a Report was given. I am not going into all those details now and I am not going to read out from that Report. But I would like to say on the floor of the House that 200 projects of the Government of India in 2000-01 suffered from cost overruns and time overruns. What was the cost overrun involved? It was Rs. 16,000 crore over only 200 projects. If it is necessary and if anybody challenges my submission, I will get the Report and I will produce it, but I am not producing this Report now. If the cost overrun of only 200 projects is Rs. 16,000 crore, why should it not be stopped to reduce the deficit?

We have established power plants and we have constructed irrigation dams in our country. When the power plants are there and if 30 per cent of the stored water that can be used for generating power is not utilised and wasted, who is responsible for this? Maybe, the State Governments are responsible for this to some extent. This issue should be raised in the National Development Council and the people concerned should be told that this kind of wastage is not acceptable. In some States, I am told that only 18 per cent of the capacity of the power plants is used. If only 18 per cent of the capacity of the power plants is used and nearly 85 per cent of the capacity is not used, is it not inefficient governance? It may be inefficient governance at the level of the States and may be inefficient governance at the national level also. We, as a country, are responsible for this and if there is no formal mechanism for the Union Government and the State Governments to sit together and see that these kind of wastages are avoided, it will not help us. There is, at least, the National Development Council where the Chief Ministers and other Ministers of the Union Government sit together. Should it not be discussed there?

Was it discussed? If it was not discussed, why was it not discussed? If it is not discussed and if there is a deficit financing, one Minister cannot be held responsible. The entire system and all those who are governing at the national level and at the State level should be held responsible.

We want that there should be production. There is no proper planning and the plans are going haywire. I was studying the power generation. The Ninth Five Year Plan provided that 48,000 MW of electricity would be generated in five years time. It could not be. It was reduced to 28,000 MW of electricity. It could not be generated. It was reduced to 20,000 MW of electricity. What kind of planning is this? It is a wrong planning. Everything is going haywire. It speaks of inefficiency in planning. It speaks of inefficiency in implementation of the plan and this is wrong governance, inefficient Governance.

Unfortunately, we have no occasion to discuss the mid-term assessment of the Ninth Five Year Plan in Lok Sabha, to which the Government of India is responsible in financial matters and other matters. Fortunately, it was discussed in Rajya Sabha, but not in the Lok Sabha. Why was it not discussed in the Lok Sabha?

The point that I am trying to make is that unless you govern properly, unless you plan properly, unless you utilise the funds, which are available with you, you cannot reduce the deficit financing, you cannot strengthen your economy by having a piece of legislation like this. Having said that I welcome this, law. Having said that it is a welcome step, I am saying, where we are going wrong. We shall have to have a totalistic view, the holistic view.

Here we are considering financial matters and here we are not considering the problems which will be faced by the people, the problem of drinking water, the problem of foodgrains, the problem of transport, the problem of education, the problem of medical facilities, etc. If we are not considering them, then that would be a lopsided governance and it would not really help.

What are we discussing these days? These days, we are discussing disinvestment and downsizing of the Government. Disinvest, if you have to. We are not objecting to disinvestment *per se*. We are not saying that it should not be done. We are saying, 'do it in a proper manner, which can help you produce more; do it in a manner which can really help you'. All the time we are discussing downsizing of the Government. We are saying that those who are employed should be made unemployed, instead of providing employment. We are saying now that this is not going to inspire the people to put in their best to produce more. This is not going to help. The plan has to be correct. People have to be inspired. The existing strength of the country has to be developed and deployed.

What is the existing strength of the country? Natural resources, forests, water, land, human resources and all these

things are the strength of the country. You are not utilising them. You are trying to see that you have more money and your budget is a comfortable budget by having a law like this. It will help you, but it will not fully help you. Let us be very clear on this point. We are objecting to this kind of thing and I am taking an opportunity to highlight these side issues also which are equally important.

There is one provision in this law about which I would like to make my statement and I will take my seat, and that provision relates to the ouster of the jurisdiction of the courts. I wish you well on that point. As lawyers, we have studied it. The experts have given their opinion on this point. We are told that you may have a statute, which prohibits the courts from entertaining the cases. Probably, only by amending the Constitution, you may have it, but even the existing provisions of the Constitution have not helped and the courts have said, 'even if it is in the Constitution, they have inherent jurisdiction to do away with the patent injustice done to the people'.

15.00 hrs.

Now, this is the law. So, I am pointing out this thing just to make only this point that with this law, the Government has to be very very careful. If the Government slips here and there, the matter can be taken to the court of law. It would be very difficult to say that because of this provision which you have amended this provision to say that the court shall not entertain the case. Previously, the people will not take the case to the court. Now you are saying that the court shall not have the jurisdiction. It does not make any change. It will not help you totally. I wish that it helps you. I wish that there is no occasion for anybody to have a recourse to the court of law, to have the redressal or to show that what was expected was not that. That was the only point I wanted to make. I wish the Ministry all the best and I wish that this law will help you to improve. At the same time, I would like to share with you that this law alone will not help. There are so many other things which have to be done.

SHRI KHARABELA SWAIN (BALASORE): Sir, I rise to support this Bill. I congratulate the hon. Finance Minister for showing courage to bring back life to this Bill, even though the Standing Committee on Finance tried to remove all the teeth from it by making it a totally innocuous Bill only with some lofty intentions.

Sir, actually I knew that hon. Shri Shivraj Patil will initiate the talk and since he was the Chairman of the Standing Committee, I did not sit here to oppose him. I wanted to listen to him eagerly as to what he wants to say.

Sir, actually, as a Member of this Standing Committee on Finance, I had very strong objections to the recommendations made by the Standing Committee. Now, the point is - what hon. Shivraj Patil said - that the Government wanted to tie down its own hand and it wanted to tie down its own hand too much. My point is, if any Government wanted to tie down its own hand with regard to the fiscal deficit or the revenue deficit of the country, they want that it should be reduced and it should be reduced in a phased manner, which should be totally eliminated after a fixed number of years then why should anybody object to it? Why should we say that it may jeopardise the policy of any future Government? When a future Government comes and if it desires that it is too much tying down their hands, it can pass another legislation. Parliament is always there. Parliament can always say that the Bill passed by the previous Government was wrong. It can always say. But when a Government desires that it wants to tie down its own hands, it wants to bring back prosperity to this country, it should not have been opposed.

Sir, during the last 20 years, India's economic growth has increased from three per cent to six per cent per annum. Till 1970s, the borrowing was confined mainly to financing of capital expenditure for productivity. But, after that, we started borrowing to finance the current consumption, to finance the current deficit also. Now, the hon. Finance Minister said that the total liability of the Government of India, as on now, is Rs.18 lakh crore. This is the Report of the Committee on Fiscal Responsibility Legislation.

This Report was given on 4th July, 2000. According to that Report, the total liability of the Government of India in 2000 was Rs. 12 lakh crore. Only within a span of three years - not even three years - it has gone up by another Rs. 6 lakh crore. When it has gone up by another Rs. 6 lakh crore, is it not the responsibility of the Government to tie down its own hand, to put some pressure on itself to desist from populism? Populism has never helped any country.

I was surprised when the hon. Member, Shri Shivraj V. Patil said that this Government is only worried about downsizing the Government and disinvestment of the Public Sector Undertakings. About one and a half years back, when I had been to China, I had asked a question to the Prime Minister of China at a dinner party. I said: "About three lakh Public Sector Undertakings in China have been closed down. Why have you closed them? Yours is a

proletarian country. Why have you done so? What about the people who have lost their jobs? How are you going to provide them with alternative jobs?" He said: "When we started a Communist State, we had a belief that if we provide government job to everybody, then everybody will have a source of earning. So, we tried to provide job to everybody. Where there was a possibility of one person working, we saw to it that 10 persons were employed in the same place. So, there was actually a hidden unemployment of nine persons. Now, we find that out of all these ten persons, nobody is interested to work. That is why, we have changed our policy and we now see to it that whatever number of people are actually required to work in a place are only employed and other people should be provided with alternative employment."

Sir, I am fully with Shri Shivraj V. Patil when he said that good governance is a thing which will provide employment and also provide prosperity in the country. I fully agree with him. But does it mean that just to provide employment to 19 lakh people of this country in the Public Sector Undertakings, we will get about Rs. 2,79,000 crore stuck with the 224 Public Sector Undertakings? We have borrowed money from outside with 12 per cent interest per year but in the Public Sector Undertakings, the earning that we are getting is only 3.5 per cent per year. So, for every Rs. 100, we are losing Rs. 8.5 every year. Do we call this as 'good governance'? This is not good governance. This is what I call 'populism'.

There was a time when the private sector was not coming forward to set up industries because they did not have money at that time. So, I agree that Jawaharlal Nehru had said: "The Public Sector Undertakings are the temples of the country, which are setting up industries. These are the *navratnas* of India." Is the situation same today? The Public Sector Undertakings earned profits when they were having monopoly and there was nobody to compete with them. But in today's globalised world, they are no more profit-making.

They will never be profit making because the Government policy is such that they cannot compete with the private sector. They cannot take any quick decision. It is simply not possible because you will have to pass the file through several Ministries, several Departments and it will pass through several hands. It will not be possible. Suppose in the Monsoon Session, you go to a private hotel and say, you give me 50 per cent rebate, immediately the manager will give you. If you go to a Government hotel, he will say how can I do it; the CBI will catch me; the Vigilance people will catch me, the C&AG will catch me; and so I will not be able to do this. So, this is what I mean to say. This is not good governance.â€ (Interruptions)

SHRIMATI RENUKA CHOWDHURY (KHAMMAM): You send all the labour force home and finish them. ... (Interruptions) वहां जो मजदूर काम कर रहे हैं, उनका क्या होगा? आपने देश को बेच दिया। â€ (व्यवधान)

SHRI BIKRAM KESHARI DEO (KALAHANDI): Mr. Deputy-Speaker, may I just intervene? ... (Interruptions)

SHRIMATI RENUKA CHOWDHURY : Today, the Public Sector Undertakings are being sold (Interruptions) आज पर्दा खुल गया और हमें बात समझ में आ गई। â€ (व्यवधान) इन्होंने सारी पोल खोल दी। â€ (व्यवधान) आखिर, आप क्या चाहते हैं?

SHRI BIKRAM KESHARI DEO : It is because of the Congress misrule. I would just like to remind that 14 States are being ruled by the Congress Party and they are unable to implement the Fifth Pay Commission in toto. They are unable to pay the salaries to the staff. The growth rate has come down considerably.... (Interruptions)

MR. DEPUTY-SPEAKER: If there is any objectionable thing, I will ask him to withdraw.

... (Interruptions)

SHRIMATI RENUKA CHOWDHURY : What are you talking? ... (Interruptions) क्या आपने मेहनत-मजदूरी करके कमाया है? â€ (व्यवधान)

आप नहीं जानते कि कमाई क्या चीज है? ... (Interruptions) I have just come from one of the coal mine areas. All the workers are working underground there so that these people in the Government can take money from them.

SHRI BIKRAM KESHARI DEO : Sir, 14 States are ruled by the Congress Party.... (Interruptions)

SHRIMATI RENUKA CHOWDHURY : One day, we will rule and we will show you what governance is. This has happened when an immature Government with no experience of governance rules the country. This is the way people will talk.... (Interruptions)

MR. DEPUTY-SPEAKER: No more interruptions please. We do not have time to intervene.

SHRI KHARABELA SWAIN : You heard what the hon. Member, Shri Shivraj V. Patil said. He said he is not opposed to privatisation or disinvestment *per se*. He said only the process should be okay. That is what exactly he said. The hon. Member, who is opposing me now, was not there at that time. All of a sudden, she enters the House. She wants to make her presence felt. So, all of a sudden, she gets up and starts making a speech....(*Interruptions*)

SHRIMATI RENUKA CHOWDHURY : The trade union people will tell you what presence is felt outside. What background do you have? You have no background....(*Interruptions*)

SHRI KHARABELA SWAIN : Madam, I am incapable of quarrelling with you. You are the only *â€|â€|â€|â€|â€|â€|â€|** in this House. So how can I counter you? ...(*Interruptions*)

SHRIMATI RENUKA CHOWDHURY : The Women's Reservation Bill was thrown out by this Government....(*Interruptions*)

PROF. A.K. PREMAJAM (BADAGARA): That unparliamentary word should be expunged from the record. It is not parliamentary.

MR. DEPUTY-SPEAKER: That would be expunged from the record.

...(*Interruptions*)

MR. DEPUTY-SPEAKER: That is expunged. I expunged it.

SHRIMATI MARGARET ALVA (CANARA): He is a gentleman. It is not a joke. He cannot insult a woman Member like this.

MR. DEPUTY-SPEAKER: Shrimati Margaret Alva, I have already expunged that.

PROF. A.K. PREMAJAM : We have seen what happened yesterday on the Women's Reservation Bill. ...(*Interruptions*)

MR. DEPUTY-SPEAKER: Prof. Premajam, let us hear him.

SHRI KHARABELA SWAIN : I am very happy that at least in clause 4 of the original Bill a provision was made. *â€|*.(*interruptions*)

MR. DEPUTY-SPEAKER: What is that laughing?

SHRI KHARABELA SWAIN : Sir, at least, you listen to me.

SHRIMATI RENUKA CHOWDHURY : The trade unions are listening to you outside.

SHRI KHARABELA SWAIN : Sir, in the original Bill, in clause 4, it was provided that after the implementation of this Bill, every year the fiscal and the revenue deficits will be reduced by 0.5 per cent. That is what I was telling that it was the only teeth that was provided in this Bill, but actually it was removed. It was recommended by the Standing Committee on Finance that it should be removed.

**Expunged as ordered by the Chair*

I congratulate the hon. Minister of Finance for he has shown the courage and again brought that same provision and the same tooth through the rules though not through the Bill. I appeal to him that he should bring these rules as quickly as possible and tie down the hands of his own Government because only by tying down the hands of his own Government would he be able to do away with all the pressures that are exerted on him.

Another question was raised by hon. Member Shri Shivraj V. Patil as to why a provision has been made so that the Central Government shall not borrow from the Reserve Bank of India. He also mentioned that if we did not borrow it from the Reserve Bank of India, we might borrow from outside, if it were required, so that the interest rate would be increased. We asked the same question to the Governor of the Reserve Bank of India. He said that even if the Government was borrowing from the Reserve Bank of India, the Reserve Bank of India was also ultimately borrowing from outside and providing it to the Finance Minister. So, whether we borrow from the Reserve Bank of India or from outside, it means the same and by borrowing from outside we would not increase the rate of interest. Therefore, it is a very good thing that the Government should put a restriction on itself that it should not borrow from the Reserve Bank of India and I commend that.

I also commend the fact that the Bill has provided that the Budget-making process should be made transparent. It should be transparent. Now, the people of India do not know how the Budget is actually prepared. So, the Budget-making process, excepting a few things, should be made transparent. More and more people, specifically hon. Members of Parliament, should be involved in this process before the Budget is actually prepared so that it would be transparent.

Lastly, I just appeal that for the better governance of this country, the tax-GDP ratio should be increased, there should be better debt and cash management to reduce the interest burden, there should be rationalisation of subsidies and user charges, the pattern of parastatal funding should be reviewed, the environment and forests of this country should be protected and there should be creation of employment opportunities by improving infrastructure and improving economic growth.

With these words, I conclude.

SHRI RUPCHAND PAL (HOOGLY): Mr. Deputy-Speaker, Sir, for the last five decades, the Indian economy has been facing its own difficulties. One of the difficulties has been related to the Government's borrowings. In Article 292, the Constitution-makers had visualised a situation when Parliament would have to intervene and stop reckless and desperate borrowing by the Government. But what is coming out today, since the beginning of the reforms and the 1991 experience, is as if the fiscal deficit is the villain of the piece and as if the whole economy is suffering because there is fiscal deficit. Of course, the problem of fiscal deficit is being rightly addressed and the recommendations of the Standing Committee have to a large extent rationalised the situation.

There is an over-enthusiasm of the Government towards well-worn, repeated clichés being pronounced by the Brettonwoods institutions in the name of structural adjustments. What is happening to the countries that have opted for structural adjustment? What has happened to the European Union and what has happened to the developed countries?

What has happened to the developing countries of the world? But India, as such, is a developing country, with a great potential. It is basically an agricultural country. We had the potential to grow our industry also with a strong foundation of the capital goods sector in the public sector undertakings. What is the problem of the country's economy today? There is a severe recession in demand. There is rising of unemployment. If the villain of the piece is fiscal deficit, is there any relation between the fiscal deficit and inflation? These are the studies. I have got one such study, which is a very decent study, about the relationship between the fiscal deficit, GDP and inflation. Eminent people made studies about the countries which have taken measures to curb fiscal deficit or those which have modified the Brettonwoods prescription according to needs of the country.

What we want to say is that the country needs public expenditure and the Government has, this way or that way, admitted it. For example, the Government says that in the infrastructure sector, Rs. 75,000 crore or even more than that need to be invested. The problem, repeatedly being admitted by the Government is that for the last several years, there has not been much of public investment in agriculture in terms of irrigation and in terms of many other things. I am not elaborating it. The steps that have been taken, instead of creating employment, have taken away the employment opportunities. My question is that in the name of fiscal deficit, will it be that the capital expenditure will be allowed to suffer as it has happened in this year's Budget and as it has happened for the last several years?

Let me take up our budgetary exercise. A substantial amount has to be given to the Defence expenditure. It is almost pre-determined. I am not commenting that security concerns should be neglected or not and how much is adequate for the security management. But if you see the Defence Budget, the amount given to them is kept unutilised for quite a long period. When you are taking fiscal deficit into account, of course, the Government's consumptive expenditure is rising and rising.

What steps did they propose to control this consumptive expenditure? But I find that during the last several years, while saying so much about fiscal deficit-- perhaps, in the Budget 2000-01, the hon. Minister of Finance had stated about this particular legislation they were thinking -- that during the pre-reform five-year period from 1990-95 -- at that time the Congress Government was there -- the capital expenditure as a proportion of Central Government expenditure had averaged 32.62 per cent, as can be seen from the various issues of the Expenditure Budget of the Union Government. The Budget documents of the Union Budget 1996-97 show that during the reform period, the capital expenditure declined sharply from 30.18 per cent in 1990 to 24.40 per cent, and further to 24.5 per cent in 1994-95. No. You do not spend money for building up the infrastructure, for building up the institution, for building up the human resources, for building up the necessary social sector, which is essential to build up our economy. You spend only on the prescription of the Brettonwoods Institutions. I do not say that there should not be any limit, there should not be any attempt, any endeavour to curb and control the non-Plan expenditure.

But, instead of admitting this problem of consumptive expenditure during the reform period – I have mentioned about the Congress regime from 1985 to 1990 and then from 1991 onwards – there was a decline in capital expenditure although all the pious things about the Golden Quadrilateral, roads, infrastructure, ports, airports, public-private partnership, etc. have been said. But there is no attempt to address the real situation to create the demand, to create the jobs and a borrowing is made by the Government. It is being said that the Government, through rules, on the basis of the recommendations of the Standing Committee, have decided that the ceiling and the timeframe will be flexible.

15.26 hrs. (Shrimati Margaret Alva *in the Chair*)

It will be flexible rather than the rigid proposal that was there originally. This flexibility is welcome. But this mindlessness of the policy, considering the fiscal deficit as the villain of the piece, is another distortion in the philosophy of those who are advocating the so-called reforms, which has nothing to do with an Indian model of development that is necessary, with emphasis on more public expenditure in agriculture, with more public expenditure in our infrastructure.

The fiscal deficit as such is not bad if it is productive and if it ultimately gives returns after five years. As hon. Member Shri Shivraj Patil was mentioning, several thousands of crores of rupees are locked up in several Central Government projects. What do they propose to do? How do they propose to rectify the situation? They are not addressing such issues. Is it not the responsibility of the Government? What do they say? They say that one of the responsibilities of the Government is revenue augmentation, building of surplus amount of revenue and utilise such amount for discharging the liabilities in excess of assets. Where is it mentioned in this Bill about that responsibility?

We would find that over the years whatever target was fixed in the Budget proposals, ultimately in the revised Budget, it had to be brought down and ultimately the actual was far too less. If that be so – I have mentioned it earlier also and I am again mentioning – then, in a country of 110 crore people, one lakh luxury cars are sold in one year and only 71,000 people declare that they have an income of more than Rs. 10 lakh in a year. If that be so, what is it that the Government is thinking about it? They have brought down the tax rates and tariffs and they have proposed to provide as much hassle-free and harassment-free system as possible and also that it should be an assessee-friendly approach. I have no objection to that. But then, why should those who are supposed to pay, should escape? The Indian money is going abroad and is being re-invested in our country. It is a known truth, admitted the world over. No one discusses about the black money. Someone was comparing the Indian situation with the Chinese situation. The non-resident Chinese account for 85 per cent of the foreign investment there. They bring back the money. In our case, our money goes out only to come back to India in a different form. These loopholes are to be properly plugged.

Of course, it is true that it is a problem that has not suddenly cropped up as this Government came. The problem has been there. The problem of revenue deficit, the problem of budget deficit has been there, but the fiscal deficit is villain of the piece as if there is no other problem in the country. I thoroughly oppose this view. Of course, the Standing Committee has, to a large extent, modified the original proposal which was according to direct prescriptions of the Brettonwoods Institution. They have caused havoc to many people.

I am just referring to two or three studies about the relation between inflation and GDP. In the year 1985-86, the fiscal deficit increased substantially by 25.5 per cent over that of the previous year. It was a Congress regime. I do not hold any brief for any other regime because, after all, the so-called reforms were initiated in 1991 when they were in the Government. Still, what is the study? Fiscal deficit as a proportion of GDP was considerable, at 8.3 per cent, and yet, inflation was moderate at 4.5 per cent. What does it signify? Now they have come to a conclusion about post-90s. The year 1991-92 positively shows an absence of any casual connection between inflation and fiscal deficit, but ultimately, we find that later on when agriculture has done well, the industry has done well - because there is a slow down in the economy - maybe, for the last two to three months, there is some improvement here and there. From the better performance of our agricultural sector and industrial sector, it may be inferred that fiscal deficit had major impact on the inflation during the year 1994-95. It was not so. This study is making a study in the Indian situation about the inflation, about the GDP and about the fiscal deficit. Not only in a country like India, but even those who accepted the prescription of the IMF or the World Bank do consider, as we are doing, fiscal deficit as the villain of the piece. We do find that the theory that is being propounded has no basis at all. Repeatedly it is based this way or that way. The Prime Minister has also once admitted that we need public expenditure.

Madam, I will not take much time. I will complete in two or three sentences. I understand by your look that you are going to ring the bell.

MADAM CHAIRMAN : I am glad that my looks are very revealing.

...(Interruptions)

SHRI RUPCHAND PAL : Yes.

The revenue raising responsibility of the Government is one area which is being repeatedly neglected by the Government. Of course in a society, the particular classes, the industrial houses, the rich people, the rural rich, and those who help the political class in the Government, must enjoy the concessions and the benefits, but the way we are enjoying them in a country like India is unbelievable in any developed capitalist country, even in areas of chronic capitalism.

The States have their problems of fiscal deficit also. They are trying hard and at a certain stage, they are, through their own experience, trying to improve the situation. I am just mentioning two States – West Bengal and Punjab. I am reading from a Report of the Government of India that West Bengal and Punjab have been consistent defaulters and have projected decline in the percentage of borrowings. How are they doing and how will the Central Government help them? Of course, regarding high-cost debt, there was a swap and the Government is also thinking about it with the nationalised banks and institutions in other areas.

How is it going to be helpful, and how is it going to be implemented are big questions. I am going to conclude, Madam.

Fiscal deficit is a problem and revenue deficit is a chronic problem. There have been budget deficits which resulted directly in note-printing and inflation. But what we are doing today on the basis of the prescriptions of the Brittonwoods institutions has nothing to do with the needs of the situation. Our economy has slowed down. There is demand recession. We need public expenditure. We need even by borrowing, productive investment in the capital expenditure. This does not mean that reckless expenditure should continue, which is happening in the case of the Central Government that the Ministries are going up, the number of Ministers is going up.

MADAM CHAIRMAN : You must conclude now.

SHRI RUPCHAND PAL : I am concluding. There was an assurance, on the basis of a Committee's recommendation that the post of one Secretary has been removed. That is the implementation part of it. On the other hand, hundreds and thousands of Central Government employees are being retrenched or forced to take VRS. This situation cannot be allowed. I think the recommendation of the Standing Committee has modified the situation, but the thinking of the Government is absolutely wrong. Fiscal deficit is not the villain. The villain is the philosophy of the Government, which they propounded in the name of economic reforms, on the prescription of the IMF and the World Bank.

DR.M.V.V.S. MURTHI (VISAKHAPATNAM): Madam Chairperson, today it is a very significant step towards the physical discipline. That is what is very much needed from a responsible Government.

Many of us always feel that irresponsible spending will lead us to debt trap. That is what has happened today to the country. In 2000, the debt was Rs. 12 lakh crore. In the middle of 2003, the debt is Rs. 18 lakh crore. Every year we are adding to it by 6 per cent. This year the interest burden is Rs. 1.23 lakh crore. By next year, it will be Rs. 1.6 lakh crore. We should either improve our revenues, or curtail our expenditure.

Many of our enlightened Members, including Shri Shivraj V. Patil, have stated that it may be difficult for the Government totally to confine themselves within the framework or the parameters of not borrowing either from the revenue account or from the capital account or from the Reserve Bank or from any other source. According to me, borrowings should be confined only for the capital expenditure and not for revenue expenditure. We should not allow this country to slide down. Whatever we collect by way of taxes is not sufficient even to meet the revenue expenditure. The revenue expenditure consists of salary, wages, and interest burden. If that is the case, in the future years, it may become difficult for us even to get money from other sources. Nobody will give even if we ask for money.

This has happened a few years ago -- until the Government of India had sent gold all the way from here to London, it could not borrow money. That was one of the worst situations that we had faced. Today, we may be comfortable because of the revenue earnings and NRI deposits. However, we cannot consider the NRI deposits as direct foreign investment. The money is being put in the depository account and it is likely to be withdrawn as and when they require it.

I suggest that this Act should be used by the hon. Finance Minister to curb irresponsible borrowings in the first

instance. The borrowings should be confined only for developmental activities so that it will generate revenues. If we let the debt burden to come down to a reasonable level in the next five years, then we will be able to service it in the coming years. It does not matter even if it is not used in developmental work, but we should not end up spending all our revenues on repayment of the debt or on the interest. This sort of a situation has to be corrected.

In the last decade, many of the countries, which have good governance, have resorted to this sort of legislative measures, that is, budgetary management, fiscal management. In Australia, they call it 'Honest Budgetary Act'. This is a sort of reminder to the Government of its responsibility to keep its expenditure within its means and, particularly, to contain the revenue deficit, which is caused by various reasons. We are not against giving subsidies. Wherever it is necessary, subsidies should be given, and we are not against that. However, I should not be mistaken when I say that in the past, we were unnecessarily making budgetary provisions to run the public sector undertakings and to pay the salaries. We used to provide for it in the Budget. It means that public money is being wasted, and this should be corrected.

There is one danger in enacting this law. As long as we look at the angle of curtailing the fiscal deficit, the Governments may resort to rigorous taxation to cover up this. The Governments should not resort to heavy taxation to cover up the deficit. This should be kept in mind, while preparing the Budget Estimates so that people are not burdened. If you burden them, you will not get more taxes.

This is only a temporary measure; it is a balancing act. This is a very daring step. I congratulate the Finance Minister for taking such a bold step and for confining himself within the parameters of fiscal management. We are passing this Bill today, but we will see the results only after some time. In the past, there were no such limits. As and when the Governments wanted, they used to borrow money left and right. Ultimately, we have been put in this tricky situation where the debt became unserviceable. Therefore, for the management of this debt in a prudent way, we require this legislation, and this Fiscal Responsibility and Budget Management Bill is a step in that direction. I feel that various steps will be taken in the years to come to further prune the expenditure.

If the expenditure is pruned, disposable surpluses will become available which could then be utilised for building up capital and revenues. If we do not take a step in that direction now, the country will get lopsided in its developmental activities. I feel that this Bill is necessary for the country now. This is a step in the right direction. I congratulate the Minister for bringing this Bill forward and I extend my support to the Bill.

श्री धर्म राज सिंह पटेल (फूलपुर) : सभापति महोदय, राजवित्तीय उत्तरदायित्व और बजट प्रबंध विधेयक, 2000 को मैंने यही देखा है इसलिए मैं इस पर ज्यादा कुछ नहीं कह पाऊंगा। लेकिन कुछ बातें जो हमने अभी देखी हैं, उसको मैं जरूर कहना चाहता हूँ। इस बिल में दिखाया गया है कि अभी 12 लाख करोड़ रुपये का दायित्व भारत सरकार पर है जिस पर प्रति वा एक लाख करोड़ रुपये का ब्याज लगता है। सरकार जो पैसा प्राप्त करती है, तीन रुपये में से दो रुपये वर्तमान कर्जादाताओं से लेती है और शेष एक रुपया भारत सरकार भावी पीढ़ी पर डालती है।

सभापति महोदय, हमने अखबारों में पढ़ा है कि भारत वा के हर व्यक्ति पर साढ़े चार हजार रुपये का कर्जा है। हम इसमें कांग्रेस के साथियों को भी शामिल करना चाहेंगे क्योंकि 45 साल तक इन्होंने एकछत्र राज किया। उस राज में आपने लगातार वित्तीय घाटे का बजट पास किया। आज हालत यहां तक पहुंच गयी है कि हर व्यक्ति पर साढ़े चार हजार रुपये का कर्ज है।

ऐसी स्थिति में यह जो बिल लाया गया है, वास्तव में बहुत महत्वपूर्ण है। इसके लिए हम वित्त मंत्री जी का स्वागत करेंगे। यह बिल लाकर भारत सरकार या वित्त मंत्री जो भी नीति अपनायेंगे, उस वित्तीय नीति की जानकारी उन्हें संसद के माध्यम से पूरे देश को देनी पड़ेगी। हम इतना कहना चाहेंगे कि भारत की जनता अपने उम्र या अपने देश के उम्र कर्जा नहीं देखना चाहती। खासकर गांव के लोग, मध्यम वर्ग के लोग नहीं चाहते कि हम बैंक से उधार लें। वे भूखों रहकर अपनी खून पसीने की कमाई से कम खर्च में अपना काम चला लेते हैं।

भारत सरकार या राज्य सरकारों की जिम्मेदारी है कि वे देश का विकास करें, बुनियादी चीजों की सुविधा प्रदान करें। लेकिन आपको इतना बड़ा अधिकार कहां मिल जाता है कि आप हर व्यक्ति के उम्र कर्जा लादे रहें। मैं इतना ही कहना चाहूंगा कि अगर भारत सरकार में आज भी साहस है, हिम्मत है, कांग्रेस ने गलती की तो की लेकिन जसवंत सिंह जी, थोड़ी हिम्मत कीजिए। इस देश में काफी ब्लैक मनी है, अथाह पैसा है, अरबों-करोड़ों रुपये इस देश के नौकरशाहों और बड़े-बड़े पूंजीपतियों के पास हैं। 80,000 करोड़ रुपये से एक लाख करोड़ रुपये तक का कर्जा बैंकों का डूबा हुआ है, एक करोड़ रुपये से लेकर 50-100 करोड़ रुपये तक भारत के बड़े-बड़े उद्योगपति बैंकों से लोन लेकर बैठे हैं और वे आपके साथ नाश्ता करते हैं, कभी-कभी हमसे भी कहा जाता है कि आप भी इसमें शामिल होइए। अगर आप थोड़ी हिम्मत करें तो आपका कर्जा कम हो सकता है। आप लोगों से क्यों डरते हैं, नौकरशाहों से क्यों डरते हैं। यहां बड़े-बड़े नौकरशाह, आई.ए.एस., आई.पी.एस. हैं, यहां एक नेता दूसरे नेता पर आरोप लगा रहा है, एक-दूसरे पर कटाक्ष कर रहा है लेकिन अगर इस देश को कोई खा रहा है तो वे इस देश के नौकरशाह हैं। थोड़ी-बहुत जिम्मेदारी हमारी है, हमारी सरकारों की भी है। हमने पढ़ा नहीं है लेकिन जो जानता हूँ, वह बोल रहा हूँ, मैं किताब पढ़कर नहीं बोल रहा हूँ, मेरे दिमाग में जो आ रहा है, बोल रहा हूँ। मैं इतना ही कहना चाहूंगा कि आप थोड़ा दृढ़ हो जाइए और इस वित्त वा में चुनावों का मोह छोड़ दीजिए। आप सन् 2004 में चुनाव करवाएंगे या कब करवाएंगे, यह आप जानते होंगे। श्री चिदम्बरम ने एक बार कहा था कि लोग अपने रुपयों की स्वेच्छा से घोणा करके अपनी ब्लैक मनी को व्हाइट मनी में कन्वर्ट कर सकते हैं। 10,000 करोड़ रुपये से अधिक लोगों ने स्वयं अपनी ब्लैक मनी को व्हाइट मनी में करवा दिया था। जो बड़े-बड़े आई.ए.एस., आई.पी.एस. अधिकारी हैं, बड़े-बड़े पूंजीपति हैं, अगर आप उन पर सख्ती करेंगे तो हम समझते हैं कि कम से कम एक-तिहाई पैसा इस साल भी वसूला जा सकता है, कर्जा कम किया जा सकता है।

आपने अपने बजट में बड़े-बड़े लोगों को छूट दी है, बड़े-बड़े लोगों को रियायत दी है। आपने गरीब लोगों को बहुत कम सुविधा प्रदान की है, चाहे वह शिक्षा के क्षेत्र में हो, स्वास्थ्य के क्षेत्र में हो या अन्त्योदय का सवाल हो। आप जो अनुपूरक बजट लाएंगे, उसमें सख्ती कीजिए। इस देश पर जो कर्जा लद रहा है, उसे कम कीजिए। मैं

यहां तक कहता हूँ कि एक बार आप घोणा कर दीजिए कि अब हम कर्जा नहीं लेंगे। श्री वी.पी. सिंह ने एक बार ऐसी घोणा की थी। अगर आप घोणा कर देंगे कि हम देश की

आवश्यकता के लिए विदेशों से कर्जा नहीं लेंगे तो गरीब आदमी एक रोटी कम खाएगा लेकिन आपके कर्जे को भरने के लिए पूरा सहयोग देने को तैयार रहेगा। इसी निवेदन के साथ मैं अपनी बात समाप्त करता हूँ।

श्री रतन लाल कटारिया (अम्बाला): सभापति महोदया, माननीय जसवंत सिंह जी के द्वारा जो राजवित्तीय उत्तरदायित्व और बजट प्रबंध विधेयक, 2000 पेश किया गया है, मैं इसके समर्थन में बोलने के लिए खड़ा हुआ हूँ और जसवंत सिंह जी को बधाई देना चाहता हूँ कि जिस खतरे को आजादी से पहले ही बाबा अम्बेडकर ने महसूस किया था और भारत की संविधान सभा में बोलते हुए उन्होंने जो आर्टिकल 268 प्रेम किया था जो कि वर्तमान के भारत के संविधान का आर्टिकल 292 है, उसकी चर्चा संविधान असम्बली में करते हुए बाबा अम्बेडकर ने कहा था कि अगर हमने देश की आजादी के पश्चात समय रहते सरकार की उधार लेने की क्षमता के उम्र अंकुश नहीं लगाया तो जो हमारी आने वाली पीढ़ियाँ हैं, वे ऋण जाल के अंदर फंसती चली जाएंगी।

इसी तरह की सिफारिश लोक लेखा समिति ने की, प्राक्कलन समिति ने की, कम्पट्रॉलर एंड ऑडिटर जनरल ने की और आरबीआई ने की लेकिन आज से पहले की कोई भी सरकार यह हिम्मत नहीं जुटा पाई कि केन्द्र सरकार के उम्र कर्जे का जो बोझ सुरसा के मुँह की तरह बढ़ता जा रहा है, उस पर कैसे अंकुश लगाया जाए। जिस समय यशवंत सिन्हा जी ने यह बिल रखा, उस समय देश के उम्र बारह लाख करोड़ रुपये का कर्जा था जो हमारे वार्षिक राजस्व से लगभग 6 गुना ज्यादा था और जो आज बढ़कर 18 लाख करोड़ रुपये हो गया है। इसी तरह से इस राशि के उम्र प्रतिवर्ष एक लाख करोड़ रुपये का हमें ब्याज देना पड़ता है जो हर साल इसमें शामिल हो जाता है और हम देखते हैं कि हमारे टोटल एक्सपेंडिचर का एक तिहाई ब्याज के अंदर ही चला जाता है। मैं यह कहना चाहूँगा कि जब भारत आजाद हुआ तो उसके सामने एक बड़ी चुनौती थी कि हम विकास के किस मॉडल को अपनाएं। उस समय महात्मा गांधी ने भी एक मॉडल देश के सामने दिया कि भारत की अर्थ-व्यवस्था को ग्रामीण स्तर पर बनाया जाए। इसी तरह से उस समय लोकमान्य तिलक जी ने गीता रहस्य में अपने आर्थिक विचार प्रकट किए और उसी समय पंडित दीन दयाल उपाध्याय जी जो जनसंघ के अध्यक्ष थे, उन्होंने एकात्मवाद का इतना बेहतरीन मॉडल हमारे सामने रखा और मेरा यह दृढ़ मत है कि अगर हमने दीनदयाल उपाध्याय जी के एकात्मवाद के मॉडल को अपनाकर देश की आर्थिक नीतियां उसके लैवल पर बनायीं होती तो आज भारत ऋण जाल में नहीं फंसता और हमारा देश दुनिया में बहुत बड़ा आदरणीय देश होता लेकिन आजादी के बाद हमने विकास के लिए नेहरू जी का मॉडल अपनाया और यद्यपि उस मॉडल से देश के अंदर कुछ तरक्की आई है लेकिन आज देश के उम्र 18 लाख करोड़ रुपये का कर्ज भी हम देखते हैं।

16.00 hrs.

देश के अंदर 45 वाँ से भी ज्यादा समय तक कांग्रेस पार्टी का राज रहा है। कांग्रेस पार्टी के इन 45 वर्षों के शासनकाल में जो नीतियां अपनाई गईं, मुख्य रूप से उन नीतियों के परिणामस्वरूप आज देश कर्ज के जाल में फंसा हुआ है। मुझे एक बार कहीं पढ़ने का मौका मिला कि किस तरह से देश की इकोनॉमी के साथ राजनेताओं ने, भ्रष्ट अधिकारियों ने और सत्ता के दलालों ने खिलवाड़ किया। किस तरह से देश के अंदर एक के बाद एक स्कैंडल हुए।

सभापति महोदया : बिल पर बोलिए।

श्री रतन लाल कटारिया : मैं बिल पर ही बोल रहा हूँ। मैं कह रहा हूँ कि यह जो ऋण जाल बन रहा है, यह कैसे बन रहा है। बहुत साल पहले मैंने अखबार में पढ़ा था कि उत्तर प्रदेश के मुख्य मंत्री हवाईजहाज में बैठ कर लखनऊ से दिल्ली के लिए आते हैं। जब वह हवाईजहाज दिल्ली उतरने के लिए तैयार हुआ तो उनको याद आया कि मेरा कुर्ता-पायजामा तो लखनऊ ही रह गया, तो वह हवाईजहाज को वापस लखनऊ ले गए। किस तरह से एक छोटी सी चीज के लिए सरकारी साधन और पैसे के साथ खिलवाड़ किया गया। यह पहले नहीं, आज भी हो रहा है।

सभापति महोदया : क्या दिल्ली में कुर्ता-पायजामा नहीं मिलता ?

श्री रतन लाल कटारिया : किस तरह से नेता लोग अपने बच्चों को सरकारी हवाईजहाजों में घुमाने ले जाते हैं। किस तरह से बड़े-बड़े अधिकारी क्लास वन श्रेणी में हवाई यात्रा करके बड़े-बड़े होटलों में ठहर कर देश की आर्थिक स्थिति को चूना लगा रहे हैं, यह इससे मालूम होता है। मैं वित्त मंत्री जी से निवेदन करूँगा कि आज वक्त आ गया है, उन्होंने यह जो बीड़ा उठाया है देश में वित्तीय मामले में स्टेबिलिटी और एकाउंटैबिलिटी लाने का, मैं उसके लिए इनका स्वागत करता हूँ। मैं इनको इस बात के लिए भी बधाई देना चाहूँगा कि किस तरह से इन्होंने देश की वित्तीय स्थिति को सुधारने के लिए कल ही सर्विस टैक्स को इनकम टैक्स के दायरे में लाने के लिए संविधान संशोधन विधेयक पेश किया और सदन ने उसको पास किया। मैं एन.डी.ए. सरकार को बधाई देना चाहूँगा कि उसने वित्तीय संस्थाओं पर अंकुश लगाने के लिए और फिस्कल मैनेजमेंट के लिए मंत्रिमंडल के आकार को दस प्रतिशत तक रखने का विधेयक पेश किया। मैं उसका भी स्वागत करता हूँ।

सभापति महोदया : कृपया समाप्त करें।

श्री रतन लाल कटारिया : अभी तो मैंने शुरू ही नहीं किया।

सभापति महोदया : आपने जो लिखा है, वह मंत्री जी को दे दें, क्योंकि इस विधेयक पर काफी सदस्य बोलने वाले हैं।

श्री रतन लाल कटारिया : मुझे आप पांच मिनट और दे दें। मैं सरकार को बधाई देना चाहूँगा कि आज इस प्रकार का कानून आया, उसको लाने की हिम्मत दिखाई। जापान में 5 और 9 अगस्त, 1945 को जब हिरोशिमा और नागासेकी पर एटम बम गिराए गए थे, तो जापान की अर्थव्यवस्था ध्वस्त हो गई थी। उन्होंने भी 1970 में इस प्रकार का बिल को लाकर अपने देश की इकोनॉमी में सुधार किया। इसी तरह से चाइना ने भी, जिसने करीब-करीब हमारे साथ ही, 1949 में दूसरा माडल विकास का अपनाया था। आज न्यूजीलैंड जैसे देशों ने अपनी आर्थिक व्यवस्था को इस प्रकार के बिल बनाकर ठीक किया है। आज हमारी सरकार ने जो बैलेंस आफ पेमेंट जो पिछले 24 साल तक निगेटिव था, पोजिटिव किया है।

जो पहले 1998-99 में चार बिलियन नैगेटिव में था, वह आज 1.3 बिलियन पॉजिटिव में आ गया है। ---एक्सट्रानल डेट घट कर 3 परसेंट रह गया है। आजादी के बाद पहली बार एक्सपोर्ट 51 बिलियन तक हुआ है। हमने एफडीआई में 2.64 बिलियन से बढ़ कर 3.9 बिलियन तक तरक्की की है चाहे यूटीआई एक्ट था, एनपीए का था या कम्पनी एक्ट था. हमने एक के बाद एक काम करके भारत की अर्थव्यवस्था को सुधारने के लिए कानूनी परिवर्तन किए। आज जिस रूप में बिल आया है, मैं उसका समर्थन करता हूँ।

16.08 hrs.

MADAM CHAIRMAN: Now, we will go on to the next speaker on the Fiscal Responsibility and Budget Management Bill. I think Shrimati Shyama Singh is not there. Shri Madhusudan Mistry may speak.

SHRI VIJAYENDRA PAL SINGH BADNORE (BHILWARA): It is not specified whether he is speaking in lieu of her.

MADAM CHAIRMAN: The Party has given his name in her place.

SHRI MADHUSUDAN MISTRY (SABARKANTHA): Thank you Madam Chairman for giving me this opportunity to speak.

In fact, I welcome this Bill. The Bill says that it is trying to bring transparency. Besides, the Bill forces the Central Government to produce medium-term fiscal policy statement, fiscal policy strategy statement, macro economic framework statement, etc. All this is done to reduce the revenue deficit. But what I do not understand is why do we really need a special Bill for all this.

I am quite surprised that the Government, especially the Finance Minister, seems to have failed to restore the whole financial discipline on its own establishment. Is it not possible that without bringing this Bill, the medium term review, the medium term fiscal policy statement and fiscal policy strategy statement can't be made or is it because the Finance Minister is always under compulsion, after presenting the Budget, from members of his own party, to roll back or withdraw some of the provisions that he makes in the Parliament? Is it because it requires the Finance Minister to arm himself with this kind of an instrument and that is why, he has been forced to bring this Bill in the House?

I am also quite not in agreement with the justification that has been mentioned in the Statement of Objects and Reasons. Statements are made that this Bill is to establish equity between intergenerations. Equity has, therefore, to be addressed without delay.

Budget is an explicit instrument through which the minds of any Government and the Finance Minister can be read. Whatever is going on in the head of the Finance Minister or, in fact, the promises that have been made in the manifesto of the respective parties get reflected in the Budget. Budget instrument also suggests whether the Government really intends to establish and distribute the financial resources which are at the hands of the Government to establish equity between sections and sections and even equality between regions and regions.

What has been seen over the years? In fact, regional imbalance has been increasing over the years. It is not only that. The intention seems that this alone will permit the Central Government to focus adequate attention on the much-needed intervention of the social sector programmes and other plans.

I am quite surprised to see that, to increase the social sector spending, the Government would need this kind of a Bill. Is it that the Government is thinking that this Bill would release additional amount in the hands of the Government which can then be spent on the social sector programmes? I always felt that it needs the political will and determination to spend the money on the social sector rather than having such a Bill. Over the years, the spending on the social sector has been hardly 1.2 per cent or maximum 1.4 per cent of the GDP.

Having said this, let me come to the present situation on how the Government intends to reduce the revenue deficit and fiscal deficit. Let us look at the expenditure for a while. At present, the larger expenditure of the Government is always on interest payments and debt subsidy which is almost 30 per cent of the total revenue and capital expenditure. This has been fluctuating over the years, from 1996-97 to 2003-04.

The second largest expenditure which the Government incurred is on Defence. In 2003-04, it was Rs. 65,000 crore which was revised to Rs. 56,000 crore and again, this year, the estimate is Rs. 65,300 crore which is almost 14.88 per cent of the total revenue and capital expenditure. This is the second largest component which the Government has allocated.

The third component is on subsidy which comes to almost 11 per cent and it is Rs. 49,900 crore. That was again followed by other non-Plan expenditure. In fact, other non-Plan expenditure includes expenditure on salaries, pay and allowances of the employees of the Central Government.

I was looking at the data. To my dismay, I found that the number of Central Government employees as stated in the Budget was nearly 34 lakh. In 1995-96, the total pay and allowances, travel expenses of the Central Government employees were to the tune of Rs.18,700 crore. It has then increased - after the Fifth Pay Commission recommendation - to Rs.31,941 crore in the years 2001 and 2003. Inbetween, a lot of arrears were paid to these employees. When I looked at the whole Budget of the various years, I found that a number of schemes were cut down at the time of revising the Budget. In fact, the total cut at one point of time was between Rs.1700 crore and 2000 crore..

The second expenditure includes servicing pensions, miscellaneous general services. It comes to almost 15,107

crore. So, almost a sum of Rs. 44,000 crore has been one of the major expenditures of the Central Government on this count.

Coming back to my original statement, these are the three major components which take the larger share of the Central Government expenditure. This expenditure is incurred on interest payment, Defence expenditure, subsidies, other Non-Plan expenditure. This comes to almost 66 per cent of the total expenditure of the Government at present.

Now, let us look at the income side of the Government. I am not going into the Revenue and the Capital Expenditure of the total Budget because Capital Expenditure, in fact, has been declining year after year. It was 26 per cent in 1995-96. It almost remains at 27.57 per cent. This is more or less the same over all these years but the Revenue Expenditure has been increasing. It also includes some portion of the Capital Expenditure. Anyway, let us look at the entire income side of the Union Government. I will then come to the implications of this Bill on the poor people and the marginalised sections of the country.

The estimated Revenue income in the year 2003-04 is Rs.251,000 crore. In fact, in 2001-02, the estimate was Rs.180,000 crore. If you compare the estimates of the year 2001-02 and 2003-04, you will come to know that the estimates of the year 2003-04 has increased and the increase is to the tune of 6.76 per cent. This is a major tax revenue. The major income is from the tax revenue. The revenue income from the taxes is 77 per cent. 59 per cent is the total revenue receipt. In this tax revenue, the Corporation Tax comprises 15 per cent. That is followed by tax on income and other expenditure. It is almost 13 per cent of the total income. Coming to the customs side, it is 15 per cent. In regard to the Union excise duty, the larger share is to the extent of 29 per cent. The point is that in 2001, the Corporation Tax has increased by 5.93 per cent. If you take the estimates of the year 2001, the income in respect of other taxes is to the extent of 3.6 per cent. On the customs side, in the year 2001, it has increased to 9.20 per cent. The Union excise duty has increased to 5.86 per cent. Service tax has increased a lot. Two days before, we passed a Bill for taxing the service sector. It has now been increased to a larger share of 32 per cent.

This leads to other non-tax revenue. Now, we have to see the whole composition. The non-tax revenue is, in fact, the tax on the services which the Government is providing to the people. This includes tax on wealth, communication, transport, roads and other non-tax revenue. The total share of tax non-tax revenue is 42.08 per cent. What it leads to is, the Government does not want to borrow the money from the Reserve Bank under this Bill nor does it want to borrow money from outside except in a situation when there is a natural calamity. In that case, they will try to borrow money. That means they have to manage with whatever resources they have. Now, in managing with that, they have an alternative to cut the subsidies, which as Shri Shivraj Patil has mentioned, will affect the food subsidy, fertilizer subsidy and other subsidies which are, in fact, given to the farmers. This is what I am trying to tell the other Members who are advocating the cause of the farmers. This Bill ultimately leads to cutting down the subsidy and that is the power through this Bill which will be given to the hon. Finance Minister. It leads to either cutting other developmental expenditure which may be either in the project on drinking water or on the project of construction of a dam, project of power generation or on rural development. In fact, the expenditure on rural development is declining over the years.

So, it leaves a second option to cut the development expenditure which is going to be met out of the decreased revenue and fiscal deficit. It is largely the poor people who use these services of the Government. This means, that if you increase the non-tax revenue, it is ultimately again a burden on the poor. So, the share of non-tax revenue is bound to increase because there is a possibility of getting the money either from the excise duty, customs duty, corporation tax, and other taxes. The taxes other than the corporation tax have come to a saturation point. So, the Government is unable to increase the tax. So, the other area through which they have to get income is from other non-tax revenues. Now, this would again affect the poor people. Millions of people in this country and millions of workers are working for the benefit of the poor. They will land in 'no money syndrome'. Now, you go to the Government, it will raise its hand and say that it has no money because it is tied down. When you tell them to raise the money, they say that they are being tied down with the Act. Besides that, as per the provision of this Act, the Finance Minister and others would come out so heavily on all the pro-poor programs. If you look at the Budget trend and the Budget size, it is always that higher expenditure is shown in the Revised Estimates. Not only that, when the Supplementary Budget is presented, it is sometimes chalked out deliberately to show less deficit at the time of presenting the regular Budget. I would like to tell the hon. Finance Minister that if he wants to enhance the collection of tax, he should take this House into confidence on that. How is he trying to meet it? For example, the Government gives an increase to the Central Government employees as D.A. increase. How they would be met?

MADAM CHAIRMAN: That is what the Bill is about. He is supposed to give that statement at the time of the Budget and not now.

SHRI MADHUSUDAN MISTRY : Not only that. Is it that the Government want to come out that they want to give a wage freeze for six years and say that there will be no wage increase for the Government employees for six years

because the Government are not able to meet the expenditure?

Is the Government going to say that categorically? My apprehension is, once wage increase is given to a section of the society which has the power to make the Budget and which, in fact, can distribute the resources, they first take out their own share and leave the remaining to the rest of the people. So, at a later stage, there will be such discrimination in the allocation of the resources under the shelter of this Bill and that will be detrimental to the interests of the poor.

So, the Finance Minister must assure this House that there would be no decrease in the development expenditure of the Government at the cost of the poor. The Government will have to raise the development expenditure and not cut it and that is why some people have suggested to the Government to raise the revenue through different taxes. That is the course which is left to the Finance Minister. If it is not done, then certainly this will totally go against the interests of the poor people of this country. However, I am in favour of imposing financial discipline in the country. Secondly, it is a very cautious approach. So, I support this Bill and this should be passed. But I have raised some apprehensions and the Finance Minister should reply to them when he replies to the debate.

SHRI T.M. SELVAGANPATHI (SALEM): Madam Chairperson, I thank you very much for giving me this opportunity to speak in this debate on the Fiscal Responsibility and Budget Management Bill, 2000.

Madam, I welcome this Bill in all fairness. For any country, effective financial management or fiscal prudence is the need of the hour and especially so for a country like India where the situation is such that we need to promulgate such a law in order to achieve maximum financial discipline. What is the kind of situation that we are witnessing now on our financial front? Today, our country's liability, as far as the Union Government is concerned, works out to Rs. 12 lakh crore and the interest burden is Rs. One lakh crore. The liability of the Government is almost six times more than the revenue collection. The revenue collection is only Rs. Two lakh crore whereas the liability is to the tune of Rs. 12 lakh crore and the interest burden is almost half of our revenue collection. This is the situation in which we are managing our financial front.

We have been undergoing series of revenue deficits for the last 20 years and we have been witnessing a high level of fiscal deficit for the past 15 years. It goes uncontained and 90 per cent of the Budget allocation goes to the committed liabilities like payment of interest, defence expenditure, expenditure on internal security, payment of subsidies, payment of salaries and pensions. It almost leaves little for developmental expenditure. Till 1970s, the situation was different. Any borrowing that we made was confined to financing capital expenditure. But now, the borrowing goes mainly to financing the current consumption.

Therefore, this high level of borrowing and the steady increase of fiscal deficit are causing serious concern. It would be in all fitness to quote Dr. Ambedkar, during the debate in the Constituent Assembly, under article 292. I quote with your permission Madam:

"This article specifically says that the borrowing power of the Executive shall be subject to such limitations as Parliament, may by law, prescribe. If Parliament does not make a law, it is certainly the fault of the Parliament and I should have thought it very difficult to imagine any future Parliament, which will not pay sufficient or serious attention to this matter and enact a law."

I would also quote:

"I have no doubt about it that we hope that Parliament will take this matter seriously and keep on enacting laws so as to limit the borrowing authority of the Union. I go further and say, I not only hope but expect that Parliament will discharge its duty under this article."

This is what Dr. Ambedkar visualised a situation in which we have to have a law to ensure financial discipline. Under these circumstances, I believe, this Bill would certainly go a long way in ensuring the required financial discipline. Otherwise, the present situation in the country will certainly jeopardise the required level of economic growth and will certainly ignite the inflationary situation and also we may have to witness a serious balance of payment crisis. Ultimately, you will have a chaos economic situation, Madam.

Therefore, we are in a situation where our finances have to be managed in such a way that it not only becomes sustainable but also conducive to the required economic growth. Now, after the passing of the Bill, the Government of India is duty bound to ensure the zero level revenue deficit, which my friend has a serious doubt, and the fiscal

deficit, to rate at two per cent in three years time, and a kind of limit on the borrowing and management of the debt as well as the borrowing and the deficit.

Madam, of course, this Bill clearly distinguishes two types of deficits. It definitely discourages the excessive deficit for building up capital assets and the complete elimination of deficit for financing current consumption. But still, though we attempt on a laudable note, this Bill would certainly pave a long way, there are certain areas of concern. The economic growth of the country overall depends on both the Union finance and the State finance. My question to the hon. Minister, which I believe would be replicated in his reply, is this Bill covers only the Union of India. Should it not be essential or made applicable to the State Governments?

SHRI TRILOCHAN KANUNGO (JAGATSINGHPUR): They would do on their own.

SHRI T.M. SELVAGANPATHI : What is the gain if they are doing it on their own?

Unless the State Finances are streamlined, I think it would be a difficult task, and the whole exercise, which we undergo now, will be a futile exercise.

The other area of concern is the kind of judicial activism we see in this country today. Once this is enacted as a law, tomorrow anybody may go to court and say that the Finance Minister failed and the Government failed to achieve 2 per cent. This amendment is provided.

MADAM CHAIRMAN: Shri T.M. Selvaganpathi, please address to the Chair.

SHRI T.M. SELVAGANPATHI : Okay Madam. It is on a very congenial note.

If such is the situation, why should not there be a political will for this Government to achieve this target instead of a law? It is because you lack political conviction. All these things can be managed by better governance. Nobody can stop the judicial interference. The third area, Madam, we have to balance between the critical rule of this two per cent fiscal deficit and zero revenue deficit, and a flexibility under extraordinary situation like natural calamity or during the time of war. What is the provision made? There is a serious situation like Gujarat earthquake or Orissa flood situation. Would you not borrow from RBI? It is because the Bill says that the Union Government shall not borrow from the RBI.

MADAM CHAIRMAN: There is provision in this Bill.

SHRI T.M. SELVAGANPATHI : Well Madam, I am coming to that point. When you say that you shall not borrow from RBI, under a situation you also borrow from RBI. What was the situation in RBI? It was mainly a note printing agency earlier. Then, it was switched over to the financing deficit through the creation of ad hoc Treasury Bills. Now, there is a situation that RBI is buying long-dated Government securities and fills the Budgetary gap. Only the composition changed. Even the provision, which the hon. Madam says or Shri Trilochan Kanungo says, will lead to a situation where you will find a deficit you will go for borrowing. Then, this *status quo* remains. Therefore, the composition has changed and still the RBI continues to directly fund the Government. The economy says there has to be a divorce between the spending and the borrowing from the RBI. Unless you curtail the direct funding of the RBI, you would not achieve the required target of this economic growth. The whole exercise depends on how much we reduce the direct RBI borrowing.

MADAM CHAIRMAN: Now, you must wind up.

SHRI T.M. SELVAGANPATHI : Just one minute, Madam. Just a concluding remark.

MADAM CHAIRMAN: Please conclude.

SHRI T.M. SELVAGANPATHI : You look at the macro economic changes that are taking place after the advent of globalisation. My dear friend says liberalisation. Liberalising what? Liberalising your own economy? What would happen in the free import regime the kind of international trade? There will be a definite impact on your local domestic economy, industrial economy. You will have to address these structural changes. There is a declining trend on tax buoyancy. What was the situation in the eighties? It was different. The overall tax GDP ratio declined from 11.5 per cent to 8.5 per cent. The revenue receipts grew at the rate of 14.3 per cent against 16.8 per cent in 1980s.

Unless you tried at the structural impediment, it would be very difficult. Had the Government thought about this situation? Unless you widen the tax base and unless you rationalise the Non-Plan grants to the State from the Union, the defence payments, and the subsidies, and in view of the stiff competition that the industrial economy is facing, this Bill would be a futile exercise.

Last but not least, ours is a developing economy where the country and the Government have got a serious role to play in the social sector. And tomorrow to achieve a target of two per cent fiscal deficit and zero revenue deficit, the Government can come and say that they have no money to finance drinking water supply; the Government can come and say that they cannot fund on the health front; and a serious situation will arise. Therefore, unless the economy is streamlined, tuned to that level, this exercise will be futile. Though I welcome it, the Government may take note of the present situation and take remedial measures.

श्री सुरेश रामराव जाधव (परभनी) : सभापति महोदया, मैं राजवित्तीय उत्तरदायित्व और बजट प्रबंध विधेयक, 2000 का अपनी और अपनी पार्टी की ओर से समर्थन करता हूँ। वित्त मंत्री जी ने जो बिल पेश किया है, वह वक्त की पुकार थी। हमारा देश सौ करोड़ से भी ज्यादा आबादी वाला देश है। राजवित्तीय प्रबंध में पर्याप्त राजस्व अधिशेष प्राप्त करके और दीर्घकालिक बृहत् आर्थिक स्थायित्व को सुनिश्चित करने, राज्य वित्तीय घाटे को दूर करने यानी हमारे राजस्व का घाटा दिन-प्रतिदिन बढ़ता जा रहा है। हम चाहे कितनी भी कोशिश कर रहे हैं, लेकिन अभी तक राजस्व घाटे को पूरा नहीं कर पाए हैं। इस बिल का उद्देश्य राज्य वित्तीय घाटे को दूर करना और विकास की दर को कायम रखना है। दो-तीन उद्देश्यों को लेकर वित्त मंत्री जी ने बिल पेश किया है। मैं इस बिल का स्वागत करता हूँ। हमारे उम्र अभी जो ऋण है, वह बहुत दयनीय और गंभीर स्थिति में है। अट्ठारह लाख करोड़ रुपये और उसका ब्याज मिला कर कम से कम बीस लाख करोड़ रुपये का कर्ज हमारे उम्र है। भारतवा में कोई माई का लाल ऐसे नहीं कह सकता कि मेरे उम्र कर्ज नहीं है। भारत में पैदा होने वाले प्रत्येक बच्चे पर पांच लाख रुपये का कर्ज है और जो मर जाता है, वह भी पांच लाख रुपये का कर्ज छोड़ कर जाता है यानी हमारी पैदाइश कर्ज में है और मृत्यु भी कर्ज में है।

ऐसी हमारी ऋण की स्थिति है। इस विधेयक में लिखा है तारीख 31 मई 2006 तक राजवित्तीय घाटे को दूर करेंगे। मेरी समझ में नहीं आता कि 2006 तक राजस्व घाटा कैसे दूर करने वाले हैं? अगर ऐसी बात होगी तो हमारे लिए अच्छा होगा लेकिन उसके लिए कारगर उपाय करने होंगे। जो 18-20 लाख करोड़ रुपये ऋण का बकाया है, यह दिन पर दिन बढ़ता जा रहा है। यह ऋण क्यों हो गया और इसके लिए जिम्मेदार कौन है? इसको कम करने के लिए सरकार को कुछ न कुछ कारगर उपाय करने होंगे और राजस्व घाटे को दूर करके विकास दर को कायम रखना होगा। हमारे देश में काला धन कम नहीं है लेकिन मैं आपके माध्यम से सरकार से अपील करूंगा कि अगर सही मायने में राजस्व घाटे को कम करना है, विकास दर को हासिल करना है तो कुछ न कुछ कारगर कदम सरकार को लक्ष्य हासिल करने के लिए उठाने होंगे और देश में जो काला धन बढ़ा है, उसके बारे में सरकार सोचे और राजस्व घाटे को कम करने के कुछ उपाय करे।

हमारा एनपीए 1,10,000 करोड़ रुपये का है। यह ऋण क्यों बढ़ रहा है? एनपीए की जो लिस्ट है, वह अभी तक डिक्लेअर नहीं की गई। उसका कारण क्या है? मेरी समझ में नहीं आता है कि हमने बहुत बार इस हाउस में डिमाण्ड की है कि एनपीए की लिस्ट पहले डिक्लेअर करिए। जो काला धन है, जो एनपीए है और जो वित्तीय घाटा है, उसको कम करने के लिए जो कारगर उपाय करने चाहिए थे, इसकी तरफ खास ध्यान नहीं दिया जा रहा है। अगर हमारे उम्र ऋण का बोझ है तो हम विकास कैसे कर

पाएंगे? जो एग्रीकल्चर सैक्टर है और जो रूरल एरिया है, उसमें हमारे देश की 80 फीसदी आबादी छोटे-छोटे गांवों में रहती है। उनके विकास का काम कौन देखने वाला है? इस देश का कर्ज अगर बढ़ता जाएगा तो उससे हमारी योजना प्रभावित होगी। इसके लिए सरकार को जल्दी से जल्दी आर्थिक प्रबंध करने की जरूरत है। किसी भी कीमत पर वित्तीय घाटे को दूर करके विकास दर को हासिल करना है और ऋण के बोझ को कम करने के लिए कुछ न कुछ उपाय करने की जरूरत है। इन्हीं शब्दों के साथ मैं आपका धन्यवाद करता हूँ कि आपने मुझे बोलने का समय दिया।

SHRI E.M. SUDARSANA NATCHIAPPAN (SIVAGANGA): Thank you, Madam Chairperson.

This Fiscal Responsibility and Budget Management Bill is a better initiative towards a correct direction. We are laying our own rules by way of this Bill. There is also a target fixed for ourselves to see that by the year 2008 the entire revenue deficit comes to nil so that the Government could be in a better position to have the revenues spent for social aspects and invested properly.

In the changing scenario of globalisation, every individual's needs and every society's needs are looked after by various factors. It might have been the thing in 1947 or 1950 when the Government decided the fate of the individual but now the fate of the individual, the society and groups of people are decided by the global economy.

I would just read out a portion from today's newspaper, *The Economic Times* where it says that 47 out of 50 States in the US are facing a budget deficit in the current fiscal. It says: "States are facing a perfect storm: deteriorating tax bases and explosion in healthcare costs and a virtual collapse of capital gains on corporate profit tax revenues", the National Association of State Budget Officers said recently." This is the position of the very grown up, perfect economy of the United States.

In the Indian society, every State Government is living on the paltry amount spent by the Central Government for welfare measures that have to be implemented by the State Governments. Apart from that, the State Governments are paying their employees from the revenues that are accruing every year. This is the pathetic situation of all the State Governments. If the State Governments have to be disciplined, they should have a similar type of fiscal management system. They should have a law just like the State of Karnataka has a law. Every State Government should have it. The districts, which have been given powers under the Seventy-third, Seventy-fourth and Seventy-fifth Amendments to the Constitution, should also have this type of discipline in fiscal management and revenue management. We are going in the correct path, having this law at least at the Union level.

I do not want to go very deep into this Bill because already other hon. Members have dealt with it in detail. So, I want to focus only on two points. We have put a restriction in clause 5 (i): "The Central Government shall not borrow from the Reserve Bank." The next sub-clause itself annuls the first sub-clause. Clause 5 (ii) says: "Notwithstanding anything contained in sub-section (i), the Central Government may borrow from the Reserve Bank by way of advances to meet the temporary excess of cash disbursement over cash receipts during any financial year in accordance with the agreements which may be entered into by the Government with the Reserve Bank." This puts an end to the first sub-clause.

Very well, we can ask the Reserve Bank, which is our own Bank, to print notes and distribute them. Is it healthy for us when we are going in for controlling our own deficits? We are allowing the notes to come out because we want to control the situation in that particular period. Moreover, if you go through the entire Bill, it gives the possibility for the Finance Minister, at the time of presenting the Budget, to give reasons why he could not do something and why he could achieve only a particular target. Therefore, while we are framing rules, we are also providing rules by which we can overcome the restrictions which are imposed in the previous rule.

Therefore, I would like to draw the attention of the Government that simply because we are having an enactment, it does not mean that we should restrict ourselves in focussing of developing the human assets and the assets of India because Indian people's assets are not at all properly assessed. Money of the parallel economy is going on. Five richest families in this country are holding the NPAs, which can be totally utilised for four years' Budgets of this nation. That is the thing which is happening. Our system is not working properly. Our Custom Department is not working properly and the Excise Department is not working properly. Whenever we are giving some concessions, the exemptions, etc. go to the subordinate level officials, bureaucrats and it goes against the natural phenomenon. It goes up towards the top level. That is the present situation. We have to, first of all, create a discipline in properly implementing our laws and also to see that the bureaucratic system is foolproof. It should cooperate with us so that the discipline of enforcing the laws, which are made by the Parliament, is perfect up to the maximum level.

Therefore, I would like to draw the attention of the hon. Minister of Finance that this is a good effort. But the Government – knowingly or unknowingly – is making it as a last Budget. I do not know whether this Government is

going to present the next Budget or not. But this law is going to be notified only for the next Budget. They want to escape from 2000 onwards. They do not want to have these types of restrictions for themselves, but they want to give it to the coming Government, which is going to have the power in the next election. Therefore, even the hon. Minister of Finance can enforce these laws during the current year so that they are executed in a proper way for the health of the nation.

SHRI TRILOCHAN KANUNGO (JAGATSINGHPUR): Madam, I stand to support the Fiscal Responsibility and Budget Management Bill, 2000. It is better late than never. It should have come much earlier, but it has come late.

Madam, before going into the clauses of the Bill, it is better that we should have some knowledge and we should have some information about the history of continuous deficits in central Budgets causing serious concern and resulting in introduction of this Bill. We are talking nowadays of fiscal deficit, but fiscal deficit is a new innovation. It is only after 1991, after the liberation period, that we are talking of fiscal deficit. Prior to that, it was revenue deficit that was cause of serious concern. The revenue deficit in Central Budget was never seen up to 1978-79, except during 1971-72, Rs. 100 crore of revenue deficit was there to meet the expenditure for the Bangladeshi refugees. But before and thereafter there was no revenue deficit at all. During 1979-80, there was revenue deficit of Rs. 18 crore only and thereafter it grew every year and if we see from 1991 Budget – ten years after 1979-80 – the revenue deficit rose to Rs. 18,562 crore, which is 3.3 per cent of the GDP. During 2003-04, this year, it has been estimated to rise up to Rs. 1,12,292 crore, which is 4.1 per cent of the GDP.

17.00 hrs.

Similarly, when you come to fiscal deficit, in 1980-81 it was Rs. 7,311 crore which was 5.08 per cent of the GDP at that point of time. In 1990-91 it became Rs. 37,606 crore which was 6.61 per cent of the GDP. This year, in 2003-04, the fiscal deficit went up to Rs. 1,53,637 crore which is 5.6 per cent of the GDP. This is the situation where the revenue deficit and the fiscal deficit have gone up. Out of this fiscal deficit of 5.6 per cent of the GDP, 4.1 per cent belongs to revenue deficit alone. It is always desirable to contain the revenue deficit which was not there till 1978-79. It came after 1979-80 and it is continuously increasing at a galloping speed.

What is fiscal deficit? What is its definition? Let me tell you that as has been provided in the Bill with its amendments, the fiscal deficit is the total borrowing net of debt repayment. That is the fiscal deficit; whatever else may be as definition given, but this is the definition of the fiscal deficit. The major portion of the borrowings is to meet the revenue deficit, the current consumption expenditure. It is more dangerous to the economy and fiscal management of the country. This is a fact.

Therefore, the founding fathers of our Constitution, while enacting article 292 regarding Central Government borrowing, said :

"The executive power of the Union extends to borrowing upon the security of the Consolidated Fund of India within such limits, if any, as may from time to time be fixed by Parliament by law and to the giving of guarantees within such limits, if any, as may be so fixed."

So, a limit. A limit has to be fixed under article 292, by law enacted by Parliament. That has not done so far. Many of my colleagues have already quoted Dr. Ambedkar which has been mentioned in the Statement of Objects and Reasons of the Bill. I do not want to quote the whole thing but only two lines out of that which are very important. It says: "A law has to be enacted to limit the debt". But, that has not been done.

17.03 hrs. (Shri Devendra Prasad Yadav *in the Chair*)

Even after 52 years, a law has not yet been enacted. Dr. Ambedkar has rightly and aptly told this thing while replying on article 292 of the present Constitution which was article 268 in the Constituent Assembly. This article specifically says :

"The borrowing power of the Executive shall be subject to such limitations as Parliament may, by law, prescribe. If Parliament does not make a law, it is certainly the fault of the Parliament and I should have thought it very difficult to imagine any future Parliament which will not pay sufficient or serious attention to this matter and enact a law."

My point is that even after 52 years, we did not enact a law to limit our debts and our borrowings. If we are borrowing and investing it as capital for some productive purpose it is well and good. But if it is to meet the current consumption expenditure, to meet the revenue deficit, then it is dangerous and disastrous for the economy and the fiscal management.

Fiscal discipline should have been enforced much earlier. For the last 24 years, from 1980 till date, we have been suffering from this chronic malady of revenue deficit and high fiscal deficit.

Having said so, I want to tell you that while supporting the Bill whole-heartedly, I have some apprehensions and the Finance Minister would definitely dispel those apprehensions and doubts. It was told three years back by the former Finance Minister Shri Yashwant Sinha that within a period of five years, from 2001 to 2006, the revenue deficit would be brought to nil level, zero level, but you will see that from 2001 to 2003, it has been going up only.

So far as revenue deficit is concerned, in the Budget Estimates of 2001-2002, the revenue deficit was estimated at Rs. 78,821 crore. That was 3.4 per cent of GDP. But in the actuals, it went up to Rs. 1,00,162 crore, which was 4.3 per cent of GDP. During 2002-2003, it was estimated that the revenue deficit would be Rs. 95,377 crore, that is, 3.8 per cent of GDP. You will see in the revised estimates that it went up to Rs. 1,04,712 crore. In this year 2003-04, it is no less. From the time of Shri Yashwant Sinha to the time of hon. Shri Jaswant Singh, it has not reduced. This year 2003-04, it will go up to Rs. 1,12,292 crore.

Similar is the case of fiscal deficit also. You will see that in the year 2001-2002, it was estimated at Rs. 1,16,314 crore. That was 5.1 per cent of GDP. That went up in the actuals to Rs. 1,40,955 crore, which was 6.1 per cent of GDP. In the Budget Estimates of 2002-2003, it was estimated at Rs. 1,35,524 crore. That was 5.3 per cent of GDP. In the revised estimates, it went up to Rs. 1,45,466 crore. That is 5.9 per cent of GDP. During 2003-2004, during the current Finance Minister's time, it has been estimated still higher at Rs. 1,53,631 crore.

Sir, my point is that during the last three years, since the time the announcement was made that they would bring it to zero level within five years, that is, by the year 2006, Government of India could not decrease it -both revenue deficit and fiscal deficit-even by one rupee. Then, at this time when this law is going to be enacted today in this House, how can we believe that by 2008, revenue deficit will be brought back to zero level and the fiscal deficit will be brought to the level of two per cent of GDP? How can it be done? So, a very convincing reply from the hon. Finance Minister is necessary here in this House. There has not been a change of Government. Even in the same regime, it could not happen and the promises faltered. Then, how could we believe that the commitments shall be adhered to? It is not the law; it is the collective political will, it is the prudence in spending and it is the effectiveness in raising revenue that matters.

It is not a law, which would solve such a serious problem and you know it Sir. We have enacted a new law recently, that is, the Electricity Act in place of the Electricity Supply Act, 1948. In the Electricity Supply Act it was clearly mentioned in section 59 that, at least, 3 per cent return should be there by the State Electricity Board. I am saying, that it should be at least, 3 per cent but it has never happened that way. So, it is not a law that addresses the problem. It is the collective political will. Without the political will, political prudence and effective management revenue deficit would not come to nil and fiscal deficit would not be reduced to desirable level i.e. 2 per cent of GDP. So, I request the Finance Minister to kindly convince the House as to how we can go on with this present enactment alone, and whether this present enactment is enough.

Regarding deficit financing, some of our very esteemed colleagues have said that deficit financing is not a curse in itself. Yes, I do agree that it is not a curse in itself. If the borrowed money is spent for the productive purposes -- for more production; for higher productivity and creating better productive assets -- then it is good. Again it is for a limited period. If it becomes chronic over a period; if it goes on consecutively for years together, then it becomes a serious malady which is very difficult to cure. Therefore, if deficit financing is practised, to meet the current consumption of expenditure, and if it is done consecutively for a number of years, it becomes chronic; and it turns into a serious malady. The Finance Minister also knows it, but it remains to be seen if he has the courage and political will to cure such a serious malady.

MR. CHAIRMAN : Please conclude.

SHRI TRILOCHAN KANUNGO : Before I conclude I would like to say again that the law alone would not be sufficient. It is the prudence in spending, and effectiveness in raising revenue that matters. Without that this Bill, when passed and becomes a law, will result in a fiasco - humiliating failure.

SHRIMATI MARGARET ALVA (CANARA): Sir, I rise to support the measures which are being mentioned in this Bill. I know they are prompted by good intentions, and I do wish the Minister success in implementing the commitments which he is making. He is speaking here, rather the Bill speaks here about the revenue surpluses to be achieved; statement to be made with every Budget, explaining how he is going to implement the Budget proposals, etc. It speaks about the secrecy of the Budget going. Naturally, there are pre-Budget consultations, even now, including with the World Bank and the other funding agencies, which has become a part of the Budget process. From now, you are not supposed to borrow from the Reserve Bank. I do not know how far it will be possible.

The quarterly review is not new because we already have the review of the estimates, and later you do have Revised Budget Estimates which you produce half-way through the year.

Then you are talking about deficit reduction targets, which you have said only in case of national calamities and defence issues is supposed to be relaxed. As I said, the proposals are good; the intentions are good, but there have been any number of exercises though not through legislation to reduce fiscal deficits. We talked about zero Budgeting; we talked about everything possible, but deficit financing somehow has become part and parcel of Budgeting. I must say that financing through borrowings is really a dangerous trend in the country today, and in many other developing countries. Our debt commitments are going on increasing, and we are literally binding future generations to repay what we are borrowing day-in and day-out.

Development planning, I do not know what has happened to it. But the whole issue that is bothering you in the Government and everybody in this country is how we reduce the dependence on borrowed money. Even to pay salaries, in some States, there is no money in our country. Money is being borrowed to do the normal day to day running of administration.

Sir, I would like to ask, "Are we really doing something about widening the tax net?" We are all talking about a growing middle-class, about the boom and everything. But the number, as far as tax-payers in this country are concerned, is abysmally low. There is no effort. The same people, like *bakras*, are being taxed, overtaxed and the tax is being increased, instead of making an effort to extend the tax net.

NPAs, we have all spoken about. I think, we are talking of Rs. 1,10,000 crore to Rs. 1,20,000 crore NPAs. What are we doing to get these NPAs working? What is the Government doing? We gave you the power. You brought in a law, and we allowed you to attach their companies to retake money. It is the small borrower that you are after -- the small-scale industrialist, the small-scale industry and the small man -- but what about the big people? I mentioned it in my last speech, Mr. Minister, but you did not reply to me. I talked about the big people sitting in the Prime Minister's Economic Advisory Council. Your own reply in Parliament said that they owe huge amounts to IFCI. What are you doing to recover that? Are they off the Prime Minister's Economic Advisory Council or have they repaid what they owed to IFCI? You owe an answer to Parliament and to the nation on what you are doing about these people. It is not the small man or the small borrower, it is the big ones that you have to be after, if you want to put the economy right and show some results.

Members spoke about black money. I would like to ask, "Have you really dealt with this issue?" There have been so many reports. I must say now, as a Member of the Lok Sabha, can elections be fought without black money? What are we doing about that? Everybody is talking about putting an end to black money. However, election generates a new demand for money, and the limit of Rs. 15 lakh, which Shri Seshan set at that time for elections, we all know, is impracticable, unless there is State funding, some supporting system. Of course, that is a different issue altogether. You have to deal with this issue of black money - how it is generated and how it is used.

Corruption is another big issue. Heaps and heaps of cases are pending in the courts, pending in other places. We know the sources, we know the people, but the action, somehow or the other, stops at a particular point. Have we got the courage to deal with this issue because public funds are going into the wrong pockets all the time? Rajivji had said once, that out of every rupee sent from Delhi, fifteen to twenty paise only actually reach the grass-roots for development work. It goes into administrative costs, wastage and it goes on and on.

Sir, there is also the question of funds which are lapsing in the Ministries, funds which have not been used. I know of certain projects where you have borrowed money, money has been released to the States, but it has not been drawn. The projects are delayed, there are overruns, you have begun to pay interest, but the money utilisation has not yet started. You are far behind in the planning and implementation stages causing cost overruns and escalation in costs. What are we doing about it? Why can the responsibility or accountability be not fixed for not utilising the money which you have borrowed? You are paying interest for it; the tax-payer is paying it, but there are overruns and cost escalations. Very often, we are told, there is collusion between the administration and the multinationals, who are working on how to delay it further.

Sir, coming to the sanctity of the Budget, you are talking about now having transparency in budgeting. What is the sanctity of your Budget? You come to Parliament with a Budget, and after every two months or three months, you

increase the prices of diesel outside the Budget.

You increase the price of gas cylinders outside the Budget. You increase the cost of petrol three times outside the Budget. You do it all by Ordinances, by some statement in Parliament when it is in session. It goes on. How can you talk about budgeting responsibility when half of the time you are doing this outside-the-budget exercise in Parliament? What is the sanctity of that Budget? It is becoming almost routine for you. Rail fares are increased. Airline fares go down. Something else goes up. It all happens as if it is just a part of ordinary legislation without any kind of budgetary exercise to look at it.

There is the problem of money that goes from the Centre to the States. I know of many States where salaries for the whole year are released in March. I know of NGOs whose money gets to them only in April. The whole year they have to run orphanages, homes for women and others. Even though money is sent to the States from the Centre, since the matching grant is not put and by the States, that money is not released to the agencies which are in the field. Maybe the States are also facing problems, but then this "window dressing" in March is happening in every State. Women's organisations complain about this. There is no effort to see that proper processes of release of funds take place.

In my own case, there are amounts released under some programmes but the State Governments do not issue the cheques for the amounts to be released at the grassroots because they need that money. They say, "1-2 महीने व्हरिये, देणे।" Till then, what happens to the actual working of the NGOs, of the small organisations, or even of local Governments today? Money that is sent does not go down on time. There has to be fiscal discipline about utilisation and the money being released.

There is the whole question of the oversized Government machinery. It has been talked about; I am saying it again. You have made the commitment of downsizing the Government. What efforts have you made to reduce the overheads? We are told that of the money of the Budget, over 50 per cent actually goes for salaries, pensions, administrative expenses, travelling expenses debt servicing takes 30% and that there is hardly anything left for actual development work at the grassroots. So you borrow.

Rajivji had once joked in the Cabinet and said that there are three funds – plan fund, non-plan fund and the calamity fund – and that most Governments are run on calamity fund. The higher the assessments made, the higher the demands made, the easier it is for them to balance the budgets in the States. There is no effort at downsizing. I give credit here to Mr. Anthony, the Chief Minister of Kerala. He had the courage and determination to cut down the Government costs saying that he had no money. They went on strike. He asked them to sit out anywhere. I know that he faced political confrontation but hard decisions have to be taken at the same time.

DA is increasing on one side. Jobs that used to be done by the Joint Secretaries in the Government of India are today being done by the Secretary-level officers. You upgraded the posts! You multiplied the posts. To accommodate all your partners, you multiplied the Ministries. There used to be one Ministry for Transport. Civil Aviation, Railways and Shipping were under one Cabinet Minister when I was in the Government. Today, how many Ministries have you got? There are separate Ministries for Transport, Civil Aviation, Road Transport, etc, etc. The Ministries multiply because everybody has to be accommodated. It requires that much more staff and those many more cars and other facilities. And yet, you say that we are downsizing the Government.

I am talking about the trap of unproductive expenditure into which every Government is falling. There is no productive expenditure today. In one Government, I do not know many crores of rupees were spent on the birthday bash of a leader? It is all Government money. Who is responsible? Somewhere else Government money was spent on some other celebration. Look at the half-page and full-page advertisements of this Government that appear every day in the newspapers! How many crores are spent on Government advertisements? Yet, the Government says there is no money, डवलपमेंट के लिए पैसा नहीं है, सब कुछ खत्म है।

What are you doing? Today, I am told that there is a proposal from the Government for MPLAD fund to be raised. I do not know whether there are some other proposals or not. On the one hand, you are coming with Bills like this, saying reduce it. I think, we, the MPs have to set the example. We are talking about bureaucrats being given less. Their DA, of course, nobody can stop. It goes on multiplying. Everything goes on multiplying after the Pay Commission. But, if the MPs get anything, it gets the headlines एम.पी. को यह दिया, वह दिया। उनको जो मिलता है, उसकी कोई बात नहीं करता, कोई बोलता नहीं। But, the point is that the Government has to set the example. Only then the message will go down. Inflation has again started moving up. I am not going into the details of it, but the trends are not at all good. Unless you take corrective action, we are going to have problems.

If you have to balance the Budget, you have got to have national savings. The small people in this country were saving and they were getting some interest out of it. You have destroyed the base of the desire to save. You are going on reducing interest rates on small savings. People had some income from their savings. There was an incentive to save. Why should they save today? On the other hand, you are giving encouragement for them to go into stocks and shares, and that kind of things. Then they go phut and they go bankrupt.

AN HON. MEMBER: There are scams also.

SHRIMATI MARGARET ALVA : Yes, scams also. In the case of UTI, everything went wrong. What did you have to do? You had to find the money to bail out the UTI. Because the common people had to be paid, you had to find money. कहां से आया, पब्लिक फंड से आया। घोटाला हुआ, सरकार से बेलआउट कर दिया। पैसा किसका-टैक्स पेयर का। This is the way you are balancing the Budget and trying to get out of the mess.

There is also a question of sick PSUs. The Government had promised jobs. You have to generate employment for people to be able to contribute. On the other hand, there are no jobs. Industries are closing down. Small-scale industries are closing down. Agriculture is going down. Where are the jobs? Where is the money? Savings are gone. There are no salaries for the people to be able to save now. Where is the income going to come from? Whom are you going to tax and from where are you going to raise money?

Huge funds have to be given through VRS and to make it up, subsidies are being cut, small savings interest has gone down and the Government is talking about economy.

Finally, transparency in all the dealings is necessary. My Government in Karnataka has brought the Transparency Act. Anything which is more than Rs. five lakh has to be by public tender. At every site, a board is put up showing the amount of the project, who is the contractor doing it, the date on which the work began, the date on which the work is to be completed, the total investment which the Government has released, so that the public knows this is the contractor, this is the money and you have to see the man does the work which he is supposed to do. Even the time for completion is put on the board. Every project has a big board showing all the details for the public to know. This is what we need - accountability, responsibility and, I think a great deal of sensitivity to the needs of changing times. Otherwise, this country is going to be mortgaged for generations and we will end up being a kind of a Banana Republic where everyone who lends you will dictate terms to you. They are already trying to do it. If this country is to be strong and independent, what you have proposed must be done, but not through a law, Mr. Finance Minister, through political will. Unfortunately today, populist measures are taking precedence over good governance and more than that, regional priorities have become your national agenda. That is the tragedy of India today. Regional agendas are being dictated to you as national priorities and you have no choice but to fall in line because otherwise your coalition cracks and your Government goes. Therefore, I wish you well, I sympathise with you, I now your problems, but I do hope that you will be able to achieve what you have set in this Bill for the good of the country.

MR. CHAIRMAN : Now, we shall take up item no. 19, Half-an-Hour discussion. Shri Ramji Lal Suman.

यदि सदन सहमत हो तो हाफ-ऐन-आवर डिस्कशन बाद में ले सकते हैं।

श्री रामजीलाल सुमन (फिरोजाबाद) : सभापति महोदय, इसे होने दीजिए नहीं तो यह फिर नहीं हो पाएगा। यहां रोज कोरम की समस्या पैदा हो जाती है।

सभापति महोदय : यदि हाउस सहमत हो तो हमें कोई आपत्ति नहीं है।

श्री रामजीलाल सुमन : यह साढ़े पांच बजे के लिए लिस्टेड था।

THE MINISTER OF FINANCE AND COMPANY AFFAIRS (SHRI JASWANT SINGH): Sir, I must admit that I am a bit taken aback by this sudden development. I was clearly told that this is a very important piece of legislation and it will be taken as a piece and the debate would go on. I had made a request at the beginning of the debate that it must be concluded today. I was told that it is going to be concluded today. But I had no idea that in between there are certain other business also. I cannot understand the gestures that are being made now.

SHRIMATI MARGARET ALVA : This Half-an-Hour discussion is listed in the agenda but what I am saying is that if with the permission of the Chair we could continue with this debate.

सभापति महोदय : आपको मालूम है कि साढ़े पांच बजे हाफ-ऐन-आवर डिस्कशन लेनी थी। यदि सदन सहमत हो तो हम इस बिल के बाद उसे ले सकते हैं।

श्री रामजीलाल सुमन : इस पर कितना समय लगेगा?

सभापति महोदय : केवल मंत्री जी का रिप्लाय होना है।

श्री रामजीलाल सुमन : क्या छः बजे तक रिप्लाय हो जाएगा?

श्री जसवंत सिंह : इस बहस की समाप्ति पर ले लीजिए। जैसे ही यह बिल समाप्त हो जाएगा, उसके बाद ले लीजिए।

श्री रामजीलाल सुमन : सभापति महोदय, मंत्री जी का रिप्लाय करवाइए।

सभापति महोदय : ठीक है। We would take up Half-an-Hour discussion after this.

SHRI JASWANT SINGH: Sir, I am grateful to all the hon. Members that have participated in the discussion. The Government has benefited by the views expressed. It will not be possible for me to cover all the points that have been raised by each and every individual Member that participated in the discussion. A number of hon. Members spoke, the discussion being initiated by Shri Shivraj Patil, the Deputy Leader of the Opposition.

Sir, the principal point that was made is that by itself a legislation is not enough to meet the requirements of fiscal discipline in the country. It is nobody's point that simply by having a law or a Bill we will achieve what we have set out to achieve. This is an additional responsibility upon the Government to move towards the path of a recognised and determined fiscal responsibility in which there are specific targets and criteria that are enjoined for achievement in a time frame. Of course, such a Bill by itself when enacted is not enough. It is nobody's point that it will be enough.

Sir, a gloomy picture has been painted and a number of other issues have been raised. Let me deal, first of all, with the issues that Shri Shivraj Patil has raised. He had one principal reservation about prohibition regarding borrowing from the Reserve Bank of India. The Reserve Bank of India does not have any money of its own to lend to Government. Earlier, the Reserve Bank of India used to, what is called, print money but this practice has been given up since 1997.

Hon. Members are aware of the adverse consequences that followed when the practice of printing money to meet the Government's requirements used to be there. In sub-section (3) of section 5 of the Bill it is provided that the Reserve Bank of India may lend to the Government on grounds of national security, national calamity or such other exceptional circumstances, as the Government may specify. This is not a licence. But it is availability and when we restrict the availability, we are putting an additional barrier in the path of loose or ill-thought expenditure. It must be done. Moreover, the Ways and Means Advances from the RBI continue to be permissible under the proposed law. Therefore, it is not as if the law would permanently shut the doors on Government being able to meet its expenditure.

There were just two points raised by hon. Smt. Margaret Alva to which I would like to refer. Besides, there are a number of other opinions which she expressed and it would be difficult for me to answer to all her opinions. These are the views she holds and I am afraid that it would be difficult for me to agree to the views which she subscribes. This is too great a country to be described as a Banana Republic now or in future. This is too great a land to be described as being pushed in one way or another, in any direction. Let that be; that is her view and she is of course free to hold her view. But, to two issues of fact, I would like to refer.

She had a complaint that the prices of petroleum products keep on going up and down. I am sure, the hon. Member recognises that the whole Administered Price Mechanism in the case of petroleum products is no longer in operation. It is not as if the Government is determining the petroleum prices. It is the Corporations that are doing so and they are doing so in accordance with the fluctuations of the international crude prices. Is there a better way to do it? I wish there were a better way to manage the international crude prices. But, at the present moment, because of the global uncertainties relating to hydrocarbon, this has happened. It is not the Government that is saying raise the prices or lower the prices. The Administered Price Mechanism no longer operates.

The other point is about the non-utilisation of funds. I am sure, the hon. Member did take note that precisely because we have taken seriously the question of proper utilisation of funds by the Ministries of the Central Government, we have in this Budget itself introduced a mechanism for utilisation of funds. According to this mechanism, instead of a budgetary allocation for the entire year when all the expenditure gets concentrated towards the end of the year, we have started the process of quarterly allocation of money. I gave the details of it the other day and said that in certain select Ministries we have started the process of quarterly allocation of money in which money is allotted in accordance with the expenditure made. We are moving in that direction. Has it achieved all the results? I do not think all the results would be achieved in one go itself.

SHRIMATI MARGARET ALVA : What about the unutilised funds of the Defence Ministry? Rs.5000 crore is lying unutilised. ...*(Interruptions)*

SHRI JASWANT SINGH: This point has been made very kindly by her interrupting me. She has enquired as to what happened to the Defence Ministry's funds. I had pointed it out on a number of occasions. I say it on the basis of my study, which is life-long study. It is also based on my own personal experience because I had the honour of holding

that post. It is also based on what we did for the reform of the Defence Ministry. I repeat what I have then said that it is impractical to have the Defence Ministry's Budget on a twelve-month cycle alone.

Weapons procurement is an extremely complex business. It is not like going into a shop and buying grocery off the shelf. There are very complex, political and economic issues that arise. Rather, there are enormously complicated technical aspects of a piece of equipment that have to be tested. Therefore, the practical way to do is a 24-month cycle for weapons procurement and I wish I had said so at the time of Budget presentation that I will stand by the requirement of the Ministry of Defence but on a 24-month cycle. We must not work on the basis that simply on a 12-month cycle, the Ministry of Defence, for one reason or the other, is not able to procure weapon system, 'A' or 'B' or 'Z' and therefore, something is wrong. It is not necessary.

I now handle the other end of the procurement system. Every rivulet, every river and every request, you know as it happens, flows into the Ministry of Finance. Every procurement and every request of the Ministry of Defence has to go through the Ministry of Finance and the whole procedure that we have got is necessary as checks and balances. The Ministry of Finance re-examines the whole thing that has been examined in the Ministry of Defence with an *in situ* Financial Advisor who is from the Ministry of Finance. We have ourselves devised this system as adequate and abundant checks and balances. Of course, it will, therefore, take time. If you wish to change all this, remove these checks and balances, we can do it but at a certain cost. That is why, when I had the honour of being in the Ministry of Defence, we had instituted a Special Procurement Cell. I also went to the Cabinet with it saying that we introduced a system of accelerated procurement mechanism for the Ministry of Defence and enhanced the financial powers not simply of the Minister of Defence but all the way right down to Corps Commanders, etc. Therefore, blanket condemnation like that is perhaps not really warranted. If you ask whether there is scope for improvement, I would say, "Yes, there is, of course, scope for improvement."

SHRI K. FRANCIS GEORGE (IDUKKI): Acquisition of a major item in the Defence Ministry is at the first stage and it is the capital expenditure. But, subsequently, for the maintenance of it, if you acquire spares, it is considered as a revenue expenditure. Am I true? If it is true, does it give a correct picture of the revenue expenditure?

SHRI JASWANT SINGH: I would not go into the bylane of elaborating further the budgetary mechanism of the Ministry of Defence. But the other part of the question which the hon. Member raised really related to whether, in the procedures that we have, the revenue receipt projections are accurate or not. I can assure the hon. Member that, in what I have presented to the Parliament, the revenue projections are as accurate as is humanly possible. That is not in the Budget that we presented. I made it sure and I ensured that whatever refund that had to be paid to the citizens, to the assesseees, must be paid and we must not keep the refund unpaid and just artificially suggest as if the revenue receipts are high. We have done it. I do make bold to suggest that this year, the year that has gone in March, the refund ratio or level that we have achieved is really quite exceptional and it is because of that I do say that, to the extent that is humanly possible, the revenue receipts are accurately depicted. However, there is need for expanding the revenue base. There is need for cutting down expenditure. That is why, I say, Sir, that the job of the Minister of Finance is a very lonely job. The Ministry of Finance does not spend any money. It is that everybody else spends the money and it is I that have to stand up as Minister of Finance and answer all the friends when they find fault with me that I am not managing things well.

The Minister of Finance spends no money. Everybody else spends that. The States come to the Minister of Finance and say: "You must give me money because I have not got money." If I do not give them money, then, I am charged with all kinds of wrong intentions. If the Minister of Finance attempts to raise the revenue by widening the tax base or anything, then my friends sitting there or elsewhere will catch my throat and say: "You are now doing the wrong thing because you cannot collect more revenue." (Interruptions)

SHRI MADHUSUDAN MISTRY : That is not correct. 47 per cent of it goes towards expenditure.

SHRI JASWANT SINGH: I understand it. I have not created the system wherein 47 per cent goes towards expenditure. I have inherited that system. That system is not of the 12 months' making. This system requires some correction. We have a situation in which the financial situation of the States is very grave. My responsibility as the Finance Minister prohibits me from naming the States. But the situation of the finances of the States and the Union is a matter of very grave concern. I will submit that any of these unpaid liabilities, as it were, would begin to be called for encashment. Where will it all come to? All has to eventually come back to the Central Government. It is with a sense of responsibility that I say this.

I do say that the Finance Minister's job is not of one area but it is for the whole country, for all the States and the Union. I belong to a political party. I am a product of that political party. I hold that office because of that political party. But in the discharge of responsibilities as the Finance Minister, I have to look at the totality of the financial and economic situation of the country. So, the economics of the country or the fiscal situation of the country cannot be divided politically. It cannot be divided in the sense of one State or another. We are an economic union. The fiscal situation of India is a whole. It is not a fragmented fiscal situation. It is very easy for hon. Members to stand up

and find fault with me saying that this State or that State has not got this or that thing. They must recognise that the integrated whole of the country as also the management of the fiscal situation is important....(*Interruptions*)

SHRI TRILOCHAN KANUNGO : They are to be assessed severally also because the problems of the States are also to be taken into account. ...(*Interruptions*)

SHRIMATI MARGARET ALVA : Mr. Minister, you have to control the international borrowings by the States.

SHRI JASWANT SINGH: About the international borrowings, I am astonished that my friend Shrimati Margaret Alva should say that we are borrowing in an unrestrained fashion. In fact, please take note of one thing. Please do give me credit that ahead of time, I had paid three billion dollars just last year. It was paid ahead of time. Three billion dollars were paid back which carried high interest. Not a ripple was felt on the total foreign exchange holding situation of the country. Please do give credit for the fact to India. Please do not give me the credit but give credit to India that we have managed a situation like the Gulf war in Iraq. Not a ripple has been felt. Please do compare the situation with 1991. I do not say it to score political points. I say it only to emphasise the inherent resilience of India's economy. That Indian economy is a united whole. It is one. You cannot fragment that economy and address the issues raised by the management of that economy based only on the political persuasion that you subscribe to or your belonging to one State or another. That is the central point.

A question was raised: "Would this Fiscal Responsibility and Budget Management Bill answer all these issues?" Maybe, it may not. It is a question of the collective will that all of us should bring to bear in addressing the responsibilities that we have. We have heard that this Bill has been with the Parliament, as it were, for a very long time.

It came to the Parliament in 2000. It went to the Standing Committee. The Standing Committee has spent a lot of time on it. We have also now spent a lot of time discussing it. I think now the time has come to call a closure to this discussion. The time has come to move forward and start implementing what we are saying here. The time has, therefore, come for all of us to see that we will do what we can in this regard. This is a step in this direction. It might not be the ultimate step; it might not be the perfect step; but nevertheless it is a step in the right direction. With these words, I commend this Bill to the House and I request that the Bill be passed.

SHRIMATI MARGARET ALVA : Sir, I just want to ask what is the position as far as the States borrowing directly are concerned? Do you guarantee those grants? In case they do not pay, who is responsible?

SHRI JASWANT SINGH: I am sorry I did not answer that. No State of the Union can go outside to any country or establishment or organisation and borrow. You must understand that they are Central subjects which are the responsibility of the Union Government. There is no State which can go and borrow from abroad without the consent of the Finance Ministry. It is not possible. It has to take the permission of the Finance Ministry. There is a well-established procedure. We examine from whom it is borrowed and all other factors go into this.

SHRIMATI MARGARET ALVA: Are they guaranteed by the Central Government?

SHRI JASWANT SINGH: It is not as straightforward and simple a question as that. There are a number of borrowings that take place. But we stand guaranteed or not, in the ultimate, all the borrowings, whether commercial or otherwise, become the responsibility of the Union of India. You must recognise this. It is because the economy's fiscal management is the responsibility of the Ministry of Finance, Government of India. That is where the slang phrase goes that 'the buck stops here'. The buck does not start from here. It starts from the Reserve Bank and does stop here. We have to really consider it. I commend this Bill. Let the Bill be passed.

MR. CHAIRMAN : The question is:

"That the Bill to provide for the responsibility of the Central Government to ensure inter-generational equity in fiscal management and long-term macro-economic stability by achieving sufficient revenue surplus, eliminating fiscal deficit and removing fiscal impediments in the effective conduct of monetary policy and prudential debt management consistent with fiscal sustainability through limits on the Central Government borrowings, debt and deficits, greater transparency in fiscal operations of the Central Government and conducting fiscal policy in a medium-term framework and for matters connected therewith or incidental thereto, be taken into consideration."

The motion was adopted.

MR. CHAIRMAN: The House will now take up clause-by-clause consideration of the Bill.

Clause 2 - Definitions

Amendments made:

Page 1,---

omit lines 9 and 10. (4)

Page 2, *for* lines 1 to 9, - *substitute*-'(a) "fiscal deficit" means the excess of total disbursements, from the Consolidated Fund of India, excluding repayment of debt, over total receipts *into* the Fund (excluding the debt receipts), during the financial year,'. (5)

Page 2, line 10,---

for "(c)" *substitute* "(b)". (6)

Page 2, line 13,---

for "(d)" *substitute* "(c)" (7)

Page 2, line 16,---

for "(e)" *substitute* "(d)" (8)

Page 2, line 18,---

for "(f)" *substitute* "(e)" (9)

Page 2, line 19,---

for "(g)": *substitute* "(f)" (10)

(Shri Jaswant Singh)

MR. CHAIRMAN: The question is:

"That clause 2, as amended, stand part of the Bill. "

The motion was adopted.

Clause 2, as amended, was added to the Bill.

Clause 3 --- Fiscal policy statement to be laid before Parliament

Amendments made:

Page 2, line 22,---

for "annual budget", *substitute* "annual financial statement and demands for grants". (11)

Page 3, - --*after* line 3 *insert*---

" (4A) The macro-economic framework statement shall contain an assessment of the growth prospects of the economy with specification of underlying assumptions.

(4B) In particular and without prejudice to the generality of the foregoing provision, the macro-economic

framework statement shall contain an assessment relating to-

- a. the growth in the gross domestic product;
- b. the fiscal balance of the Union Government as reflected in the revenue balance and gross fiscal balance;
- c. the external sector balance of the economy as reflected in the current account balance of the balance of payment."

(12)

(Shri Jaswant Singh)

MR. CHAIRMAN: the question is:

"That clause 3, as amended, stand part of the Bill. "

The motion was adopted.

Clause 3, as amended, was added to the Bill.

Clause 4 - Fiscal management principles

Amendment made:

Page 3,---

for lines 7 to 38 substitute---

4.(1) The Central Government shall take appropriate measures to reduce the fiscal deficit and revenue deficit so as to eliminate revenue deficit by the 31st March, 2008 and thereafter build up adequate revenue surplus.

(2) The Central Government shall, by rules made by it, specify---

- a. the annual targets for reduction of fiscal deficit and revenue deficit during the period beginning with the commencement of this Act and ending on the 31st March, 2008;
- b. the annual targets of assuming contingent liabilities in the form of guarantees and the total liabilities as a percentage of gross domestic product; Provided that the revenue deficit and fiscal deficit may exceed such targets due to ground or grounds of national security or national calamity or such other exceptional grounds as the Central Government may specify;

Provided further that the ground or grounds specified in the first proviso shall be placed before Houses of Parliament, as soon as may be, after such deficit amount exceed the aforesaid targets.". (13)

(Shri Jaswant Singh)

MR. CHAIRMAN: The question is:

" That clause 4, as amended, stand part of the Bill. "

The motion was adopted.

Clause 4, as amended, was added to the Bill.

Clause 5 - Borrowing from Reserve Bank

Amendments made:

Page 3, line 50,--

for "2001", substitute "2003". (14)

Page 3, after line 50, *insert*"

"Provided that the Reserve Bank may subscribe, on or after the period specified in this sub-section, to the primary issues of the Central Government securities due to ground or grounds specified in the first proviso to sub-section (2) of section 4.". (15)

(Shri Jaswant Singh)

MR. CHAIRMAN : The question is:

"That clause 5, as amended, stand part of the Bill."

The motion was adopted.

Clause 5, as amended, was added to the Bill.

Clause 6 - Measures for Fiscal Transparency

Amendments made:

Page 4, line 5,--

for "annual budget", substitute "annual financial statement and demands for grants". (16)

Page 4,--

for lines 7 to 15 substitute"

"the Central Government shall, at the time of presentation of annual

financial statement and demands for grants, make such disclosures and in such form as may be prescribed.". (17)

(Shri Jaswant Singh)

MR. CHAIRMAN: The question is:

"That clause 6, as amended, stand part of the Bill."

The motion was adopted.

Clause 6, as amended, was added to the Bill.

Clause 7 - Measures to enforce compliance

Amendments made:

Page 4, --

for lines 19 to 22, substituteâ€”

"(2) Whenever there is either shortfall in revenue or excess of

expenditure over the prespecified levels mentioned in the Fiscal Policy Strategy Statement and the rules made under this Act during any period in a financial year, the Central Government shall take appropriate measures for increasing revenue or for reducing the expenditure (including curtailing of the sums authorized to be paid and applied from and out of the Consolidated Fund of India under any Act so as to provide for the appropriation of such sums):". (18)

Page 4, line 24,--

after "the Constitution", insertâ€”

"or to any other expenditure which is required to be incurred under any agreement or contract or such other expenditure which cannot be postponed or curtailed.". (19)

Page 4,--

for lines 25 to 31, substituteâ€”

"(3)(a) Except as provided under this Act, no deviation in meeting the obligations cast on the Central Government under this Act, shall be permissible without approval of Parliament.

(b) Where, owing to unforeseen circumstances, any deviation is made in meeting the obligations cast on the Central Government under this Act, the Minister in-charge of the Ministry of Finance shall make a statement in both Houses of Parliament explaining;

i. any deviation in meeting the obligations cast on

the Central Government under this Act;

ii. whether such deviation is substantial and relates

to the actual or the potential budgetary outcomes; and

iii. the remedial measures the Central Government proposes to take.". (20)

(Shri Jaswant Singh)

MR. CHAIRMAN: The question is:

"That clause 7, as amended, stand part of the Bill.

The motion was adopted.

Clause 7, as amended, was added to the Bill.

Clause 8 ---- Power to make Rules

Amendments made:

Page 4, --

for lines 36 and 37 substituteâ€”

"(a) the annual targets to be specified under sub-section (2) of section 4;

- a. the fiscal indicators to be prescribed for the purpose of sub-section (2) of section 3;". (21)

Page 4, line 38,--

for "(b)" substitute "(c)" (22)

Page 4,--

for line 41 substitute

"(d) the disclosures and form in which such disclosures shall be made under sub-section (2) of section 6". (23)

Page 4, line 42

for "(d)", substitute "(e)". (24)

(Shri Jaswant Singh)

MR. CHAIRMAN: The question is:

"That clause 8, as amended, stand part of the Bill."

The motion was adopted.

Clause 8, as amended, was added to the Bill.

Clause 9 was added to the Bill.

Clause 10 was added to the Bill.

Motion Re: Suspension of Rule 80 (i)

SHRI JASWANT SINGH: Sir, I beg to move:

"That this House do suspend clause (i) of rule 80 of the Rules of Procedure and Conduct of Business in Lok Sabha in so far as it requires that an amendment shall be within the scope of the Bill and relevant to the subject matter of the clause to which it relates, in its application to Government amendment No. 25 to the Fiscal Responsibility and Budget Management Bill, 2000 and that this amendment may be allowed to be moved."

MR. CHAIRMAN: The question is:

"That this House do suspend clause (i) of rule 80 of the Rules of Procedure and Conduct of Business in Lok Sabha in so far as it requires that an amendment shall be within the scope of the Bill and relevant to the subject matter of the clause to which it relates, in its application to Government amendment No. 25 to the Fiscal Responsibility and Budget Management Bill, 2000 and that this amendment may be allowed to be moved."

The motion was adopted.

New Clause 10A - Jurisdiction of Civil

Courts barred

Amendment made:

Page 5,— after line 9, insert—

10A. No civil court shall have jurisdiction to question the legality of any action taken by, or any decision of, the Central Government, under this Act". (25)

(Shri Jaswant Singh)

MR. CHAIRMAN: The question is:

"That New Clause 10A be added to the Bill."

The motion was adopted.

New Clause 10A was added to the Bill.

Clauses 11 and 12 were added to the Bill.

Clause 1 - Short title extent and commencement

Amendment made:

Page 1, line 4,—

For "2000", substitute "2003". (3)

(Shri Jaswant Singh)

MR. CHAIRMAN: The question is:

"That clause 1, as amended, stand part of the Bill."

The motion was adopted.

Clause 1, as amended, was added to the Bill.

Enacting Formula

Amendment made:

Page 1, line 1,—

For "Fifty-first", substitute "Fifty-fourth". (2)

(Shri Jaswant Singh)

MR. CHAIRMAN: The question is:

"That the Enacting Formula, as amended, stand part of the Bill."

The motion was adopted.

The Enacting Formula, as amended, was added to the Bill.

18.00 hrs.

Long Title

Amendment made:

Page 1, in the long title—

omit "eliminating fiscal deficit". (1)

(Shri Jaswant Singh)

MR. CHAIRMAN: The question is:

"That the Long Title, as amended, stand part of the Bill."

The motion was adopted.

The Long Title, as amended, was added to the Bill.

SHRI JASWANT SINGH: I beg to move:

"That the Bill, as amended, be passed."

MR. CHAIRMAN: The question is:

"That the Bill, as amended, be passed."

The motion was adopted.
