

MR. DEPUTY-SPEAKER: Clause 4. Amendment No. 1 by Shri K. Narayana Rao. He is absent. The question is:

"That clause 4 stand part of the Bill".

The motion was adopted.

Clause 4 was added to the Bill.

Clauses 5 to 8 were added to the Bill.

MR. DEPUTY-SPEAKER: Clause 9. Amendments by Shri K. Narayana Rao—he is absent. The question is:

"Clauses 9 to 16 stand part of the Bill".

The motion was adopted.

Clauses 9 to 16 were added to the Bill.

Clause 1, the Enacting Formula and the Title were added to the Bill.

SHRI H. R. GOKHALE: I beg to move:

"That the Bill be passed".

MR. DEPUTY-SPEAKER: The question is:

"That the Bill be passed".

The motion was adopted.

15.10 hrs.

CONTINGENCY FUND OF INDIA (AMENDMENT) BILL

THE DEPUTY-MINISTER IN THE
MINISTRY OF FINANCE (SHRIMATI
SUSHILA ROHATGI): Mr. Deputy-
Speaker, I beg to move*:

"That the Bill further to amend
the Contingency Fund of India Act,
1950, be taken into consideration."

The Bill seeks to further amend the Contingency Fund of India Act, 1950, for the purpose of raising the corpus of the Contingency Fund of India Rs. 30 crores to Rs. 50 crores. The Contingency Fund of India was established under article 267(1) of the Constitution in 1950 with a corpus of Rs. 15 crores to enable advances to be made out of it for purposes of meeting unforeseen expenditure pending authorisation of such expenditure by Parliament by law under article 115 or article 116 of the Constitution. The corpus of the Fund was raised to Rs. 30 crores in 1970.

Of the total corpus of Rs. 30 crores, Rs. 2 crores have currently been placed at the disposal of the Ministry of Railways and the balance of Rs. 28 crores is at the disposal of the Ministry of Finance to meet the requirements of unforeseen expenditure of Civil, Defence and P & T Departments.

The augmentation of the corpus of the Contingency Fund in 1970 followed the recommendation of the Administrative Reforms Commission that the corpus of the Fund should be enhanced to enable funds being found for urgent schemes and projects which could not be postponed till supply by Parliament. Another contributory factor was the convention then established in pursuance of the recommendations of the Public Accounts Committee that additional requirements for investments in or loans to public sector undertakings and private concerns, grants to private institutions and certain types of subsidies, in excess of certain limits, even where these could be met by reappropriation of savings should be treated as expenditure requiring specific parliamentary approval. This necessitates recourse in urgent cases, to the Contingency Fund, if adequate time to seek supplementary provisions from Parliament is not available. The corpus of the Fund was temporarily raised to Rs. 100 crores from 9th February to 30th

*Moved with the recommendation of the President.

[Smt. Sushila Rohatgi]
April, 1972, to meet the additional demands following the emergence of Bangladesh.

The position was reviewed recently. The total size of the Budget has more than doubled since the corpus of the Contingency Fund was raised in 1970. This, coupled with the aforesaid convention, has led to the need for a larger imprest with the President, in the absence of which implementation of urgent schemes will have to be deferred until Parliamentary approval is available. This will obviously be not in the public interest. Utmost caution and restraint will continue to be exercised in drawing upon the Contingency Fund.

The Contingency Fund of India (Amendment) Bill involves a withdrawal of Rs. 20 crores from the Consolidated Fund of India for transfer to the Contingency Fund of India. At this stage, however, this transfer does not involve any real outgo of cash. Sir, I move.

MR. DEPUTY-SPEAKER: Motion moved:

"That the Bill further to amend the Contingency Fund of India Act, 1950, be taken into consideration."

SHRI DINESH JOARDER (Malda): This is a small Bill and this fund enables them to meet unforeseen expenditure that may arise in the following year, expenditure which could not be foreseen at the time of preparation of the budget as also to meet expenses on projects which are taken up after a budget is passed and before the next budget is framed and presented to Parliament. But I am constrained to say that we have not been given any specific instances over the last 28 years since the introduction of this Contingency Fund in 1950, where the Government found that the money at their disposal had been totally exhausted and some unforeseen expenditure for a new project or some other item could not be met. This fund which stands at Rs. 35 crores is being increased to Rs. 50 crores. Were there any contingencies or emergent

situations in the past when the amount in the fund was found to be insufficient? We have not been given such specific instances necessitating the increasing of the corpus of this fund from Rs. 30 to 50 crores.

It has come to the notice of the House that this fund has very often been used to meet certain expenditure which should not have been met from this fund. There are also instances of gross violation of the provisions of the Contingency Fund Act as well as the rules made thereunder. There is an instance of such violation of the provisions where money had been drawn from the contingency fund but in the appropriation accounts it had been shown to have been drawn from the consolidated fund. There is an instance mentioned by the Public Accounts Committee in their 22nd report where an amount had been drawn from the contingency fund by the Home Ministry and at the time of showing this in the appropriation accounts, it has been shown that it has been drawn from the consolidated fund. This is a gross violation of the rules and shows the negligence of the government in handling this contingency fund. The PAC report says:

"The committee are unable to understand how an advance drawn from the Contingency Fund came to be booked wrongly by the department in the accounts for the year 1973-74 as an expenditure from the Consolidated Fund. What is worse, though expenditure incurred in satisfaction of court decrees, awards of arbitral tribunals, etc. is correctly debitable as a 'charged' item of expenditure, the department committed further mistake in booking the expenditure as a voted item. This clearly indicates a gross lack of knowledge of the basic principles of accounting and classification. The committee would like the Ministry to examine this lapse and ensure that the supervision exercised over the accounting of expenditure is adequate and that responsibility for the lapse is located."

We do not know whether the recommendations of the PAC have been taken due care of, whether this lapse has been located, who are the persons responsible for this lapse, etc. Though the Report of the PAC has been placed before the House, the Ministry have not told us whether all the recommendations have been properly implemented or not. We do not know their comments on the recommendations of the PAC. This is a very recent report, of the period 1974-76. There are also earlier reports which indicate lapses relating to earlier periods.

Government have now become very negligent because they have got the two-thirds majority in the House. So, they are taking everything very lightly. Whether it is according to the law of the land or not, whether it is in consonance with the provisions of the Constitution or not, everything can be done because they have got the majority.

They are spending money and passing Bills in whatever way they like in every sphere, and they are brought before Parliament in a very casual way. We act merely as a rubber stamp for all the actions of the executive.

They say that they want to increase the corpus of the Contingency Fund from Rs. 30 crores to Rs. 50 crores. But they have not given any reasons for that. They have not explained whether they have faced any difficulty in meeting any emergent expenditure, after the passing of the budget. They have not given any specific instance to show that this demand is justified. They have not given any valid reasons for enhancing the corpus of this fund. At the same time, there are many instances of lapses in spending money, as pointed out by the PAC in many of their reports. Therefore, I oppose this move of the Government.

की मूलबन्ध. बला (ताली) :
उपाध्यक्ष महोदय, संविधान के अनुच्छेद
267 और 283 के अनुसार कॉन्टिजेंसी

फंड का हिस्सा एक बनाया गया था।
उस में संशोधन करके आकस्मिकता निधि
की राशि को 30 करोड़ रुपये से बढ़ा
कर 50 करोड़ किया जा रहा है। यह
रकम या तो बैंक कैपिटल है, या वह
किसी बैंक में जमा होती है, जिसका
इन्ट्रेस्ट मिलता है। अगर सरकार ढाढ़
यादि देवी विपत्तियों या अन्य स्थितियों
में इस राशि को काम में लाना चाहती
है, तो वह इस को बढ़ा कर केवल 50
करोड़ रुपये तक क्यों रख रही है वह
इस को पांच गुना या सात गुना क्यों
नहीं कर देती है। स्टेटमेंट का
आवश्यकत एंड रीजन्स में कहा गया है
"...बारा 2 के अधीन निधि की
मूल राशि तीस करोड़ रुपये है।
वार्षिक बजट में वृद्धि के परिणाम
स्वरूप निधि की मूल राशि में भी वृद्धि
करने की आवश्यकता अनुभव की गई है।"
सरकार ने इस बारे में कोई कारण नहीं
बताये हैं कि यह आवश्यकता क्यों अनुभव
की गई है। मैं चाहता हूँ कि मंत्री
महोदय उन कारणों पर प्रकाश डालें।

SHRI H. N. MUKERJEE (Calcutta—
North-East): Like Mr. Daga I also
feel that Government has not been
good enough to vouchsafe to us the
real reasons why this particular Bill
has been put before us. We have only
been told that the increase in the size
of the annual Budget requires
augmentation of the corpus of the
Contingency Fund of India. I am
afraid that Government has been
remiss in so far as strict adherence to
the normal processes of accounting
are concerned, and very probably use
of the Contingency Fund has been
made almost in the nature of using a
Savings Bank account in addition to
your Current Account. You dip into
the Savings Bank account only to
supplement what you happen to need,
but the Contingency Fund of India has
to be treated more seriously, and one
should take moneys out of the Con-

[Shri H. N. Mukerjee]
 Contingency Fund only when there are very special circumstances. Where those circumstances can be anticipated more easily, they could be put in a different way in so far as the Budget figures are concerned they could come out of the Consolidated Fund of India not out of the special device of the Contingency Fund.

That is why as my hon. friend Shri Joarder pointed out a little while earlier, the Public Accounts Committee had to take note of a matter which had originally been raised in Parliament. My hon. friend Shri Serhiyan had raised the question of the mis-utilisation of certain moneys and the approach to the Contingency Fund of India which was of a very lackadaisical character and the Speaker had to give a ruling which required an investigation of the position to the extent that it could be made.

My hon. friend Shri Joarder has already quoted from the 222nd Report of the Public Accounts Committee which has pointed out the kind of mistake which necessitated the intervention in the matter on the part of a non-official Member and which evoked from the Speaker a ruling which required a fresh examination of the Government's attitude towards the Consolidated Fund of India and also the Government's attitude in regard to accounting processes in general.

That being so, this is a matter which cannot be lightly put before the House and pushed through. I know this would be passed in a short while and that very few Members are actually interested because everybody has got the idea that this is a routine piece of legislation but we should have a great deal more information as to how exactly the Contingency Fund of India is dipped into. It is a very special fund; it is a fund which can be utilised only on contingencies arising in certain emergent circumstances which could not be anticipated. We can understand certain things about floods and other kinds of

calamities which call for relief and other measures which require the utilisation of the Consolidated Fund of India, but the Contingency Fund, through experience, should be capable of definition in objective terms on the basis of the annual requirements, on the basis of the average recurrence of Contingencies of the sort which have taken place in the last decade or so. If we had before us facts in regard to the requirements for having to dip into the Contingency Fund of India, we can understand it but we find that it is only said that because the Budget size has increased, the Contingency Fund size should also increase. That does not exactly stand to reason and that is why it is necessary to have a better idea of what has happened before.

I need not repeat what Shri Joarder has quoted from the 222nd Report of the Public Accounts Committee, but the Committee requires that Government should take adequate steps in regard to the Speaker's ruling that the lapses pointed out should be examined, that the supervision over the accounting of expenditure should be adequate, that the responsibility for the lapses should be located. This is the Report of the Public Accounts Committee and it is evidence of the fact that Government's dealings with the Consolidated Fund of India have not been as careful and punctilious as they ought to have been. This is a pointer which is not particularly happy. There are many other instances of Government becoming rather lapse in so far as accounting procedures are concerned and the recent change in the status and the powers of the Comptroller and Auditor General of India also is an indication of how Government appears to be trying to upset certain norms, certain rules, which had been settled after a long period of experience. And that is why it requires a great deal more explanation before the House can be expected to pass this Bill.

15.30 hrs.

[Shri C. M. SHYAM in the Chair]

SHRI Y. S. MAHAJAN (Buldana):
Sir, I am surprised that this simple and innocuous Bill has been opposed by the hon Members on the other side.

The Contingency Fund of India was established in 1950 under articles 287(1) and 283(1) of our Constitution. It is in the nature of an imprest. It enables the Government to meet unforeseen expenditure, that is, the expenditure of an emergency type, including that on a new service till supplementary demands are granted by Parliament. Such occasions arise quite often, and provision has to be made immediately; it is not possible to wait till supplementary demands are placed before the House and are passed by it.

In 1970 the corpus of the fund was increased from Rs. 15 crores to Rs. 30 crores. In 1972, temporarily, for two months and one week, it was raised to Rs. 100 crores; because of the emergency expenditure which we had to meet immediately after the Bangladesh war. I remember having participated in the debate when hon. Members on the other side made all sorts of baseless allegations that the fund was being utilised for party purposes. I would like to say that the Fund is used carefully very cautiously and with great restraint. For instance, even if a new service is provided for in the Budget, no expenditure is incurred on it till the demands are granted by Parliament or even during the period when 'On Account' grants are passed. So much care is taken to see that it is used only for emergency purposes or to meet unforeseen expenditure.

Hon. Member, Shri Dinesh Joarder, has said that the money is used in a very negligent manner but gave no specific instances when money was so used. The hon. Member did not himself cite a single illustration to point out that the money was misused?

SHRI DINESH JOARDER: That was not my contention. I wanted the Government to let us know in which year

and to meet which item of the project the funds were found short and Government failed to meet it from out of the Contingency Fund.

SHRI Y. S. MAHAJAN: Then you could have asked for an account as to how it was used in the last five years. You said that it was being used in a negligent manner, but you have not cited any illustrations to prove that the money was so misused.

The other hon. Member said that the Fund was being used in a lackadaisical manner, that these contingencies could be anticipated and provided for. Contingency or emergency, by its very nature, cannot be anticipated; it is something which cannot be anticipated, and such emergencies are bound to increase in number as the economic transactions of Government increase in extent and depth. In 1970 our budgeted transactions amounted to Rs. 300 crores and during this year our budgeted transactions amounted to Rs. 5,500 crores. The State is taking upon itself larger and larger functions and that is because we are developing into a welfare and socialist State. Under these conditions, when some difficult position arises and money has to be expended, the Government should be able to come forward with money for it. Suppose there is an earthquake as it happened in China, do you mean to say that the Government should wait till the Supplementary Demand is passed by Parliament?...

SHRI DINEN BHATTACHARYYA (Serampore): Nobody has said it.

SHRI Y. S. MAHAJAN: In a welfare State when the Government takes care of citizens even from before birth till after death, many more of such things are bound to occur. Therefore, the demand for increase of the corpus of the fund from Rs. 30 crores to Rs. 50 crores is justified and I support it.

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE (SHRI-MATI SUSHILA ROHATGI): I thank

[Smt Sushila Rohatgi]

all the hon. Members who have participated in this short but interesting debate

At the very outset I would like to allay the fears of the hon. Members that it is not the intention and it has never been the intention of the Government that this Contingency Fund should in any way be utilised in a reckless manner or in a light manner or should be taken as a routine affair. Not so by any means. But the very nature of the Contingency Fund itself, as the previous speaker has stated, is something on which demands cannot be foreseen beforehand. So, in case situation arises, if it is not handled immediately in an urgent manner, the very purpose of the Fund itself is lost. Therefore to lay down all the circumstances is not very easy. But I do agree that what has been the need for raising it needs to be explained. For that I will just enumerate some of the cases that we had before us.

From October 1975 onwards we find that there was a greater demand for agricultural short-term loans from the various States. In fact, some of the States wanted money for the agricultural operations for pesticides, fertilisers and other things. As a matter of fact taking all together it may even come to Rs 20 crores. Agricultural operations are not something you will agree with me, which we can postpone for a long time. So in two instalments about Rs 10 crores were taken out for this. And I hope hon. Members will agree that it has not only borne fruit but it has really done something which has justified the purpose for which it was taken.

At the same time we also launched a Regional Rural Bank Scheme. Our Minister is sitting here—and for that also some money was required and the only way this contingency could be met as expeditiously as possible was through the Contingency Fund. Therefore, we find that money was also required for the Regional Rural Banks. I am sure that you will agree

that not only it has done well but, as a matter of fact, there is a demand from almost all the States that there should be more Regional Rural Banks in every State.

Now, another need arose for developing co-operatives for proper distribution of the essential commodities to the public and for that it was necessary to strengthen and streamline the development of co-operatives and so a substantial amount of money was required for that purpose. Therefore, there also we found the need was there.

Then we found that with the levy of an excise surcharge on aluminium, some subsidy needed to be provided to the State Electricity Boards. So this action was taken in time and we have gone to the assistance of the Electricity Boards. This could not be foreseen and it could not also wait for the Parliament passing it at that particular time. So that was met and it was authorised and done.

So all these are some of the reasons. There are many more reasons. There are some court decrees against the Government and these commitments have to be met immediately. Then there were natural calamities. The calamities do not come at our invitation. So some of these things happen and we have to be prepared to go to the succour of the needy and help them at the right time. For that also such a Contingency Fund should be there. At the same time it is our intention and it will be our constant endeavour to see that there is no constraint on this and it should not be misutilised. As a matter of fact we wish to see that it receives the approval of the Parliament.

At the same time I would also like to say that I was rather sorry why our pleasant colleague, Mr Jaiswar from CPM—I do not know why—should have chosen this occasion to inject politics into the matter. I do not think that by passing this Bill the Lok Sabha will become a rubber-stamp. I do not think that is the intention. As a matter of fact, by providing more into

etc. (Second Amdt.) Bill

the corpus we will only be helping the people carry out those things which are really necessary for them and the country at large. Apart from that, there is hardly any other point except the violation that is brought to our notice. We find even in this particular instance which he has mentioned that it did not reflect any violation of the Contingency Fund of India Act. What happened was that certain items were wrongly classified in the accounts and this matter was dealt with by the Public Accounts Committee and regularisation of excess expenditure is being taken up. I think this should allay the fears or doubts in the minds of hon. Members and I request that the Bill may be passed.

SHRI DINEN BHATTACHARYYA
Sir, there is no quorum in the House.

MR CHAIRMAN The Bell is being rung.

Now, there is quorum.

The question is

"That the Bill further to amend the Contingency Fund of India Act 1950 be taken into consideration."

The motion was adopted.

MR CHAIRMAN We take up clause-by-clause consideration. The question is

"That Clause 2 stand part of the Bill."

The motion was adopted.

Clause 2 was added to the Bill.

MR CHAIRMAN The question is

"That Clause 1 the Enacting Formula and the Title stand part of the Bill."

The motion was adopted.

Clause 1, the Enacting Formula and the Title were added to the Bill.

SHRIMATI SUSHILA ROHATGI
Sir, with your permission, I beg to move:

"That the Bill be passed."

MR CHAIRMAN: The question is

"That the Bill be passed."

The motion was adopted.

15.45 hrs.

CONSERVATION OF FOREIGN EXCHANGE AND PREVENTION OF SMUGGLING ACTIVITIES (SECOND AMENDMENT) BILL

THE MINISTER OF STATE IN CHARGE OF THE DEPARTMENT

etc. (Second Amdt.) Bill

OF REVENUE AND BANKING

(SHRI PRANAB KUMAR MUKHERJEE).

Sir, as the hon. Members are aware, in December, 1974, Parliament enacted the Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974 to detain persons engaged in smuggling, foreign exchange racketeering and related activities. When the Proclamation of Emergency necessitated by internal disturbances was issued on the 25th June 1975, it became necessary to further strengthen the provisions of law to effectively deal with the aforesaid persons during the emergency. The Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974 was therefore, amended on 1st July, 1975, by the insertion of a special provision in the form of section 12A of the Act. This section enables the Government to issue a declaration in respect of a person detained under the principal Act to the effect that the detention of such a person is necessary to deal effectively with the emergency. Wherever such a declaration is issued the statutory requirements of communication of grounds of detention to the detenu within five days of his detention and reference of his case to an Advisory Board within thirty-five days of his detention are frozen during the period the declaration remains in force. The main purpose behind incorporation of these special provisions was that some of the smugglers and foreign exchange racketeers had been posing a serious threat to the economy and thereby to the security of the nation owing to the vast resources and influence at their command. During the present emergency the observance of the aforesaid statutory procedural requirements was not considered to be in the larger interests of the nation.

These special provisions would have in the normal course ceased to have effect on the 25th June, 1976. If these had been allowed to lapse, there would have been a serious set back to the operations designed to combat smuggling and foreign exchange manipulations. It is, therefore, proposed to extend the period of operation of the spe-