

is no case for including them in the public distribution system.

MR. CHAIRMAN: Next Question No. 263.

Fiscal Deficit in Ninth Plan

*263. PROF. A. LAKSHMISAGAR:
SHRIMATI KAMLA SINHA:†

Will the PRIME MINISTER be pleased to state:

(a) whether it is a fact that high rate of fiscal deficit in the Ninth Plan period is anticipated by Government;

(b) if so, the considerations on which the Ninth Plan projections were made and the circumstances considered to be the factors responsible for the anticipated fiscal deficit;

(c) the anticipated deficit in the Gross Domestic Product (GDP) by the end of the Plan period; and

(d) the manner in which Government propose to move in the matter?

THE MINISTER OF STATE IN THE MINISTRY OF RAILWAYS, MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS AND MINISTER OF STATE IN THE MINISTRY OF PLANNING AND PROGRAMME IMPLEMENTATION (SHRI RAM NAIK):

(a) and (b) The Gross Fiscal Deficit of the Central Government was of the order of 5.9 per cent of GDP during the Eighth Five Year Plan period. As against this, an average Fiscal Deficit of 5 per cent is projected for the Ninth Five Year Plan period. The experience gained so far in the first two year of the Plan (1997-98 and 1998-99) with regard to the financial position of the Government and the existing economic situation have been kept in view in working out this projection.

(c) and (d) It is anticipated that the targetted GDP growth of 6.5 per cent annum on the average will be achieved during the five years of the Ninth Plan.

SHRIMATI KAMLA SINHA: Mr. Chairman, Sir, if we look at the economic picture of the country, it appears that this Government is running in an *ad hoc* manner. The United Front Government placed a draft of the Ninth Plan, the period of which is 1997—

2000. But till today this Government has failed to place the final plan. The written reply given by the Minister is incomplete. It says, "The Gross Fiscal Deficit of the Central Government was of the order of 5.9 per cent..." We have seen that the fiscal deficit of 1997-98 was projected at 6.1 per cent of the GDP. The current year's fiscal deficit is 5.6 per cent. We also know that the Government's projections on all fronts has failed. The low industrial growth is one of the reasons. There is a slowing down of industrial production. There is a slowing down of exports. There is an increase in imports. I would like to know from the Minister what specific plan the Government has to rectify all these things so that the deficit can be kept to the minimum.

SHRI RAM NAIK: Mr. Chairman, Sir, I must say that in the Eighth Plan the Gross Fiscal Deficit of the GDP was 5.9 per cent. As of now, we are projecting—on the basis of the work done—that it would be to the extent of 5 per cent. So, if we compare our projection of fiscal deficit with the previous Plan, it is not going to be high. It is going to be less. As I said earlier, our projection is to the extent of 5 per cent. Therefore, higher deficit is not going to be there when compared to the Eighth Plan.

SHRIMATI KAMLA SINHA: Mr. Chairman, Sir, I would like to know from the Minister whether it is a fact that the Planning Commission in its earlier draft had emphasised the need to keep the fiscal deficit under check to reduce the Government's borrowing and bring down the interest rates. It also discussed several new areas where taxes could be levied. The draft also proposed measures to widen the tax base and make revenue buoyant. Whatever the Planning Commission had recommended in the earlier draft, the present Government is just going in the opposite direction. The public expenditure is growing higher and higher. Every day the income is coming down. The industrial growth has almost come to a standstill. Exports also have come to a standstill. Imports are increasing at a higher level. So, what has the Government to say about it?

SHRI RAM NAIK: Mr. Chairman, Sir, at present the Member is not as well-informed as she should have been because...

† The question was actually asked on the floor of the House by Shrimati Kamla Sinha.

SHRIMATI KAMLA SINHA: You can enlighten us.

SHRI RAM NAIK: We have not delayed the Ninth Plan formulation. The Ninth Plan should have been ready before its starting, that is, 1997-98. It should have been ready before that. Now, we got it in March, 1998, after the Government has been formed. We have our national agenda. We have changed some priorities. On the basis of that, now, the Plan is in the final stage. Earlier, on one day, I said that. Now, it is circulated to be decided before the end of this month by the Cabinet. On that point, we have not delayed. But, I must say, Madam, that in 1997-98, when your Government was there, in that year, the fiscal deficit was to the extent of 6.14 per cent. Now, in this year, with all the efforts which we are making, trying to have more taxes collected, with some curb on the non-Plan expenditure, we expect that this year, the deficit would come down to 5.74 per cent. And, in the coming years, we are planning our finances through the Five-Year Plan projections in such a way that the average would be 5.1. In the next three years, the deficit will be further reduced. So, we will come to the average of 5.1. That is how we are trying to plan.

SHRI PRANAB MUKHERJEE: Sir, I am a bit intrigued with the reply given by the hon. Minister and the figures he has just now quoted. In the statement, he talks about the experience gained in the first two years, 1997-98 and 1998-99. He knows very well that in 1997-98, the deficit is well above 5, it is 6.14 per cent. But he says that the average deficit for the next five years would be five per cent, knowing fully well that in the first year itself, it has overshoot from five per cent to 6.14 per cent. He has admitted and it is a fact which the Finance Minister told us when he presented the Revised Estimates of the year 1997-98 in his Budget. So far as 1998-99 is concerned, up to mid-November, your revenue realisation, pro-rata, is down by Rs. 14,000 crores. There is no enhancement. It is going down. Therefore, there is no way you can keep the fiscal deficit within the targetted figure of 5.6 per cent which you projected. At the end of the year, you will come and throw up your hands and say, "Sorry, I cannot keep it at 5.6. It will be anywhere

between 6 and 6.5. So, in the first two years, it is going to be 12 per cent."

The second question is, which figure are you giving? You are saying that this is the Ninth Plan. The other day, you said that the Ninth Plan is yet to be finalised. These projections might have come in some documents which have not yet been approved, which have not yet been owned by the Government. Let the Government clarify the position with regard to this five per cent figure which he is talking about during the Ninth Plan. Do they own the Draft Plan which was formulated by the earlier Planning Commission? The position of the Minister is, "No, we will be finalising the Plan by March, the procedures are going on within the Cabinet." So, let the Government clarify the position. What is the status of the Ninth Plan? And how could he come to the conclusion that the fiscal deficit will be average five per cent when as far as first two years, by your own admission, in the first year, you have already overshoot and in the second year, you are going to overshoot it?

SHRI RAM NAIK: Sir, it is true that in the year 1997-98, it has gone down. I must share, with the House, the facts which are available with me. It is from that angle. And this deterioration has started earlier. Now we want to put a brake on that and we are confident that we will put a brake. If one feels that already there has been deterioration and deterioration and it will further deteriorate, we are not that type. (*Interruptions*).

SHRI NILOTPAL BASU: Let him give the exact figure. What is the revenue deficit in the first six months of his Government?

SHRI RAM NAIK: We are confident to arrest this deterioration and that is why we are planning to do... (*Interruptions*).

SHRI NILOTPAL BASU: What is the revenue deficit in the first six months? You give that figure. (*Interruptions*)

SHRI RAM NAIK: I don't reply to the questions which are put by Members sitting. That is not the practice, I hope. I am new to this house.

MR. CHAIRMAN: Don't listen to them.

SHRI RAM NAIK: So, Sir, this is how we want to arrest the deterioration, and we will do it with the help of others. So far as the question of formulation of the plan is concerned, I have already said that the Cabinet would approve it before 31st December and the Plan would go to the National Development Council before 31st March. These commitments are there and I am just repeating them. So, we will do it, as we have said earlier.

SHRI NARENDRA MOHAN: The Minister has just mentioned that the GDP growth of 6.5 per cent per annum is anticipated. He has also mentioned that it will be possible for him to contain the fiscal deficit to five per cent in the Ninth Five Year Plan. I would like to draw the attention of the Minister to the fact that the major fiscal deficit in planning is because of the merit subsidy and non-merit subsidy. A white Paper has been published by the earlier Government on subsidies which goes to say that about 15 per cent of our deficit is because of the direct and indirect subsidies. Is there any plan with the Government to contain these subsidies so that the fiscal deficit can be controlled? If it is so, I would like to know whether the merit subsidy is going to be curtailed or whether the non-merit subsidy is going to be curtailed for containing the fiscal deficit?

SHRI RAM NAIK: All these plans would be thrown out for discussion when the Budget is there. Now, this year, the Budget is there. That is known to the hon. Member and to the House. Next year, what will we do? So far as particular items are concerned, we will do it when we prepare the Budget.

SHRI NARENDRA MOHAN: Would you be able to tell us as to what has been the deficit because of the merit subsidy and non-merit subsidy?

SHRI RAM NAIK: Sir, I need a separate notice for that.

SHRI J. CHITHARANJAN: Sir, during the Eighth Five Year Plan, while attempting to reduce the financial deficit, what was being done was to curtail the amounts allotted for Plan projects. Even the amounts provided in the Budget were very low and even those

amounts were cut down and the casualty was the development projects, especially, the infrastructural sector. Now again, when we are faced with the increase in the fiscal deficit, while taking various measures, to reduce this financial deficit will you keep in mind or give more importance not to reduce the amount allotted for the Plan projects, and to implement them?

SHRI RAM NAIK: Sir, it will certainly be our endeavour to ensure that the Plan expenditure is not reduce, and if at all, any curtailment is to be done, it will be done to the non-plan expenditure. This was the first point. The other point is the Draft Plan was released to the Press by Professor Madhu Dandavate, the then Deputy Chairman of the Planning Commission. I can only assure the House that in the infrastructural sector to which he has made a reference, I would like to inform him that in respect of the infrastructural items, an increase would be there. There won't be any curtailment in the proposed plan.

DR. BIPLAB DASGUPTA: Sir, from the answer given by the Minister, we may not gather much about planning. But we know that he is a well-informed Minister, and he is very confident about what is going to happen. We had the Ninth Five Year Plan draft quite some time back, which is gathering dust. Now, how can the plan continue if out of five years, two years have gone? What is planning? Planning means doing something in advance, and implement it in the Plan according to the directives. But no Plan is there. How can the Plan function during the remaining two years? Now, as far as optimism is concerned, we are finding that the revenue deficit is going up. The price increase, which was three per cent last year, is nine per cent now. Exports have gone down. There is a negative growth in exports. There is an indication that there would be recession all over the world. The recession is continuing. On that basis, there has to be some basis for optimism. The Government has reconstituted that Planning Commission. But optimism is one thing. What is the basis on which these figures have been worked out? We would like to know that. There has to be some mechanism, there are some models which are used by the Planning Department and certain

forecasts are made on the basis of the assumptions made. It is a different matter. It is not a question of confidence. The Minister has to assure us that all the technicalities have been complied with, and only on that basis, he is making a statement here.

SHRI RAM NAIK: Sir, I must thank the hon. Member for his compliments. But what I can assure is that when I say that the infrastructural areas won't be the victims, we won't effect reduction there; for that purpose, the hon. Prime Minister has constituted different Special Action Groups. They have deliberated among themselves and formed the strategy. On the basis of that strategy, we have only revised the Draft Plan which was formulated by the then Deputy Chairman, and now, it is under consideration. So, the Special Action Groups have studied it and a Task Force has been appointed. They have studied it, deliberated upon it and out of that deliberation, we gained confidence. Yes, we all stop whatever has been under the deteriorating condition.

SHRI S.R. BOMMAI: Sir, I very much appreciate the answer of the hon. Minister that according to the schedule, the planning process will be completed on the due dates. It has already been informed to this House. I would like to know as to when the Planning Commission is going to be fully constituted. We have got the Chairman; the Prime Minister is the Chairman; we got the Deputy Chairman, we have got only one member in the Planning Commission, as of today, who is a government servant. It is not fully constituted. The Planning Commission without being fully constituted, how can you finalise the plan? I would like to know when the Planning Commission will be fully constituted.

SHRI RAM NAIK: Sir, as it is, the Planning Commission is fully constituted. If some members are required to be added, the hon. Prime Minister, as Prime Minister as well as Chairman of the Planning Commission, would take the decision at appropriate time. But for want of additional members, the work has not been stopped. The work is going on. Professor Madhu Dandavate has done a lot of good work. He has done all the preliminary work. On the basis of that preliminary work, the Task

Force has redefined certain projects, certain areas, and on the basis of that, it is being done. So, the Planning Commission is fully working. It is a question of number. Number does not make such difference, particularly because Professor Madhu Dandavate has done a lot of good work.

MR. CHAIRMAN: Question No. 264.

Penalty for low standard telecom services

***264. SHRI JANARDHANA POOJARY:** Will the Minister of COMMUNICATIONS be pleased to state:

(a) whether Telecom Regulatory Authority of India (TRAI) has proposed to penalise operators including Department of Telecom (DOT), if the quality of their service falls below the benchmark set by it;

(b) if so, the details of the proposal; and

(c) the action Government propose to take to implement the proposal?

THE MINISTER OF COMMUNICATIONS (SHRI JAGMOHAN): (a) and (b) Yes, Sir, The TRAI has proposed penalties on some Service Parameters e.g. Service Access Delay, Provision of Service, Efficiency Rate of Customer Services, Maintainability and Billing Performance etc.

(c) The proposals are only at consultation stage. TRAI will be finalising these proposals after consultations with the various Service Providers, Consumers and other interested parties. Action on these proposals would be taken by the Government once these are finalised by TRAI.

SHRI JANARDHANA POOJARY: Sir, the Government has admitted that the efficiency rate of maintenance has gone down. They have also mentioned that the maintainability and the billing performance also is not good. Now, Sir, as you are also aware, there is a racket operating in this Department. They are manipulating and inflating the bills also. Unfortunately, no action has been taken against them so far. The Government is not in a position to say by what time, the Government is going to formulate their plan. Can the hon. Minister tell the House by which time the proposal will