

October, 2008 and ending immediately before the date of commencement of the Agricultural and Processed Food Products Export Development Authority (Amendment) Act, 2009, shall, in so far as they are in conformity with the provisions of this Act, as amended by the Agricultural and Processed Food Products Export Development Authority (Amendment) Act, 2009, be deemed to have been done, or omitted to be done, or taken, or, not taken, under the provisions of this Act, as amended by the Agricultural and Processed Food Products Export Development Authority (Amendment) Act, 2009, as if such provisions were in force at the time such things were done or omitted to be done and actions or measures taken or not taken during the said period.”

Sir, I lay a copy each of the Bills, namely, the National Commission for Minority Educational Institutions (Amendment) Bill, 2009 and the National Waterway (Lakhipur-Bhanga Stretch of the Barak River) Bill, 2009 on the Table.

---

#### THE INTERIM BUDGET (GENERAL) 2009-10 (*Contd.*)

SHRI NARESH GUJRAL (Punjab): Sir, Shri Pranab Mukherjee’s presentation of the Budget gave a political colour to what should have been a purely economic exercise. His speech was long on praise for the performance of the UPA Government over the past five years, but deficient in proposals for tackling the hardships being faced by the *aam aadmi* today. Sir, I would like to highlight the hollowness of the rhetoric used when viewed in the light of the basic duties of the Government in securing the welfare and future of our citizens. The economic gains made by the country have been squandered away by the myopic policies of the UPA Government. Good money collected through strong tax revenues was thrown into schemes that were politically skewed. Reforms and expenditure in the efforts to increase the efficacy of resource utilisation were shelved for political expediency. Money was wasted in increased revenue expenditure in preference to improving infrastructure, food security, primary health and education. Sir, there are lakhs of primary schools all over the country with no teachers, because the States do not have necessary resources. Primary Health Care centres and district hospitals do not even meet elementary hygiene conditions. Not only are they ill-equipped, but they also lack trained medical staff because the States look to the Centre for succour.

Sir, I support my friend, Shri N.K. Singh, and urge the Government to review the formula for sharing the revenues between the Centre and the States. The options available to the succeeding Governments have already been closed by the crippling fiscal deficit which has touched an all-time high of 10.8 per cent including the Central and State Budget liabilities. The obvious dangers are that in a situation of declining revenues and increased demands for spending, the interest cost of the public debt will be under greater pressure and lead to fear of defaults amongst international lenders and investors. Sir, the figures of trade deficit are ringing

alarm bells. Our trade deficit was over \$ 120 billion last year and our Foreign Exchange Reserves have depleted by over \$ 70 billions. Sir, India's sovereign ratings would, definitely, be downgraded to a certain detriment to FDI and FII inflows. In fact, just today, S and P has loaded sovereign ratings from stable to negative. The downturn in the economy has led to widespread unemployment. According to a recent statement made by the hon. Minister of Labour, about half a million people lost their jobs between October and December, 2008. However, the Minister conveniently ignored to mention that millions of jobs have been lost in the unorganized sector. One just has to look at cities like Surat, Panipat, Tirapur, Mirzapur and Ludhiana to understand the gravity of the situation. Lakhs and lakhs of workers who were employed by the labour-intensive export industries such as gem and jewellery, garments, knitwear, handicrafts and carpets are sitting idle, dejected, starving, angering, devoid of any hope. While the Minister continues to express optimism that normal economic levels will be achieved within a year, he has no basis for saying so, and, certainly, the Vote on Account proposals did not contain anything to sustain such hopes.

Sir, the other issue that I want to touch open is the spread of hunger and malnutrition in the country. Reading of the Reports in the 'Global Hunger Index 2008' and 'India State Hunger State Index 2008' is disheartening and a source of anger. Even the granary of India, Punjab, is ranked below countries like Mangolia, Uzbekistan and Gabon. India, as a country, is ranked lower than the war-ravaged countries such as Rwanda and Sudan. Sir, according to a report by an NGO 'Hand in Hand', one-third of the entire world's ultra poor are Indians and forty per cent of all malnourished children are Indians. Further, 76 per cent of the Indians live below the poverty line — **...(Time-bell)...** One minute, Sir. — on two dollars a day, compared to 73 per cent in Sub-Saharan Africa. Meanwhile, millions of tonnes of foodgrains procured by the Government is stored in the open and is being wasted away to rats and pests. Punjab alone has almost five million tonnes and repeated pleas by the State Government to move it away from the State fall on deaf ears. Sir, why should the *aam aadmi* repose any faith in this Government that is not the least sensitive to his sufferings?

Sir, barely a year ago, there was a fear about shortage of foodgrains in the country and international tenders were invited for the import of wheat. However, the hardworking Punjab farmer once again came to the nation's rescue with two successive bumper crops. Sir, Punjab could guarantee food security for the country if our canal system is repaired and extended. The State Government has repeatedly made request to the Central Government for monetary assistance but without any results.

Sir, the ultimate recipient of the Government-sponsored welfare schemes, the *aam aadmi*, fails to receive its benefits as rampant corruption eats up more than 85 per cent of the sanctioned amount. There is no fear of the law. It takes years to punish the guilty even when they are caught red-handed; Sukhram's case is a case in point. India, Sir, would become a 'failed State' unless you make immediate structural changes to improve the delivery of justice to ensure quick punishment for the corrupt.

In conclusion, Sir, I would like to say to the Finance Minister that people will forget what you said, people will forget what you did, but people will never forget how you made them feel.

THE VICE-CHAIRMAN (PROF. P.J. KURIEN): Now, Shri Kumar Deepak Das; only five minutes please.

SHRI KUMAR DEEPAK DAS (Assam): At the outset, Sir, I must thank you giving me an opportunity to speak on this Interim Budget.

Sir, it is a big question whether this Budget has any realistic fundamentals of economy. The Government has failed to recognise basic human problems of the North-East Region and Assam as a whole. We have long-standing problems of perennial floods, economic bottleneck, transport bottleneck, non-industrialisation, huge unemployment, etc., and, above all, there are problems of insurgency, illegal infiltration and recent price hike. The question is, whether this Budget will be able to address all these issues in an effective manner. Sir, I think, the answer is, no. I would like to point out some of our feelings about the same.

Coming to the oil sector, Sir, after Gujarat, Assam in the North-East Region is the second largest oil producing State in India. In 2007-08, crude oil produced in the State was 2925 tonnes. Production of natural gas in the North-Eastern region is the highest with 2108 million cubic metres. Utilisation of the profit made out of the oil fields of Assam and North East for various welfare activities in the region in terms of percentage has always been very low. The profit earned by ONGC in the NE region in the year 2006-07 was Rs. 344.39 crores and it spent only 1.19 per cent profit on various welfare activities. OIL generated a profit of Rs. 1629.18 crores in the year 2006-07 and it spent only 0.78 per cent of that on welfare activities. Sir, Assam and the whole of the North-Eastern Region is the worst affected region as far as economic development is concerned. The people of the NE region always have feelings of insecurity and neglect from the Centre. Will the Centre show a good gesture to the people of North East Region and start spending at least 25 per cent of the profit secured from oil and natural gas sector for Assam for the welfare of Assam and the North-Eastern Region as a whole.

Sir, it is a serious point that I want to raise. We are talking about economic crisis. In Assam, everyday natural gas worth ten lakhs of rupees is being burnt out by Government; earlier the burnt out gas used to be worth crores and crores of rupees. This criminal activity should be stopped. If Government cannot use natural gas for the welfare of the people of the State or the country, we should stop digging out gas from Assam.

Sir, DONER has opened up a new chapter in the development of the North Eastern Region through its Vision-2020. But this Budget has failed to provide comprehensive support to implement such programmes. In India, 32.17 crores of people are living below the poverty line and out of those, 20.09 crores are living in rural areas. Assam's position in terms of BPL population stands at 36.09 per cent against the national average of 26.1 per cent in 1999-2000. On the other hand, Assam's per capita income in 1998-99 stood at Rs. 8700 against a national average of Rs. 14,712. We need special attention from the Centre in this region.

Sir, unemployment is one of the biggest problems in our State. One of the causes for growing insurgency is the unemployment problem prevailing in the State. The PSUs in Assam are in the red. Some are in a state of coma. Oil and coal establishments have reached a saturation level in the matter of employment. The Railway Department of North East provides employment to the youth outside the Region. The Government at the Centre ought to have special packages for these youth.

THE VICE-CHAIRMAN (PROF. P.J. KURIEN): Please conclude.

SHRI KUMAR DEEPAK DAS: Sir, the Region is still in a bad shape in terms of road, rail, water and air transport. This remains rickety throughout the year and during monsoons; the entire communication network becomes faulty. We become isolated from the rest of the country.

Sir, floods in the river Brahmaputra have become the biggest problem for us. Climate change and global warming is likely to have effect on the hydrology and water resources of Brahmaputra valley, and it might ultimately lead to more serious floods. Our civilisation, economy, culture, all are related to Brahmaputra river. According to assessments scenario developed from Hadley Centre Model Simulation, the annual average run off of the river Brahmaputra would decline by 14 per cent by the year 2050...*(Interruptions)*...

THE VICE-CHAIRMAN (PROF. P.J. KURIEN): There are already seven minutes. ...*(Interruptions)*... Please.

SHRI KUMAR DEEPAK DAS: Flooding of Brahmaputra will create a number of implications. ...*(Interruptions)*... for infrastructure in Assam. The Government of India should take this matter seriously, particularly in Assam. *(Time-bell)*

THE VICE-CHAIRMAN (PROF. P.J. KURIEN): That's enough. *(Time-bell)*

SHRI KUMAR DEEPAK DAS: We are demanding special Budget allocations. ...*(Interruptions)*... Just one minute, Sir. This should be taken as national problem. To manage the problem, the Government of India should take proper institutional mechanism in lines with the Mekong River Commission. The Mekong River Commission was formed in 1995 by an Agreement between the Government of Cambodia, Lao PDR, Thailand and Vietnam. Likewise, Brahmaputra Basin is concerned with the lives and aspirations of the people of four countries — China, Bhutan, Nepal and Bangladesh. It needs the institutional framework to promote regional cooperation for joint management of this shared water resources and development of the economic potential of the river like Brahmaputra. This needs special allocation from the Budget. So, I again request the hon. Minister to look into the problems of our State seriously. Thank you.

SHRI M.V. MYSURA REDDY (Andhra Pradesh): Mr. Vice-Chairman, Sir, this Vote-on-Account appears to me like a draft election manifesto for the forthcoming Lok Sabha elections. The hon. Minister had tried to make us believe that this Government is for *aam aadmi*. I am not an economic expert or financial wizard but I know how to manage my family budget. This is the basic principle in managing the people's money also. Sir, there is no doubt that Budget Estimates of 2009-10 have reached Rs. 9,50,000 crores as compared to Rs. 4,70,000 in 2003-04. The revenue has gone up to Rs. 6,00,000 crores and borrowings have gone up to Rs. 3,30,000 crores in 2009. The Revenues have gone up precisely because the Government has increased taxes laterally and vertically and borrowings from market and other sources. Sir, the revenues either through direct taxes or indirect taxes or borrowings ultimately will pass on to the *aam aadmi*. The revenue of the Government is from the taxes. After the tax evasion and exemptions, if we take these two parameters, then the burden on *aam aadmi* will be double. At the same time, there is a large-scale corruption in expenditure also. Late Shri Rajiv Gandhi has correctly said that only fifteen paise are reaching to people. Even the allocations are increased to various departments, but if one looks at the percentage-wise allocations to various Departments, they are more or less the same. *Aam aadmi* will not be benefited merely by increasing allocation. They are only benefited by schemes and programmes reaching *aam aadmi* in a transparent and accountable manner. In this regard, I will bring to the notice of the hon. Minister para 2.2, that is, CAG comments on Union Government accounts. I quote, "In recent years, there has been a shift in the Central Government strategy for implementation of flagship programmes and other Centrally-sponsored schemes for poverty alleviation, healthcare, education, employment, sanitation, etc. Most of the schemes were earlier implemented on cost-sharing basis with the transfer of Central share to the State Governments. The Union Government has now started transferring Central Plan Assistance directly to State and district level autonomous bodies, societies or non-Government organisations for implementation of Centrally-sponsored schemes without devolving funds through the State Government's Account. The State and district level implementing bodies keep this fund in their accounts, outside Government account." If the funds are kept in private accounts, definitely it is bound for large-scale misuse. Sir, in my State, *Sarva Shiksha Abhiyan* became '*Sarasa-Surya Abhiyan*'. It is a famous scandal and every M.P. from Andhra Pradesh also knows about it. Rs. 50 crores of fund from the Centrally-sponsored Scheme swindled out in connivance with the officials of the *Sarva Shiksha Abhiyan*. Till now, there is no action from the side of the State Government to recollect this money. But, without any proper checks, the Government of India also again released these funds. All the flagship programmes, which are meant for *aam aadmi*, are facing such type of problems. I cannot explain all these programmes because of paucity of time.

Sir, reforms and strong regulatory mechanism to promote safe, transparent and efficient market, and also to protect market integrity, are not going in the right direction. The net result is

that they end up in frauds. Satyam episode is not an aberration; it is a regular practice in our corporate sector. There are lot of such skeletons in the cupboard of Indian corporate sector. Steps have to be taken to protect the small investors. In the morning also, I explained how the FDIs are coming; what type of FDIs are coming; how tainted money is going to Mauritius and some other routes; how some people are becoming richer and richer. The Government policies will not change. Some people will become billionaires. It will not be useful for the people. (*Time-bell*)

Prices of essential commodities are quite high. But, the Minister announced some tax cuts for some items. It reminded me of cartoon which appeared in the *Times of India* on 12 February. I quote from the cartoon, "One thing about people in my constituency. They may not have food, water or shelter, but they are very progressive minded. They want mobile phones, airports, TVs and so on." Thank you, Sir.

**श्री विश्वजीत देमारी (असम):** थैंक्यु सर। सर इस बजट में आम आदमी के लिए जो व्यवस्था की गई है, स्पेशली एजुकेशन के लिए, इसके लिए जितना भी बजट एलोकेट किया है, वह तो बहुत अच्छा है। लेकिन जिस कारण से किया गया है, यह आम आदमी के लिए मजाक जैसा है। क्यों मजाक जैसा है? स्कूलों में मिड डे मील की गरीबों के लिए, उनके बच्चों के लिए व्यवस्था की गई है। लेकिन वहां पर टीचर्स खाना बनाने में लगा दिए जाते हैं और वहां पर छोटे-छोटे बच्चों को बर्तन साफ करने पड़ते हैं। इस तरह से आप गरीबों को या आम आदमियों को शिक्षा के क्षेत्र में कैसे आगे बढ़ाकर ले जाना चाहते हैं? मेरी मांग है कि इसके लिए कोई दूसरी व्यवस्था करनी चाहिए। अगर बच्चों को मिड डे मील खिलाना ही है, तो कोई दूसरा आदमी खाना बनाने के लिए होना चाहिए। मैं अनुरोध करता हूं कि इस स्कीम में थोड़ा-सा बदलाव लाना चाहिए।

सर, जो सर्व शिक्षा अभियान है, वह ग्रामीण अंचल में सारे स्कूलों को केंवर नहीं कर पाया है। आज भी नार्थ-ईस्ट में, स्पेशली ग्रामीण अंचल में सरकार स्कूल स्थापित नहीं कर सकी है। जब हम इसके बारे में सेंट्रल गवर्नमेंट से बोलते हैं, तो हमें बताया जाता है कि यह स्टेट का सब्जेक्ट है, इसमें सेंट्रल गवर्नमेंट सीधे कुछ नहीं कर सकती है। लेकिन मैं पूछना चाहता हूं कि जब किसी स्टेट की सरकार 50 साल तक स्कूल बनाने में फेल हो जाती है, तो सेंट्रल गवर्नमेंट को इसे देखना जरूरी है या नहीं? आज के दिन नार्थ-ईस्ट में ग्रामीण अंचल में स्कूल खोलना बहुत जरूरी हो गया है। अगर हम सेंट्रल गवर्नमेंट की तरफ से वहां पर शिक्षा की व्यवस्था करने की कोशिश नहीं करेंगे और सिर्फ राज्य सरकार को ही बोलते रहेंगे, तो वहां के लोगों को आने वाले 50 सालों में भी शिक्षा का मौका नहीं मिल पाएगा। इसके ऊपर सरकार को चिंता करनी चाहिए।

आज बोडोलैंड में बहुत कॉलेज हैं, जिनको पब्लिक खुद बनाकर ही चला रही है। आज यहां पर यह सुनकर अच्छा लगा कि भारत में 15 सेंट्रल यूनिवर्सिटीज बनने जा रही हैं। जब हम लोगों ने मूवमेंट किया था, आंदोलन किया था और 2003 में एकोर्ड किया था, उस समय सेंट्रल गवर्नमेंट ने हमको बोला था कि भारत सरकार में कोई सेंट्रल यूनिवर्सिटी बनाने की पॉलिसी नहीं है, जब पॉलिसी होगी, तब बोडोलैंड में यूनिवर्सिटी बनाई जाएगी। हमें इसके बदले में सेंट्रल इंस्टीट्यूट ऑफ टेक्नॉलाजी नाम की एक संस्था दी थी, जो नई थी और वह आज के दिन में पॉलिटेक्नीक जैसा, आई.टी.आई. जैसा एक इंस्टीट्यूट है। मैं प्रणब जी से उम्मीद करता हूं कि जो हमारी fifteen central universities होंगी, उसमें से एक University बोडोलैंड में स्थापित करने की व्यवस्था करेंगे, ताकि वहां के आम आदमी को भी पढ़ने का मौका मिले, शिक्षा प्राप्त करने का मौका मिले। मैं दूसरी बात करना चाहता हूं कि गरीबों के लिए जो स्कीम लेनी चाहिए थी, कुछ प्रोजेक्ट लेने चाहिए थे, वे विशेष तौर पर यहां reflect नहीं हो पाए हैं। जैसे कि social side में 18 साल से 40 साल की widow के लिए ITI में special training देने का मौका देने की बात कही है, monthly 500 रुपये देना भी commit किया

है, लेकिन ग्रामीण अंचल में जहां ITI institutions ही नहीं हैं, वहां की widow का क्या होगा? वहां के आम आदमी की जो widow है, उनका क्या होगा? इसके लिए सारे ग्रामीण अंचल में ITI जैसे institutions को बनाने के लिए भी चिंता करनी चाहिए, तभी हम यह policy implement कर सकेंगे। NREGA scheme की बात कही है, बार-बार बताया गया है कि आम आदमी के लिए यह बहुत अच्छी स्कीम है। यह जरूर एक अच्छी स्कीम है, लेकिन यह स्कीम ऐसी हो गई है जैसे कि एक अच्छा सा खाना पकाकर गरीबों को दिया जा रहा है, गरीब के मुंह से पानी निकलता है, लेकिन वह इसे खा नहीं सकता है। जैसे मेरा नया डिस्ट्रिक्ट बाक्सा है बोडोलैंड में, इसमें बैंक नहीं है। बैंक के जरिए पेमेंट दी जाती है। जो मजदूर होते हैं, उन्हें बैंक में अकाउंट खोलना पड़ता है। अगर बैंक ही नहीं है, तो केंद्र की वह scheme कैसे implement होगी? Post Office की बात करते हैं। Post Office में केवल एक Post Master बैठा हुआ है। एक peon field में चिट्ठी देने के लिए घूमता रहता है। वहां मजदूर के लिए account नहीं खुल सकता है। यह problem है। उसे खाने के लिए दिया गया है, लेकिन वह खा नहीं सकता है। इसकी थोड़ी चिंता करनी चाहिए कि वहां जो unemployment है, वहां के गरीब लोग हैं, वहां के जो मजदूर लोग हैं, उनको कैसे इसका benefit मिल सकता है। कैसे direct काम करके उन लोगों को कुछ फायदा मिल सकता है, इसकी चिंता करनी जरूरी है। मैं उम्मीद करता हूं कि सरकार जरूर इसकी चिंता करेगी, प्रणब जी चिंता करेंगे। इसी तरह management institution IIM बनाने की बात कही है। IISER बनाने की बात कही है, इसके लिए भी थोड़ा नॉलेज में रखें, आप एक-दो हमारे लिए भी जरूर बनाएं, आपने शिलॉंग में बनाया है, अगर आप lower असम में बनाएं, बोडोलैंड में बनाएं, तो नॉर्थ-ईस्ट के लिए बहुत अच्छा रहेगा। मैं बार-बार नॉर्थ-ईस्ट के लिए बोल रहा हूं, क्योंकि आज वहां के लोगों का दिमाग उलटा सोचने लगा है। वे ऐसा क्यों सोच रहे हैं? यह इसलिए है कि इंडिया में development की जितनी भी पॉलिसी बनें, वे वहां के लिए नहीं होती हैं। इसका फायदा नॉर्थ-ईस्ट में नहीं जा पाता है, इसलिए आज वहां के लोग विच्छिन्नतावादी चिंता में जा रहे हैं। अगर हमें इसे रोकना है तो भारत की प्रथम पॉलिसी में, छोटा होने पर भी नार्थ ईस्ट को एक नम्बर पर रखना चाहिए, ताकि नॉर्थ-ईस्ट के आदमी को विश्वास हो कि भारत सरकार ने हमारी भी चिंता करनी शुरू कर दी है। यह बहुत जरूरी है। जो हमारे विच्छिन्नतावादी सोच के नेता होते हैं, वे लोग कभी-कभी हमें भी कंवीन्स करते हैं कि भारत सरकार हमारे यहां कुछ करने वाली नहीं है, कोई फायदा नहीं है, इसलिए हमें खुद ही खड़े होकर अपने अंचल के development के लिए सोचना चाहिए, कोई policy बनानी चाहिए, काम करना चाहिए। जब इस तरह की बात होती है, तो हम भी कभी-कभी ऐसा सोचने पर मजबूर हो जाते हैं। ताकि ऐसा न हो, इसलिए मैं अनुरोध करता हूं कि जब भी बजट बनाया जाए तो प्रैक्टिकल फील्ड में हमारे आम आदमी को इसका फायदा मिल सके, वह इसे एन्जॉय कर सके, इसकी चिंता करनी चाहिए। धन्यवाद।

THE VICE-CHAIRMAN (PROF. P.J. KURIEN): Okay.

SHRI BHARATKUMAR RAUT (Maharashtra): Mr. Vice-Chairman, Sir, let me admit that while speaking on the Budget, I will not be bitterly critical for two reasons. First is that I hold hon. Pranabji in very high esteem, and, second is that this is an Interim Budget, perhaps the last Budget of this Government. Whatever is the reaction, the people will express that through the ballot box. So, I do not have to say much about it.

Sir, while all the newspapers in India are flooded with the advertisements of 'Bharat Uday', you will appreciate that people in India are still to experience the ray of that 'Uday', and, you know the reasons for this. I could speak on many things but, here, I am concentrating only on the aspect of education, which I think, is the foundation of our democracy. As I see the world, Maharashtra is a progressive State. But, when I see the rural parts of Maharashtra, forget what



is happening in other States, a survey shows that only 8 students, only 8 students, out of 100 who join the first standard reach the SSC class. Out of 100, only 8 pass out from the school. I think, this is a very bad plight of our country. If only 8 students complete their schooling, what are we talking about? All the time I keep listening to the HRD Minister and all other intellectuals in the society about IIMs, about engineering colleges, about medical colleges. When we don't have the strong foundation, when we don't have strong schooling, when primary schooling is ailing, why should we talk about higher education? Higher education, yes, that is important, but that can take its own care. What we need to do, what the Government needs to do is to concentrate on primary education where we are lacking. Sir, my request to you is, as we have started gender budget for women in this country, which is a very good idea, on the same lines we should have education budget. A separate allocation, a separate think tank should be concentrating on education. Only then we can develop, we can create a new generation which will take this nation forth. Sir, in my State, there are 85 thousand schools which are one-teacher schools. It means, one teacher takes care of all students from standard first to standard five. How do you expect a child, a group of more than 150-200 students of different standard to be taught by one teacher? So, at that level only the foundation is not complete; it remains weak, and on that they take further education. So, at least, at primary level, we should have more teachers. The Government says that we don't have funds to employ more primary teachers. What are we talking about? We are talking about 21st century; we are talking about going to the moon and here we do not have funds for primary teachers. I think we can keep all other programmes aside and concentrate on primary education. Then only it will happen. Our Government says that we will give recognition to the schools, but they will be non-aided schools. How do you expect a school to come up in a remote village, a remote hamlet without aid of the Government? I do not understand what is the concept of the Government of education in this country. I again and again say that we should have an education budget like gender budget and that will take care of many things.

One more point I would like to highlight is this. We have been talking about farmers' plight in this country. As many as 1.5 lakh farmers, the sons of soil, those who are working on the soil, have committed suicide because of their poverty. At the same time, let me tell you that because of the global meltdown, the situation in urban areas has come to such a stage that in urban areas also, there will be cases of suicide in a big way. (*Time bell*) I am afraid this situation should not happen. But if you see the newspapers, you will see everyday the workers and unemployed youths are committing suicide. On the one hand, farmers are committing suicide and on the other, workers are also committing suicide. What is the Government doing? What is the Government for? Is it only for the rich? So, in this Budget, this is not expected but I would say the Government should take care of this and save this nation from further disaster. Thank you.



THE VICE-CHAIRMAN (PROF. P.J. KURIEN): Okay, thank you. Shri Pranab Mukherjee.

**श्री ललित किशोर चतुर्वेदी (राजस्थान):** माननीय उपसभाध्यक्ष महोदय, क्या मैं एक प्रश्न कर सकता हूँ? मैंने आपके पास एक पत्र भेजा था, मैं वह क्वेश्चन कर लेता हूँ।

THE VICE-CHAIRMAN (PROF. P.J. KURIEN): No, no. It is not there in the list.

SHRI LALIT KISHORE CHATURVEDI: I requested, Sir.

THE VICE-CHAIRMAN (PROF. P.J. KURIEN): Okay, say what is that you want to say.

**श्री ललित किशोर चतुर्वेदी:** सर, मैं माननीय वित्त मंत्री महोदय से केवल एक सवाल करना चाहता हूँ...

THE VICE-CHAIRMAN (PROF. P.J. KURIEN): I think you can ask after the hon. Minister's speech.

**श्री ललित किशोर चतुर्वेदी:** सर, मैं पहले सवाल कर लूँ, तो वे अपने भाषण में उसका जवाब दे देंगे।

THE VICE-CHAIRMAN (PROF. P.J. KURIEN): Only one question. I have called the Minister. आप जल्द पूछ लीजिए, there is no time.

**श्री ललित किशोर चतुर्वेदी:** मेरा यह कहना है कि आपने अपने भाषण में यह कहा था, "Teaching is expected to commence in four of the six new Indian Institutes of Management, proposed for the Eleventh Plan period, from the academic year 2009-10. These are in Haryana, Rajasthan, Jharkhand and Tamil Nadu." मैं केवल इतना जानना चाहता हूँ कि पिछले दो तीन दिनों में लगातार दूसरे मंत्रालय ने कुछ इस प्रकार की गलतफहमी पैदा की है कि राजस्थान में इस बार IIM नहीं खुलेगा। मेरा आपसे यही निवेदन है कि जब आप अपना उत्तर दें, तब कृपया इस बात का स्पष्टीकरण कर दें।

THE MINISTER OF FINANCE (SHRI PRANAB MUKHERJEE): Sir, if the hon. Member would have waited for my reply to the debate, perhaps he would not have taken the trouble of asking me this question, because yesterday it was raised in the other House.

[MR. DEPUTY CHAIRMAN in the Chair]

As I knew that I would be replying to the debate in the Rajya Sabha, I thought I would like to take the opportunity of clarifying the position. I will respond to it in the course of my reply and then if you still feel some further clarification will be required, I will satisfy you.

**श्री राजनीति प्रसाद (बिहार):** सर, मुझे भी कुछ पूछना है।

**श्री उपसभापति:** आप बाद में पूछ लीजिएगा। अगर आपने कुछ क्लैरिफिकेशन करना है, तब आप मिनिस्टर साहब के बाद पूछ लीजिएगा।

**श्री राजनीति प्रसाद:** मुझे कुछ पूछना नहीं था, केवल दो मिनट बोलना था।

**श्री उपसभापति:** इसके लिए आपने अपना नाम नहीं दिया था।

**श्री राजनीति प्रसाद:** नाम तो दिया था मैंने।

**श्री उपसभापति:** नहीं, आपने अब अपना नाम दिया है, आपको पहले देना चाहिए था।

**श्री राजनीति प्रसाद:** ठीक है, कोई बात नहीं, सर।

**श्री उपसभापति:** अब आप इसके बाद झारखंड पर बोल लीजिएगा।

SHRI PRANAB MUKHERJEE: Mr. Deputy Chairman, Sir, I am indeed grateful to the hon. Members. Most of them are my colleagues, though I do not belong to the House right now. I have long association with this House. I was part of the House for pretty long time. Therefore, whenever I have the opportunity of coming to this House, I come. I have changed the side in this House so many times, not because I volunteered it, but because the people of India decided whether I will sit on this side of the Chair or that side of the Chair. With the mandate in each Lok Sabha election, I also have to change my side whenever the Congress Party came to power. Therefore, with due apology to my good friend, Mr. Yashwant Sinha, who has spent quite some time in this House, and many others, I became almost some sort of a semi-permanent fixture of this House for quite some time.

I am indeed grateful to the hon. Members for making their very valuable contribution on the Interim Budget. More than 20 Members spoke and many more wanted to speak. It is quite natural that in this difficult time, in the context of global financial crisis and also in the context of the expectation of the market people concerned and of the stakeholders, they expected the response from the Government in certain ways, in certain directions.

At the same time, perhaps the hon. Members are fully aware that the Budget is a mixed document, political and economic. Budget is formulated in the context of the economic philosophy and economic programme of the ruling party and the ruling combinations though in our Constitutional system, it is presented in the annual context. But, the Budget is being formulated in the context of a reasonable period of five years. In the earlier days, the Five Year Plans and the General Elections used to synchronise with the Plan document. It is still relevant and it is most important context in which the Annual Budgets are formulated. It was used to be drafted in the context of the Five Year Plans because our economy was planned economy. Any researcher of the Budget formulation and the Budget preparation will find that before the introduction of the First Five Year Plan, there was no expenditure clarification like Plan expenditure or non-Plan expenditure and a series of financial reforms have taken place over the years even in the structure, from preparation to the presentation on the recommendations of various Parliamentary Committees, recommendations of the Comptroller and Auditor General reports, formation of various Committees and their inputs. Through the process of evolution, Budget-making itself has undergone major changes.

Mr. Deputy Chairman, Sir, I also had the privilege of listening to the observations of many hon. Members who have made very valuable contributions not only because they are distinguished Members of this House, but I also had the privilege of being guided and ably

**6.00 P.M.**

advised by them in the earlier days when I acted in different capacities — whether in Planning Commission or in Finance Ministry or in Commerce Ministry. I had the privilege and advantage of being advised by their expert knowledge and expertise. Some of them have participated and made very valuable contributions. I am deeply indebted to them.

Mr. Deputy Chairman, Sir, I would also like to take this opportunity to congratulate one of the newcomers. She is not present here, but, she made her maiden contribution to the House. Shrimati Vasanthi from Tamil Nadu made very lucid presentation and observations in her maiden speech and I have no doubt that in future months, she will make more contributions and emerge as an important parliamentarian and contributor in the debates in this House.

Sir, I presented the Interim Budget and while presenting the Budget, in the Budget document itself and also in my reply to the other House, I made this point. Sir, it is customary because we have very elaborate financial arrangements in our Constitution — Part XII of the Constitution in articles 264 to 300A. Large number of articles, clauses, sub-clauses, sub-sections deal elaborately with the financial matters as to how the financial business will be transacted. Both Houses of Parliament also have formulated their rules of transacting financial business. As per the Constitutional requirement, we had to present the Budget, get it voted there. I had to present the statement on the floor of this House on the very same day after the presentation of Vote-on-Account on Interim Budget. In a normal year, we do have general discussions and thereafter, we take up the Appropriation Bill as the House does not have the opportunity of voting and discussing the Demands for Grants. So, we take up the Appropriation Bill, and thereafter, at the final stage, the Finance Bill. But, this time, because of the paucity of time, we have to club altogether General Discussion, Appropriation Bill, and thereafter, the Finance Bill will have to be disposed of because we are coming to an end of this Session. Though this House is a permanent House, the term of the other House is coming to an end. After the elections, after the constitution of the 15th Lok Sabha, and the new Government, both the Houses will re-assemble, and naturally, the full Budget will be presented whenever the new Government finds it convenient to do so, and to facilitate that, as per the practice, we have the system of Interim Budget and we have resorted to that. We also take the Vote on Account while presenting the regular Budget, but that is only to facilitate the Members to have a little more time to discuss. So, we take a short two months period or three months period for the Standing Committee to analyse the demands for grants and the expenditure proposals. After General Discussion, we adjourn for a short while, and after that, when that House takes up the demands for grants and passes them, passes the Finance Bill, this House, after the General Discussion, adjourns. It goes to the Committee stage. Then again, after the short adjournment, we come

back and complete the financial procedure within 75 days from the date of presentation of the Budget on the last working day of February and we have been working in that system. This year, for obvious reasons, we had to dispense with that elaborate arrangement and shorten it up. I must compliment the speakers, particularly, Shri Arun Shourie, for his elaborate comments and analysing the Budget from the various angles. Of course, as principal Opposition Party, it is his primary responsibility to oppose, to expose, and finally to depose, but this House does not have that constitutional responsibility to depose for that, and as the term is coming to an end, so, we shall have to wait till we get the mandate of 700 million voters whenever they will have the dates to give their mandate. But I must point out that I do not share either in financial profligacy or I do not believe that I should simply take shelter under the cover of the constitutional requirement and will not do what little we can do. I did not take stand beyond that because my reading of the scheme of the Constitution is that if I deliver a package without making adequate resource base and resource arrangement, there will be a serious credibility gap, and that credibility gap cannot be filled in if I do not back my proposals with the financial package, and from where we can have that financial package. When I know and everybody sitting in this House knows that the mandate of this Government so far as the next financial year is concerned, is coming to an end by the end of May just two months of the financial year. Four months' period we are taking into account. But two months fall in the current financial year, for which we have the full mandate, which we have utilised to the fullest extent, and we have extended it beyond that. If we expect, and if somebody expects, I think it would not be, from the propriety point of view, from the constitutional responsibility point of view, correct to go beyond that. But that does not mean that the Government ceases to operate because of Constitution. So far as the administrative mechanism and other instrumentalities are available, the Government will continue to discharge that till a new Government takes the responsibility, whoever it may be; I would not like to indulge in it. Let us leave it to the mature electors of this country; they know what to do, what not to do, and let us not prejudge anything right now.

Having said that, Sir, I would like to just start from one of the observations of my distinguished friend, Mr. Shourie, though I cannot match his knowledge, his expertise and his power of oration. He repeatedly said, I think two or three times, by quoting, "that Dr. Manmohan Singh, our Prime Minister, pointed out that we should believe in outcome, not in outlay." I would like to start my observations and respond to that, yes, I am trying to depend on outcome, not on outlay. Mr. Deputy Chairman, Sir, the outcomes, as I stated in my Budget Speech, and I stand by it, are that in three consecutive years, we achieved a 9 per cent GDP growth, which we did not achieve in three consecutive years, successive years, ever. Most respectfully, I would like to submit that from 1951 to 1979, this country registered an average annual GDP growth of 3.5 per cent; in the eighties, the average annual GDP growth was 5.6 per cent. During the Sixth and Seventh Plan periods, of course, there were one or two annual plans. During the Eighth and

Ninth Plan periods and part of the Tenth Plan period, the GDP growth rates were a little more. During the period of UPA and during the period of NDA, of course, we have to depend on the same set of figures, the same Government organisations, which Mr. Yashwant Sinha, who had a very long illustrious innings as Finance Minister, used. From the same sources, the same figures I am using as Finance Minister. What were the comparative figures? I am giving those figures. What was the GDP growth during the NDA regime? The rate of GDP growth during the NDA regime was 6.7 per cent in 1998-99, 6.4 per cent in 1999-2000, 4.4 per cent in 2000-01, 5.8 per cent in 2001-02, 3.8 per cent in 2002-03 and 8.5 per cent in 2003-04. The average of these years, 1999 to 2004, is 5.8 per cent. The rate of GDP growth during the UPA period was 8.4 per cent in 2003-04 — you take into account 8.5 per cent — 7.5 per cent in 2004-05, 9.5 per cent in 2005-06, 9.7 per cent in 2006-07, 9 per cent in 2007-08 and in 2008-09, as per revised estimates, I have taken it as 7 per cent. I have exactly stated 7.4 per cent. The average is 8.6 per cent. My knowledge in simple arithmetic says that 8.6 per cent is more than 5.8 per cent, and if I claim a little credit saying, “Yes, I have performed”, I don’t think that I am misleading the House. If the annual average GDP growth rate for the five years is 8.6 per cent and if somebody expresses satisfaction about that, I don’t think that it is a symbol of mismanagement of economy. Similar is the case with fiscal deficit. The rate of fiscal deficit during the NDA regime was 5.1 per cent in 1998-1999, 5.4 per cent in 1999-2000, 5.7 per cent in 2000-01, 6.2 per cent in 2001-02, 5.9 per cent in 2002-03, 4.5 per cent in 2003-04. The average is 5.5 per cent. Similarly, during the UPA period, the average is 4.1 per cent. There is no doubt that 4.1 per cent is less than 5.5 per cent. I have just taken credit for that. Similar is the case with the revenue deficit. The rate of revenue deficit during the NDA regime was 3.8 per cent, 3.5 per cent, 4.1 per cent, 4.4 per cent, 4.4 per cent and 3.6 per cent for the six years respectively. The average is 4 per cent. The rate of revenue deficit during the UPA regime was 3.6 per cent, 2.5 per cent, 2.6 per cent, 1.9 per cent, 1.1 per cent and 4.4 per cent and the average is 2.5 per cent. I have taken credit for that saying, “Yes, we have reduced the revenue deficit, on an average, to 2.5 per cent for a period of five years as compared to 4 per cent for the previous period of six years. I have not claimed any extraordinary thing and I have expressed my satisfaction about that.

There are two other important factors. One is savings as the percentage of the GDP. During the NDA regime the average annual savings rate, as percentage of the GDP, was 25.6 per cent. If somebody claims, “Yes, it was more than the previous year”, I will admit, “Yes, it was more”. The economy was growing. But I have claimed that during this period of five years, it grew faster. Nothing more and nothing less. During our four-year period, it is 34.8 per cent and it is subject to correction. If it has gone up from 25.6 per cent to 34.8 per cent and if I express my satisfaction, what is wrong with it? If the rate of investment, as percentage of the GDP, has gone up from 25.2 per cent of the previous five-year period to 35.9 per cent in the current

four-year period, and if I claim, "Yes, the economy has improved", how can I be accused? How can we be accused of mismanaging the economy, squandering the gains which we inherited from the NDA regime? Most respectfully, I would like to submit that this is not the case. Mr. Deputy Chairman, Sir, we started the NREG Scheme. Yes, we had a modest beginning. The CAG has made certain comments. Surely, the concerned Ministry will take that into account. But can you deny that? You had an opportunity. You were in office for six years; six uninterrupted years. You could have legislated to provide minimum days of employment guarantee. Employment of hundred days will have to be provided. If somebody seeks a job, so far as my knowledge of the law is concerned, if I cannot give him the job, I will have to compensate him. But there is no compulsion for taking up this job. Now, suppose, I get here Rs. 85 or Rs. 86 as daily wages. If I get a better job where I get Rs. 120, I have no compulsion of continuing here. So everybody will have to be given a 100 days job and that will have to be reflected. But that is not the case. The case is, if somebody wants a job, within the parameters and if he does not get the job and he is even not given compensation, he is having a legal right and he can get that legally. That is the law which we have passed. As per the information which we have, we have created 138.76 crore person days of work covering 3.51 crore households during this period, from the modest beginning in 200 districts and now we have covered it to the entire period. We have never given the credit to ourselves. It is the contribution of the Indian economy. Performance of State Governments is part of the Indian economy. The GDP growth is part of the Indian economy. Their important segments, important performers, and performance of the Government of India and performance of the State Governments altogether, we have achieved it. Everyone is a stakeholder.

In respect of crisis, somebody might say that early signals were there and we should not have missed that early signal. I do not know, Mr. Deputy Chairman, Sir, whether the early signal was ignored or not, but, whenever, all over the world, it appeared in September, immediately steps were taken. While making his observations, distinguished Member of this House, Shri Rahul Bajaj, pointed out what President Obama has said in his very recent statement. He said that even in the US administration, he is right now not in a position to tell what is the depth and what would be the actual position in the year 2009. There is an amount of uncertainty. When you talk of the basic fundamentals, that does not mean that we need not take corrective steps. We took corrective steps both in the monetary policy and the fiscal policy. The duty concessions were announced earlier by the former Finance Minister, Shri P. Chidambaram. He reduced the Cenvat rate by 4 percentage points, which I also mentioned in my reply yesterday. And, today also I will come to that part. We took the monetary steps. The Reverse Repo Rate was reduced. The CRR was reduced. The SLR was reduced. Even on 23rd late night, I had a discussion with the Governor of RBI. Surely, I would not like to give him directions, but I shared my concerns

with him, as I shared my concerns, in my first interactions, with the Chairmen of the public sector banks. I said, “The Prime Lending Rate is still high and the industry is complaining. About the liquidity available to you, you shall have to be a little more courageous. I would not like you to indulge in financial profligacy and squander away the resources, but apply your judgement, as being an instrument of solution, not being a part of the problem. It depends on what attitude you will have. Please try to resolve the issue, solve the problems, and for that, take whichever steps are worth taking, without indulging in financial profligacy or any undue risks.” So, this is a matter which has to be constantly reviewed. And, Mr. Deputy Chairman, Sir, I can assure you that the Government will not abrogate its Constitutional responsibility; we will constantly monitor, and whatever is required, they will do so within the realm of possibility. At the same time, if the crisis is there, it will take time to address the issues. And I do not know whether anybody has, like instant coffee, an instant solution to the problem. We will have to take the responsibility, and we shall have to take the appropriate measures, and the Government will take that. As I mentioned, the Union Budget statement is just one instrument; there are many other instruments. Right from the day when the financial crisis erupted in the middle of September, 2008, the Government has been alert and responsive to the fast changing developments. The Government has undertaken the required administrative and fiscal measures in tandem with the monetary policy initiatives of the RBI by announcing two stimulus packages, that is, on 7th December, 2008, and 2nd January, 2009. The Government’s approach has been to ensure that the drivers of our domestic growth retain their momentum, and for the present, compensate for the difficult international environment. Fiscal stimulus measures have focussed on supporting the aggregate demand through emphasis on both investment and private consumption growth. They have also addressed some of the sector-specific concerns such as those of our exporters, farmers, medium, small and micro enterprises, manufacturing sector and the service sector. The increased public spending, enhanced credit flows to the needy sectors, along with excise and service tax reliefs, are the steps, I do hope, will help in this context. A Committee of Secretaries has been set up to address, on a continuing basis, procedural problems being faced by the exporters. A number of Notifications, simplifying the procedures, have since been issued. The Plan expenditure in 2008-09 was increased by Rs. 39,571 crores and the non-Plan by Rs. 1,10,498 crores. The additional Plan spending of Rs. 39,571 crores is on account of an increase in Central Plan by Rs. 24,174 cores and an increase in 15,397 crores as Central assistance to the States and Union Territories. In the BE for 2009-10, we have protected the increased spending of 2008-09. In addition, even without having any recourse to additional resource mobilisation, I have found some resources to maintain the momentum of priority programmes spending with a view to sustain an early recovery of the economy. I have also indicated in my speech that the Budget will ensure that the banking system does not suffer from capital inadequacy constraints,



that it provides for credit growth needed to sustain the economic momentum in 2009-10; recapitalisation of the banks will be undertaken. As part of the two fiscal packages, a number of tax and other fiscal measures have been undertaken. I have enumerated some of them and I will come to some of these provisions a little later.

Across the board, cut has descended by four percentage points, benefiting all sectors. Reduction in the rate of duty on cotton textiles and textile articles from four per cent to nil, provision of additional funds of Rs. 1100 crores to ensure full refund of the terminal excise duty and central sales tax, specific measures on customs duties on sectors such as steel and cement through the restoration of the levels of protection, service tax concessions and enhancement of draw back rates for exports, interest subvention on pre and post shipment credit for labour intensive exports like textiles, leather, gems, jewellery, carpets and handicrafts, extension of line of credit by Rs. 5000 crores to Exim Bank from RBI to provide pre-shipment and post-shipment credit in rupees or dollars, refinance facilities, respectively for Rs. 4000 crores for National Housing Bank for housing sector, a package of public sector banks for borrowers of home loans up to Rs. 20 lakhs — this sector will be kept under a close watch and additional measures will be taken, as necessary, to promote an accelerated growth trajectory — provision of additional allocation of Rs. 1400 crores to clear the entire backlog in technology upgradation scheme in the textile sector, inclusion of all items of handicraft under *Vishesh Krishi and Gram Udyog Yojana*.

We fully recognise the importance of the medium, small and micro enterprises in employment generation. To facilitate the flow of credit to MSMEs, RBI has announced a refinance facility of Rs. 7000 crores for SIDBI, which would be available to support the incremental lending, either directly to MSMEs or indirectly via banks, NBFCs and SFCs. In addition, following steps are also taken to boost the collateral-free lending current guarantee cover under the Credit Guarantee Scheme for micro and small enterprises on loans is being extended from Rs. 50 lakhs to Rs. one crore with guarantee cover of 50 per cent. The lock-in period for loans covered under the existing Credit Guarantee Scheme is being reduced from 24 to 18 months to encourage banks to cover more loans under the Credit Guarantee Scheme. Public sector banks have announced a reduction of interest rates on existing as well as new loans to MSME sectors. Special monthly meetings at the State level, Bankers' Committees are being held to oversee the resolution of the credit issues of micro, small and medium enterprises by banks. Department of MSME and Department of Financial Services have been asked to jointly set up a cell to monitor the progress. To provide a measure of security to unorganised workers, we have enacted the Un-organised Sector Workers' Social Security Bill, 2008. The National Commission for Enterprises in Unorganised Sectors has been asked to workout the detailed scheme, in this regard. The recommendations of the Committee of Governance for Speedy Socio-Economic Development and Empowerment of Women is under active consideration of the Government. Meanwhile, the UPA Government has decided to set up a High Powered Committee of eminent persons and experts to study the status of women of India and to set up a

National Mission for Empowerment of Women. The *Rashtriya Mahila Kosh* will also be restructured and revitalised. The UPA Government is making all possible efforts to turnaround the loss-making Central PSEs like the Indian Telephone Industries through the infusion of funds and superior technomanagerial practices.

Sir, in my Budget Speech on 16.2.2009, I had announced that teaching is expected to commence in four of the six new Indian Institutes of Management proposed for the Eleventh Plan during 2009-10. They are in Haryana, Rajasthan, Jharkhand and Tamil Nadu. I have since been informed that there was a typographical mistake made by the Ministry of Human Resource Development, and the Institutes that will start functioning during 2009-10 will be in Haryana, Chhattisgarh, Jharkhand and Tamil Nadu, where the name of Rajasthan was not there. That is why I thought that I should take this opportunity of correcting it, and I inform the hon. Members of this House. It has been corrected in that House by the Minister concerned of the Ministry of Human Resource Development. So, in addition to that, I am not cutting any State, Rajasthan will also be included in it. *...(Interruptions)...*

SHRI YASHWANT SINHA (Jharkhand): Where will this Government be without you?

SHRI PRANAB MUKHERJEE: Thank you. *...(Interruptions)...* No, Jharkhand is there. How can I forget it? *...(Interruptions)...*

Mr. Deputy Chairman, Sir, the RBI also took a number of liquidity enhancing measures to deal with the global crisis. As I mentioned, the REPO rate, was reduced from 9 per cent in August, 2008 to 5.5 per cent in January; the Reverse-REPO rate from 6 per cent to 4 per cent; the CRR to 5 per cent from 9 per cent. The primary liquidity available since mid-September is roughly about Rs. 3,88,045 crores.

Sir, it is important to recognise that there is always some time lag between the announcement of a measure, be it fiscal or monetary, its implementation and its intended impact on the economy and the financial parameters of the economy. The latest figures confirm that our two Fiscal Packages are now steps in the right direction. The data available for the month of December, 2008 shows that some of the key sectors of manufacturing are exhibiting early signs of recovery compared to November, 2008. Cement production has gone up by 8 per cent in December-January. Steel has recorded a production of 22.8 million metric tonnes, which is equivalent to production in May, 2008. For the quarter ending December, 2008, FMCG registered a growth of more than 25 per cent, and food and beverages, 28 per cent. Railway freight, which had declined to 2.2 per cent in October-November, 2008, has recovered to a growth of 7 per cent in December, 2008. With good Rabi crop, much higher Minimum Support Prices and considerable increase in the rural employment programmes, the rural demand should help in supporting the revival of industrial growth in the coming months. These are encouraging signs. Considering that all forecasts point towards a much bleaker 2009 as far as international

economy is concerned, even though the signals are encouraging, the full impact of the recession in other parts of the world—specially Europe, North America and Japan—is yet to unfold. Due to strong export linkages with these economies, it is likely that the Indian economy may feel further impact in coming months. To counter any such specifics, I announced certain concessions in Lok Sabha yesterday and I am repeating it.

General reduction in the excise duty rates by four per cent points with effect from 7.12.2008. It is now being extended beyond 31st March, 2009. In addition, it has now been decided to reduce the general rate of central excise duty from 10 per cent to 8 per cent; retain the rate of central excise duty on goods currently attracting *ad valorem* rates of 8 per cent and 4 per cent respectively; reduce the rate of central excise duty on bulk cement from 10 per cent of Rs. 290 per MT, whichever is higher, to 8 per cent, of Rs. 230 per MT, whichever is higher. On service tax, Government is keen that business confidence in the service sector is restored. It is also our objective that the disbursement between Cenvat rates and service tax rates is reduced with a view to move towards the stated goal of a uniform goods and service tax. In line with this objective, it has been decided to reduce the rate of service tax on taxable services from 12 per cent to 10 per cent. To provide relief to the power sector, naphtha imported for generation of electric energy has been fully exempted from the basic customs duty.

This exemption which was available up to 31st March, 2009, is being extended beyond that date. Section 10AA of the Income-Tax provides for exemption in respect of export profits of a unit located in a Special Economic Zone. The export profits are required to be computed with reference to the total turnover of assessee. This has resulted in discriminatory treatment of assessee having units located both in SEZ and domestic tariff area *vis-a-vis* assessee having units located only within the SEZs. It has now been decided to remove this anomaly through necessary changes in the Act.

Hon. Members may recall that in my Budget Speech, I had indicated that we may have to review the ceiling of the fiscal deficit that the States can incur in 2009-10 in terms of the debt consolidation and relief facility. As a part of the first stimulus package, it was increased by 0.5 per cent to 3.5 per cent of the Gross State Domestic Product for 2008-09. To spur the development of infrastructure and employment generation, this arrangement is being extended to 2009-10 with the possibility of further review. If required, in the coming months, it would be looked into.

I am fully conscious that the increased public spending may put pressure on Government's borrowing programmes and the overall credit in the economy. There is, however, scope for appropriate compensatory monetary policy options. That, I am sure, will be exercised by the RBI at the right time. Our medium-term objective must be to revert the path of fiscal consolidation at the earliest. And, I deeply share the concern of some of the Members about the

fiscal indiscipline and I have no intention of indulging in that. At the earliest opportunity, we shall have to rectify the relaxation and the laxity, which we are providing to overcome the present crisis. In my view, it has to be as early as 2010-11 provided the US and OECD economies come out of their contractionary phase by the ERA. In this connection, Mr. Deputy Chairman, Sir, I have taken a little longer time than I intended to have but I would like to quickly respond to couple of the issues particularly some of medium and long-term reform suggestions, which have been made by very eminent Members who have worked on those. But as I mentioned, perhaps whatever is possible within the limited time available to us, we will try to do so. But this is a continuing process and we shall have to carry on the process of the reforms and it is continuing one and from the every crisis and from the experiences of confronting the crisis, we have the situation where we have overcome the crisis, we have gathered new strength, we acquired new momentum and with the new momentum we moved forward. It is true we have to face severe crisis from time to time. To overcome the BOP crisis at one point of time, we had to borrow 5 billions SDRs from IMF through the extended facilities window. In overcoming the crisis, India was one of the countries where it was possible to inform the International Monetary Fund that we do not require the last instalment of 1.2 billion SDR. Similarly, if we had to face a very acute financial crisis in 1991 because of a steep fall in our foreign exchange reserves, it was possible for India and fortunately under the same Finance Minister, Mr. Yashwant Sinha, to lead this country when he demitted office as Finance Minister, having more than 100 billion dollars in our foreign exchange reserves. Therefore, Indian economy has proved its resilience time and again. If I express my confidence, today we are having 250 billion dollars. We have not depleted it. Yes, there is a risk, there have been some FII's which have gone, I am fully aware of it, it is true that some of our boys and girls have lost their jobs abroad because of the crisis there, the remittances have come down. But at the same time, Mr. Deputy Chairman, Sir, I believe that simply by pressing the panic button and creating a crisis of confidence, we do not gain anything but we lose much. There is a saying that if there is a food crisis, if there is shortage of food, that does not mean we shall have to start eating the reserves. We shall have to overcome the food crisis. We overcame the food crisis. Every one of us is aware that at one point of time, we had to depend on imported food. PL-480 over which our Left friends agitated so long, and today if we have produced 230 million tonnes of grains, it has been possible not merely by slogans but because of the sustained policies, because we have increased Rs. 450 per quintal for wheat over a period of five years as the Minimum Support Price, Rs. 350 per quintal for rice over a period of five years. That is why today we have been able to work out. Yes, in the earlier part of last year we had to face food crisis. We were thinking of importing. We imported some. But, at the same time, I have no doubt when Mr. Arun Shourie compliments the farmers of Punjab, farmers of Haryana. They have made their contribution. I myself in my Budget Speech stated that they are

the real heroes. They have secured us and we have also tried to protect them. We have provided relief to the extent of Rs. 65,000 crores, which was possible, and it was not profligacy. We did consider it. It was necessary and it is one step towards ensuring food security. Therefore, these steps have to be taken and for that we have to walk a long mile. Politics will be there for the next two months, three months or whatever. Within that period the elections will take place. We will have verbal dual against each other. There is no doubt about it. But, at the same time, problems will also remain with us and we shall have to resolve those problems. My distinguished colleague would agree, though we will fight against each other in the battle field for ballot, but after that, we shall have to work together because we have to walk many more miles. Thank you, Mr. Deputy Chairman for giving me this opportunity.

SHRI KUMAR DEEPAK DAS: Sir, with your permission I want to speak to the hon. Finance Minister. There is perennial problem of floods in Assam. All the economy of the State...

MR. DEPUTY CHAIRMAN: You have already spoken.

SHRI KUMAR DEEPAK DAS: Yes, I want an assurance from the hon. Finance Minister if he can arrange special funds for protection of people to solve the problem of floods through the Department of Water Resources. I just want an assurance from the hon. Minister.

-----

#### GOVERNMENT BILLS — (*contd.*)

##### The Appropriation (Vote on Account) Bill, 2009

MR. DEPUTY CHAIRMAN: I shall now put the motion regarding consideration of The Appropriation (Vote on Account) Bill, 2009 to vote. The question is:

“That the Bill to provide for the withdrawal of certain sums from and out of the Consolidated Fund of India for the services of a part of the Financial Year 2009-10, as passed by Lok Sabha be taken into consideration.”

*The motion was adopted.*

MR. DEPUTY CHAIRMAN: We shall now take up clause-by-clause consideration of the Bill.

*Clauses 2 to 4 were added to the Bill.*

*The Schedule was added to the Bill.*

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

SHRI PRANAB MUKHERJEE: Sir, I beg to move:

That the Bill be returned.

*The question was put and the motion was adopted.*