

CLAUSE-1

That at Page 2, line 9,-

for “2008”, substitute “2009” ”.

The motion was adopted.

DR. AKHILESH PRASAD SINGH: Sir, I beg to move:

That the Amendments made by Lok Sabha in the Bill be agreed to.

The question was put and the motion was adopted.

THE INTERIM BUDGET (GENERAL), 2009-10

MR. DEPUTY CHAIRMAN: Now, we will take up the Interim Budget (General), 2009-10. Shri Arun Shourie to initiate the discussion.

SHRI ARUN SHOURIE (Uttar Pradesh): Mr. Minister, are you to speak or should I start?

MR. DEPUTY CHAIRMAN: We will circulate the Supplementary List, then he will speak. You can initiate the discussion now.

SHRI ARUN SHOURIE: Sir, I am very happy that at long last, we have this speech, called the speech of Pranab Mukherjee, Minister of Finance. Sir, you will allow me to express a regret that if this title had come earlier, Pranab Mukherjee, Minister of Finance in this Government, then many of the things which I shall now speak about, would not have happened. The problem is that then elsewhere things would have happened which all of us would have regretted. Sir, we have to take things as they are, and I will make three points for Shri Pranab Mukherjee, for the Government and for the House also. The first point is that the Budget documents disclose throughout that the promises. ...*(Interruptions)*... Mr. Malaisamy, please listen to me.

MR. DEPUTY CHAIRMAN: Mr. Malaisamy, hear him.

SHRI ARUN SHOURIE: Sir, the promises which were made, repeatedly, by this Government, in successive Budgets, have not been kept at all.

The second point is that in fact, as I should show, fallacious claims, based on absolutely fabricated figures, which have been named even by the CAG, have been put forward in this Budget as was done in Budgets throughout the tenure of this Government.

The third point is that the fiscal mismanagement of the last four years has been of such an order that I, having followed Budgets, as Dr. Mukherjee knows, since the mid-seventies, cannot think of any period of four years having mismanagement of fiscal affairs of this order. It has brought us back to the exact position, Dr. Mukherjee, which prevailed in 1986-1991 and, as I should show you, which greatly contributed to the breakdown of our accounts in 1991 and, then,

again, to what happened from 1996 onwards and, then, again led to a financial crisis which had to be retrieved by Shri Yashwant Sinha, Shri Jaswant Singh and others in 1999.

The fourth point that I shall make, Sir, is that this mismanagement of fiscal affairs of the Government is a symptom of general economic mismanagement which has, today, brought us to a position where there are now very limited options to retrieve the country from the economic crisis. ...*(Interruptions)*...

MR. DEPUTY CHAIRMAN: Hon. Members, if you want to discuss something, go to the lobby and discuss. It is disturbing the hon. Member. ...*(Interruptions)*...

SHRI S.S. AHLUWALIA (Jharkhand): Sir, look at the Minister of Parliamentary Affairs. He is talking standing on the floor!

MR. DEPUTY CHAIRMAN: Mr. Ravi, please. ...*(Interruptions)*...

SHRI S.S. AHLUWALIA: Nobody is serious! ...*(Interruptions)*... Nobody is serious!

SHRI VAYALAR RAVI (Kerala): Sir, I am on the floor. ...*(Interruptions)*... I cannot do. ...*(Interruptions)*...

SHRI ARUN SHOURIE: Sir, throughout this period and especially in the last six months, after completely denying month after month that the country was heading for a slowdown, the Government is using the international economic slowdown as an alibi to cover up the consequences of its own mismanagement. And I will start, Sir, therefore, with the Speech itself. You kindly look at page 5 of the Speech, in para 20, I think. What does the Minister say? Mr. Mukherjee, says, "Extraordinary circumstances merit extraordinary measures. Now is the time for such measures." And, as everybody has acknowledged, no measure was announced to stimulate the economy. A story was put out that because this is an Interim Budget, the Government is adhering to a convention. There is not a constitutional convention, Sir, which has been adhered to by this Government. There is not an office; there is not an agency. CBI is a good example, Governor's Office is a good example, which is not being converted into an instrument. The real reason is not that. After all, this is what Dr. Mukherjee said on the 16th of February. And yesterday, he announced a third stimulus package. Everybody saw that the Budget was a non-Budget when the country is, exactly, as he said, in extraordinary economic circumstances and that convention did not prevent the Government from announcing an additional expenditure of Rs. 1,40,000 crores. Actually, the reason for this non-Budget is that the consequences of economic mismanagement of four years are now so severe that extremely harsh measures are necessary and this Government does not have the gumption to take those measures. And, as I mentioned to you, Sir, the very next sentences that follow after that show how the Government is using the international economic crisis to cover up the consequences of economic mismanagement. You just see the next sentence. "Our Government decided to relax the FRBM targets — I will come to the targets and why they are so important — in order to provide much needed demand boost to counter the situation created by the global financial

meltdown.” But actually speaking these FRBM targets were given a go-by last year. In Mr.Chidambaram’s speech last year — you will recall that first he took great credit — he said, “It is widely acknowledged that the fiscal position of the country has improved tremendously”, and he gave fabricated figures. Then he said, “Further progress will be made in 2008-09. Hon. Members will note that not only will I achieve the target of fiscal deficit under the FRBM Act and I also left myself some headroom.” It was last year. But then he said, “In the case of the revenue deficit, I will meet the target of annual reduction of half a per cent.” You will recall how much clapping was there at that time in the House. Why? It is not because of the international economic meltdown. He further said, “However, because of the conscious shift in expenditure in favour of health, education and social sector, we will need one more year to eliminate the revenue deficit. In my view, this is an entirely acceptable deferment.” But this was done last year. We are now being told as if this target has been given up only now. It is being given up to provide the stimulus which is necessitated by the international economic meltdown. Sir, this is a typical example of what is happening. I shall show you how and I am very sorry that Dr. Mukherjee has not been the Finance Minister longer enough because it could never have happened under his watch. It is not that the figures have been completely perverted. Completely fallacious figures have been given in the Budget documents successively. I will come to that later.

Sir, I will first take up the question of the test which has been prescribed by the Finance Minister himself and by the Prime Minister many, many times over. They said it again and again. In the Budgets of 2005, 2006, 2007 and 2008, the Prime Minister several times said, “Allocations are not important. Allocations are not enough. People are interested in outcomes.” The Prime Minister said, “The single biggest task and the emphasis of our Government shall be to deliver the outcomes that we have announced.” In fact, as you will see just now, the outcomes, item after item, have been completely suppressed and claims are being made only on the basis of allocations.

My friends from Maharashtra will be particularly keen to know this. The Prime Minister announced, with great fanfare, that the Government would give a Special Package of Rs. 1,000 crores to make Mumbai a financial centre. You see the documents. My friend, Shri Kirit Somayya, tried hard to find out how much had been given. It took him six months of effort to get the figure. He had to apply under the Right to Information Act. The Government was not disclosing. Eventually, it came out that of the Rs. 1,000 crores, Dr. Mukherjee, which was promised by July 1st, only an amount of Rs. 16,16,00,000 had been given. Again we applied under the Right to Information Act. Since then not one paisa has been given and Mumbai remains as far or as near becoming an international financial centre.

Secondly, you will remember, Sir, and Dr. Mukherjee will also remember, that there were many visits by the Central Ministers and the Chairperson of the UPA. They were because of the flood which engulfed Mumbai on 26th July, 2005. What did they announce? Both of them, the Prime Minister and the Chairperson of the UPA, announced a Special Package of Rs. 1,260 crores for, what they said, the rejuvenation of the Mithi River. Sir, as of yesterday, not

even one paise has been given under this promise at all. I am going only by the Budget documents. Similarly, there was a great plan that was announced that Dharavi would be reconstructed completely. Its poverty, its filth, the crime in it, is being celebrated in international films and we are applauding those films. Not one shed has been made, as of yesterday, when I found out, for the reconstruction of Dharavi.

Maharashtra was led to believe that the Centre, as it is doing in Delhi, will finance the Mumbai Metro. In fact, they told the Maharashtra Government, after repeated pleas from Mumbai, that the Centre will not do anything of the kind and you manage on your own with private partners. The result is, the first phase has already slowed down. For the second phase, bids were invited. Do you know what happened? The last date had to be extended three times and yet not one bidder came forward, at all. So much for the great claims on urban infrastructure!

Secondly, you have mentioned in your Budget Speech, in the ancillary documents, the National Highways Programme. Shrimati Mohsina Kidwai is here. In response to her question in December, it was stated that the project completion rate had dwindled, in 2004-05, which had already slowed down to 81 per cent, and by 2007-08, it slowed down to 56 per cent, it has now slowed down to less than 50 per cent. The award rate — there is a mystery behind this which the Parliament should investigate — has fallen from 70 per cent in 2005-06, to 17 per cent in 2007-08. What was the remedy of the Government? They set up another Committee which was chaired by the Prime Minister himself to ensure that infrastructure projects are implemented swiftly. The Finance Minister has again mentioned those projects. What happened? The Planning Commission says that the NHAI is now taking, instead of the five months it was taking for awarding a contract, 20 months even to abort a contract. But the miracle is, as will be evident from Shri Mukherjee's Budget documents, that the NHAI is spending almost all of what it has been allocated, but the projects are not getting completed. This is the position. What is the reason? Is it the economic meltdown? I will tell you what the reason is. I will give you two instances of this and show you the consequences for India of all this. The reason is this. Shri Mukherjee will recall that when this Government came into being, they announced a decision that the Chairman of the NHAI shall have a minimum tenure of two years. Do you know that the current Chairman is the fifth Chairman in the last two years? Similarly, to ensure transparency, the NDA Government had decided that the programme would be decided by the Government, but the contracts would be awarded by the NHAI. Therefore, to ensure both expeditious decisions as well as accountability, the Board was elevated to Secretary level officers. What did this Government do? They said, "No, no, contracts shall not be given by NHAI, contracts shall be given by something called, the Government". For good reasons, I am sure, Sir! What is the net consequence of this? Shri Mukherjee has spoken about infrastructure projects, emphasis on all this, Highways, etc. Do you know what the consequence is? Just a few months ago, bids were called for 60 projects of the NHAI. Shri Mukherjee knows this. I am sure the House would

be interested to know that for 43 of these projects, not one bid came forward. That is the credibility to which the highest programme has been reduced. And, of the other 17, in six cases, there was only one bidder, and the consequence is that now without the Cabinet approval, no sanction can be given for those six projects. For the others, the other alarming factor is that the bidders have asked for higher grants, almost up to 35 per cent higher than what was originally envisaged.

Sir, I will now come to things which are really very distressing because I cannot understand why such programmes are named after such good people, and what happens, in fact. Take the Rajiv Gandhi Drinking Water Mission. I request Shri Mukherjee to kindly read the CAG Performance Audit Report (No. 12) of 2008, which was laid here. It says, "Since April, 2000, to April, 2007, one-and-a-half lakhs fully covered habitations, which were supplied drinking water, have now slipped back. The CAG says that the slippage is at 'an alarming level'. Then, he says, "The data that is being given to us is unreliable." Projects have been put up at places which are unsustainable. Laboratories for testing water quality, which are mandatory under the Mission, have not been set up. Or, where they have been set up, qualified officers have not been deputed; or, where the officers have been deputed, tests are not taking place. And, he says at one place, and I quote: "The water supply may pose a threat to public health". They call it the Rajiv Gandhi Drinking Water Mission! मुझे यह समझ नहीं आता कि अपने कुल देवताओं की भी क्या हालत करते हैं। The third thing is, you have mentioned about the flagship scheme, that is, the National Rural Employment Guarantee Scheme. Now, again, there is the Performance Audit Report (No. 32) of 2008 of the CAG on this. He says, "Of the 3.81 crore rural households registered under this scheme, only 22 lakhs, that is, only six per cent, got the mandatory, legally allowable 100 days of employment. This is the flagship scheme! Not only that, he shows enormous deviations in the scheme. I don't want to take the time of the House in that. I will just give you only one point, Mr. Minister, to show you the condition of accountability in this Government, about which you have spoken, the Prime Minister has spoken, and Shri Chidambaram has spoken again and again. Do you know that the CAG has pointed to these deficiencies? Now, the Minister, the other day, when questions were put, was claiming great credit for this. The Minister now says, "No; no, implementation is a State subject." So, the CAG is forced to point it out. जब स्कीम हो, तब क्रेडिट आपका। अगर deviation हो, deficiency हो, default हो, तो फिर आप कहते हैं कि वह स्टेट की रिसपॉसिबिलिटी है। The CAG says, "The National Rural Employment Guarantee Act is a Central legislation, and the Ministry, as the nodal agency for NREGA, bears ultimate overall responsibility for coordinating and monitoring the implementation and administration of the Act, and ensuring that funds provided by the GOI are economically, efficiently and effectively utilised by the implementing agency." It is your responsibility, but it is

1.00 P.M.

not done. You say, "It is of the States". Not only that, the CAG said, "These are your guidelines." You provided these guidelines because you thought these were necessary for implementing the schemes. These have been routinely violated. So, then, the Ministry suddenly remembered and wrote to the CAG; all this is in the Report. He expressed his surprise. The Ministry wrote, "No, no; our guidelines were merely suggestive."

MR. DEPUTY CHAIRMAN: Hon. Members, it is 1 o'clock, shall we dispense with the lunch hour or. ...*(Interruptions)*...

THE MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS AND THE MINISTER OF STATE IN THE MINISTRY PLANNING (SHRI V. NARAYANASAMY): No lunch hour. ...*(Interruptions)*...

SHRI S.S. AHLUWALIA: We can have lunch. ...*(Interruptions)*... Sir, we will continue it after lunch. ...*(Interruptions)*...

SHRI V. NARAYANASAMY: Sir, my request is this. We have got six hours for the General Budget and four hours for Jharkhand. We have to complete it today. My request is, we should dispense with the lunch hour, and continue with the discussion. This is my humble request.

MR. DEPUTY CHAIRMAN: Okay. ...*(Interruptions)*... He is saying that we should dispense with the lunch hour.

SHRI S.S. AHLUWALIA: No, Sir, we should not dispense with the lunch hour. Let him conclude. After the conclusion of his speech, we can have lunch break, and then come back and start it. ...*(Interruptions)*...

SHRI V. NARAYANASAMY: Sir, my request is this. ...*(Interruptions)*... Our Foreign Affairs Minister has got prior engagements, and today evening, he is fully engaged. Therefore, my request to the hon. Members is that the House should agree to dispense with the lunch hour.

PROF. P.J. KURIEN (Kerala): Sir, not only that. Many Members want to speak on this. If we dispense with the lunch hour, then, the hon. Members will get the time to speak. It is a matter of time also. ...*(Interruptions)*...

MR. DEPUTY CHAIRMAN: Ahluwaliaji, the Minister is saying that we should dispense with the lunch hour. ...*(Interruptions)*...

SHRI V. NARAYANASAMY: Ahluwaliaji, the Foreign Affairs Minister has got other engagements, therefore, he wanted that the lunch hour should be dispensed with. This is our request. ...*(Interruptions)*...

SHRI S.S. AHLUWALIA: No problem. ...*(Interruptions)*...

MR. DEPUTY CHAIRMAN: So, the lunch hour is dispensed with. Yes, Shri Arun Shourie.

SHRI ARUN SHOURIE: Therefore, the Ministry took this great phrase and now said to the CAG that our guidelines, for which they were taking so much credit, were merely suggestive. So, the CAG came down heavily on the Ministry saying that it was your responsibility. If you felt that your guidelines were merely suggestive and were being violated for good reasons, you had to come up with alternate guidelines and rules under which the whole Scheme should be implemented. But, it is complete abdication, and as I said, it is complete typical that if there is credit to be claimed, it is the Centre; if it is not credit, then, it is the States' responsibility. Sir, just now we saw my good friend, Shri Raja, he used to be very innocent when he was working with us. Just now you saw him in action. Now, I will tell you, contrary to what the Budget documents tell us, what is happening in the Telecom. Sir, this is a very important matter, and, I will start with this. I request Members to see how Parliament is being *. You see, my friends Brinda and others are always very agitated about rural-urban divide because of telecom. On this, questions are asked by Members of the CPI, CPM and everybody. I remember, I used to be asked these questions.

MS. MABEL REBELLO (Jharkhand): We are also concerned.

SHRI ARUN SHOURIE: Very good. Madam, it is very important that you are concerned about it. Now, just see what is happening under your Government. The USO Fund was set up in April, 2002. As you know, Sir, it is a nonlapsable Fund. All operators are to give five per cent of the adjusted gross revenue towards this Fund. Now, the accumulations in this Fund, till last year, by now it is much more, was Rs. 20,400 crores. And what is the expenditure? The expenditure is Rs. 6,300 crores. Not only that. That means, almost Rs. 14,000 crores had accumulated. But, all these people, good people were asking questions, what about USO, what about USO? So, Sir, it turns out that the accounts of the Government were so arranged that instead of the balance being shown, as Rs. 14,000 crores not having been spent, actually speaking, the balance was shown as zero. Sir, from pages 18 and 19 of the CAG's Report, you will be shocked to learn that the balance which was Rs. 14,000 crores was shown as nil. This is the balance given to Parliament! It is there in pages 18 to 19. Not only that. Mr. Mukherjee, the CAG says, you are concerned about accountability; the Prime Minister never tires speaking about accountability, 'that I drew the attention of the Government to this wrong figure, and the Government has done nothing at all'. I mean, I can't understand. But, this is just one of ten examples I will give you of complete * of figures in Budget documents, in this regard. They said that it has just been used to show that the FRBM targets are met. But, the more important is, you have seen absolutely scandalous proceedings that took place in the auctioning of 2G licences. I know from personal knowledge how the scuffle took place in Sanchar Bhavan. I know, Sir, we had cleaned up; I had cleaned up the sector in which, Sir, such things could never happen, but for collateral purposes. Sir, the bids were announced, bids were received and the cut-off date is changed retrospectively! Qualification criteria are changed. Sir, you personally ask the officer to come and explain to you what had happened.

*Expunged as ordered by the Chair.

Then, the same things happened on 3G. Guidelines were issued. Policy was announced. As heavy persuasion takes place from one side or the other, the guidelines keep changing. So, on one item or the other, on spectrum. ...*(Interruptions)*... Madam, it is very interesting to say that it should be said. Madam, you are new. I will tell you. I laid down the guidelines. The TRAI has written that the Government had submitted on oath a false affidavit to the court that they had obeyed TRAI recommendations. That is the condition. Sir, you please inquire into this and I have all the documents that you would like in this regard.

Sir, from the very first Budget of this Government, Mr. Chidambaram announced that Public Distribution System has to be altered and improved because there are leakages; lower middle-class and the poor depend on this Public Distribution System. What was he going to do? The fashionable thing is, instead of distributing food, why not distribute food stamps? This was the NGO proposal at that time. After that, technology advanced. So, not by food stamps but food distribution through smart cards. On this also he was going to have a pilot project. This is the sixth Budget of this Government on this important matter and what has happened?

In your implementation of Budget announcements of 2008-09, the document which you have distributed, Mr. Mukherjee, you say, "That now, at last, an allocation has been made to Chandigarh for Rs. 1.1 crores, Haryana Rs. 25 crores and the National Informatics Centre Rs. 1 crore to see if this pilot will fly." And, do you know, when this allocation was made? Sir, you have been kind enough to disclose that this was made only on 18th December, 2008 so that it could be claimed that yes, something has been done.

Fertiliser subsidy. The Planning Commission has said successively; the Finance Minister said here that it is not the best way to do it. All sorts of things happen. 'It is not reaching the beneficiaries' and so on. So, in the Budget of 2004-05, he took the decisive step. He said, 'When I became the Prime Minister, this is the first time, seven years ago I placed before the Parliament the first paper on subsidy.' So, 7 years later, he got another chance, what was he going to do? He said, 'I will take a decisive step and I shall now initiate a new study on them'! Then, the next year what did he do? He says, 'We have now taken up; however, we must now take up the task of restructuring the subsidy regime in a cautious manner and after a thorough discussion.' Then, 2007-08, what did he say? 'The issue is proving to be divisive. But, it is not that the Government is not doing anything.' What is the Government doing? 'My Ministry has held extensive discussions with the stakeholders. We have also sought the views of the general public.' सब्सिडी में जो हो रहा है, वह हो रहा है, यहां डिस्कशंस चल रही हैं, व्यूज ढूंढे जा रहे हैं। Working Groups, Committees have gone into the question of fertilizer and petroleum subsidies, the latest being the Dr. C. Rangarajan Committee. He would have forgotten. This is about 2005-06. Then the previous head of the Rajiv Gandhi Foundation, Dr. Vivek Debroy, gave a list of 22 occasions on which the Prime Minister said this subsidy regime should be changed. Then in 2007-08, they said, 'what has been done on fertiliser subsidy is that the fertiliser industry has agreed to work

with the Department of Fertilizers to conduct a study and find a solution.’ Then what will happen, ‘based on the Report, the Government intends to implement’, what, ‘a pilot programme in, at least, one district in each State.’ Sir, this was last year. So, Dr. Mukherjee, what do you say this time? In your document on Budget announcements, you say, Sir, on page 20 and it is quite amusing and quite pathetic, ‘as regards the nutrient-based subsidy regime, in the light of unsustainable levels of subsidy, it is proposed’, what is proposed, ‘to have a re-look on various alternative delivery mechanisms.’ Then all these phrases come, ‘taking on board the experience of delivery of Government’s subventions to the targeted population which have successfully been introduced, since this entails a wide review of various delivery mechanisms, it may be difficult to indicate firm time for implementation. The Department of Fertilizers proposes to have alternative strategies firmed up within the current financial year’ and it said that many financial years ago ‘so that decisions for implementation could be taken at least in the next financial year.’ How much more pathetic? क्या करेंगे, re-look, कब करेंगे, difficult to indicate a firm time क्या करेंगे ‘so that decision for implementation may be taken at least in the next financial year’. Sir, this is the level of implementation. I can give you twenty more such examples but I will move on to the second point which is that, really speaking, since the mid seventies’, since I have been studying Budgets, I have not come across — I say this consciously, Sir, even in 1986-1991 — such a degree of fiscal mismanagement as has happened now. And the House must bear in mind that these figures are not just figures. We have one of the great guides on this. Dr. Rangarajan is here, Mr. Bimal Jalan, to whose warning I shall just come, he is here. These people have handled great economic decisions. You know, Sir, we had a breakdown in 1991 and one of the reasons was the fiscal mismanagement of 1986 to 1991. What was the deficit at that time which led us into that great difficulty? The gross fiscal deficit was 7.7 per cent of the GDP. Please remember this figures - 7.7 per cent of the GDP. Then because of the crisis and what had between the intervening years, this FRBM Act was passed in 2003 and it said that it is necessary for the country that the gross fiscal deficit as a proportion of GDP should be brought down from 6.2 per cent in 2002 to 3 per cent in 2008. Sir, Secondly, it was that the revenue deficit must be eliminated by 31st March, 2008 and, in fact, a healthy surplus of revenue account must be built up. Not out of somebody’s brainwave but because the entire Parliament felt that this is necessary for financial prudence and for effective management of the country’s affairs. Now, compared to three per cent of last year, this year, Sir, it is going to be 6.4 per cent. Secondly, the revenue deficit, which was supposed to be eliminated by now, is going to be nearly five per cent of the GDP. The Government guarantees, which were to have been scaled down to half a percentage point of GDP starting in 2005, are already going to be 1.8 per cent of the GDP this year. I tell you, Sir, that these are gross under estimates because tax shortfalls will be higher than you have estimated for these last two months. Therefore, deficit will be larger and the

nominal growth of GDP will be less than you have assumed in the denominator. Now, Sir, you contrast this with this great Bible that suddenly came up when this new Government came and my friends from the Left are here. What did the Common Minimum Programme promise? What did this Government promise in the Common Minimum Programme? It said, 'the UPA Government commits itself to eliminating the revenue deficit of the Centre by 2009'. Why? This is to release more resources for investment in social and physical infrastructure. Now, we are being told that 'no, the Government is not eliminating the deficit so as to release more resources for investments in social and physical infrastructure'. Then, they said 'all subsidies will be targeted sharply to the poor and the truly needy.' Has it been kept? I just showed you what was actually happening. The second point to remember in this deficit, Mr. Mukherjee is, you were not here but each of us, Shri Jaswant Singh, Shri Yashwant Sinha, yours truly, all of us pointed out what the deficit will be. I remember the figures that you had given to Mr. Jaswant Singh in this House, during the debate. You are deliberating excluding. Everybody knew that the Pay Commission's award was coming. In fact, in the Railway Budget, Rs. 5000 crores was provided. That of course, was a deliberate under statement. It does not require rocket science to work out the incidence of the Pay Commission. The figure if you say from the Railway Budget this time, is not Rs. 5000 crores but Rs. 13,500 crores, but at least they provided Rs. 5000 crores. Sir, your Government in the Central Budget provided zero. Debt waiver is zero and then, all the fertilizer and petroleum subsidies were off Budget. Is this responsible Budgeting? So, we had pointed out at that time that this is a grossly under funded Budget and the country will be inflicted with great costs in this regard. Sir, the third point to remember about this mismanagement and with deficit is that this has absolutely nothing to do with any stimulus. The maximum excesses occurred at a time was last year when the Government was in stout denial that there is any economic meltdown. I will come to that. 'No, no, fundamentals are strong. No, no, we are decoupled.' It occurred at that time. Second is that the items on which this profligate expenditure took place left no capital assets in their wake and in fact, the result is, that the economy has been now left with little head room for the types of stimulus that are required. Sir, Dr. Rangarajan's successors, they do in course report on the review of the economy of the Economic Advisory Council to the Prime Minister himself. He says, 'the pre-existing high levels of debt and fiscal stress also limit the available headroom for a counter cyclical thrust in fiscal policy. In the prevailing situation reprioritisation of Government expenditure and speedy implementation of already funded projects at the Central and State levels are critical for the fast revival of the economy.' You show me what reprioritisation of the Government's expenditure has been done. What are the steps that have been taken for expeditious implementation of those projects? Absolutely, it is nothing. In fact, the general purpose stimuli, now, just will not work, because the crisis as we had predicted successively have already reached to specific localities,

specific sectors and specific firms. And, unless relief is addressed to them, you will see that the situation of job losses and others will continue to get worse. In fact, things are going to, because of the fiscal management, turn even worse. Sir, this is also a pattern that Parliament should reflect on that the net market borrowings this year is Rs. 2,60,000 crores. Sir, Rs. 2,60,000 crores to be borrowed! It is 2.5 times more than what this Parliament had sanctioned for the Government last year. You made the Budget Speech on the 16th February, 2009. On the 10th February — 6 days before that — the market borrowings figure which the Government had disclosed was Rs. 40,000 crores less than what it turned out to be ultimately in the Budget. It is your Budget Speech. In fact, in 2009-10, it is now unavoidable that the borrowing shall reach Rs. 3,60,000 crores. This is unavoidable. This will mean that you will squeeze out the very party on whom you are depending, not only to execute infrastructure projects, but even to finance those projects on PPP mode. Not only that, the Indian corporate will be turning to our banks for borrowings, because, now, the external commercial borrowings are not available. Banks are already tightly squeezed. So, who will be the greatest sufferers? They are small and medium enterprises and are the ones whom you are seeing, across the country, are following. Sir, I will mention the last point on this matter and then proceed to the next point.

The underestimation, Shri Mukherjee, continues in the papers that you have laid in the House itself. My friend, Shri Narayanan, has shown in *The Business Standard* how even today the fertilizer subsidy has been underestimated. One cannot imagine this has been done in forgetfulness. In 2008-09, the fertilizer subsidy was Rs. 1,02,000 crores. But, it was, actually, shown, Sir, as Rs. 75,847 crores. Not only that, for next year — it is a miracle of miracles — the subsidy has been put down to Rs. 50,000 crores! इस बार एक लाख करोड़ दे रहे हैं, अगली बार 50 हजार करोड़ कैसे दे रहे हैं? No programme of the Government to scale down. If you feel that fertilizer prices are going to go down, there is depreciation of the rupee which will more than outweigh the fall in fertilizer prices. In short, the total fiscal gap is now 10.7 per cent. The Centre's Budget is 6.4 per cent, off Budget items of 1.8 per cent, States 2.7 per cent. Compare this 10.7 per cent figure and the 6.4 + 1.8 per cent figure with the 7.7 per cent deficit in 1986-91 which brought about the crash of 1991. But, all the things that could have been done when the going was good were not done, because the Government was in the fog of self-satisfaction and self-complimenting.

The next point I would urge the Parliament to consider deeply is, what is it that the Parliament is approving when it approves the Budget? In the revised figures which Shri Mukherjee has given, compare the same with the Budget Estimates. In revenue receipts, it is 93 per cent, in capital receipt, it is 229 per cent. What is the relationship? Non-Plan expenditure is 22 per cent more. Revenue deficit 438 per cent more, fiscal deficit 245 per cent more and market loans 262 per cent, short-term borrowings 463 per cent! There is no relationship at all. Sir,

subsidy is 182 per cent more. The only item showing the commitment of the Government, which is 15 per cent less — again a great departure — is on Defence expenditure. So, what is it that you are actually doing? As I said, your market borrowings figure is 2.5 times what the Parliament approved.

Again, Sir, the CAG's Report is very instructive in this. Why is this occurring? The CAG goes into this and he comments on this, at great length, in pages 16, 18. But, on pages 126-128, Shri Mukherjee, he nails the reasons. He calls it 'unrealistic assumptions of the Budget.' His polite way of saying was that any figure that was convenient was put up. And, the myth by which we live. The myth is: if there is one rupee cut in the Budget on any item, the Government is to fall. But, here lakhs of crores here and there and the Parliament is not concerned! So, Sir, fiscal mismanagement, concealment of figures, fabrication of figures as in the case of USO balance and complete cavalier nature of assumptions which are said to underlie these Budget estimates when the Budgets are approved. The same thing will happen to the documents which you have produced now.

Sir, my final point is: mismanagement of fiscal affairs is a symptom of general economic mismanagement. There was a bubble that was being created. I will cite with a much greater authority than myself on this. What was happening? The entire bubble was created, because of foreign financial investments. Why were they coming? The Government was saying and I remember Mr. Chidambaram saying, 'No, no. I must be doing something right and that is why in 2001-03, we got US \$ 10 billion a year.' Sir, how much we got in last year? We got US \$ 107 billion. And, that was touted as a certificate for the Government's performance. Actually, why was that money coming? Various analysts pointed out, at that time, that India should wake up, because in all emerging markets, excluding India, of the total foreign financial inflows, 80-85 per cent is Foreign Direct Investment in factories. Here, 83 per cent was foreign institutional investors, not direct investment. In the Budget Speech, Mr. Minister, you have mentioned this. You have said, 'Capital inflows spurted to an unprecedented 9 per cent of the GDP.' It is a certificate! Actually, it was a basis of the bubble. My good friend, Shri Bimal Jalan, pointed out, in this House and he does not permit to say this outside this House, that it was an unsustainable bubble. Why? With the appreciation of the rupee, with dividends having been made tax free, with interest arbitrage, with money coming into the Stock Market and chasing just the same number of stocks, Stock Market going from 10,000 to 20,000 Points, what was the result? An American investor, a terrorist or anybody from the Mauritius route coming in could bring in money, get 100 per cent return and take it away. And, Mr. Jalan has pointed this out here and elsewhere that this is completely unsustainable bubble. It will burst. And, that is exactly what has happened. Everybody was saying to use that time for better management. But, nothing was done. No shelf for projects was prepared. No expeditious procedures for implementation of projects were prepared. Great academic debates were started whether a part of the foreign

exchange reserves should be used for a leverage fund on infrastructure or not. Valuable time was wasted. And, now, the same money has flown out, as it was bound to do. And, we are left with a situation in which we don't have options to compensate for this. But, Sir, I have a further charge. Not only was the bubble swelled up deliberately, but when the downswing started, all of us warned that this tsunami will come to India. But our Prime Minister said, "No; no, our fundamentals are strong". When the South-East Asian economic crisis took place, had anything happened to the fundamentals of the Asian tigers, Dr. Mukherjee? When Brazil started losing one billion dollars a week, had anything happened to the fundamentals of Brazil? The same thing happened in Argentina; same thing happened in Mexico, five years ago. With your stupendous memory, you will remember that nothing had happened to the fundamentals. Today, the same thing is happening to the American economy, the West European economy and Japan's economy. Nothing is wrong with their fundamentals, but their systems have collapsed. But we were fed this. Then, he said, "Okay, we are decoupled". Decoupled! Twenty per cent of our GDP is exports. That's not a small figure. Our remittances are 45 billion dollars. That is a large proportion of financing our invisibles. With the meltdown in the West, in the Middle-East, remittances will not go down. Our IT exports are, now, 50 billion dollars. Their customers have evaporated. They are collapsing. Will this not have any affect? Even a fool could have seen it, but not a self-satisfied fool.

Then, the third thing was the complete abdication. Lying back from Japan have been instructing the world. An internationally famous economist, Dr. Manmohan Singh, said, "This is just 'casino capitalism'." अब याद आ रहा है 'Casino Capitalism'! It was a complete abdication of responsibility. But what happened after that? And, after this, I will conclude, Sir. It is a symptom of what has been happening. When the downswing started, absolutely incomprehensible steps were taken as if people who were taking those decisions were participants in the market. Everybody, in this House, knows it has been a matter of great debate and concern, the National Security Advisor had said that money should not come in anonymously. The participatory notes were allowed. All right, the things were in a great crisis, but the National Security Advisor said that the money was coming from terrorists' sources that could be used to finance terrorist operations in India, it could be used to destabilize our financial system. So, what the rule of banks is 'know your customer' should also be the rule in the markets. Under this pressure, participatory notes were squeezed out. Participatory notes were for bringing in money anonymously. In October-November, last year, when everybody was taking money out, no fool was going to bring money into India. But, at that time, Mr. Chidambaram and somebody else allowed the participatory notes again. How? You know that when there is a downslide every country stops short selling. But no action was taken. Not only that, there is even more perverse practice in India, called, the 'naked short selling'. When a person who does not even owns a share, he sells it and makes money. That accelerates the amplitude of the downstream. But

‘naked short selling’ was allowed to continue. So, really, there should be an inquiry into how these things happened. And, that is the mismanagements, Sir, with which we are saddled and the consequences of which we are saddled, now, in this entire scheme. At the time when prices started rising, there were specific commodity price increases. But, you did nothing. In fact, if you read the statements, you will find that the Government allowed food stocks to come down to a dangerous level. And it is also evident from your Economic Survey, which we had quoted here. That is what triggered inflation. You did nothing for that. In fact, deliberately confusing statements were made on whether India will import wheat or not import wheat, allow rice export or not allow rice export. All that fed speculation. And, when things got out of hands, what did you do? This is exactly what Dr. Manmohan Singh had done. That is, you used the axe of monetary policy to swat a mosquito of price rise. So, it choked the growth; it did nothing to prices. You had a situation in which by April last year it was evident — it has nothing to do with the financial melt down which you mentioned in the Budget — that the slow down had occurred. If I am not wrong, a Minister in answer to a Parliamentary question had said that, ‘yes, already 25 lakh jobs have been lost in the textile sector alone.’ What was done for that? Nothing was done. So, we have now a situation in which the legacy that you are leaving behind is, slow down, confidence broken, jobs being lost, no headroom for the kind of measures that are required, continuing to do too little too late as I have shown in several sectors, and the worst of it is that the word of India does not count. The word of the Government is not believed. Take the example of bids that were invited. The Railway Ministry’s joint venture on electronic and diesel locomotives, and metro of Mumbai invited bids for 60 projects, but, nobody came forward for bidding. Sir, absolutely, the same fabrication has taken place in regard to power projects. The worst of it has happened in regard to another scheme that you have named after Mr. Rajiv Gandhi; the Rajiv Gandhi *Grameen Vidyutikaran Yojana*. You mentioned power and you have given grid allocations, saying that achievement is taking place. But the study done for the Planning Commission shows that at the current rate, the situation at the end of the Eleventh Plan will be worse than it was at the beginning of the Eleventh Plan.

I will end with this final example of the Rajiv Gandhi *Grameen Vidyutikaran* Programme. I will only plead that either you do something or change the name. Don’t dishonour the name of people you honour. At the present rate, instead of the target of 90,700 megawatts for the Eleventh Plan, you will be adding only 40,000 megawatts. But, in this Rajiv Gandhi *Grameen Vidyutikaran* Programme, things are much worse. Of course, transmission and distribution losses, about which Shri P. Chidambaram spoke so much, continue at 40 per cent. But in the case of this *Grameen Vidyutikaran* Programme, — Shri Mukherjee would remember this, — it was provided in the CMP that there will be electricity for all by 2009. In this *vidyutikaran* business,

‘electricity for all’ was changed to, ‘access to electricity for all by 2009.’ At that time, the Planning Commission had estimated that 7.8 crore households have no electricity at all. They said that there are 2,35,000 unelectrified or deelectrified villages. Somebody should give credit to our planners for their linguistic innovations like de-electrified, slip back, etc. In this Rajiv Gandhi *Grameen Vidyutikaran* Programme, ‘electricity for all’ was changed to, ‘access to electricity.’ And, instead of those households which were 7.8 crores, they said that only 2.43 crore BPL households will be given electricity. Then, they said, “not un-electrified or de-electrified villages but also included the electrified villages.” Then, they incorrectly estimated the ‘un’ and ‘de-electrified villages’ as only 1,17,000. The final target was that in these they will provide electrification to 2.34 crore BPL households. As against this, Mr. Mukherjee, in your implementation document what have you shown? And, you have claimed great credit for it. You have shown 2.34 crore households, which was instead of 7.8 crore households and you claimed great credit and pat the Government on its back for providing electricity to 43,00,000 BPL households. Instead of 2,35,000 un-electrified or deelectrified villages, you have provided electricity to 54,000 villages, but great credit is claimed. So, Sir, this is how the word of the Government of India has been mortgaged. I, therefore, believe, Sir, this is not an Interim Budget; this is not even an Internment Budget; Sir, this is an Interment Budget, for burial. And the only good thing about it is that it is the last Budget of this Government, and I am very sorry that this is being given by the person who should have been the Minister of Finance all along, Shri Pranab Mukherjee. Thank you.

MR. DEPUTY CHAIRMAN: Now, Mr. Minister to move the Appropriation Bill.

GOVERNMENT BILLS

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

THE MINISTER OF FINANCE (SHRI PRANAB MUKHERJEE): Sir, I beg to move:

“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.

Sir, I also move:

“That the Bill to authorise payment and appropriation of certain further sums from and out of the Consolidated Fund of India for the services of the financial year 2008-2009, as passed by Lok Sabha, be taken into consideration.

The questions were proposed.