

be ensured. The entire issue has been looked into by the Supreme Court. Kerala are playing politics. We want to protest this and we wish to stage a walk-out.

(At this stage, some hon. Members left the Chamber.)

**Reported Hijack of an Indian Merchant Vessel Named "Bhakti Sagar" off the  
Somalian Coast and need to rescue its crew Members**

SHRIMATI N.P. DURGA (Andhra Pradesh) : Sir, I would like to draw the attention of the House to save the hijacked vessel, *Bhaktisagar*, and its crew ...(Interruptions)...

Sir, according to the Indian Coastguard and the Marine Rescue and Coordination Cell, an Indian merchant vessel, *Bhaktisagar*, was hijacked off the Somalian coast. It is understood that 25 Indian crew members are on board the vessel. The vessel was hijacked near Imam Port while it was coming from the Kimayo Port, 35 km from Mogadishu, the capital of Somalia. It is reported that family members of the crew are worried since they don't know even the whereabouts of their beloved ones. Hence, I request the Government of India, through you, Sir, to immediately take measures through diplomatic and political channels and see to it that the crew is released and the vessel is freed from the hands of hijackers. Thank you, Sir.

MR. DEPUTY CHAIRMAN: Now, discussion on the General Budget, 2006. Shri Sitaram Yechury.

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**THE BUDGET (GENERAL) 2006-07 - Contd.**

SHRI SITARAM YECHURY (West Bengal): Thank you, Mr. Deputy Chairman Sir. Much of the discussion on the Budget has been conducted. So, I would confine myself only to certain important points, which I would like to bring to the notice of the House.

Sir, I have two general points to make before I come to the concrete proposals and the various areas that I would like to discuss. Firstly, Sir, normally, when a Budget is presented, we have the opportunity to discuss the direction of the economic policy in the country, the health of the economy. Also, normally, Budgets used to be associated with what type of additional resource mobilisation would be required to meet the targets

and meet the priorities, which, for this Government, have been defined in the National Common Minimum Programme.

Sir, what I would like to begin with in the general points is that unfortunately, in this Budget, given the overall health of the economy and the positive nature of the statistics and indices that are available to us, the potential for implementing much of the programmes for the welfare of the country and the people, have not been fully utilised. I think this is a shortcoming, which is unfortunate because we could have really gone about sincerely implementing much of this. I say this because the additional resource mobilisation envisaged in the Budget, the gross tax mobilisation envisaged in the Budget, is only a meagre Rs. 6000 crores.

Having said this, Sir, the second point, which I think is important to note, is that though the additional resource mobilisation is only Rs. 6000 crores, it is expected that the gross tax revenues for the Government would grow by a whopping, Rs. 72,000 odd crores, in other words, a 19.5 per cent increase -- I have just stopped because I thought I have offended the Finance Minister *...(interruption)...*

Now, this whopping increase in gross tax revenues in itself is not a flash in the pan, which suddenly happened this year. If you look at it from 2002 and 2003, the gross tax revenues increased by 15.6 per cent, in the next year, by 17.6 per cent, the year after that, by 19.9 per cent, last year, by 21.4 per cent and this year, is estimated to increase by 19.5 per cent. Now, why is this happening, Sir? Is this happening because we are collecting our past arrears, which we have been urging the Government to do? Of the Rs. 72,000 odd crores this year, the arrear collection is only Rs. 10,000 crores. Where is the rest of this money coming from? And that is where my second general point is, Sir, and it is a matter of serious concern. This amount of money, that is coming, is not really coming through any increased additional tax mobilisations; it is not coming through arrears being collected from the past, but much of it is coming through, what I would call, is because there has been a squeeze that is taking place on the vast masses of the Indian people. Why I am saying this, Sir, between 1993-94 and 2003-04, if you look at the bottom 80 per cent of your rural population, their per capita expenditures have declined according to the NSS Surveys. On the other hand, you have a per capita income growth of around 4 per cent annually. For 80 per cent of your rural population, if their per capita expenditures are declining and there is an overall increase on the average of 4 per cent for the rest of the people or

the economy, that shows you the extent to which income inequalities have widened which, in other words, means that the pre-tax surpluses for the rich have increased dramatically, and that is why, you have this windfall of increasing tax revenues. So, the important point to understand here, Sir, is and I quote what the Finance Minister has said in Lok Sabha while replying to the discussion. He said, "Growth will be our mount; equity will be our companion."

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): You have left the last part of it.

SHRI SITARAM YECHURY: No, I am coming to it. "With growth, there is a chance for equity, and without growth, I am afraid, there is no chance for equity." Sir, I will be fair. I will not misquote you or pick up quotes out of the context. I have quoted in full what you have said. My point is that growth that is taking place is at the expense of equity. And, if that is the type of growth that is taking place at the expense of equity, then, this is worrying, Sir. Because these windfall tax collections that we are finding all due to the squeezing of the people at the bottom, and the net surpluses in the hand of the rich have increased. That is why, there is this windfall in the collections and that is where it is necessary for you to intervene in order to ensure that this squeezing doesn't increase in the days to come. In fact, it is reversed. Now, if that is the objective, which, I think, is the objective also in the Common Minimum Programme, then, the massive outlay increases in the areas of employment generation, in the areas of your rural sector will have to be explored. Now, regarding the flagship programmes, what the Finance Minister announced at the outset sounds very impressive. He said that the additional allocations for the flagship programmes have been increased by 43.2 per cent, or total growing from Rs. 15,000 odd crores to Rs. 50,000 odd crores. But, of this, what is the net growth? That is what they are saying, you have the National Rural Employment Guarantee Scheme that is coming into place. But, as that is being introduced, the Food-for-Work Programme has been abolished. For the Sampoorna Grameen Rozgar Yojana, the allocations have been drastically reduced. So, the net increase from our calculations in rural employment comes to only to the tune of Rs.3388 crores. Now, I want to link this with the overall situation that I have talked of earlier. With a tremendous increase in the pre-tax surpluses, the opportunity for you to raise greater resources was there, and is still there. And, one of the things to which I want to draw the attention of the House, and the Finance

Minister through the House, is a fact that we have a very anomalous situation in our country where the poor middle-class salaried section is bearing the burden of paying the taxes and you can earn hundreds of crores of rupees in the stock market through dividends and not pay a single *paisa* of tax. This is something we cannot afford. When we talk of a long-term capital gains tax, yes, the Finance Minister has also explained otherwise outside the House also, and here is a concrete problem involved. That is the Double Taxation Avoidance Treaty that you have with Mauritius. Now, Sir, I want to raise this in the House. I want the Government to seriously consider reviewing that particular Treaty. Because, what is happening - hundreds and thousands of crores of rupees are flowing through the Mauritius route coming into India, and they do not pay a single tax because of that Treaty. Now, double taxation avoidance is a Treaty between two friendly countries, where an entity or an individual pays the same tax in both the countries. In order to avoid paying the same tax in both the countries, there is an agreement to avoid double taxation. Now, Mauritius does not have a capital gains tax. So, how is it double taxation avoidance? It is actually a double permission being given to avoid taxes. And, if Mauritius does not have a long-term capital gains tax, the same entity must be asked to pay the tax in one of these two countries, and that is, in India. So, we think that this is a very anomalous agreement that has to be reconsidered by the Government. I think, they have extended it also now to Singapore in which case you will have the situation where people can make crores and crores of rupees, hundreds and thousands of crores of rupees without paying a single paise of tax, and, that is not permissible or admissible. So, we would want this Government to seriously think over reconsidering the treaty with them. Sir, with all these flagship programmes etc., we think, a tremendous amount of potential was there to increase the allocations to actually meet the aspirations of the people and to meet the commitments that we have made in the National Common Minimum Programme, and, that opportunity, unfortunately, has been lost. And, if the process of correction is still there, we want that to be taken up at this stage.

Secondly, Sir, the National Rural Employment Guarantee Scheme was brought into being after tremendous discussions and pressures, where all of us were also involved, and, the primary objective was to give employment and, thereby, generate greater demand in the economy through giving purchasing power to the people through this programme. Now, what would this mean? If there is more money flowing in the hands of the

people, which is very good, which is what has to be done, *i.e.* increasing their purchasing power, then, the demand for food will increase. If the demand for food ought to increase, then, what should be the concomitant next step that has to be taken to strengthen your public distribution system? Sir, instead of that, what we find in the Budget is that the food subsidy which is now Rs. 24,200/- crores, was Rs. 26,200/- crores in the last Budget, and, what was actually spent was only Rs. 23,200/- crores. So, in other words, the food subsidy has not been increased or even attempted to be increased in line with the NREG Scheme which will increase the purchasing power in the hands of people in the rural areas and that purchasing power cannot be translated into purchase of foodgrains. Now, if this is not increased, what does it mean, Sir? There can be two things. Either, the Food Corporation of India and its procurement will remain at the level where it is, in which case it is inadequate to meet even the existing demand - and, you are importing wheat today, or, the other course of action would be to raise the prices of foodgrains. And, that is precisely what this Government attempted to do, and, we, apart from everybody else also, take the credit for forcing the Government not to go ahead with that.

So, Sir, the net result of all this means that if you are sincere about implementing your NREG Scheme, then the concomitant has to follow that you will have to expand your public distribution system and the consequent rise in the purchasing power in the hands of the people will reflect in an increased demand for foodgrains, and, if that is not met, then the foodgrains prices will have to be raised, the entire purpose of giving employment and through that greater purchasing power would be defeated.

So, the whole purpose of going into this entire exercise is actually not only halting but, I am afraid, will also lead to a reversal of this situation and that is something which will go contrary to what the National Common Minimum Programme had promised. Now, if that is the case with the major chunk of the area, that is, with regard to rural employment and food, what is there in the sectors of health and education? That has been discussed here. I do not want to labour on that issue. But the increases that have been promised have also not been very substantial. In fact, in the Health sector, as a percentage of GDP, it goes up from 0.25 per cent to 0.30 per cent. In education, it goes up from 0.33 per cent to 0.52 per cent. Now, if this is the state of your social sector, where you are talking of rural employment, public distribution system, food subsidies and education and

health, the most important concern for all of us and for our country has been, and, is also our agricultural sector. In the agricultural sector, Sir, today when you have these distress suicides continuing, when you have starvation death reports still alarmingly coming through, we see a welcome trust, that has been there in the Budget, to reduce the interest rates and expand the credit facilities. But reduction of interest rates to 7 per cent is far, far short of what was recommended by Dr. M.S. Swaminathan Commission that was appointed by this Government. The recommendation was that the interest rate should be brought down to four per cent but that does not happen. There is a very important issue that has been brought out and that is the question of import duty on raw cotton. Many of the suicides that have been committed are by our cotton farmers, and, there have been demands including from the Congress Chief Ministers. I can see Mr. Jairam Ramesh smiling from there, because he is from Andhra, and the Andhra Chief Minister is on record saying that import duty must be there in order to protect your domestic farmers. But that has not been done. Then, Sir, the Swaminathan Commission also suggested the extension of crop insurance to all areas and all crops. That has not been done. The Swaminathan Commission talks of a price stabilisation fund. That has not been done. The question of expanding credit in rural areas is also there. The expansion of credit in the rural areas is possible only when your financial institutions and banks expand their branches in the rural areas. Now, there is a curtailment of that expansion and there is an increase of saying that we will not go up to Rs. 1,75,000 crores in terms of agriculture credit. Unless you have the conduits to reach that to the farmers, it does not and will not reach. The Finance Minister himself is on record to say that only 27 per cent of our farmers today have access to institutional credit. And, many of your distress suicides are because of stranglehold of your moneylenders and *mahajans*. Unless that is broken, we cannot do this. I would urge this Government to immediately start moving in this direction of expanding credit in the rural areas. I will just take two minutes, Sir. These are the areas which I want this Government to seriously consider because you cannot have a Budget and its provisions which ostensibly talk in terms of the National Common Minimum Programme and its objectives, but in effect and reality, actually undermine the realisation of the same goals. And, that is where, I think, there is another area which needs to be drawn to the attention of the House and that is the question of the framework in which this Budget has been done. That is also a matter of concern. That is the framework of financial liberalisation that I am talking of. A decision has

been taken to allow foreign institutional investors to buy Government securities at much higher level than it was before. That is bringing in international speculative trends into our Governmental finances. Secondly, mutual funds have been allowed to invest abroad. Thirdly, Sir, what is of concern to me is that the peak customs duty has been reduced from 15 per cent to 12.5 per cent across the board which will have a very, very negative consequence on your small producers, and, therefore, also the employment that these small producers provide in the country. You have now added 180 items further for de-reservation. This is going to affect your small-scale sector, which all of us know, after agriculture, is the largest employment provider in our country. And, you have de-reserved 180 items further. Another important aspect, though the Finance Minister has said that the finances of the States in the union have been much better than ever before, under the normal Central assistance under Plan grants and loans, it is very interesting to see that the last year's Budget gave Rs. 13,541 crores. The Revised Estimates gives you Rs. 12,044 crores. And now, that has been reduced to Rs. 10,916 crores. If your assistance to the States under this head, under normal Central assistance under Plan grants and loans, if this is reduced, you will be leaving the State Governments with no option but to become prey to the various conditionalities that the international agencies like the World Bank and the ADB will pressurise on them. And, they will have to go there out of sheer lack of any other alternative which will be disastrous for our country and its economic sovereignty. So, therefore, Sir ...*(Interruptions)*...

SHRI V. NARAYANASAMY (Pondtcherry) : Bengal is also getting money from the ADB. ...*(Interruptions)*...

SHRI SITARAM YECHURY: Yes, we are getting money, but on what conditions? That is what I am saying. Now, you are making the States ...*(Interruptions)*... Mr. Narayanasamy has raised this question and I take this opportunity to answer you back also.

MR. DEPUTY CHAIRMAN: No, no, that is not necessary.

SHRI SITARAM YECHURY: No, no, let me, Sir. Let me, Sir. The point I am making, Sir, is that the Bengal Government today is in a position to resist the pressures of the World Bank and the ADB and we accept bans only without any conditions and strings attached. And, don't make, not only Bengal, but your Government or all other Governments also, vulnerable in a situation where they will have no other option but to accept

the strings attached. And, that is not in the interests of my country or its economic sovereignty. Therefore, I would like the Finance Minister, who is here, through you, to actually pay attention to all these areas. Probably this Finance Minister has been fortunate to have an economic environment which, I think, is very enviable for the Finance Ministers otherwise. An eight per cent growth rate; Sensex crossing 10,000 point; a 29 per cent savings rate; and a 31 per cent investment rate. But 31 per cent investment rate, and particularly this 29 per cent savings rate is all happening because of the squeezing of the people at the bottom and not really because of an overall economic growth when there is greater prosperity in the country.

Finally, Sir, I come back to my original point that the growth that has taken place in the last 4-5 years, which have seen a tremendous windfall in terms of gross tax revenues increasing by the percentages that I have pointed out, has been the growth that has taken place at the expense of equity, not growth which will lead to greater equity. And unless this is reversed, Sir, through active State intervention, I think the objective of achieving what we ourselves have declared -- when I mean "we ourselves," it is the Government itself that has declared -- as the National Common Minimum Programme priorities, those would be undermined. Therefore, we would urge, through you, to the Government, even at this stage when we come to the question of the Finance Bill, to reconsider the possibilities of expending further your tax net in order to utilise these opportunities, so that we can tangibly give relief to the people at the lower level. And it is that corrective which, I hope, the Finance Minister will undertake when he replies. Thank you, Sir.

SHRI P. CHIDAMBARAM : Mr. Deputy Chairman, Sir, I am grateful to the 29 hon. Members, beginning with Mr. Yashwant Sinha, who I find is not here, and ending with Mr. Sitaram Yechury, for participating in this debate.

MR. DEPUTY CHAIRMAN: It is thirty.

SHRI P. CHIDAMBARAM: Thirty, Sir.

(MR. CHAIRMAN in the Chair)

I think we have had a range of opinions, ranging from the Right to the Left, and I think that has enriched the debate. I am sorry I was not present for large part of the time, because of my obligation to be present in the Lok Sabha. But as soon as I completed my reply in the Lok Sabha, I



came to this House. I have, of course, gone through the major points made by everyone. In fact, I have read *every* line of Mr. Yashwant Sinha's intervention, and I have heard every word of Mr. Yechury's intervention.

Sir, broadly, I wish to address the House today on the issue of Economic Policy, the philosophy behind the Budget, and the direction in which we think that the economy is headed. Questions relating to the Finance Bill can be answered, Sir, with your permission, when we reply to the debate on the Finance Bill. Those are really technical issues and tax-related issues. I will certainly take on board the suggestions made by the hon. Members, and in my response to the debate on the Finance Bill, I will address those concerns.

But, today, Sir, I wish to give a broad overview of how the U.P.A. Government wishes to manage the economy and where we think that the economy is headed. Sir, we believe that a lot of ground was lost during the six-year-period of the N.D.A. Government. Not that there were no programmes or projects or achievements, but overall in the management of economy, there have been major lapses as a result of which we have to get back to the path of prudence. Let me illustrate just by one figure.

In 1996-97, the fiscal deficit was 4.1 per cent. In the last year, according to the Revised Estimate, the fiscal deficit was 4.1 per cent. Now, what does that mean? It means that in the intervening period, the fiscal deficit deteriorated sharply, and then the correction started only in 2002-03, and we have now brought it back to the level where it was in 1996-97.

That means that much ground was lost and our ability to garner resources for capital investment was also lost. I have the figures of how the fiscal deficit moved from year to year and the figures make for rather painful reading. If you look at the movement of the fiscal deficit, you will find, Sir, after touching a low of 4.1 per cent in 1998-97, it climbed to 6.2 per cent in 2001-02. Then, the correction began and last year, we restored the position at 4.1 per cent. Why do I place such emphasis on fiscal deficit? Out of this fiscal deficit, the largest component is revenue deficit. The difference between fiscal deficit and revenue deficit is the space available for capital investment. If the space is a limited space, then, the opportunity for capital investment, the potential for capital investment, is also low, which is the reason why Parliament has adopted the FRBM Act and that says, the revenue deficit must be wiped out by 2008-09 and the fiscal deficit must be brought down to three per cent. Fiscal deficit of three per cent is certainly

something which we can tolerate and live with. But if the revenue deficit is wiped out, then, we have three per cent of GDP available for what we call 'capital expenditure'. So, some ground was lost in the NDA Government. We are trying to retrieve the ground. And I believe, we have. We have retrieved much of the lost ground. The fiscal deficit of 2004-05 according to Revised Estimates is 4.1 per cent and the fiscal deficit for 2005-06 also according to Revised Estimates will be 4.1 per cent and the fiscal deficit for the next year will be 3.8 per cent. And I am confident that we are on target to bring the fiscal deficit down to three per cent. These, of course, may appear to be technical jargon. But, in plain language, what it means is, we must garner three per cent of GDP for capital investment. Unless we have three per cent of GDP for capital investment, we cannot raise growth rates in agriculture nor can we raise the growth rates in manufacturing. The goal, therefore, to wipe out the revenue deficit, garner three per cent of GDP -- in a growing GDP, three per cent of GDP is a larger number -- and make sure those resources are available for public investment in agriculture, in manufacturing and in the social sector. Now, how do we wipe out the revenue deficit? If you don't wipe out the revenue deficit, what it means is, what your borrowing is going for consumption expenditure and revenue expenditure. There are two ways to wipe out the revenue deficit. One is based on expenditure control and the other is by revenue enhancement. Expenditure control has very heavy costs and consequences. Some expenditure control is, indeed, desirable. There is a lot of wasteful expenditure in the Government and we must make every effort to keep wasteful expenditure under check. You will find that for the Budget for the next year, the non-Plan expenditure rises by the smallest amount in many years, 5.5 per cent. We are exercising tight control over expenditure. But if you slash expenditure too much, where will the axe fall? The axe will fall on education; the axe will fall on health care; the axe will fall on food subsidies; the axe will fall on fertiliser subsidies; the axe will fall even on defence. So, we can't take expenditure control to such a point where necessary expenditure is slashed. Therefore, while expenditure control is certainly an instrument to wipe out the revenue deficit, the more appropriate method is to enhance revenues. Now, the last speaker was critical about my efforts to

SHRI SITARAM YECHURY: I am not critical. I am asking, how it happened.

SHRI P. CHIDAMBARAM : Let us look at the figures. Let us look at the gross tax revenues. Let me not talk about the gross tax revenues because those figures include the share of the State Governments. Let us look at the Central Government revenues. I will come to the State Governments' share later. Tax revenues net to the Centre in 2005-06 increased by Rs. 45,187 crores in the Budget Estimates. In 2006-07, according to the Budget Estimates, it will increase by another Rs. 55,000 crores. After providing for the States' share, the Government of India is able to raise for itself revenues of Rs. 45,000 crores in one year, and Rs. 50,000 crores in the next year.

SHRI SITARAM YECHURY: Rs. 53,000 crores.

SHRI P. CHIDAMBARAM: Well, Rs. 55,000 crores, according to me. If you take BE to RE, it is Rs. 55,000 crores; if you take BE to BE, it is Rs. 53,000 crores. But, now, Sir, RE figures are available, so I am taking the RE figures. Broadly, Sir, between Rs. 45,000 to Rs. 55,000 crores. Now, I think, Rs. 45,000 crores or Rs. 55,000 crores is a commendable revenue effort. Can you raise more? Mr. Yechury thinks, we can. I think, we cannot, and even if I concede for the sake of argument that we can, I think, we should not, and I will tell you, why?

SHRI SITARAM YECHURY: Sir, Let me clarify. I am not disputing the commendable effort in increasing the gross revenues. I was only stating the point that why it happened. That is my concern.

SHRI P. CHIDAMBARAM: I am answering. Sir, today, farm income cannot be taxed by the Central Government. So, that is ruled out straightway. It is only the rural non-farm income which can be taxed, and the rural non-farm income is, indeed, being taxed. If someone owns a cinema hall or someone owns a rice mill or someone runs a transport company, that is being taxed. So, it is wrong to say that the rural rich are not being taxed. The rural agricultural rich are not being taxed because that is beyond the purview of Parliament. In fact, those who ask me: "Why don't you tax the rural rich?" I give them this constitutional answer; I also give them a political answer. I say, if you are so determined that the rural farm rich should be taxed, why don't you ask the State Government to tax the rural farm rich? No State Government is willing to tax the rural farm rich. ...*(Interruptions)*... I am coming to that, just a moment. Well, my learned friend says, including Bengal. Be that as it may, we can only tax the manufacturing sector and the services sector. Now, the bulk of revenues--

why bulk- barring about Rs. 35,000 crores, the entire budgeted non-tax revenues of the Central Government of Rs. 4, 03,465 crores is coming from the industrial sector or the manufacturing sector. Customs duty, excise duty, income tax, barring, of course, the salaried class and corporation tax, is coming from the manufacturing sector/industrial sector. But, our economy has undergone a very remarkable transformation. Approximately, 54 per cent of the GDP is now accounted by services. The services sector does, indeed, pay some corporation tax, and some income tax. But, in comparison with the manufacturing sector, the services sector does not pay enough tax. That is why, we are expanding the services tax net, and I will explain presently why we had to raise the rate of service tax. Today, it is the industrial sector and the manufacturing sector which are contributing the overwhelming part of our gross tax revenues or net tax revenues. Now, that is growing at an average of 20 per cent every year, after the UPA Government came into office.

Mr. Yechury read some figures, but there are some years where it increased only by one per cent, and there are some years where it increased by 5.9 per cent. There has never been a three-year period where tax revenues are increasing by 20 per cent year after year, three successive years. We have accomplished that without killing the incentive for investment.

Sir, there is a point, there is, I believe, an inflection point beyond which if you tax the manufacturing sector and the industrial sector, that will kill the incentive to investment. Today, look at figures. Look at the EM figures of the Department of Industrial Development. Look at the CMI figures of investment intentions, investment proposals and actual investment. Look the non-food credit growing at 25 per cent. And last year, it grew by 30 per cent. Look at the major investment announcements by steel companies, by refineries and by petroleum companies, in the textile sector, in the automobile sector. Look at the spate of announcements made by the major industrial houses. I believe that there is an investment boom in this country. The incentive for investment is still high; business houses, mainly Indian, and some foreign, are now committing themselves to larger and larger investment. At this point of time, I think, it is extremely important to keep tax rates stable, to keep tax rates moderate, even while mobilising a 20 per cent increase. If, by keeping the tax rates stable and moderate, I am mobilising less than 20 per cent, the criticism is perfectly well founded. If I am able to mobilise 20 per cent more revenues this year,

than last year, which was 20 per cent more than the previous year, I believe that we have been able to strike a balance between the revenue mobilisation and the need to incentive investment and I think garnering Rs.50,000 crores a year by additional revenue is not an easy task. It is a task that has to be performed with a certain balance between the need for revenue and the need to ensure that the incentive to investment is not killed.

Shri Yechury talked about arrears. Show me any other three-year period where we have collected more revenues arrears. We are collecting arrears, I have given the figures for the arrear collection in 2004-05, and at the end of 2005-06, I will come back to Parliament and tell you what the arrear collections are. This is the largest amount of arrears collected in any year. But, again, it is not as if every arrear is collectible. There is a court system, there is an adjudicatory system; at every level, the orders are granted by the authorities, the appellate authorities, the Tribunal, the High Court and the Supreme Court. For example, one item of these arrear documents is Harshad Mehta arrear. Now, where do you collect it from? There are Rs.28,000/- crores, or so, Harshad Mehta arrears. Now, this is locked in litigation in so many forums. Unless this litigation is resolved, there is no way you can collect this Rs.28,000 crore? But, I think, what is important is to look at the collective arrear demand and what we are collecting. And I believe that the Department is collecting more arrears than ever before. The cost of collection of my Department is the lowest in the world. It is 0.86 per cent. For every hundred rupee of revenue collected, the cost of collection is eighty-six paise; it is the lowest in the world. Therefore, I believe-and I owe it to my Department to pay a tribute to the revenue collection machinery-they are collecting arrears, they are collecting revenues, they have done an exemplary job in the last two years, and I believe, if we continue to grow our GDP by 8 per cent, if we continue to grow our revenue growth rates at, say, about 20 per cent, enough resources will be available in this country to meet the needs of our economy, of our people.

Now, let me come to resource allocation. There is always a complaint that resources are not allocated to this sector or that sector; I agree. Given the needs of India, any allocation will be inadequate. How can there ever be an adequate allocation in this country? Allocations always fall short of expectations. It falls short of objective requirement of the sector. I am the first to agree that primary education needs more money,

secondary education needs more money, higher education needs more money. I would be the first to agree that health requires more money. But the point is the absorptive capacity of the system is limited. Year after year, why do I find that the Ministries do not spend the money allocated to them?

Sir, just look at the last page of the expenditure document, the dark red volume, or look at even the summary of "The Budget at a Glance". You will find that Department after Department, Ministry after Ministry, finally returns money at the end of the year. That is why you will find that the Actuals are always better than the Revised Estimate. The actual figures are always better than the Revised Estimate and my fiscal deficit will come down by 0.1 per cent, after the Revised Estimate is presented, even for this year. While I projected a revenue deficit of 2.6 per cent and a fiscal deficit of 4.1 per cent, I am, more or less, certain, going by the experience of the last two years, when the Actuals come in, they may even drop to 2.5 per cent and 4.0 per cent respectively. Why? I don't think that the fault can be put entirely at the door of the Central Government Ministries and Departments. After all, the Central Government can spend only through the State Governments, Monies are released according to certain procedures. You have to submit the utilisation certificates. First of all, you have to submit the plans; they have to be approved; monies have to be released; you have to submit the utilisation certificate before further monies are released. Now, what is the position today? As of three days ago, the State Governments have a balance of Rs.45,000 crores. We are in the middle of March. We have two more weeks. The State Governments, today, are sitting on a cash balance of Rs.45,000 crores. I don't wish to embarrass any of the hon. Members representing the States. They represent the States in the Council of States. Every State, today, is sitting on a huge cash balance. There are States with cash balances of Rs.3,000 crores, Rs.4,000 crores and Rs.5,000 crores. Why are they not spending? I have been urging the State Governments to spend. At the end of the year, if they don't spend, surely, further money that should have been released to the State Governments by 31<sup>st</sup> March under a particular programme will not be released. The message that I wish to convey to the States, through this House, is, please begin to spend next year from the 1<sup>st</sup> of April. Traditionally, there is the habit of State Governments not spending in April, May and June saying, "We don't have money; we don't know how much money will come; we may run out of money". By the time they get their acts together, three months go by.

1.00 P.M.

Sir, in the first year of the UPA Government, we devolved to the States Rs. 75,000 crores, as share of their taxes. In the second year, we devolved Rs.94,400 crores. In the next year, we will devolve Rs.1,13,448 crores, a whopping increase of Rs.20,000 crores over this year's devolution. So, the State Governments must begin to spend on the first day of April. They have enough money. Enough money will be provided and they can spend even on the first day of April. If they do that, you will find that many of the targets are achieved, including the financial targets and the physical targets, and that will mean more money in the hands of the people.

As far as the Central Government is concerned, our cash management system is getting better and better. We are forcing the Central Government Ministries to spend, at least, 66 per cent in the first nine months and if they don't spend, we have told them that they will be penalised. Therefore, more Ministries and more Departments are able to spend 66 per cent in the first nine months. You look at the Plan expenditure of the current year. The Plan expenditure in the current year--you know better, Sir, having presided over the destiny of a State for many long years--is running ten percentage points higher than last year. At this point of time last year, the Plan expenditure, at the end of December, was about 55 per cent. This year, it was 65 per cent. That means that the Central Government Ministries and Departments are geared to spend better. Even States are spending better. That is why the Plan expenditure is running at 65 per cent. The idea is that we must garner more revenues. We must keep the tax rates stable and moderate and garner more revenues, allocate more to the States, encourage them to spend according to a Plan even from the beginning of the year, spend the entire money allocated, ensure that the financial targets are achieved and then measure the physical outcomes against the financial targets. That, I believe, is the virtuous way to go about increasing the purchasing power in the hands of the people. The other way to increase the purchasing power in the hands of the people is to tax them less. We have cut a range of excise duties. I can explain each cut and why it was cut. When I reply to the Finance Bill, I will explain why it was cut. Why some taxes are imposed, why some taxes are cut, why some relief is granted to some sectors, why certain undeserved or outdated reliefs are taken away, I will explain that while replying to the Finance Bill. I think, today, we are on a virtuous path and I would urge the House to endorse the approach of the Government. The

Government's approach is, keep tax rates stable and moderate, garner more resources, devolve more to the States, spend through the Central Government Ministries and Departments wisely, prudently and on time, pump more money into the economy and then you will find the growth rates continue to remain high.

Sir, given this broad philosophy, I think, in the Budget, I have adhered to that. I have allocated - I won't repeat the figures - much larger sums, today, for the flagship programmes. I have allocated much larger amounts to 'Bharat Nirman'. I think, when the Outcome Budget is presented on the 17<sup>th</sup> of March or so, you will find that the physical outcomes are much better in the current year than ever before. Since every Ministry is now required to report the physical outcomes and every Ministry is now required to place its own Outcome Budget in the House, you will have an opportunity to question the Ministry as to where are the outcomes for the money that we allotted to you. I think it is a great opportunity for the House to question each Ministry and Department on the outcomes. They will all come in the next three days. I think, a series of Outcome Budgets are going to be presented to the House. I will present our Outcome Budget and then you will have an opportunity to question each Ministry and Department. Based on the kind of responses that you elicit, we can refashion our strategy for the next year. We are trying to refashion our strategy. If there are any Departments which are limping, we can certainly energise them to make sure that they deliver better physical outcomes than in the current year or in the previous year.

Let me briefly respond to some of the concerns raised by the hon. Members. Some concerns were legitimate and some, I am sorry to say, were outrageous. I think the most outrageous comment I heard in this House was that this relief to agriculture of 2 per cent in the interest was an eyewash, legerdemain, sleight of hand and that I was really giving a relief of Rs. 180/- or so, and not Rs. 1,700 crores. Shri Sharad Joshi, for whom I have great respect, repeated the allegation and I responded to him. But since most of the Members were not there, I wish to respond again. This is an outrageous allegation. I mean some people think that they are Machiavelli and they can distort good ideas. What is the idea? I do not claim to speak Queen's English. Wherever I learnt my English, I know only that much English. What did I say in my Budget Speech? I said, "Interest relief of 2 percentage points of the borrowers liability is being given". I did not say. interest relief of 2 per cent is being given. I said, "Interest relief of



2 percentage points". Even people from my Constituency, who have only studied in Tamil, understood what I said. If the borrower's interest rate was 9 per cent, it means that he will now be charged 7 per cent. If it was 8.5 per cent, he will be charged 6.5 per cent. If it was 9.5 per cent, he will be charged 7.5 per cent. I thought it was quite plain. We have allocated Rs. 1,700 crores. Yet to charge the Government that what you have done is an eyewash and that you have really given Rs. 180/- or Rs. 200/-, I think, it is an outrageous allegation. What we have decided is for the year that has come to an end, kharif and rabi 2005-06, 2 percentage points of the interest rate charged to that farmer is being knocked out of his interest liability and is being credited to his account. Orders have been issued by the Reserve Bank of India on the 9<sup>th</sup> March and these orders clearly say that if banks or PACS or regional rural banks or commercial banks, have lent him money, say, Rs. 1 lakh at 9 per cent and his interest liability is Rs. 9,000, whether he has paid or not paid, Rs. 2,000 is being credited to his account, straightway, and the credit will be in his account on the 31<sup>st</sup> of March. So every farmer will have money credited in his account equal to two percentage points. For the next year we have now announced that the farm credit for short-term crop loan will be available at 7 per cent. But then, should we do more? Maybe, yes. Can we do more? The answer is, 'No', because the bank rate today is 6 per cent; the Repo Rate is 6.25 per cent; the call money rates are hovering between 6 and 7 per cent; the interest rates have hardened; of course, the inflation is under control at 4.2 per cent or so. Having regard to all these, we think that the economy today can afford only to ask the banks, to lend to the farmers at 7 per cent. Even this will require banks being persuaded. As far as the PACs and RRBs are concerned, the refinance rate of NABARD will be so calibrated that the ultimate rate at which, the money is lent to the farmer will be 7 per cent. As far as commercial banks are concerned, since there is no refinance by NABARD, we have to carry the commercial banks with us; we will have to persuade them, and find ways and means in which the credit will be made available at 7 per cent. But I assure the House -- I have called a meeting of the Chairmen of the Banks on the 23<sup>rd</sup> March -that we will find a way, that beginning Kharif 2006, every farmer in this country, who gets a loan from a PACs or from a RRB, or from a commercial bank will get the loan at 7 per cent. That is my promise, and this Government will implement that promise.

Sir, there were some comments about repair, restoration and renovation of water bodies. This is an important project and I will tell you

why. One of the main reasons why the agriculture growth rate shows volatility is because agriculture is monsoon-dependent. We must make our agriculture less monsoon-dependent. One of the ways is to expand irrigation. With the Accelerated Irrigation Benefit Programme, the Minor Irrigation Schemes and the Medium Irrigation Schemes, and now, through the NREGP, the various public works, including building canals, will bring more and more acreage under what we call 'assured irrigation'. But there is another untapped opportunity for increasing the acreage under assured irrigation, and that is, the repair, restoration and renovation of water bodies. Sir, this project is at an advanced stage. States were consulted. They have accepted the funding pattern. We have worked out a scheme that is going to cost us, as I said in the Budget, approximately Rs.4,400 crores. In the first phase, 20,000 tanks will be covered; that is not a small number, as one of the speakers said, because that will add 14.7 lakh hectares to assured irrigation. These are all large water bodies with a large command area. So, 14.7 lakh hectares will be added to assured irrigation. We will go to the World Bank and the ADB, and ask for money. Both have, in principle, said that they will support the programme. The States have been asked to sign the MoUs, and they have agreed to sign the MoUs. This programme will be implemented, and when we implement this" programme along with the AIBP, the Medium and Minor Irrigation Projects, more and more acreage will come under assured irrigation. And, to that extent, agriculture will become less monsoon-dependent. When that happens, you will find that the agricultural growth rate also becomes secular. Today the manufacturing growth rate is more or less secular at 8 to 8.1/2 per cent; the services sector growth rate is more or less secular, at about 9 per cent. Unless we commit grievous mistakes, I believe, these are secular growth rates, if the agriculture growth rate must become secular at about 4 per cent, this is an important project, and the Government attaches highest importance to this project, and we will implement this project. Because the Government is secular, we want secular growth rates.

Sir, some comment was made that we have allocated less money to the drinking water project. I don't know where these numbers come from. These numbers are there in the Budget documents. In BE 2005-06, we allocated to all India, including the North-Eastern Region Component, Rs.4,050 crores, and, we actually spent Rs.4,060 crores. In 2006-07, the allocation is Rs.5,200 crores. So, it is a jump from Rs.4,060 crores to Rs.5,200 crores. I don't know why the distinguished speaker said that we are allocating less to drinking water.

Sir, a question is asked about what happened to the Education Cess that we collected. Obviously, the Education Cess that is being collected has gone to support education. The figures speak for themselves. In 2004-05, the Cess amount collected was Rs.4,320 crores, the expenditure incurred on education is Rs.8,035 crores. In 2005-06, we collected, according to the Revised Estimates, Rs.7,098 crores, and the expenditure incurred on education is, *i.e.*, SSA and Mid-Day Meal Scheme, Rs.11,156 crores. On the 14<sup>th</sup> of November, 2005, we made an important change, we created the *Praramthik Shiksha Kosh* - I hope, I am pronouncing it correctly -...(Interruptions)... Okay, *Prarambhik Shiksha Kosh*, now, it is correct. Therefore, any unspent balance out of the Revised Estimates will automatically go to the *Kosh*. And, this year, in 2006-07, I expect to collect Rs.8,746 crores, and that will go directly into the *Kosh*, and from the *Kosh*, it will go to the SSA and MDMS. As against, Rs.8,746 crores that I expect to collect, the budgetary allocation for SSA and MDMS is Rs. 16,348 crores. If you look at it even the other way, what is the budgetary support you are providing, apart from the Cess, you have to deduct from the budgetary allocation that number, please subtract the Cess number, you will find that for the current year the deference between the budgetary allocation and the Cess collection is approximately Rs.4,000 crores. For the next year, the difference between budgetary allocation and the *Koah* number is about Rs.6,000 crores, which means that apart from the Cess collected, more money is being provided through the Budget. I want that message to go very cleanly. Let anyone not think that I am spending for SSA and MOMS only through the *Kosh* Cess, and I am not providing enough through the Budget. On the contrary, more money is being provided from the Budget even while the Cess collection to entirely being sent through the *Koah* to the SSA and MOM.

SHRI SITARAM YECHURY: The SSA has external fundng also.

SHRI P. CHIDAMBARAM: No; SSA is on the Budget. May be ...(*Intrruptions*)...

SHRI SITARAM YECHURY: The Sarva Shiksha Abhiyan has external funding also. ...(*Interruption*)...

SHRI P. CHDAMBARAM: No; no. Some bilateral funding has been there for some project in Madhya Pradesh, the old project. It is very small. There is no external funding in this Rs.11,000 crores.

Sir, a question was asked about PSU revival. It is something about which, I am sure, Mr. Yechury will be keen to know. Now, contrary to popular impression, and to some extent, popular mythology, we are reviving public sector enterprises. We have, so far, received 28 proposals from the BRPSE. Thirteen proposals have been considered at the highest level of the Government, namely, the Cabinet and the CCEA. The total cash sacrifice on these 13 proposals is Rs.1,625 crores, and the non-cash sacrifice is Rs.4,542 crores. The non-cash sacrifice...

SHRI SITARAM YECHURY: Why do you call it 'sacrifice'?

SHRI-P. CHIDAMBARAM: It is. Because I have to write off. It is money for which I am bound to account for. To the extent that I am accounting for the money, and I am saying, 'I am writing it off, this is a sacrifice that we are making in order revive public sector concerns. You can call it by another word. The point is, in accounting, I am writing this off and I am providing the money. So, approximately, Rs. 6100 crores is being provided either by way of cash provision or by non-cash provision to revive thirteen PSUs that have been sent to us, by the BRPSE; the remaining will be taken up by the Government one by one. They will come to the Cabinet and we will consider one by one. I have details of each company.

Questions were asked about Heavy Engineering Corporation. In the case of Heavy Engineering Corporation, the cash component is Rs.102 crores and the non-cash component is Rs.2169 crores.

SHRI DIPANKAR MUKHERJEE (West Bengal): So far as writing off from the book is concerned, for non-cash, even If you close the factory that would have been sacrificed. I am repeating your language. So far as noncash accruals are concerned, they are revenue neutral.

SHRI P. CHIDAMBARAM: Whether they are revenue neutral or not. it is really counter-factual to call it revenue neutral. Unless we decide to dose down the company and sell it, you will never know what you will realise. It is counter-factual. We do not know. We are not taking that route. The route that we are taking is to revive. We are reviving it. All that I am pointing out is, upfront money is being provided in many cases and we are also writing off loans, interests, etc., The point is, in financial terms. Rs.6100 crores has been provided to revive thirteen companies. And to revive the remaining, whatever the Cabinet approves, will be provided.

Sir, there were some questions about why we are importing wheat. I think, the Prime Minister has clarified it on an occasion. The Agriculture Minister also has clarified it. Last year and the year before, the wheat procurement was low because of monsoon failures and, wheat production was low and the wheat procurement was low. Therefore, in order to ensure that wheat prices do not flare up, in fact, when I come to inflation. I will deal with it briefly. We are importing a very small quantity of wheat, 5 lakh tonnes, to the southern States where wheat is not grown. So, it has no impact on the northern States, it has no impact on procurement, there is no impact on prices in the northern States. In the southern States, in order to augment availability of wheat to the PDS, who wish to buy wheat, we are importing 5 lakh tonnes. It is not correct to say that the cost of imported wheat is higher than the cost of Indian wheat procured through MSP operations. In fact, the cost is, more or less, the same. Going by the MSP of Rs.640 per quintal adding labour, transportation charges, storage and interest charges, adding administrative charges and distribution costs, in fact, the cost of indigenous wheat comes to about Rs.10,300 per MT. The cost of imported wheat into the southern States of India is Rs. 9976 per MT, but this could marginally vary; the cost is about the same. So, we are not importing wheat at a cost much higher than domestic wheat; we are importing a small quantity as a pre-emptive measure, as a precautionary measure. The popular statement is, "it is better to be safe rather than sorry." We do not want any psychology of scarcity, any scare about scarcity to be propagated among the people. We are importing 5 lakh MT into the southern States. I think, it is a wise decision. Such wheat has been imported, I believe, in 1997-98, 1998-99, earlier again, if I recall in 1991-92. Wheat imports have taken place in the past and wheat imports will take place. It is a very small quantity of 5 lakh tonnes, just to make sure that we are safe rather than sorry later.

SHRIMATI BRINDA KARAT (West Bengal) : The question we had raised was that you are giving foreign traders Rs. 300-400 more than you are giving to Indian peasants. That was the issue that had been raised during the course of the Budget discussion.

SHRI P. CHIDAMBARAM: I am sorry, that is not correct. Wheat prices are determined not by the Government of India. Wheat prices are determined by the internationally ruling prices. If you want to buy wheat, you can only buy wheat at that price. But your argument could be, do not buy wheat abroad.

SHRIMATI BRINDA KARAT: We are saying, procure more.  
...((Interruptions))...

SHRI P. CHIDAMBARAM: If we procure more adding all the cost, the cost to the PDS will go up so much more.

SHRIMATI BRINDA KARAT: That is why you do not want to give some subsidy. ...((Interruptions))...

SHRI P. CHIDAMBARAM: Madam, please understand. I am just giving you the figures. At a procurement price of Rs.640 per quintal, the cost per metric tonne comes to Rs. 10,300, imported wheat comes to, say, about Rs. 10,000. Both are the same. If you pay more to the Indian farmer - I am not saying that he not should be paid -- you have to add all these costs again. You cannot cut these costs. The costs to the PDS will be certainly much more; the costs to the PDS client who buys his wheat, will have to be more. Therefore, by importing five lakh tonnes of wheat, I am not creating any major disturbance either in the price or costs. I am simply augmenting the availability of wheat in Southern States, as I said, so that we do not have to be sorry later. We are trying to be safe. Sir, some questions were raised about...((Interruptions))... I am not saying import of wheat is cheaper. All I am saying, I am answering the argument that the imported wheat is considerably costlier than domestically procured wheat, that is not correct. Both are, when reach the consumer, of the same price and we are only importing a very small quantity. It has been explained by the Prime Minister and the Agriculture Minister that this is to ensure that for the Southern States there is enough wheat and the prices do not flare up. Sir, Some questions were raised about NHA. I have said this many times and I said in my Budget Speech, these are all facts. Now you can always find an explanation and I am willing to offer one. When the NHA was started obviously in the initial months, the number of kilometres constructed were zero because they would had to get the system ready, gear the organisation, etc. But simply going by the period during which NDA was in office and the period during which UPA has been in office, I have simply given an arithmetical comparison to refute the argument, to refute the argument that we have deliberately slowed down the Golden Quadrilateral, or the East-West North-South corridors. My purpose is not to score a point. My purpose was to meet a point, which I think was scored against us by saying that we have deliberately slowed down, that we have removed Mr. Vajpayee's picture and, therefore, we have slowed it down. I do not know what has removing Mr. Vajpayee's picture to do got

with the pace of progress there. The pace of progress is not related to whether a picture is exhibited there or not. The pace of progress has quickened, as it is bound to. If the previous Government had remained in office - God forbid -- maybe, the pace of progress would have continued to increase. But the point is I am refuting the argument that the pace of progress has slowed down. In 2002-03, when we took over in May 2004, 48 per cent of the GQ had been constructed. By February 2006, 90 per cent of the GQ has been constructed. If you look at the expenditure per kilometre, 2002-03, it was Rs.1.3 crore per kilometre, in 2004-05, it increased to Rs.1.58 crores per kilometre and in 2005-06 it increased to Rs.2.31 crores per kilometre which mean each kilometre is being completed at a quicker rate because more money is being spent and the unspent money is being spent now and more kilometres are being constructed. Mr. Yashwant Sinha raised questions about some projects in Hazaribagh, which according to him have come to a standstill. They have not. Since he is not here, I do not wish to take the time of the House to tell him that perhaps, he last visited the projects many months ago. He should revisit them again to see that these projects are continuing and the bridges are being constructed. Sir, in fact, I am told that one of the works is being implemented by the Road Construction Department of the Government of Jharkhand and the reason why the progress has slowed is because of a dispute between the contractor and the Government of Jharkhand. So, while Mr. Yashwant Sinha was a guest of the Government of Jharkhand for a raw days, he might have taken the opportunity to tell the Government of Jharkhand to resolve the depute with the contractor so that work can be taken up. Sir, I think, I have answered most of the points unless there is any specific point which any hon. Member thinks that I should have answered and I have not

SHRIMATI BRWDA KARAT: Sir, I may just put one question to the Finance Minister that the issue of food security through various employment programmes has also been a component of the employment programmes in the Rural Development Ministry.

(MR. DEPUTY CHAIRMAN in the Chair)

And what we have seen, as far as SGRY is concerned, is that there is no mention at all of the food component. So, since the REGA at present is only for 200 districts, the question, which I had specifically raised, was: what is going to happen to those 400 districts? You have given only Rs. 2700 crores for 400 districts with no element of the food component at a time

when mismanagement of food stocks is showing that you don't have enough wheat. So, what is going to happen to that aspect? That is one of the questions. Should I ask all of them together?

SHRI P. CHIDAMBARAM: No, no that is for the Chairman to decide.

SHRIMATI BRINDA KARAT: All right.

SHRI P. CHIDAMBARAM: Sir, this is a matter of simply accounting. In the beginning of year, it has been the practice only to show that the cash component and make, if at all, a token provision for the food component. That is a running account with the Food Corporation of India. Food Corporation thinks that it is a running deficit account but it is a running account with the Food Corporation of India. For example, in 2002-03, the B.E. figure was Rs. 3,996 crores, the R.E. figure Rs. 8,842 crores. In 2003-04, the B.E. figure was 4,487, the R.E. figure was 9,839. So, take for example, 2005-06, the year that is coming to an end. If you look at the B.E. figure, it is Rs. 3600 crores, R.E. figure is Rs. 7650 crores. Therefore, in the B.E. figure for 2006-07 I have shown Rs. 2,700 crores. That does not mean the R.E. will be RS. 2700 crores. In the R.E., I will take into account the money that I provide to the Food Corporation of India for the food that is provided and in the R.E. you will find the real figure. It is not as though the food component will not be provided for or paid for. The food is provided by the Food Corporation of India. It is an accounting matter. At the end of the year, I will give the money to the FCI and I have a running account. In fact, it is a credit given to me by the FCI. I owe money to the FCI. We are trying to liquidate those arrears. These arrears have been built up over many, many years. We are trying to liquidate as much as possible. That does not mean food is not being provided. Foodgrain will be provided. The foodgrain will be provided to the 400 districts. The foodgrain will also be provided to the NFCQP. At the end of the year, when the bill is paid, whatever bill is paid will be added and the R.E. will disclose the real figure. So there need be no worry that foodgrain will not be provided. Don't have any worry. Foodgrain will be provided and FCI need not have any worry that I won't pay for the foodgrain. I will pay for the foodgrain.

SHRI RAVULA CHANDRA SEKAR REDDY (Andhra Pradesh): Sir, when I raised a question regarding National Agricultural Insurance Scheme, I



thought that since my party is a small party, the Minister preferred not to reply. When Yechury also raised, I thought you would reply.

SHRI P. CHIDAMBARAM: I will answer.

SHRI RAVULA CHANDRA SEKAR REDDY: Sir, you have said in simple words stating that the National Agricultural Insurance Scheme will be continued in the same format. That is the only line you read during your Budget Speech. We wanted more simplification, more support for the weaker sections, more particularly the small and marginal farmers and extension to the other fields also, taking village as unit. You never bothered to reply. I request you to reply on this. Thank you.

SHRI P. CHIDAMBARAM: Sir, there is a modified National Agricultural Insurance Scheme which is under consideration. The Ministry of Agriculture has proposed a modified scheme. It is now being considered by the Planning Commission. Unfortunately, that consideration is not complete. The Cabinet has not yet cleared it and therefore, I could not include it in the Budget Speech. As of today, we are sharing with the State the subsidy on the premium and the Central Government is also paying the claims. The figures, I recall are in the region of about Rs. 6000 crores or so. The modified Agricultural Insurance Scheme when considered by the Planning Commission and when taken to the Cabinet, once it receives approval of the Cabinet will be announced in this House and we will implement that scheme. Pending that, I cannot leave matters in a vacuum. Therefore, I said, the NAIS has been continued in its present form. But, we are working on a modified scheme and we will take on board your suggestion that the unit must not be the block; the unit must be the village. It is a very complicated exercise. It is not an easy exercise. If it were an easy exercise, someone would have been attempted in six years when we were not in power. It was not done in six years when we were not in power. Soon after we came to office, the Agriculture Minister and myself have held several meetings with the stakeholders to have a modified Agricultural Insurance Scheme. It is under preparation. And, we will come back to the House.

Sir, let me conclude the debate by saying, I think, the economy, today, is on a virtuous growth path. I seek the support of all sections of the House. Nothing should be done to hinder investment. Nothing should be done to affect the growth story. We must bet on growth. We must lend a hand to agriculture. And, that is what we are doing. I would

[13 March, 2006]

RAJYA SABHA

request the hon. Members to extend support to the Budget. Thank you.

MR. DEPUTY CHAIRMAN: The debate on the Budget (General), 2006-07 is over. Now, let us take up the Appropriation Bills. Mr. Finance Minister, you move both the Bills.

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**GOVERNMENT BILLS**

**The Appropriation Bill, 2006**

**And**

**The Appropriation (No.2) Bill, 2006**

THE FINANCE MINISTER (SHRI P. CHIDAMBARAM): Sir, I beg to 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 2005-06, as passed by Lok Sabha, be taken into consideration."

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

MR. DEPUTY CHAIRMAN: Now, we shall take up Clause-by-Clause consideration of the Bill.

*Clauses 2 and 3 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 P. CHIDAMBARAM: Sir, I beg to move:

"That the Bill be returned."

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

THE FINANCE MINISTER (SHRI P. CHIDAMBARAM): Sir, I move:

"That the Bill to provide for authorization of appropriation of moneys out of the Consolidated Fund of India to meet the amounts spent on certain services during the financial year ended on the 31<sup>st</sup> day of March, 2004, in excess of the amounts granted for