

THE APPROPRIATION BILL, 1957

THE MINISTER FOR FINANCE AND IRON AND STEEL (SHRI T. T. KRISHNAMACHARI) : 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 service of the financial year 1956-57, as passed by the Lok Sabha, be taken into consideration."

The hon. Members are aware that this Bill relates to the Supplementary Demands of Rs. 10.19 crores voted by the Lok Sabha on the 21st March, 1957, and the expenditure of Rs. 120 crores charged on the Consolidated Fund of India as detailed in the Supplementary Demands statement laid before the House on the 19th March.

The reasons for these Demands have been explained in the foot-notes under each Demand. The total additional gross expenditure is of the order of Rs. 11.39 crores of which Rs. 10.65 crores will be met from revenue and the balance of Rs. 74 lakhs from capital. The net outgo from the Consolidated Fund of India would however, amount only to Rs. 9.25 crores. On the revenue side the increase has mainly occurred under Defence Services which require Rs. 5.7 crores for purchase of certain stores and supplies from abroad and Rs. 94.48 lakhs for the adjustment of interest charges. The balance of Rs. 4 crores is distributed over various grants of which the more important items are Rs. 3.16 crores for contribution to the Fund for Development of Handloom and Khadi Industries; Rs. 22 lakhs for certain Press equipment received under the Indo-U. S. Technical Cooperation Agreement programme; Rs. 19 lakhs to meet the additional cost of printing one-rupee notes and Rs. 16 lakhs for increased requirements under Superannuation Allowances and Pensions.

On the capital side, the main items are Rs. 32 lakhs for the Irrigation and

Electricity Projects in Himachal Pradesh and Delhi which have become Union territories with effect from the 1st November, 1956, and Rs. 12 lakhs for the compensation for land acquired by the Defence Services. In addition. There is a self-balancing item of Rs. 22 lakhs on account of the Press equipments referred to above which would be covered by transfers to the revenue side. Provision of Rs. 2.32 lakhs has also been made for the setting up of a National Projects Construction Corporation, with the participation of State Governments.

This is the third and last batch of Supplementary Demands presented in the current year. Taking it together¹ with the earlier two batches, the total gross additional requirements are of the order of Rs. 141 crores of which Rs. 89 crores would be set off by recoveries, transfers, surrenders etc. Thus the net outgo from the Consolidated Fund would be Rs. 52 crores only. The hon. Members would, however, notice from the Revised Estimates presented along with the Budget Estimates for the coming year that compared to the original Budget, the total requirements, on revenue and capital accounts, show a saving of Rs. 96 crores. In other words, the additional supplementary requirements of Rs. 52 crores have been fully met by savings in other grants and appropriations.

Sir, I move.

THE VICE-CHAIRMAN (SHRI P. S. RAJAGOPAL NAIDU): Motion moved:

"That the Bill to authorise payment and appropriation of certain further sums from and out of the Consolidated Fund of India for the service of the financial year 1956-57, as passed by the Lok Sabha, be taken into consideration."

SHRI BHUPESH GUPTA (West Bengal): Sir, in this connection, I would like to make a few observations on two or three items.

[Shri Bhupesh Gupta.]

First of all I would like to say something about the Defence Services. I did not raise that point in the course of the discussion on the General Budget because I thought that some other opportunity could be availed of to raise that point. Now here some allocation is made I would like to know from the Government whether we are thinking in terms of developing certain lines of our defence industry in view of the recent developments across the border caused by certain hostile powers like Britain and America. In our view the present position in defence matters is rather fraught with grave dangers and I think the whole question should be reviewed so that we can become really self-sufficient with regard to our defence requirements.

SHRI T. T. KRISHNAMACHARI: I would like to suggest to the hon. Member to raise this question when we are dealing with the other Appropriation Bill. I think that will be more relevant. So far as the Defence items here are concerned, they are in the nature of certain commitments that we have made. But this matter can be raised while the other Bill is under discussion, when I think we shall try to provide him with an answer.

SHRI BHUPESH GUPTA: But there would not be any more chance.

SHRI T. T. KRISHNAMACHARI:
The other Bill has to come here because without the approval of the House we cannot get the vote on account.

SHRI BHUPESH GUPTA: I think there is time enough, and the procedure will have to be gone through. Anyway, this is the point that I want to make.

[MR. DEPUTY CHAIRMAN in the Chair.] I submit that it is of great importance that we should make our defence industry absolutely independent and we should get over this dependence that is still there. For this

purpose necessary allocations have got to be made, and no one today will grudge as much allocation as can be provided for building up our defence on very strong and secure foundations, free from all kinds of dependence.

Then, Sir, I would like the hon. Minister to explain a little or to enlarge upon this provision against item No. 123 under "Commuted Value of Pensions". I do not know whether it includes the pensions that have been given to the foreigners, especially the British subjects in England. It seems that a new arrangement has been made for dealing with the question of pensions to the foreigners who live in Britain or in other countries. I would like to know exactly what it means.

Then, Sir, I have to say something with regard to employment exchanges. I feel that adequate provision should be made for employment exchanges, because I find that in the country today the number of employment exchanges is very, very inadequate. I think that the number of employment exchanges should be increased, not only in the big towns and cities but also in smaller towns and also in the rural areas, if possible, so that we can have a better picture of the employment situation. Whatever assistance is possible, we can give through these institutions. At the moment I find that there is a tendency not to expand these institutions.

Then, Sir, there is another item "Superannuation Allowances and Pensions" which I find here against item No. 37. I am not quite clear as to how these things are being administered.

With regard to item No. 135—Other Capital Outlay of the Ministry of Irrigation and Power—I referred to certain wastefulness in the Damodar Valley Corporation in the course of my speech. I also referred to certain policies which result in waste and loss of

public money. Now I do not know whether any note had been taken of what I had said, because I always feel that the hon. Minister, Mr. Shah, pretends to take notes. This is a very good art. But if he has really taken down any notes, he will be good enough to pass them on to the hon. Finance Minister. Sir, I mentioned some facts in my speech. I need not repeat them here. But we find from our investigation and enquiry that a lot of waste is taking place in the Damodar Valley Corporation, and therefore the Finance Minister who wants to economise in regard to certain matters should go into these allegations that are being made here. I don't say that whatever we say should be accepted without a probe into it. That is not at all my suggestion. But it appears that some very strong public criticisms have been made, and the employees have made certain criticisms with regard to the manner in which funds are being administered there. These allegations require serious attention of the Finance Ministry, especially when there is always a provision for more and more funds being allocated to these projects under 'Capital Outlay'. That is all that I have to say.

In the end, I would again request Mr. Shah to pass on all the information that I gave him with regard to the wastefulness in the Damodar Valley Corporation.'

SHRI KISHEN CHAND (Andhra Pradesh): Mr. Deputy Chairman, I would like to ask a few questions of the hon. Finance Minister.

The first one is regarding item No. 15—Defence Services—Non-Effective Charges. Well, Sir, at the time of partition, the sterling pension liability of all officers was transferred in the shape of annuities purchased by our Government from the United Kingdom. I should like to know from the hon. Finance Minister the errors that were committed in the method

that about Rs. 120 crores was the extra payment made to them, and now they are going to refund it to our Government by instalments. The rates of annuity have gone up and so I don't see any reason why our Government should go on paying to the U.K. Government a larger share of the sterling balances to purchase annuities from that Government. I would request the hon. the Finance Minister to carefully examine this point and see what led to this error.

Secondly, I come to Demand No. 34, which is about paper for currency notes. The hon. Minister stated some time ago that a paper mill was being set up in our country for the manufacture of paper for currency notes. I should like to know from the hon. the Finance Minister whether any steps have been taken for the setting up of a paper mill and how far the scheme has progressed, and when India will become self-sufficient in the matter of currency paper.

Then I come to Demand No. 41—Pre-Partition Payments. These relate to certain contracts given by the Government of India before the partition in areas which are no longer parts of India but parts of Pakistan, *e.g.* the supply of fruit, meat, etc. to the army in Pakistan. I should like to know from the hon. the Finance Minister why, when India has taken up the liability of the public debt, when Pakistan has to pay India about Rs. 300 crores towards the public debt and we are not receiving any instalments either of the principal or the interest, we should be forced to pay this for areas which have now gone out of India. Sir, I hope the hon. the Finance Minister will carefully examine these few points.

SHRI T. T. KRISHNAMACHARI Sir, the points raised by my hon. friend, Shri Bhupesh Gupta, will better be raised when the Appropriation Bill covering the vote on account

of calculation, because it is found it comes before the House. If my hon.

[Shri T. T. Krishnamachari.] friend raises any point about any particular Ministry, I shall ask my colleagues to come and reply to him, or if it is of a general nature, I shall certainly endeavour to answer him.

He also made a complaint that certain points raised by him in the course of the discussion on the Budget have not been answered by my hon colleague. I should like to give this assurance to him that I shall ask my office to go through the answers given by my hon. colleague, and if there are points left unanswered, I shall endeavour to take an opportunity of answering them in this House, and the hon. Member will have two more opportunities for putting me on the bar of this House to answer his questions, one when the Appropriation Bill comes up, and again when the Finance Bill is taken into consideration.

In regard to the points raised by my hon. friend, Mr. Kishen Chand, I think he has not precisely understood the nature of Demand No. 15. These are non-voted items. In regard to superannuation charges, what is done is that all payments of pensions or on account of commutation of pensions are charged to the Capital Account and then we reimburse the amount by 15 equated instalments, one instalment every year, to our Revenue Account. That is why we have made provision for this item which relates to pensions.

Then, he mentioned the question of [re-partition payments. In the case of such pre-partition debts of an insignificant nature, it is not possible to equate the corresponding pre-partition payments on the other side with the payments that we make here. Actually for all these settlements of minor claims, both in Pakistan and in India, there are reciprocal arrangements and these agreements are covered by such reciprocal arrangements. We stick to this agreement, provided there is a reciprocal payment on the other side. It may be small or big, but there it is.

I do not know what other points he wants me to answer.

SHRI KISHEN CHAND: Currency paper.

SHRI T. T. KRISHNAMACHARI: To start a mill for manufacturing currency paper is easier said than done. We have reached a fairly advanced stage in our negotiations with a firm of consultants for setting up a paper mill, but at the present moment we are stumped more or less because of the lack of availability of foreign exchange. In our scheme of priorities, a currency paper mill has not got the highest place. It comes somewhere in between. So, negotiations are going on in regard to deferred payments so that we may be able to pay the sterling component of the capital expenditure over a period of time. All that I can say at the moment is that, if these arrangements are satisfactory, we might be able to instal in this country a mill producing currency paper.

MR. DEPUTY CHAIRMAN: The question is:

"That the Bill to authorise payment and appropriation of certain further sums from and out of the Consolidated Fund of India for the service of the financial year 1956-57, as passed by the Lok Sabha, be taken into consideration."

The motion was adopted.

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

Clauses 2 and 3, and the Schedule were added to the Bill.

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

SHRI T. T. KRISHNAMACHARI: I move:

"That the Bill be returned."

MR. DEPUTY CHAIRMAN: The question is:

"That the Bill be returned." The motion was adopted.

THE APPROPRIATION (No. 2) BILL, 1957

THE MINISTER FOR FINANCE AND IRON AND STEEL (SHRI T. T. KRISHNAMACHARI) : Mr. Deputy Chairman, I move:

"That the Bill to provide for the authorisation 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 31st day of March, 1953, in excess of the amounts granted for those services and for that year, as passed by the Lok Sabha, be taken into consideration."

This Bill relates to the Demands for Excess Grants totalling Rs. 3-47 crores voted by the Lok Sabha on the 21st March 1957, and Rs. 4-09 crores charged on the Consolidated Fund of India in respect of the year 1952-53. Copies of the Demands were circulated to the hon. Members of this House on the 19th March last. The reasons for the excesses have been explained in the foot-notes below each Demand or Appropriation.

As hon. Members are aware, the voting of the Excess Demands and the passing of the Appropriation **Bill** have been provided for in article 115 read with article 114 of the Constitution. Before, however, that stage is reached, the exact excesses have first to be ascertained from the Appropriation Accounts of the year concerned. The reasons which led to the excesses are then examined by the Public Accounts Committee and it is only on the recommendations of the Committee that the excesses can be brought before i"ne Parliament for regularisation. As already explained in the introductory remarks to the Excess Demand Statements, the Public Accounts Committee have recommended the regularisation of

these excesses. A certain time-lag between the year to which the excesses relate and the date on which these can be presented to the Parliament is unavoidable.

The Appropriation Accounts can be compiled by the Comptroller and Auditor General and the other accounting authorities only after the accounts for the year **are**-finally closed and reasons for the variations between the budget provision and the actuals obtained from the controlling authorities. Efforts are, however, being made to reduce these time-lags as much as possible. It has also been decided that the Comptroller and Auditor General should present the Appropriation Accounts of the Grants which have been exceeded in advance of the main accounts. The Public Accounts Committee would also likewise examine these excesses in advance and make a special report for their regularisation. These measures, it is hoped, would considerably shorten the time-lags in the presentation of the Excess Demands.

The House will be interested to-know that out of the total number of 153 Grants and Appropriations for the year, excesses occurred only in 16 cases. The total excess of Rs. 7:56 crores is only 0 32 per cent, of the final Grants and Appropriations. In fact, as there was an overall saving of Rs. 158:95 crores for the year as a whole, the excesses were more than counter-balanced by the savings under other Grants and Appropriations.

Sir, I move.

MR. DEPUTY CHAIRMAN: Motion, moved:

"That the Bill to provide for the authorisation 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 31st day of March, 1953, in excess of the amounts granted for those services and for that year, as passed by the Lok Sabha, be taken into consider—I ation."