

SHRI MURASOLI MARAN : The very idea of liberalisation is to do away with the *inspector raj* and permit and licence *raj*. It is going on.

We are also building up on what has been built up already.

There is an Integrated Infrastructural Development Scheme (IIDS) which is there to develop the infrastructure for small-scale industries. As I have said, we have no idea of scrapping the reservation at all. We are waiting for the report of Dr. Abid Hussain Committee and two other committees—one headed by an Additional Secretary in the Commerce Ministry, Shri Vijayraghavan, and the other by an officer of an Indian Institute in Ahmedabad. After getting these reports, we shall have a countrywide debate, we shall consult all the parties concerned and we shall also consult the small-scale sector as well as the tiny sector. It all depends on whether they increase the list or decrease the list. Let us wait for these expert committees' reports.

As regards the backward areas, I shall send all the information to the hon. Member

[Translation]

SHRI RAMENDRA KUMAR : Mr. Deputy Speaker, Sir, I thank you very much for paying attention to back-benchers. The SSI units are generally sick and suffer from lack of raw material, power and market. May I know from the Hon'ble Minister what policy Government proposes to lay down to improve the lot of these units in this respect?

[English]

SHRI MURASOLI MARAN : Sir, the small scale industries are well taken care of by various organisations. Their main problem is marketing. Among the States also, they have got their own small scale sector which is very much thriving and vibrant. So, they are taking care of it.

Fiscal Deficit

*142 DR T SUBBARAMI REDDY : Will the Minister of FINANCE be pleased to state

(a) whether the Reserve Bank of India has expressed concern over the quality of fiscal adjustment and sustainability of the fiscal position of the Central Government,

(b) if so, whether it has also maintained that all the major indicators of deficit of the Central Government show deterioration for the year 1995-96.

(c) if so, the most disturbing aspects pointed out by the RBI in this connection; and

(d) the other concerns RBI has expressed over fiscal deficit and what steps Government propose to take in this regard?

THE MINISTER OF FINANCE AND MINISTER OF COMPANY AFFAIRS (SHRI P CHIDAMBARAM) : (a) to (d). A statement is laid on the Table of the House.

STATEMENT

The Reserve Bank of India in its Annual Report and the report on Currency and Finance, 1994-95 has stated that the fiscal corrections undertaken by the Central Government since July 1991 have achieved reasonable success in reducing the fiscal deficit and primary deficit. However, the RBI has expressed concern about the quality of fiscal adjustments and sustainability of fiscal position. For 1995-96, the RBI has referred mainly to the budget estimates.

One of the most disturbing aspects, according to the RBI, is the persistence of the large revenue deficit emanating from the growth in revenue expenditure, particularly interest payments coupled with relatively sluggish revenue performance. This has necessitated larger recourse to borrowings by the Government at higher interest rates resulting in increased pressure on interest payments.

It has been the policy of the Government to improve the fiscal balance through increase in revenue receipts and reduction in the expenditure. Revenue receipts which declined to 9.4 per cent of GDP in 1993-94 have since then shown an increasing trend, reaching 10.1 per cent of GDP in 1995-96 (RE). Total expenditure has declined from 19.7 per cent of GDP in 1990-91 to 16.7 per cent in 1995-96 (RE). Revenue expenditure has also declined from 13.7 per cent of GDP in 1990-91 to 13.1 per cent in 1995-96 (RE). The net result has been slow decline in revenue deficit from 3.5 per cent of GDP in 1990-91 to 3.1 per cent in 1995-96 (RE).

DR T SUBBARAMI REDDY : Sir, I fully agree that the Central Government, since July, 1991, have achieved a reasonable success in reducing the fiscal deficit and primary deficit. But I would like to bring to the notice of the hon. Finance Minister that in 1991, when the then Government had introduced liberalisation of the economy, the entire world became spellbound, this also stimulated and inspired various countries of the world to participate in building this great nation by investing in the massive industrialisation. This is very very appropriate also.

Everybody speaks about how to eradicate poverty and how to remove frustration from the minds of the youths who are suffering. Even after becoming graduates, there are no jobs for them. For this, the solution is only creation of more production through industrialisation and through new projects. But it is a matter of great distress that today our country's position is such that there is an unprecedented crunch of money, an unprecedented deficit of finances. No banks are having money, no financial institutions are having money

and no State Government is having money. If this situation continues, perhaps the economic growth and the industrial growth of the country are likely to collapse in future, with the result that we will not be able to dream of removing poverty and frustration among the youths, even though we are going to enter the twenty-first century.

MR. DEPUTY SPEAKER : Please ask the question.

DR. T. SUBBARAMI REDDY : Yes, Sir, I am asking the question. Why I am telling all this is because it is very very important for everybody. There are three or four ways of solving this problem of cash flow. So, I would like to know from the hon. Ministers whether it is possible to solve the problem by increasing the fiscal deficit and by giving more cash flow to the country through RBI. Even though by doing so there might be some increase in inflation, it might help in the economic growth of the country.

SHRI P. CHIDAMBARAM : Sir, I am grateful to my friend who has always something new to say. But for questions like this, whether we should raise the deficit or not, I would request him to wait until Monday.

DR. T. SUBBARAMI REDDY : Sir, there has been a conception, inception and perception in the minds of the people that if the Statutory Liquidity Ratio (S.L.R.) and Cash Reserve Ratio (C.R.R.) are a little more reduced by the R.B.I.—I do know that the C.R.R. was reduced by one per cent by our dynamic Finance Minister - whether it was going to help us with more money with this little more reduction, I heard that because of the S.L.R. being high the banks are also feeling congested and not able to do much. On this, may I know from the hon. Minister whether it is possible or not.

SHRI P. CHIDAMBARAM : Sir, these are decisions which are taken by the Reserve Bank of India as part of the monetary management. As the hon. Member just now said, the R.B.I. had reduced the C.R.R. requirements which had pumped in money into the economy. In fact, in the last week I do not hear anything about the liquidity crunch. On the contrary I am reading reports about the liquidity overhand. These are questions which should be decided by the R.B.I. at the appropriate time. I do not think I can anticipate what the R.B.I. will do or should do...*(Interruptions)*

DR. T. SUBBARAMI REDDY : Sir, he has not replied to my question.

MR. DEPUTY-SPEAKER : You have put your two supplementaries.

DR. T. SUBBARAMI REDDY : Sir, the Minister says that there is no problem for money. But every bank is having total crunch of money...*(Interruptions)*

SHRI P. CHIDAMBARAM : Not in the last week.

SHRIMATI KRISHNA BOSE : Mr. Deputy Speaker, Sir, may I ask the Finance Minister with regard to fiscal

deficit? Sir, will he tell the House if the recent increase in the fertiliser subsidy will worsen the fiscal deficit and will he also tell us whether any survey has been made? I am sure that he knows about it also that most of the surveys show that the benefits out of the fertiliser subsidy never reach the poor tiller and they go to the fertiliser manufacturers or to the well-to-do farmers. In that case will this increase worsen the fiscal deficit? Will it have an adverse impact on our fiscal policy and will it hurt the national economy?

SHRI P. CHIDAMBARAM : Sir, as I understand the hon. Member, she wants to know whether the increased subsidy on the fertiliser will increase the fiscal deficit. That is really not directly related to this question. But I will try to answer.

. Increase in fertiliser subsidy will mean increase in the non-Plan revenue expenditure of the Central Government to the extent that there are no revenues to match it, one has to borrow. Fiscal deficit is a total borrowing of the Government of India. If we are able to raise revenues and if we cut back borrowing, fiscal deficit will come down. I do not think that there is a direct co-relation between the increase in subsidy and increase in fiscal deficit. But, generally speaking, if you spend more, and if you do not have revenues, there will be revenue deficit which will lead to a fiscal deficit.

On the other question whether the fertilisers go to the farmers, I would assume that these plans are intended and these subsidies are given so that the fertilisers reach the farmer. If there are difficulties in the fertilisers reaching the farmer, I agree with the hon. Member that they should be looked into and those deficiencies must be rectified. But I would request the hon. Member to address a separate question to the Department of Fertilisers which deals with it and they will answer her about how they ensure that the fertiliser reaches the farmer.

SHRI P. UPENDRA : Sir, the hon. Minister in his statement has admitted the need for improving the fiscal balance on increasing revenue receipts and reduction on revenue expenditure. The statement also says that during the five years from 1990-91 to 1995-96 the revenue expenditure declined from 13.7 per cent of GDP to 13.1 per cent. This is only 0.6 per cent in five years. I would like to know from the hon. Minister as to what steps he is taking to reduce the revenue expenditure so that he can improve the fiscal balance.

SHRI P. CHIDAMBARAM : Sir, this is the hardest part of any Finance Minister's task - how does one reduce revenue expenditure unless we instill in this country a philosophy that you cannot spend your way to prosperity?

There are so many claims. Many of these claims are perfectly justified. There are claims by the States, there are claims by the Union Territories, there are claims by various Ministries, there are claims for new schemes and new programmes. There are other claims

also, like the claims of Defence. So, it is not an easy answer, how one can control revenue expenditure.

All that I can point out is that as a percentage, total expenditure is coming down and revenue expenditure also is coming down. But our revenue expenditure still, according to me, is too high leading to revenue deficit and leading to fiscal deficit. I think we should be far more strict in scrutinising our schemes and plans. We must be strict in our expenditure management, our cash management. There are no easy answers to it.

On the other hand, I must also point out that the Government is duty bound to provide enough funds for matters like drinking water, primary education and primary health care. These are the demands of the people. The control of expenditure is an important plank of our strategy. Also, another important part of our strategy is raising of revenue. We can allow revenue expenditure to grow, but we must also raise revenue so that the revenue deficit and fiscal deficit do not go out of hand.

SHRI P. SHANMUGAM : Hon. Speaker, Sir, may I know from the Finance Minister if it is a fact that there is a shortage of one rupee and two rupee coins and one rupee and two rupee notes? If so, what are the steps that the Government is taking to overcome this shortage? People are facing extreme difficulties to get these notes. For example, if a man is travelling in a taxi or an auto-rickshaw and gives a 50 rupee note or a 20 rupee note to the driver, he cannot get change from the driver. The hon. Minister may look into the matter.

SHRI P. CHIDAMBARAM : This is a separate question, but I am happy to assure the hon. Member that I am looking into this matter. We are coining our low denomination currency of one rupee, two rupees and five rupees. We are trying to shift to coins because they last longer than notes. We are trying to augment the supply. I know that there is a temporary shortage which has been there for about three or four months. We are trying to make good the shortage.

SHRI A.C. JOS : The hon. Minister has said that the deficit is coming down. The Reserve Bank of India has also expressed that fiscal deficit is coming down. What we observe in this country is that our revenue expenditure is cut down by putting a cap on employment potential of the Government side.

In this country, as we are aware of it, the Government is the biggest employer. To cut the fiscal deficit, all the Departments are being asked not to appoint anybody and the posts are kept vacant. With the result that, many of the Departments are inefficient, undermanned and are not working, especially the revenue earning departments or sectors like TV and Radio. What I understand is that more than 6,000 to 7,000 posts are kept vacant in many Departments. Instead of capping the Government employment potentiality and appointment to the Government posts, the hon. Minister may stress the cut of revenue in other

expenditure. Will the Government be able to sanction posts in development activities because due to the lack of posts, the developmental activities are rather restricted? Will the Minister take away the cap put on the employment or appointment and ask the Departments to make essential appointments, wherever necessary?

SHRI P. CHIDAMBARAM : I am not quite sure that there is an absolute cap, as the hon. Member seems to indicate. Talking from my memory, I can say that the total number of employees with the Government, excluding the Armed Services, was 3848162 as on 1.3.95 and 3943444 as on 1.3.96, something like 95,000 more people were employed in one year.

So, I do not think that there is an absolute cap. He is quite right because of the studies conducted by SIU in sections or in departments, they may have identified that because of an attrition of portfolio, because of transfer of programmes, or because of mechanisation or because of improved productivity, certain jobs are not required and it is possible that in some departments, some posts have remained vacant for two or three years. Then there is a rule which says that since it has been lying vacant for two or three years, it need not be filled up. I do not think there is an absolute cap. I know that we are sanctioning a large number of posts. We are allowing people to fill up posts. If there is any specific problem, he can bring it to my notice.

SHRI A.C. JOS : It is there especially in the Ministry of Information and Broadcasting.

SHRI P. CHIDAMBARAM : If there is any problem in any specific Ministry and if the hon. Member brings it to my notice, I will certainly look into it.

SHRI SONTOSH MOHAN DEV : Mr. Deputy-Speaker, Sir, actually I feel pity for the hon. Minister of Finance. He started well with rationalisation of the Government employees. But he had to take it back on the demand of the C.P.I.(M) and C.P.I. I do not dispute that because he has to live with 13 parties.

But it is a fact which was said by Shri Jos that in certain Ministries recruitment of people is necessary. In the North Eastern areas, they are manning 32 TV transmitters in remote areas with an ordinary man, that is, peon. Once it goes out of order, it cannot be repaired for 14 to 15 days. In such place, recruitment is necessary.

But there are areas where modernisation is taking place like in SAIL and the quantum of people can go down there. I would humbly request that he should adjust his understanding with the United Front parties and they should be reasonable on this issue.

The second point is, disinvestment is another area which can bring down the deficiencies. It should be done because it can bring in money. I would like to know from the hon. Minister of Finance whether he is changing the policy or whether he is going ahead.

I would also like to know whether he is allowing the public sector to go in for modernisation and maintaining it and also allowing it to go into the international market like GDR whereby they will not be able to tax the internal resources. The money is coming, because India is now in a position to go to the international market because of the liberalisation policy.

SHRI NIRMAL KANTI CHATTERJEE : It is a wrong policy.

SHRI SONTOSH MOHAN DEV : It is not a wrong policy. It is a correct policy. You have also accepted it in West Bengal, you are opposing it only here.

SHRI P. CHIDAMBARAM : Sir, there are really two questions. To the first question, my answer is that if there is any particular department where there is a problem, certainly we shall look into it. Again speaking from memory, I know that the Ministry of Information and Broadcasting has added a large number of jobs in the last couple of years, so has the Department of Telecommunications. But if there is any problem in any particular area or a particular State where that Ministry has a function, I am willing to look into it.

Sir, the second question is really a policy question and it will not be right for me to respond to a policy question in a Question-Answer Session. Our policy on disinvestment is contained in the Common Minimum Programme. We have not yet taken a decision or announced it. It is under active consideration. Disinvestment is an important strategy. But what we will do, how we will do, we will have to await a decision by the Cabinet.

Our Common Minimum Programme emphasizes that all decisions relating to disinvestment will be taken in a transparent manner and monies raised through disinvestment will be allocated for health and education and for strengthening public sector enterprises. So, I do not think anyone in the 13-Party Front is opposed to disinvestment as such. What they want to ensure is that disinvestment takes place in a transparent manner and the monies are used for health, education and strengthening public sector enterprises.

DR. MURLI MANOHAR JOSHI : Are you going to appoint a Disinvestment Commission?

SHRI P. CHIDAMBARAM : It is under consideration.

Idle Workers of NTC

*143. **SHRI B.L. SHARMA 'PREM' :** Will the Minister of TEXTILES be pleased to state :

(a) whether due to non-availability of working capital funds, the activities in the National Textile Corporation mills, particularly in Mumbai have been restricted to mostly on job work conversion and hardly any cloth is being produced there;

(b) whether workers of the NTC mills in Mumbai and other parts of the country are being paid idle wages and also the wages are not being paid in time;

(c) if so, the total number of idle workers, as on date, in these mills, State-wise; and

(d) the steps taken or being taken by the Government to make available working capital funds to the NTC mills so as to enable these mills to carry on their activities and engage workers on productive jobs?

THE MINISTER OF TEXTILES (SHRI R.L. JALAPPA) : (a) to (d). A statement is laid on the Table of the House.

STATEMENT

(a) to (c) On account of obsolete machinery due to lack of modernisation and acute shortage of working capital, there is under utilisation of capacity in NTC mills leading to fall in the production of cloth. Many mills including those located in Maharashtra have taken up job work for generation of internal resources. However, budgetary support is being provided by the Central Government to such mills affected by partial/complete cessation of activities for meeting the shortfall in payment of salaries and wages. The wages and salaries have been paid up to the month of May, 1996. While payment for the month of June, 1996 is in progress. A Statement indicating the present number of idle workers statewide is attached as Annexure.

(d) On account of continuous losses suffered by NTC mills and total net worth erosion, 8 out of 9 Subsidiary Corporations have been referred to BIFR which has declared them to be sick Industrial Companies. Government has approved a revised Turn Around Plan in 1995 for NTC mills, involving modernisation of 79 mills at a cost of Rs 2005.72 crores, restructuring of 36 unviable mills into 18 viable units, rationalisation of surplus workforce, etc. This plan is generally in line with the modernisation plans prepared by the Textile Research Associations. The funds for modernisation will be raised from sale of surplus lands and assets of NTC mills. The plan has been placed before the BIFR for their approval before implementation. Meanwhile to avoid any hardship to the workers, Government is meeting the shortfall faced by NTC mills in payment of wages and salaries.

ANNEXURE

Name of the State	No. of Idle workers
1	2
Delhi	737
Rajasthan	1586
Punjab	999