

EROSION OF RESOURCES POSITION DUE TO DEARNESS ALLOWANCES

894. SHRI PARTHASARATHY : Will the Minister of FINANCE be pleased to state :

(a) the erosion likely to take place in the resources position as a consequence of the proposed increase in the Dearness Allowances to the Central Government employees since the publication of the Draft Outline of the Fourth Plan period; and

(b) the estimated expenditure to be borne by the State Governments in this regard ?

THE DEPUTY PRIME MINISTER AND MINISTER OF FINANCE (SHRI MORARJI DESAI) : (a) Since the publication of the Draft Outline of the Fourth Five Year Plan in August 1966, increases in the rates of Dearness Allowance to the Central Government employees have been announced twice—one, on 19th October, 1966 and the other on 11th September, 1967. These increases in Dearness Allowance are estimated to cost Rs. 32 crores in 1966-67 (the cost for a full year being Rs. 39.50 crores) and Rs. 53 crores in 1967-68 (the cost for a full year being Rs. 58 crores). During 1967-68 Rs. 29 crores is payable in cash and Rs. 24 crores is to be held in the State Provident Fund till 31st March, 1968. The total cost of these two increases is estimated to work out to Rs. 430 crores roughly over the five year period ending 1970-71.

(b) Precise information is not available. However, since the publication of the Draft Outline, a number of States have announced increases in Dearness Allowance to their employees, and these are estimated to cost Rs. 530 crores over the five year period ending 1970-71. These estimates of extra cost do not include further increases announced by some State Governments following Gajendragadkar Commission's Award in May, 1967. Some tentative estimates suggest that if all the State Governments were to grant increases in Dearness Allowance in order to bring them on par with the Central Government rates, these would cost over Rs. 300 crores over the period ending 1970-71.

L79LSS/67—7

WORLD BANK'S CONCERN OVER INDIA'S DEBT-SERVICE BURDEN

895. SHRI PARTHASARATHY : Will the Minister of FINANCE be pleased to state :

(a) whether it is a fact that the World Bank has expressed concern over India's growing Debt-Service burden in its annual report for 1966-67; and

(b) if so, whether it is due to low exports or more loans and less of growth and our inability to directly finance our import requirements ?

THE DEPUTY PRIME MINISTER AND MINISTER OF FINANCE (SHRI MORARJI DESAI) : (a) The 1966-67 Annual Report of the World Bank while analysing the problems of debt accumulation and servicing of external debt of developing countries has cited the increase in India's debt service obligations as in illustration.

(b) As a proportion of merchandise exports, India's debt-service payments (interest and principal) increased from 10 per cent in 1962 to 22 per cent in 1966, resulting from an 84 per cent rise in debt service obligations while exports increased by 14 per cent.

SMUGGLING BETWEEN INDIA AND CEYLON

896. SHRI MAYAVAN : Will the Minister of FINANCE be pleased to state :

(a) whether it is a fact that Government are aware that large scale smuggling of goods from India to Ceylon is going on;

(b) if so, where from these goods are being smuggled; and

(c) the action Government propose to take to check the smuggling of goods from India ?

THE DEPUTY PRIME MINISTER AND MINISTER OF FINANCE (SHRI MORARJI DESAI) : (a) and (b). The Government are aware that there is some smuggling of goods such as textiles, bidis and medicines from India to Ceylon. This smuggling is carried on from the Eastern coast of peninsular India.

(c) Customs officers are alert. Besides conducting regular preventive patrol along the vulnerable coastal areas launches are also used to intercept and seize the vessels carrying such goods to Ceylon.