

Government? I would call it imprudent. I would contrast it with the prudent debt management policy of the last eight years.

SHRI YASHWANT SINHA: Here, we are up against a question of one's character. I have complimented the previous Governments, as Shri Chidambaram has pointed out, for prudent management of the debt profile. This is something which I have said in this House. This is something which I have said in fora within this country and this is something which I have said in fora outside the country.

I have said this because this is a national task which all Governments have performed with diligence. So, I have no hesitation in accepting every Government's contribution to this national task.

Now, I have figures here which we have quoted in the Economic Survey. This is a page out of the Economic Survey. I am reading out some indicators. The debt to GDP in 1997-98, when Shri Chidambaram was the Finance Minister, was 23.8 per cent. In 1998-99, during my year, it has come down to 22.9 per cent. Short-term debt to total debt was 5.4 per cent in 1997-98. It has come down to 3.7 per cent during 1998-99. Concessional debt to total debt was 39.3 per cent, which is the only higher figure, in 1997-98. It has come down marginally to 37.7 per cent. Debt service to current receipts which was 19.5 per cent in 1997-98 has come down to 18.3 per cent in 1998-99.

After having put all these figures before this august House, I will come to the second part of his question about prudent management of the debt profile, the RIB. The Resurgent India Bonds, as I had mentioned in my Budget speech last year, was a scheme that we have devised in response to the enthusiastic support of the Non-Resident Indians to the nuclear tests. They approached us repeatedly and said that they wanted to do something for their motherland. We gave them an opportunity to respond to the Resurgent India Bonds. This bond which was floated by the State Bank of India was kept open, as is well-known to this House, for only about 14 working days in the month of August, 1998 and it was able to collect over four billion dollars. That was the response of the Non-Resident Indians to India.

Now, the question is whether it was prudent. I have not brought those figures here. But I have put it before this House on an earlier occasion that at the time when we went to the international market, to the NRIs, with a certain rate of interest on the RIB, that was the time when other emerging markets were also in the international market with their loans and I will say it with

all the confidence at my command that the rate of interest at which we have raised the Resurgent India Bonds not only compares very favourable with the interest rate at which other emerging markets have raised loans, but it is, perhaps, the lowest interest rate at which any country has raised loans during that period.

So, the short answer to Shri Chidambaram's question is that the prudent management of India's external debt stock continues and we are as acutely aware of this responsibility as he was or his predecessors were.

SHRI P. SANKARAN: Mr. Deputy Speaker, Sir, I would like to know the percentage of the total debt of the country, both domestic and external, to the GDP as also the annual interest burden.

SHRI YASHWANT SINHA: Sir, I have just mentioned that as far as the external debt indicators are concerned, the debt to GDP is 22.9 per cent. As far as the internal debt is concerned, the figure is around 49 per cent.

As far as the interest that we pay on these debts is concerned, according to this year's Budget Estimates, it was Rs. 75,000 crore.

Revenue Collection

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*63. **SHRI KHARABELA SWAIN:**
SHRI K.S. RAO:

Will the Minister of FINANCE be pleased to state:

(a) whether the Government foresee substantial reduction in revenue collection during 1998-99 in comparison to the projected figure;

(b) if so, the details thereof;

(c) the expected figure of fiscal deficit the Government expect now by the end of this year; and

(d) the measures the Government intend to take in future to rein in the fiscal deficit?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): (a) and (b) Sir, as against the Budget Estimate of Rs. 153,973 crores towards collection of Excise duty, customs duty, Corporation tax, Income tax and Interest tax during the year 1998-99, the actual collection upto January, 1999 is Rs. 104,231 crores. The extent of actual shortfall, if any in the overall collection will be known at the end of the financial year.

(c) and (d) General Budget-1999-2000 will contain the information sought for.

SHRI KHARABELA SWAIN: Sir, I concede that I am at a disadvantage in view of the fact that tomorrow, the hon. Finance Minister is going to present the Budget. So, he may not answer my question and also some of the related questions that were asked through supplementaries to Q. No. 62.

MR. DEPUTY SPEAKER: So, you do not want to put your question.

SHRI KHARABELA SWAIN: Sir, I will put my question. He may answer it if it is possible now or he may reply tomorrow. I do not require the answer today.

MR. DEPUTY SPEAKER: Then why do you ask the question?

SHRI KHARABELA SWAIN: Sir, I will ask my question. It is because previously, he said "wait for tomorrow" -

In an ideal world, there should be a revenue surplus large enough to finance capital expenditure on defence and other social sectors where there are no tangible results. This should ensure that the borrowings would be used only to finance investment expenditures which yield a future income flow to the Exchequer. But, it seems, our debt servicing is more than our revenue earnings. For revenue expenditures also, we resort to borrowings.

MR. DEPUTY SPEAKER: Please ask your question.

SHRI KHARABELA SWAIN: So my question is this. Do the Government have any plan to progressively reduce the borrowings used for consumption expenditure?

SHRI YASHWANT SINHA: Sir, the points which the hon. Member has raised are absolutely unexceptionable. It is very correct to say that there should be a revenue surplus in public account and that that revenue surplus should go to finance development or capital expenditure. But this balance has been skewed in this country for over two decades now. Unfortunately, we have entered a phase where there is a huge revenue deficit. It is true that a part of it is being met by borrowings.

As far as the second part of his question is concerned regarding the steps that we should take to correct the situation, he is quite right in believing that this is a question that I cannot answer just now, this is a question for which I will have to wait until tomorrow.

MR. DEPUTY SPEAKER: In view of this answer, do you want to ask your second supplementary?

SHRI KHARABELA SWAIN: Yes. This is a different question. As per the expectations of the Government, the disinvestments of PSUs will fetch the Government around Rs. 7,000 crore this year. Do the Government intend to utilise this fund only to bridge the fiscal deficit or for re-investments in certain other sectors?

SHRI YASHWANT SINHA: Sir, all the revenues and disinvestments from the public sector flows into the Consolidated Fund of India. Once it comes into the Consolidated Fund, it is one basket. As we do not have different colours for different sources of receipts, it is very difficult for us to say which money is going where. But obviously, a large part of the Government's expenditure is also development expenditure. The money that we receive from PSUs' disinvestments also goes to development expenditure.

SHRI K.S. RAO: Sir, whenever the Government finds that the gap in the fiscal deficit is increasing because of the shortfall in the collections of direct taxes or indirect taxes, the first people that are coming to their minds to be taxed are the poor people by way of increasing the prices of the essential commodities or cutting down the subsidies.

In this context, I wish to know from the hon. Minister, what is the amount outstanding, both in indirect taxes and direct taxes, from the rich and the well to do in comparison with the savings that the Government expects by increasing the price of essential commodities or by reducing the subsidies.

SHRI YASHWANT SINHA: First of all, it will be entirely wrong to say that the reduction in subsidy is a tax on the poor. It is not. Why the issue prices in the PDS had to be increased is a matter which my colleague, the hon. Minister for Food had already explained in detail in this House.

As far as the outstanding, arrears of taxes are concerned, on the indirect taxes side, the outstanding arrears are Rs. 12,000 crore and on the direct taxes side, the outstanding areas are Rs. 43,000 crore. Both of them together make a total of about Rs. 55,000 crore. It appears to be a very large sum of money which has continued over a period of time. But I would like to say that most of it is locked in litigations. Government is actively pursuing a policy of realising these taxes. But in many cases for large amounts, I have said, we are at the mercy of the courts.

SHRI K.S. RAO: Please tell me the figures whether you consider the increase in price of essential commodities as a tax or not?

SHRI YASHWANT SINHA: The total savings that will accrue to the Government as a result of the reduction in subsidy and increase in the issue prices will be less than Rs. 3,000 crore. It could be Rs. 2,800 crore.

[Translation]

MAJOR GENERAL BHUVAN CHANDRA KHANDURI, AVSM: Mr. Deputy Speaker, Sir, the question which I am asking will not be needed to reserve for tomorrow. This year there is a shortfall of around 50 crore rupees in the collection. Considering the overage collection of last ten months, the average stands at 10 crore rupees per month. In the coming two months of February and March, 20 crore rupees should be collected. My question is in two parts. First part is that how much collection does the hon. Minister expect in the coming two months. Second part is whether the hon. Minister is aware that during the months of February and March huge collection is created artificially especially in excise and customs. Tax payers are pressurised and they are told that the Govt. have to achieve their target and as such they should pay as much as they can. It does not prove beneficial in the end as there is less collection for the next quarter in the same proportions. Is the hon. Minister aware that some people are in the grip of this vicious circle and whether you think this kind of system should be abolished and feel the need of making some sort of arrangement so that the people who pay accurate amount of tax, custom and excise for whole year, should not face any problem?

SHRI YASHWANT SINHA: Mr. Deputy Speaker, Sir, if we look at the data of every year, we will find that it is a natural trend to get more collection at the end of the year. We have data for the month of January which shows an increase be it excise or custom. It happens at times that many people wait till the end of the year and then pay the arrears. Therefore, the collection at the end of the year will be more than the average collection of last 9-10 months. I am stating a general fact.

It is a general fact and today I would not like to say anything on the basis of anticipation that how much we would be able to collect in the following two months but we have with us the data upto December.

The Second point that the hon. Member has raised is that much pressure is put at the end of the year and we try to collect more tax, I would like to say that it happens when a change of Government is about to take place as happened last year when the then Finance Minister know that he would not be the Finance Minister again much pressure was put on the tax payers. I do not have such doubts in my mind so I have directed the

Department that there is no need to put pressure in such a manner. I agree with the hon. Member that if we collect more this year then we will have to tax hardships next year.

[English]

SHRIMATI GEETA MUKHERJEE: Sir, the hon. Finance Minister admitted that there is a huge shortfall in the collection of direct taxes. In reply to many of our questions in this House about income tax, we have found that very big politicians are involved; we have found that very big actors and actresses are involved and we have found that very big houses are involved. I am sure that all are not under litigation. I would like to know the present position with regard to those. I would also like to know what steps the Government has taken really to get this money from these sources.

SHRI YASHWANT SINHA: Mr. Deputy Speaker, Sir, I would first like to correct the impression of the hon. Member that there is a huge shortfall on the direct taxes side. ...*(Interruptions)*

SHRIMATI GEETA MUKHERJEE: There is an impression. You have answered so to our questions. ...*(Interruptions)*

SHRI YASHWANT SINHA: No. Madam, it is not. ...*(Interruptions)*

SHRIMATI GEETA MUKHERJEE: I will give names if you want to. ...*(Interruptions)*

SHRI YASHWANT SINHA: Sir, I have given the figures. I have the figures here. Up to the month of January 1999, within this current year direct tax collection is 17 per cent. Therefore, we are absolutely confident that as far as direct taxes are concerned, we shall not fall short of the target which is projected in the Budget Estimate. The shortfall will be on the indirect taxes side, on Excise and more particularly on Customs side for various reasons. But as far as collection of direct taxes is concerned, I would like to assure the hon. Member, through you, Sir, that the Department is pro-actively following up all cases, whether they are film stars or they are big people. We do not look at the status of the assessee. For us, all the assesseees are equal and we approach all of them in the same spirit.

SHRI G.M. BANATWALLA: Mr. Deputy Speaker, Sir, my question is a question that relates to the system irrespective of the Government, the colour of the Government that may be there. It is a question of the

system. Now, in the case of indirect taxes, often the Budget Estimates and the Revised Estimates are not realistic, are not related to ground realities. For example, this year the Budget Estimates were decided without taking into consideration the industrial and the business recession particularly in the case of indirect taxes.

In view of these, what measures will the Government think of in order to make this revenue collection figures, specially in the case of indirect taxes, more realistic with greater and a wider consultation with those on the spot asked to collect?

SHRI YASHWANT SINHA: Sir, I would like to assure the hon. Member that the systems in place are sufficient to enable the Government to make projections which are as close to reality as possible. But at the time of preparation of the budget certain assumptions are made. There have been various years in the past where the realisation has been more than what had been estimated in the Budget Estimates. There have been years where it has fallen short. It is not the fault of the system as much as the way things develop in the economy often beyond the control of those who are in charge of the management of the economy. Even this year, as the hon. Member himself has pointed out, on direct taxes, as I said earlier, we are on target.

Obviously, the system which enabled me to project this growth was a system which was functioning properly. Our assumptions came true on indirect taxes and some of the assumptions have not come true. I had pointed out that there has been a decline on Customs duties. That has happened because there are international factors over which I have no control, Government of India has no control and those international factors have contributed to a tremendous reduction, for instance, in commodity prices all over the world. It is the reduction in the commodity prices which have led to a decline in Custom receipts. There is an industrial slow down which has resulted in lesser realisation of Excise Duty, though Excise Duty is much better than the previous year. So, sometimes, your assumptions come true, sometimes they do not. It is not the fault of the system, it is the fault of the circumstances which develop over a period of 12 months.

DR. T. SUBBARAMI REDDY: He has himself agreed that Rs. 1.53 crore is the estimated revenue which, I must say, is very optimistic. Till today we have got only Rs. 1,05,000 crore and it is impossible to collect Rs. 45,000 crore. There is going to be a heavy shortage. So, is he going to have the same optimistic budget tomorrow also and give a very beautiful picture to the country? Again, he will say that for some reasons

something went wrong. He has himself agreed several times previously when we got good results. But this time he is telling various reasons. I agree with him. But what is he going to do about it tomorrow?

Secondly, he has never touched about fiscal deficit, even no Member touched about it. He never answered this question. Where do we stand now? How much is the gap, as on today, as per your anticipation?

SHRI YASHWANT SINHA: Sir, I have already pointed out that there will be shortfall on the indirect taxes side. What will be the quantum of the shortfall is something which I will put before the House when I come with the revised figures tomorrow. At this point of time it is not possible for me to disclose those figures. ...*(Interruptions)*.

DR. T. SUBBARAMI REDDY: Is he taking the same experience into consideration? Is he going to be more optimistic, little optimistic or optimistic to the same extent?

SHRI YASHWANT SINHA: That will be for the hon. Member to judge when I put the figures before the House tomorrow. Then, he will judge whether I have been unduly optimistic or not.

[Translation]

Lifting Ban on Export of Potato and Onion

*64. † SHRI RAGHUVANSH PRASAD SINGH:
SHRI ASHOK NAMDEORAO MOHOL:

Will the Minister of COMMERCE be pleased to state:

(a) whether the Government have recently decided to lift the ban on export of potatoes and onions;

(b) if so, the details thereof alongwith the countries to which these potatoes and onions are likely to be exported during the current financial year and 1999-2000;

(c) if not, by when this ban is likely to be lifted;

(d) the estimated loss of foreign exchange suffered due to the ban on export of these items; and

(e) the steps taken by the Government to boost the export of potato and onion to save the cultivators?

[English]

THE MINISTER OF COMMERCE (SHRI RAMAKRISHNA HEGDE): (a) to (e) A Statement is laid on the Table of the House.