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Title : Further discussion on the supplementary Demands for Grants (General) 2005-06 (Discussion concluded).

MR. DEPUTY-SPEAKER: Now, the House shall take up Item No. 17 --Supplementary Demands for Grants (General). The discussion was over yesterday. Now, I would request the hon. Finance Minister to reply.

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): Mr. Deputy-Speaker, Sir, I am grateful to the hon. Members – 17 of them -- who participated in the debate on the Supplementary Demands, and for the valuable suggestions they have made.

The Supplementary Demands are not new. Usually, after the Budget, there is a first request for Supplementary Grants in the month of August, and there is usually, one in the month of December. In fact, this time, the second batch of Supplementary Demand is for a very small amount, which represents the cash outgo. It is only Rs. 1,965 crore and compares very favourably with the second Supplementary Demands in previous years.

These expenses for which we are asking Parliament to give us more money are unavoidable. They have been listed in the Demands for Grants. The major items have been noticed by hon. Members. It is for fertilizer subsidy, it is for settling outstanding claims of the State Trading Corporation, assistance to the State Governments from the National Calamity Contingency Fund, lump sum provision for reviving and restructuring some public sector enterprises, and for reimbursement of losses to the Cotton Corporation of India. Each one of these items, Members will appreciate, arose after the Budget was presented and after the first Supplementary Demands were moved. I would respectfully submit that I was obliged to come to this House to ask for more money.

Sir, the principal speaker on the side of the Opposition, Shri Kailash Joshi raised a number of issues and pointedly commented that I should answer each one of them. I am prepared to answer, but perhaps he has not found it possible to be present now. Be that as it may, Sir, let me quickly run through the major points raised by Mr. Joshi because he was the principal speaker on the side of the principal Opposition party.

Rural godowns : This is a scheme being implemented by NABARD and NCDC[k34]. Till 30th of November, 2005 about 10,816 such projects having a capacity of 1,54,85,000 tonnes have been sanctioned. The total eligible subsidy was Rs.434.23 crore against which the Department of Agriculture and Cooperation has already released Rs.330.55 crore. Therefore, this is a scheme which is being implemented with great vigour and I hope that many more godowns will come and large warehousing capacity will be created in this country.

On Demand No.7, Bhopal Gas victims' compensation, the factual position is that the Welfare Commissioner was obliged to start disbursement of the compensation and complete it between 15.11.04 and 31.4.05. Accordingly, last year I had made a provision for Rs.315.11 crore but only Rs.212.02 crore was disbursed. This year, we have made a provision for Rs.663.71 crore and till the end of September Rs.419.76 crore has been disbursed. The Ministry of Chemicals and Fertilisers has sought an extension from the Supreme Court to pay the balance amount and if further disbursements have to be made, I am taking the precaution of having money so that disbursements can be made.

Under Demand No.8, Shri Joshi wanted to know why an additional provision of Rs.1000 crore to fertiliser subsidy has become necessary. It has become necessary because of the increase in the prices of fertiliser inputs, namely, Naphtha and Ammonia, which is of course the reflection of the high crude oil price.

On Demand No.18 Shri Joshi wanted to know about the wages of the staff of Super Bazar. Super Bazar is under liquidation now. There is a case before the Supreme Court. A large proportion of the staff has already left service through VRS but the Department of Consumer Affairs has not provided salaries to the remaining skeletal staff. We cannot deny them salary. Therefore, Rs.42 lakh has been provided so that the skeletal staff is paid salary.

Under Demand No.32 Shri Joshi wanted to know why I am paying some money to the RBI. The National Defence Gold Bond scheme matured in the year 1980 and the subscribers were paid the maturity value in terms of pure gold. However, when the weight of the bars was determined, there was a difference of 494.5 gms. Obviously, we have to settle this value and, therefore it was decided that since the account has been reconciled, transparently we should ask the Parliament to give us money and pay the RBI and close this account. This is a very small amount.

Under Demand No.34 Shri Joshi wanted to know why a sum of Rs.250 crore is being set apart for Stressed Assets Stabilisation Fund. Another hon. Member, I think Shri Sathpathy raised the issue of IDBI. What is the factual position? The factual position is, the Act to convert IDBI into a company was passed by the Lok Sabha under the guidance of the previous Government[R35].

I inherited the Act. So, we had the IDBI Limited which has become a full-fledged bank with a subsidiary IDBI Bank which is another full-fledged bank. The parent bank had no branches. The subsidiary bank had branches. Therefore, as a logical corollary to the Act passed by this House, one had to merge the IDBI Limited with the IDBI Bank. It was so merged. The Stressed Assets, the Non

Performing Assets, have been sequestered and Stressed Assets Stabilisation Fund has been created. This Stressed Assets Stabilisation Fund is now being provided Rs. 250 crore as an enabling provision because Rs. 250 crore is coming back from the SAS through recovery. It is indicative of recovery of the IDBI which is being used to redeem the Government securities which we issued as part of the restructuring package.

On Point No. 41, Shri Joshi wanted to know why a provision of Rs. 1 lakh is being made. Now, this is being made to meet the expenditure of Rs. 2.34 crore for

conducting a survey on delivery of services under the Consumer Protection Act and for conducting quality check under the Pradhan Mantri Sadak Yojana. Since Rs. 2.34 crore has to be spent under a new head, as a token provision Rs. 1 lakh is being provided. So, that explains the various questions raised by the hon. Member, Shri Joshi.

I have listened with great respect to other hon. Members who have made general remarks on the economy and the direction of the economy. I am grateful to them. We shall certainly bear in mind the suggestions of the hon. Members.

We have placed in this House the Mid-Year Review. I am sure the hon. Members had an opportunity to read the Mid-Year Review. The Mid-Year Review presents a healthy picture of the economy. Now, if Shri Swain wants to claim that it is because of what their Government did, he is most welcome to make that claim. Why should I deny him the pleasure of making that claim? But I hope that he will not continue to claim that even in the fifth year of this Government. Some time or the other the law of limitation has to set in.

Last year, the economy achieved a growth rate of 6.9 per cent. This year, in the first half, the economy registered a growth rate of 8.1 per cent. But I have been guarded in my projection in the Mid-Year Review. I said that the economy is expected to grow by over seven per cent this year. Shri Swain missed the word 'over'. He said that I have said that the economy will grow at seven per cent. No. I said that the economy will grow at over seven per cent. There are downsides. I have pointed this out in the Mid-Year Review. I am glad that some hon. Members have noticed it.

Mining, especially coal, and electricity are showing sluggish growth. These are key sectors. Some time, I believe, this House has to discuss as to how we can generate high growth if the coal sector does not deliver and because of shortage of coal, electricity generation is also hampered. One can take an ideological view or a pragmatic view on this. My appeal to the House would be that we must take a pragmatic view on this. We have coal reserves for, according to some estimates, 200 years or 300 years or some say even 500 years. But we exploit it most inefficiently. The legal and the economic framework that we have seem to be the major hurdles for exploiting coal reserves efficiently. The Ministry of Power tells me that because coal linkages are not there, because coal supplies are not adequate and because the quality of coal is not good, it hurts the generation of electricity<sup>[36]</sup>. Without electricity, how do you have high growth? Anyway, this is not the occasion to get into a debate on coal and electricity. I am just flagging the point which is flagged in the Mid-Year Review. We have been quite candid about it. These two sectors are growing at a sluggish rate. They must grow at a much higher rate. Only then can I - Mr. Swain and others project an 8 per cent growth rate, but, at the moment, I would rest content with projecting a growth rate of over 7 per cent. Let us see how much over 7 per cent it is. Will it be closer to 8 per cent or closer to 7 per cent?

Sir, I have flagged about half-a-dozen issues which I need to answer. I possibly cannot answer every single issue raised in the debate. This is only for supplementary grants. But I would quickly answer half-a-dozen issues which I think are important issues. That does not mean that the rest are not important. I will certainly respond to the Members, if necessary. Firstly, the progress of Public Private Partnership (PPP). We announced the Scheme for viability gap funding in August 2005. We have received so far only 8 proposals from State Governments. I wish, Members will tell their State Governments to kindly send more proposals. The Empowered Committee will meet on the 19 December to consider these 8 proposals. I am confident that some of these proposals will be approved. In November 2005, Cabinet approved the setting up of the SPV. That work is underway. The SPV will be registered this month and we hope to be able to identify infrastructure projects which can be funded by the SPV. I would once again appeal not only to the line Ministries of the Central Government but also to the State Governments to present proposals for infrastructure which require funding from the SPV. The State Governments must seize this opportunity by sending us good proposals both for PPP and for funding through the SPV.

Sir, it is true that the National Rural Employment Guarantee Programme (NREGP) is being implemented this year by a combination of funds available under *Sampoorna Grameen Rojgar Yojana* and the National Food for Work Programme. Next year onwards, of course, there will be a full-fledged NREGP. But, in order to meet the initial expenses of the NREGP we are re-appropriating Rs.300 crore from within the overall demand under the Head of NREGP. We are not asking for fresh money

Some questions were raised about the Golden Quadrilateral. This is a perennial question. It is being raised every time. I thought...(Interruptions)

SHRI BRAJA KISHORE TRIPATHY (PURI): There is a routine answer every time.

SHRI P. CHIDAMBARAM : Wait a minute. We will not give you a routine answer this time. If you have a piece of paper, I would appeal to you to note down these numbers. Mr. Yerranna, please give him a piece of paper.

The GQ was commissioned in the year 2000. Obviously, initially, in the first couple of years, preliminary work has to be done. In 2002-03, the Government – I am not saying past Government or the present Government – completed 1,327 kilometres. In 2003-04, the Government completed an additional 1,285 kilometres making a total of 2,612 kilometres. In the third year, or the first year of the UPA Government, this Government completed 2,087 kilometres - more than the previous year as well as the previous year and the cumulative was 4,699 kilometres. In the current year, we have so far completed, up to the middle of November, 398 kilometres. The cumulative now is 5,097 kilometres[\[mks37\]](#).

We are not slowing down the project. We are as committed to the project as the previous Government. There is no politics in this. We need a Golden Quadrilateral in this country. Let me once again assure you, finally I hope, that this Government is as committed as the previous Government. We will complete it according to the schedule.

As far as NHDP Phase-II is concerned, that is, the North-South, East-West Corridor, this was commissioned in 2002. In 2002-03, a total of 557 kilometres were completed. In 2003-04, only another 31 kilometres were added. In 2004-05, this Government added 119 kilometres. In 2005-06, so far, we have added 81 kilometres. This is a scheme which is taking a little more time because there are special difficulties. The GQ is on the existing highway track. But regarding this, we have to really link a number of roads. This is going at a slower rate. But that has nothing to do with the previous Government or the present Government. But this is also being completed.

In addition, we have the NHDP-III. That, in my view, is more important than the NHDP-I which is the GQ or the NHDP-II, because that will link all the State Capitals, all the industrial towns and all the seaports and airports. That is the major, most ambitious programme. I am told, bidding will start for that programme in the months of December, January, February and March.

The allocation under the Pradhan Mantri Gramin Sadak Yojana is concerned, again a lot of misinformation is there, from 2000-01 to 2003-04, for a period of four years, the total Budget allocation was Rs.9825 crore. If you divide Rs.9825 by four – I am not saying it is allocated equally – the average allocation in the four years was Rs.2446 crore. In the first year of this Government, in 2004-05, the Budget allocation was Rs.2468 crore – it is a part of the year because we came into office only in May and the Budget was passed in September. In 2005-06, the allocation is Rs.4220 crore. So, we are not slowing down this project. In fact, more money has been allocated for the Pradhan Mantri Gramin Sadak Yojana.

I have already spoken about the IDBI.

Another point that was raised was about agricultural growth. The Prime Minister has repeatedly stressed the need for higher agricultural growth. It is elementary arithmetic that if the agricultural sector does not grow by four per cent, it is well-nigh impossible to achieve over 8 per cent growth because agricultural sector still accounts for about 22 to 23 per cent of GDP. Only a four per cent growth of agriculture will contribute about one per cent of GDP and without that one percent of GDP, however robust the growth in industry and services is, you cannot take the GDP growth beyond 8 per cent. It is a very simple calculation. Anyone can do that calculation. We are, therefore, committed to accelerating agricultural growth through more investment - public investment, private investment, especially infrastructure investment, diversification from cereals to other crops, emphasising horticulture, emphasising value added crops and export of agricultural products. The strategy has been spelt out in the Mid-Year Review. If you kindly look at the Mid-Year Review, you can find several paragraphs have been devoted to agriculture. I think this strategy is likely to pay results in the future.

As far as agricultural growth is concerned, you all know that 2002-03 was negative and on that negative base 2003-04 showed a very sharp upturn. But that is statistical. In 2004-05, there was a 13 per cent deficiency in the monsoon. Therefore, growth was only 1.1 per cent. In the current year, in the first half, growth is 2 per cent. It is not satisfactory but it is better than last year. I hope that growth will improve in the second half because the Rabi crop is coming now. The reservoirs are full. There has been some damage due to floods. But, by and large, our projection is that agriculture will grow at more than 2 per cent - perhaps close to 3 per cent[\[R38\]](#). But we must not flag our efforts as far as agriculture is concerned. It is very, very important in this country.

Finally, Sir, on the Rajiv Gandhi National Drinking Water Mission some questions were raised. In 2003-04, the allocation and release was Rs. 2,565 crore and 39,736 habitations were covered in that year. In 2004-05, release was Rs. 2,930 crore and 69,382 habitations were covered. In 2005-06, so far, against the budget allocation of Rs. 4,050 crore, we have released Rs. 1,766 crore and 35,000 habitations have been covered so far. We are committed to ensuring that drinking water is provided to all the habitations. This is one of the items under 'Bharat Nirman' and we will continue to allocate enough money and to accelerate the delivery of drinking water to our villages.

Sir, in conclusion let me say that if all sections of the House cooperate, I believe we can put India firmly on the path of a high growth trajectory. This requires difficult decisions to be taken. This requires, if I may say with great respect, a human face no doubt, at the same time, as far as possible, a non-ideological and a pragmatic approach. What will ultimately yield good results is pragmatism. More and more State Governments are veering round to the view of pragmatism. I see very encouraging statements from all sections of the House from the BJP, BJD, Samajwadi Party, CPI(M), CPI, especially, parties which are in Government in one State or other are beginning to take a pragmatic view of matters. I was in Kolkata only last week. I read the speech of the General Secretary of the CPI(M) in Thiruvananthapuram last week. I have interacted with my good friend Shri Naveen Patnaik in Orissa. I have interacted with Shri Mulayam Singh Yadav in Uttar Pradesh. The Chief Minister of Bihar, our good friend, Shri Nitish Babu came to visit me a couple of days ago. Not only the Congress Chief Ministers, all other Chief Ministers realise that growth is a function of investment. India's Incremental Capital Output Ratio (ICOR) is better than China's which means we are more efficient in converting investment into growth. Our human resources are outstanding. We have access to the best technology. We have a reasonably good administration in most parts of the country although it can be improved considerably. Given all that, what in slang we would say, we can get more bang for the buck. For every rupee invested, we can get more growth than most other countries. At the level of investment of about 27 per cent to 28 per cent, we are generating over 7 per cent growth. If the investment to GDP ratio is 32 per cent, we can get far more growth. Therefore, growth being a function of investment, I would appeal to all sections of the House that wherever we identify a hurdle to investment, that hurdle must be removed. We must invest, invest in agriculture, invest in infrastructure, invest in education, invest in health care, invest in technology, invest in R&D – that is very important – we must invest in R&D, invest in human resources and of this investment, the bulk of it will come from the public sector and from budgetary resources. [\[a39\]](#)

But the private sector can also mobilise funds and invest and foreign funds can also help us raise the level of investment.

Sir, I am very happy to note that wherever I travel, whichever Chief Minister I interact with, they are now extremely bullish about accelerating investment. The business confidence today is the highest in 10 years. Every survey discloses that. The Centre for Monitoring Indian Economy (CMIE) has raised the growth rate to 7.6 per cent although I would be more guarded.

Therefore, there is today a buzz about India. In three days, I received at least six delegations of major companies, all willing to invest a billion dollars or billion-and-a-half dollars. Mr. Bill Gates had breakfast with me – not because he had breakfast with me – and the next day he announced \$1.7 billion investment. I would be happy to give him lunch and dinner. Mr. Craig Barrett of Intel has promised a billion dollars, Volkswagen is promising investment, Nokia is promising investment, Motorola is promising investment, Mr. Utsumi of the Japan Investment Agency met me yesterday. He said, \$5 billion is waiting in Japan to come to India. We had Mr. Okuda of Toyota visiting with a huge delegation saying that they are ready now to invest in India. They want to spread their investments from China to India. This is a great opportunity. I sold this idea to the Chief Minister of West Bengal, to the Chief Minister of Kerala, to the Chief Minister of Orissa etc.

SHRI KINJARAPU YERRANNAIDU (SRIKAKULAM): Andhra Pradesh!

SHRI P. CHIDAMBARAM: In Andhra Pradesh, our own party Government is there. If I say anything about the Congress Party, you will say, it is your party. But we are committed to investment. There is no doubt about it. ... (*Interruptions*) Let me tell you very clearly, any State Government which wants to attract investment will find in the Government of India a help and a friend for investment irrespective of party.

Therefore, Sir, I think, we are now in a situation where, with a little more effort we can raise the growth rate to eight per cent and more. I seek the cooperation of everybody and I ask this House, respectfully, to please vote the Supplementary Demands.

SHRI KHARABELA SWAIN (BALASORE): Mr. Deputy-Speaker, Sir, I would like to have a clarification from the hon. Finance Minister.

With regard to providing electricity to all the villages, I will respectfully ask the hon. Minister of Finance as to how much he is allocating this year and by which year every village or every household is to be electrified.

MR. DEPUTY-SPEAKER: This is concerning the Power Minister.

SHRI P. CHIDAMBARAM: Sir, actually the Power Minister will answer this. But let me inform the hon. Member that the National Rural Electrification Programme has been launched. This is a programme which has been made to ensure that every village is provided with electricity in, I think, four to five years. Now, the plan is, the backbone will be built by the Government. The infrastructure will be built by the Government, the power will be taken to the village, the distribution will be through the franchisee model. That is the model which we have adopted. The backbone is being put in place. There are several agencies which are engaged in putting this backbone, NTPC, NHPC and several other public sector agencies are engaged in this. I think the funding has been tied up. Hopefully, in four to five years every village will be provided electricity and then the household connection will be given through the franchisee model. Earlier, we were counting a village as electrified if there was one street light. That was the model adopted until three years ago. We have rejected that benchmark. Now, the benchmark is, a village is considered as electrified only if a certain proportion of households

is electrified.

SHRI BASU DEB ACHARIA (BANKURA): 10 houses.

SHRI P. CHIDAMBARAM: Is it 10? I do not remember exactly. But if he says 10, it must be right.

Therefore, certain proportion of households must be electrified, only then a village can be considered as electrified, not because one little 40-watt bulb is there in the street. That is what we are aiming at and, I think, we will complete it in about four to five years. But the hon. Member can ask the Power Minister. I think, they have put out a brochure also on the National Rural Electrification Programme. It is available, I think, on the web site, it is available in the Power Ministry and the hon. Member can access it [\[k40\]](#).

**15.00 hrs.**

SHRI KINJARAPU YERRANNAIDU : Sir, I did not get any answer from the hon. Minister. According to the Report of the Standing Committee on Agriculture, many nationalised and private banks are not following the 18 per cent of the credit lending to the farming community as per the Reserve Bank of India guidelines. So many schemes have been announced by the Government of India in Tenth Plan. Three years are already over and no scheme has been taken up by the Ministries due to lot of cumbersome procedures and all that. How would they meet the announcements made by the concerned Ministers on the floor of the House? We are reaching at the end of the Tenth Plan. When will these schemes be implemented? I need an answer for that.

SHRI P. CHIDAMBARAM: I hope this will be the last clarification. Another Bill is pending (Interruptions)

MR. DEPUTY-SPEAKER: No more clarifications, please.

SHRI V. KISHORE CHANDRA S. DEO (PARVATIPURAM): Sir, I will just take half a minute.

My point of clarification is that the other day the hon. Minister, along with the Deputy Chairman, Planning Commission, had gone on record in the newspapers that they would not be able to achieve the GDP growth rate of 8 per cent if disinvestment is not done. The hon. Finance Minister just spoke about FDI, but he never mentioned about the disinvestment of those public sector enterprises which are going in losses.

SHRI P. CHIDAMBARAM: Sir, the last two clarifications. On 18 per cent priority sector lending to agriculture, yes, many banks were below 18 per cent. They have to achieve 18 per cent. It cannot be done in one year. Last year, when I announced that agricultural credit would increase by 30 per cent, some of you were sceptical. We achieved 32 per cent. This year again, we will increase agricultural credit by 30 per cent. Actually, we are now running close to 40 per cent so far. If we continue to raise agricultural credit every year at 30 per cent for three years, virtually every bank will achieve 18 per cent. So, it is in order to achieve 18 per cent that we have requested the banks to increase the lending to the agricultural sector by 30 per cent every year. We achieved it last year, I assure you that we will achieve it this year and God willing, we will achieve it next year also. After three years, you ask me this question, how many banks have achieved 18 per cent and I will give you an answer.

As far as disinvestment is concerned, again, there is a mistake. Disinvestment revenues are not being taken into the budget. That is the political consensus that we have been able to forge. Disinvestment revenues are now going to go into the National Investment Fund. From that Investment Fund, there will be

a return. Bulk of that return, say, 70 per cent, will be used for social sector projects and the balance for restructuring public sector enterprises. Disinvestment revenues have nothing to do with our investment strategy. If some money comes out of that, well and good. That is an additionality.

MR. DEPUTY-SPEAKER: I shall now put the Supplementary Demands for Grants (General) for 2005-06 to the vote of the House.

The question is:

"That the respective supplementary sums not exceeding the amounts shown in the third column of the Order Paper be granted to the President of India, out of the Consolidated Fund of India, to defray the charges that will come in course of payment during the year ending the 31<sup>st</sup> day of March, 2006, in respect of the heads of Demands entered in the second column thereof against Demand Nos. 1, 5, 7, 8, 10 to 12, 18, 20, 23 to 25, 29 to 32, 34, 36, 41, 44, 47, 48, 50, 51, 54, 56 to 60, 63, 65, 67, 70 to 72, 75, 79, 80, 82, 83, 92, 100, 101 and 103 to 105."

*The motion was adopted* [\[r41\]](#).

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