Title: Further discussion on the Budget (General) for 2007-08 and Demands for Grants in respect of Budget (General for 2007-08 and Supplementary Demands for Grants in respect of Budget (General) for 2006-07.

MR. CHAIRMAN : Item Nos.18 to 20.

...(*Interruptions*)

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): Mr. Chairman, Sir, I am grateful to the hon. Members belonging to different political parties who have participated in the debate on the Budget for 2007-08. ...(*Interruptions*) I have listened to most of the interventions and I have also studied the notes made on the other interventions. It seems to me that most Members have mixed views: while they are genuinely happy about the impressive growth of the economy, they are legitimately concerned about some aspects of the growth which affect sections of the people. ...(*Interruptions*) In fact, I share these sentiments, and I have given expression to them in the Budget speech. There is no doubt that we have recorded an unprecedented rate of growth, but the question is, is the growth inclusive? There is no doubt that there is an investment boom in the country, but the question is, is the investment across all sectors, especially agriculture? There is no doubt that more jobs have been created, but the question is, are there jobs available for all? In the course of my reply, I shall make an attempt to answer these questions. ...(*Interruptions*) I do not find Prof. Malhotra! Where is Prof. Malhotra who opened the debate? Is he the Deputy Leader of Opposition? ...(*Interruptions*) Is he the member of the BJP? ...(*Interruptions*)

I am grateful to hon. Prof. Malhotra who opened the debate on the General Budget. He did so in 2004-05 and in 2005-06 too. Although he is a sports lover, presumably he believes in sportsmanship only on the playground and not in Parliament! Not one word of acknowledgement or praise for a good programme escaped his lips -- then and now. In 2004-05, he described the first Budget of the UPA Government as "the poor man is being kicked". That year recorded a growth rate of 7.5 per cent. In 2005-06, he described the second Budget as "anti-poor, anti-middle class, antiÂ-women, anti-farmer". That year recorded a growth rate of nine per cent. ...(*Interruptions*) The opening speaker on the Budget for 2006-07 - not Prof. Malhotra - had also very harsh things to say about the Budget; nevertheless for 2006-07, the estimate of growth is 9.2 per cent. In a way, therefore, the harsh criticism of the Budget by the BJP is welcome. Such criticism appears to bode well for the economy. ...(*Interruptions*)The more vehement the criticism, the better the growth story turns out to be. May I therefore wish Prof. Malhotra - who has returned as the opening bowler in this year's Budget debate - many happy returns? In the interest of robust and sustained economic growth of the country, may I wish him a long life, many more years in the Opposition and many more speeches opposing the Budget! ...(*Interruptions*)[r2]

...(*Interruptions*)

The Budget may not have satisfied everyone, but there are surely aspects of the Budget which have been universally acclaimed. Why have these escaped the attention of Shri Malhotra and his friends? ...(*Interruptions*) The best answer to Shri Malhotra is a part of the speech of his colleague, Shri Swain. Let me quote Shri Swain.

> "I agree to the point that the GDP rate is at its peak. The tax revenue has doubled. The fiscal deficit is a record low. The expenditure as a percentage of GDP is the lowest. The growth has been unprecedented."

Thank you, Shri Swain. ...(*Interruptions*) Now, I wonder what Shri Malhotra has to say on this. I think, only an extremely churlish opposition can find no merit at all in the Budget. ...(*Interruptions*)

Allow me to end by saying that strong fundamentals and faster growth has given us an opportunity to unfurl our sails and catch the wind. ...(*Interruptions*)

With these words, once again, I thank the hon. Members and I request them to kindly adopt the Budget. ...(*Interruptions*)

Sir, I wish to lay the rest of my speech on the Table of the House.

...(*Interruptions*)

* Let me deal with the issue that is uppermost in the minds of most Honourable Members, and that is inflation. If you agree with the view shared by most economists, inflation is a monetary phenomenon. Look at the monetary aggregates: money supply is growing at 21 per cent. Non-food credit has increased, year on year, by 30 per cent. There are large inflows of foreign exchange. For example, in 2005-06, the remittances alone from Indians working overseas have been estimated at over US$24 billion. So far, this year, we have

added US$42 billion (including valuation change) to the reserves. Besides, the high growth of the economy is fuelling demand, and supply of many items has not been able to keep pace with demand.

The current inflation is driven largely by the primary articles group. In the last few weeks, the contributors to inflation have been: maize, vegetable oils, fish, groundnut, atta, rice bran oil, cement and some items of steel, electrical machinery,

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* â€¦* This part of the speech was laid on the Table.

and wires and cables. We had a similar situation of inflationary pressures in 1990-91, 1998-99 and 2002-03. As the supply of primary articles improved, inflation moderated subsequently. I wish to draw the attention of the Honourable Members to the supply side of some essential primary articles. For example, except in 1999-2000, wheat production has stagnated between 66 million and 72 million tonnes during the last 10 years. Rice production has remained between 81 million and 90 million tonnes during most of the ten year period. The production of pulses has not exceeded 14.9 million tonnes. Demand for each of these items is rising every year. The only long- term answer is to increase production and productivity.

Since inflation is a monetary phenomenon, RBI has the direct responsibility for maintaining price stability. When I met with the Central Board of the RBI recently, I pointed out that Government had been fully supportive of the RBI in the measures that it had taken and urged the RBI to continue to be vigilant and take such measures as are necessary to maintain price stability. The RBI has already taken a number of steps to moderate money supply. It has used instruments such as the repo rate, the MSS and the CRR. These monetary steps will temper core inflation over a period of time.

However, I may also note that monetary steps do not have the same impact on fuel and food items. For example, when crude oil prices hit US$75 a barrel, the only way we could provide a cushion to the people was to absorb a large part of the price rise on the Budget and on the balance sheets of the oil companies. Subsequently, there was a supply-demand mismatch in sugar. This was followed by supply constraints in wheat and pulses. The long-term answer is to produce more in order to meet the rising demand. In the short term, we can only reduce customs duties as well as import these items to the extent they are available in the world market. And that is what we did. Customs duties were cut sharply. We imported 55 lakh tonnes of wheat to augment supplies in the domestic market. We have allowed import of pulses, edible oils, etc. at nil or low duties. We also curtailed exports of some essential commodities. It is because of these steps that inflation has been contained at the current level. The average inflation for 2006-07 is expected to be about 5.4 per cent.

Let me recall another period of high inflation in recent times. It was 2000-2001. For 48 out of 52 weeks in that year, inflation was over 6 per cent; in 22 of those weeks, inflation was over 7 per cent; and in 12 of those weeks, it was over 8 per cent. The principal contributor to inflation in that year was fuel and power. WPI inflation touched a high of 8.8 per cent in the week ending January 13, 2001 and average inflation for 2000-01 was 7.2 per cent. Inflation was moderated by the Government over the next six to twelve months.

The difference between 2000-01 and 2006-07 is that, in 2000-01, we had high inflation but modest growth. In that year, GDP grew by only 4.4 per cent. In 2006-07, GDP is growing at over 9 per cent. As the Prime Minister said a few days ago, "our effort is to moderate inflation without affecting growth". Let me assure the Honourable Members that Government has taken, and will take, fiscal, monetary and supply side measures to moderate inflation. I recognise the burden on the people, but this burden will ease over the next weeks and months.

The Congress Party became the single largest party at the last elections on the plank of the aam admi. We take this commitment to the aam admi seriously. My friends in the opposition will be disappointed if they think that they can get away with ridiculing the aam admi or the programmes designed for the aam admi. Let me ask my friends in the opposition a few questions. Do you or do you not support the scheme to provide jobs for 100,000 physically challenged? Do you or do you not support the promise of 100,000 scholarships through a means-cum-merit national test? Do you or do you not support the Aam Admi Bima Yojana which intends to cover one crore rural landless households? If you do not support any of these proposals, you should have the courage to stand up and denounce them. But − I ask you respectfully -- why do you keep silent? What does your silence mean? Are you surprised, are you cynical, or are you envious? Each one of these schemes has been possible because of growth, and because of the revenue that growth has brought to the exchequer. Each one of these schemes has been possible because we − the UPA Government − are confident that we can initiate them, implement them and deliver results. I ask Shri Malhotra and his friends, "Are you so economical with truth that you do not wish to acknowledge that these schemes are indeed for the benefit of the aam admi?"

. I could list a number of other features in the Budget which are clearly targeted to bring benefit to the aam admi. In fact, I can hand over a four page document listing these features, if the Hon'ble Shri Malhotra and his friends would do me the favour of reading the document. At the top of the list is agriculture. There are other items like expansion of scholarships for scheduled castes and scheduled tribes, OBCs and the minorities. There is relief to senior citizens. There is a programme for skill development. There is tax relief to the small scale industry, the small firm, the small company and the small service provider. Usually, the aam admi is a small person. By ridiculing or ignoring the various programmes announced for the small person, the opposition is actually ridiculing the aam admi.

Agriculture is at the top of the list because it is one sector which is lagging far behind the other two sectors, namely industry and services, in terms of growth. In the 27 quarters between the first quarter of 2000-01 and the third quarter of 2006-07, year-on-year average quarterly growth has been only 2.3 per cent in agriculture, compared to 7.3 per cent and 8.4 per cent in industry and services, respectively.

Thus, for the first time in recent years, the Budget focuses sharply on agriculture. We have addressed the five critical issues that affect agriculture: credit, water, seeds, fertiliser and power. On farm credit, we have kept our promise of doubling farm credit; in fact, we have done it in two years against the promise of doing it in three. On water, there are more programmes in this Budget than in any previous Budget. We have made a beginning in restoring water bodies; we have a new programme for ground water recharge; and we have a new scheme for training farmers in water management. We have also increased substantially the outlay for the Accelerated Irrigation Benefit Programme (AIBP). As stated in the Budget speech, 35 projects will be completed in 2006-07 and additional irrigation potential of 900,000 hectares will be created. We hope to keep up the momentum in future years too. On seeds, we have identified the critical deficiency. Supplementing the existing programmes for production of certified seeds, we intend to launch a mission for doubling the production of certified seeds for different kinds of pulses in three years. On fertiliser, we have been generous in providing money for subsidizing fertilisers, and we have also promised that we intend to find ways and means to deliver fertiliser subsidy directly to the farmers. On power, the performance in the 8th, 9th and 10th Plans has been consistently below expectations. In the 9th Plan period, that is 1997-2002, against a planned capacity addition of 40,200 MW, the country added only 19,000 MW. I need not remind Hon'ble Member of who was in Government during that period. In the 10th Plan period, that is 2002-2007, against a planned capacity addition of 41,110 MW, the country was able to add only an estimated 23,163 MW. Both the NDA and the UPA Governments share responsibility for the poor performance. Acutely aware that we are falling behind in the race to balance supply and demand of electricity, the UPA Government has conceived, and is implementing, the Ultra Mega Power Projects Scheme (UMPP). Two UMPPs with a capacity of 4,000 MW each have been awarded and two more will be awarded by July 2007. Apart from this, we are expanding the Accelerated Power Development and Reforms Project (APDRP). We are also increasing the pace of implementation under the Rajiv Gandhi Grameen Vidhyutikaran Yojana.

Honourable Members! Each one of these interventions is intended to promote agriculture and agricultural growth. I have repeatedly pointed out that 115 million families are classified as farming families; 55 per cent of the work force is dependent on agriculture; and that nearly three-fifth of the population shares less than one-fifth of the GDP. The promotion of agricultural growth is therefore the key to inclusive growth. It is the best weapon to fight agrarian distress, rural poverty and rural unemployment on a durable basis. I believe that the initiatives that we have taken in this Budget will go a long way to revive agriculture and raise the growth rate in that sector to the desired level of 4 per cent.

A lot was said about interest rate on farm loans. As I am able to recall, it was only in 2003-04, that an attempt was made to moderate interest rates on farm loans. A band of plus or minus 2 per cent over the PLR was fixed. In that year, the PLR of five major banks was between 10.25 and 11 per cent. Hence, at best, the interest rate on farm loans could have been 8.25 per cent, but it is a matter of common knowledge that no one got a farm loan at 8.25 per cent.

In July 2003, public sector banks announced that crop loans will be given at 9 per cent.

When the UPA Government took office, the interest rate was 9 per cent. The amount of farm loans given in 2003-04 was Rs.86,981 crore. Today, farm loans are available at 7 per cent from public sector banks, RRBs and co-operative banks. The Central Government gives a 2 per cent subvention. Many State Governments have added their own subvention and brought down the interest rate to 6 per cent or 5 per cent. What is important to note is that, at the lower rate, the total amount of farm credit in 2005-06 is expected to reach Rs.190,000 crore and for 2007-08, we have indicated a target of Rs.225,000 crore. We have kept our promise to double farm credit in three years; in fact we have done it in two years. More and more farmers are being brought into the fold of institutional credit. Every year, on average, about 60 lakh farmers are added to the clientele of banks. The revised draft National Policy for Farmers prepared by the National Commission on Farmers states at paragraph 1.5.6 on 'Credit' that

> *"The interest rate should be as low as possible. It should be possible to bring about a reduction in transaction cost by eliminating all forms of waste and inefficiency in the operation of the banking system. The inefficiencies of the delivery system should not be loaded on the interest charged"*

We shall keep in mind this recommendation while finalising the National Policy on farmers.

Many members referred to the implementation of the NREGS. Shri Singh Deo tried to compare the performance of States. Members will recall that NREGS was formally launched on February 2, 2006. Hence, the first full year for the programme is 2006-07, and that year is not yet over. It would be too early to judge the efficacy of the scheme or to pronounce on the quality of the expenditure or the management of the scheme by State Governments. Besides, the figures available State-wise cannot be compared with each other. The 200 districts are not evenly distributed among the States. Consequently, the amounts allocated to the States are not equal. States which have a larger number of districts covered under NREGS would have been allocated more money. In our preliminary assessment, some States are doing well and some are not. I think we should give more time to the States before we reach any definitive conclusion. Meanwhile, I understand that the Planning Commission and the Ministry of Rural Development are monitoring the progress of NREGS in the States.

There was some complaint about the allocation to NREGS. For 2006-07, we allocated Rs.11,300 crore. The Revised Estimate also shows that Rs.11,300 crore will be spent. However, there are indications that the whole of the money may not be spent. Hence, for 2007-08, we have made an initial allocation − and I repeat, initial allocation − of Rs.12,000 crore and, since it is a demand driven scheme carrying a legal guarantee, we will supplement the amount according to the demand and the need. We must also keep in mind that the NREGS is a fall back scheme. If other employment opportunities, especially in agriculture, are available, a person is not likely to take up work under NREGS; and even if a person takes up work under NREGS, he or she may not avail of the maximum number of 100 days. The real test is whether a person entitled to work under NREGS has been given work on demand or has been denied work. The scheme is being implemented by State Governments. It is primarily the State Governments which have to ensure that no person entitled to work under NREGS is denied work and the wages that go with the work. I would urge Honourable Members to monitor the implementation of the Scheme in their respective districts or constituencies and convey their assessment to the Ministry of Rural Development.

References were made to Aam Admi Bima Yojana. I would respectfully submit that this is the first large attempt by any Government to provide social security to a section of the unorganised workers in the country. The Arjun Sengupta Committee report has made some estimates of the number of people employed in the organised and unorganised sectors. For the unorganised sector, the number has been put at about 34 crore. Obviously, this includes agricultural workers and non-agricultural workers. It includes land-owning workers and landless workers. It includes self-employed such as artisans. I have with me the NSS report No. 491 of the year 2003. This report estimates the number of landless households at 1.5 crore. I readily agree that the number could be more, and I said so in the Budget speech. But we have to make a beginning. LIC has informed me that, by end March 2007, 70 lakh households will be covered through the existing schemes of LIC. As Members are aware, the existing schemes are partly supported by State Governments and partly by the social security fund with the LIC. The premium liability is shared between the State Government and the social security fund. In some cases, the premium on behalf of the beneficiaries is paid under one or other scheme of different Ministries of the Central Government. Having regard to these factors, we decided to make a beginning and have proposed to cover about one crore households in 2007-08. LIC is working out the details of the scheme. It will offer cover for death and disability. I am confident of persuading State Governments to come on board and jointly fund the scheme. As we gain experience, we will extend the cover to more categories of workers in the unorganised sector.

Honourable Members have raised a number of specific issues. In respect of tax related issues, the appropriate occasion to reply to them will be in the debate on the Finance Bill. Hence, Mr. Speaker Sir, with your permission, I shall not deal with any tax related issues. But I do wish to make brief references to two matters. One is the export duty on iron ore. Honourable Members would have noticed that there are two view points. While the steel industry has supported the export duty, the iron ore exporters have pleaded for a reconsideration of duty on iron ore fines. We had already gathered a lot of material and we have asked the stakeholders to give us more material if they wish to do so. We shall consider all the facts and circumstances objectively and take suitable decisions. The other matter is the dual excise duty on cement and rise in the price of cement. Excise duties on most goods are ad valorem, where the duty in rupees rises with the price of the commodity. Excise duty on cement, on the other hand, at the request of the industry has for many years been kept at specific rates. Furthermore, dual rate is not a new phenomenon. There have been instances of dual sales tax rates; and there are instances of dual excise duty rates. Cement prices were around Rs.136 − Rs.180 per bag in February 2006. Even as late as October-November, 2006, prices were around Rs.178 − Rs.218 per bag. Just before the Budget, prices had risen to around Rs.224 per bag in some centres. Government cannot plead helplessness or remain passive when the price of a commodity such as cement rises abnormally and at a very fast rate. Government is still hopeful that cement manufacturers will realise their responsibility and moderate prices. If they face difficulties in adding capacity or accessing coal or raw-materials, certainly Government will help them in that regard. We are keeping a careful watch over the situation and will take appropriate steps to convince the cement manufacturers to act accordingly.

I shall now reply briefly to some non-tax related issues raised by Honourable Members. A number of Members, including Shri Malhotra, asked me why we have not banned forward trading in commodities. I was somewhat surprised by Shri Malhotra's question.

Futures trading in commodities commenced on the MCX in November 2003 and on the NCDEX in December 2003. There are two views on forward trading. Having regard to the view of the Standing Committee, the forward markets regulator has suspended trading in tur, urad, wheat and rice. Government has referred the matter to an expert committee and will take appropriate action on receipt of the report.

Shri P. Karunakaran wanted to know about the six AIIMS-type institutions. I am informed by the Ministry of Health that while Rs.75 crore was provided in 2006-07, some unexpected problems have arisen due to the rejection of bids for the selection of project consultant and architectural concept design. They are in the process of re-tendering. Meanwhile, land has been provided and environmental impact assessment study and pre-construction survey of the sites are under way.

Shri Devendra Yadav wanted to know about de-hoarding operations. I referred to the Prime Minister's letter in the Budget speech. We are informed that five States have imposed limits on stocks for wheat and pulses and have also taken action against those who held stocks in excess of the limits. I would urge other State Governments to heed the advice of the Prime Minister and impose stock limits and start de-hoarding operations.

Shri Suresh Prabhu questioned our commitment to increasing power generation. Mr. Speaker Sir, I have already given figures of generation capacity added during 2002-07. We can quibble about when the foundation stone was laid and when power generation started; but the fact remains that in 2004-05, 6,100 MW was added and in 2005-06, 6,300 MW was added. This is more than what was added in any year between 1998-99 and 2003-04. However, I readily concede that we have to take a more aggressive and focussed approach to the question of adding to capacity, especially in view of the rising demand for electricity.

Shri Satyanarayan Jatia complained that what has been done for upgradation of ITIs or for the physically challenged or for awarding scholarships amount to 'a drop in the ocean'. I wonder why we are so cynical. A few years ago, there was not even that solitary drop for the physically challenged or for students seeking scholarships; but I do not recall Shri Jatia complaining. I would earnestly plead that we give up the habit of finding fault with every new initiative. A drop in the ocean is better than none.

Shri Swain asked some questions about the National Agricultural Insurance Scheme (NAIS). As Members are aware, NAIS was introduced in 1999-2000. It applies to both Kharif and Rabi food crops and, from the very beginning, the claims have far exceeded the premium. For example, in Kharif 2005, while the premium was Rs.450 crore, the claims reported were in the order of Rs. 1,060 crore. For Rabi 2005-06, the premium was Rs.105 crore and the claims payable were Rs. 338 crore. Since the start of the scheme, Government has grappled with this problem. A restructured scheme is under examination. Meanwhile, I have proposed that we may ask Agricultural Insurance Corporation to start a weather-based crop insurance scheme in two or three States as an alternative to the NAIS.

Shri Lakshman Singh complained that the National Highway Development Programme has stalled. I am afraid this is not correct. In the 1,257 days between December 12, 2000 and May 21, 2004, the length of highways completed was 2,342 kms. Besides, during this period, 122 contracts for 5,053 kms at an estimated value of Rs.23,126 crore were awarded. Contrast this with the record during the 1,013 days between the period May 22, 2004 and February 28, 2007. During this period, 3,473 kms of highways have been completed; 174 contracts for 7,369 kms have been awarded; and the estimated cost is Rs.46,561 crore. I reaffirm Government's commitment to NHDP; in fact the UPA Government has gone beyond the Golden Quadrilateral and the North-South East-West corridors. New phases have been added to NHDP, and this is one of the important programmes of the Government in the infrastructure sector.

Shri Kishore Singh Sangwan, Shri Jaswant Singh Bishnoi, and some others asked me about remunerative prices for farmers. The UPA Government has substantially increased MSP for wheat and paddy. In 1997-98, MSP for wheat was Rs.510 per quintal for six years, by 2003-04, it had risen to Rs.630 per quintal. In only three years of the UPA Government, we have increased it to Rs.640, Rs.700 (with bonus) and Rs.750 at the beginning of the sowing season. Yesterday, the Cabinet has taken some decisions concerning wheat and, I understand, the Minister of Agriculture will make a statement in that behalf. Similarly, for paddy of common variety, in 2006-07 MSP was fixed at Rs.580 per quintal with a bonus of Rs.40 for paddy procured in Kharif 2006-07. The UPA Government has stood solidly by the farmer and has strained every nerve to make farming a viable proposition.

I would take this opportunity to quote a passage from the Economic Survey:

> *"There could be a potential contradiction between a 'remunerative' price for the farmer and a 'fair' price for the consumer in the short run. The same contradiction arises in the case of pricing of petroleum products. The reconciliation of such a contradiction ought not to be in terms of an expensive compromise of fiscal rectitude."*

Mr. Speaker Sir, let me now return to the essential features of the Budget. The Budget is, first and foremost, a statement of receipts and expenditure. In 2003-04, gross tax revenue of the Central Government was Rs.252,499 crore. In 2004-05, we increased it by 19.9

per cent; in 2005-06, we increased it by 20.0 per cent and in 2006-07, we have increased it by another 27.8 per cent, according to the Revised Estimates. In 2007-08, Budget Estimate (BE) upon BE, we plan to increase the gross tax revenue by another 24 per cent.

The prime beneficiaries of the increase in the Central Government's gross tax revenue are the State Governments. Year after year, we have devolved more money to the State Governments by way of shared tax revenues and by way of grants and loans. In 2004-05, the resources transferred to State Governments and Union Territories (UTs) was Rs.157,567 crore. In 2005-06, it was Rs.173,142 crore and in 2006-07, it was Rs.214,935 crore. And in 2007-08, it will be Rs.249,437 crore.

In addition to the above, Honourable Members are aware that there are direct releases of Central assistance to State Plans and implementing agencies as well as direct releases under Central Plan to State and District levels and to the implementing agencies. These sums are also large, and approximately Rs.50,000 crore every year.

As a result, the combined financial position of the State Governments has improved considerably in the last three years. Let me compare the tax revenues available to the States (share in Central taxes and own tax revenue) with the net tax revenue available to the Centre. In 2006-07, for example, the tax resources available to the Centre was Rs.345,971 crore and the tax revenue available to the States was Rs.377,580 crore. For many years now, States have enjoyed an edge over the Centre in terms of availability of tax revenues. That is why we say that the States must come forward to share an equal responsibility in many of the programmes and schemes that are being implemented in the States. Be it Central Plan schemes or Centrally sponsored schemes or State Plan schemes which are supported by the Central Government, it is important that States share an equal responsibility with the Central Government.

Among the other major initiatives taken by the UPA Government with the full cooperation of the State Governments are the successful introduction of VAT; the beginning of the phase out of CST from April 1, 2007; and the start of work to prepare a road map to introduce GST with effect from April 1, 2010. In my view, these constitute the most comprehensive tax reform ever undertaken in this country.

The next major feature of any Budget is allocation of the resources raised among various heads of expenditure. The pattern of allocation of such resources signals the priorities of a Government. Let me look at some major sectors and the allocations made over the years. Let me take rural employment and poverty alleviation. Beginning with Jawahar Rojgar Yojana and culminating in NREGS, broadly speaking, there were eight schemes under this head. Looking at the sector as a whole, in 1997-98, the total allocation was approximately Rs.5,850 crore. When the NDA Government completed its term of office after one plus five years, the total allocation in 2003-04 was approximately Rs.9,924 crore (that is an increase of about 70 per cent). After four Budgets of the UPA Government, the allocation for this sector in 2007-08 has risen steadily to approximately Rs.27,140 crore (that is an increase of 275 per cent over 2003-04).

Likewise, under Accelerated Rural Water Supply Programme, the allocation in 1997-98 was about Rs.1,300 crore. By 2003-04, it had increased to Rs.2,585 crore and by 2007-08, the UPA Government has increased it to Rs.6,500 crore.

The same is the story in education. From about Rs.1,800 crore in 1997-98, it rose to Rs.4,560 crore in 2003-04, but in 2007-08, the allocation is Rs.25,081 crore. The same is true of health.

If you look at Central Plan outlay by sectors, Honourable Members will find that in the three years of the UPA Government, the outlays have increased dramatically. These figures are available in the document titled 'Budget at a Glance' for the respective years. I shall quote some examples of outlays for the year 1997-98, the year before the NDA assumed office; for 2003-04, the last year of the NDA Government; and for 2007-08, for which I presented the Budget 16 days ago. For agriculture and allied activities, the outlay increased from Rs.2,756 crore to Rs.3,671 crore during the NDA Government, and under the UPA Government, it now stands at Rs.8,588 crore. The figures for rural development are Rs.6,949 crore to Rs.13,238 crore and from Rs.13,238 crore to Rs.20,342 crore. For the energy sector, the numbers are from Rs.21,129 crore to Rs.42,240 crore, and from Rs.42,240 crore to Rs.79,158 crore. For social services, the figures are from Rs.12,115 crore to Rs.31,102 crore, and from Rs.31,102 crore to Rs.80,315 crore.

I could go on and on. In every sector, the UPA Government has, at the end of three years and at the beginning of the fourth year, made much larger allocations than in all the six years of the NDA Government. You can take any sector. You will find that more money has been allocated. It is true that, in some sectors, the allocation is not adequate. Members have demanded more. Members are right. Many sectors deserve more. But, Members should kindly appreciate that while we are doing our best to raise more resources, the total envelope of resources has limited elasticity. Given the total resources available, we have done our best.

As I said in the Budget speech, there is no dearth of funds, there is no dearth of schemes, what needs to be done is to deliver the intended outcomes.

I take pride in saying that all this has been possible without departing from fiscal responsibility. We have raised revenue in a responsible manner and we have allocated funds in a responsive manner. In doing so, we have adhered to the obligations under the FRBM Act. I understand that Shri Malhotra is the President of the Archery Federation of India and I would have thought that he would have a good word for the Government's fiscal marksmanship if not for anything else. We have done better than the target for fiscal deficit and the target for revenue deficit. This is what makes India's growth story credible and sustainable. This is what encourages both the domestic investor and the foreign investor. This is what gives us the courage to go forward on the path of inclusive growth.

My Budget speech contained a little over 12,800 words. It is a matter of some satisfaction that 25 words have made a deep impression upon Shri Malhotra and some of his friends. Let me say this: I love the sea, I love trees, I love birds and I love animals. I take comfort in the fact that at least one of my predecessors shares my love for animals. The difference between us is that I have frankly admitted my concern for dogs and cats while my predecessor hid his affection in the minutae of the Finance Bill. In chapter 23 of the customs tariff occurs entry 2309.10. The rate of duty was 40 per cent. One of my predecessors reduced the duty from 40 per cent to 35 per cent. Two years later, he again reduced it from 35 per cent to 30 per cent. Shri Malhotra may be wondering who I am referring to. The two years in which customs duty on pet foods was reduced were 2000-01 and 2002-03, and the distinguished Finance Minister who did so was Shri Yashwant Sinha. When I unwittingly took the same path, I had fondly hoped that all of us are blessed with a sense of humour. May I wish Shri Malhotra not only a long life and a long tenure in the opposition but also a sense of humour? *

MR. CHAIRMAN : I shall now put the Demands for Grants on Account (General) for 2007-08 to the vote of the House.

The question is:

> "That the respective sums not exceeding the amounts on Revenue Account and Capital Account shown in the third column of the Order Paper be granted to the President of India, out of the Consolidated Fund of India, on account, for or towards defraying the charges during the year ending the 31st day of March, 2008, in respect of the heads of demands entered in the second column thereof against Demand Nos. 1 to 33, 35, 36, 38 to 61, 63 to 72, 74, 75 and 77 to 104."

The motion was adopted.

MR. CHAIRMAN: I shall now put the Supplementary Demands for Grants (General) for 2006-07 to the vote of the House.

The question is:

> "That the respective supplementary sums not exceeding the amounts on Revenue Account and Capital Account 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 31st day of March, 2007, in respect of the heads of demands entered in the second column thereof against Demand Nos. 1 to 3, 5, 7 to 11, 13 to 16, 18, 19, 21, 23, 24, 26, 28 to 33, 35, 38, 39, 41, 42, 45 to 48, 50 to 60, 63, 66, 70, 72, 75, 78, 80 to 87, 89 to 101 and 104."

The motion was adopted.

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