

THE MINISTER OF FINANCE (SHRI PRANAB MUKHERJEE): Sir, this is a policy matter, You will appreciate that it is just not possible for me to react to this.

PROF. MADHU DANDAVATE: Sir, the question has related to deposits. Since the credit need would be available only when the deposit mobilisation is good, you will permit me to ask him a question.

About the credit, sometime back, I had asked a question from the former Finance Minister that, as far as the concessional credit facilities were concerned, just as these were available to the agriculturists to form cooperatives, when the fishermen formed cooperatives, they may also naturally claim similar concessional rates to which he replied that the matter was under consideration. Is it still under consideration or is it advanced beyond active consideration? I want to have a positive reply from him.

SHRI PRANAB MUKHERJEE: I shall collect the information and pass that on to the hon. Member.

SHRI K. MAYATHEVAR: *Rose*

MR. SPEAKER: What more is there on this?

SHRI K. MAYATHEVAR: Mr. Speaker, Sir, we want to raise the deposits in our nationalised banks more and more to grant loans to the farmers and the poorer sections of the people. So far as the rate of interest in the nationalised banks is concerned, the interest paid to the customers—the creditors of the banks—is said to be very low. I therefore want to know what are the rates of interests that we are paying to the creditors and also depositors for their money. I feel that this is not attractive.

I want to know whether Government is going to have a policy to raise the interest more for the money of the depositors in the nationalised banks.

SHRI PRANAB MUKHERJEE: If he wants us to give the concessional rate of interest on the deposits to the borrowers as well as the depositors, this is a contradictory proposition.

So far as the bank deposits are concerned, it is known to the hon. Member that my predecessor had increased it even for the medium term deposit—earlier the maximum rate was for five years and now it is for three year's deposit—so as to attract depo-

sits at that rate of interest. In regard to concessional credits to the priority sectors, we ought to strike a balance because, after all, it is known to the hon. Member that nearly Rs. 43 out of every hundred rupees is deployed by the banks at a much lower rate of interest than that at which they are borrowing from the people. Therefore balance has to be managed from Rs. 57/-. So, we strike a balance and whatever was thought appropriate has been done.

Overdrafts of Rajasthan and West Bengal

***380. SHRI CHITTA BASU:** Will the Minister of FINANCE be pleased to state:

(a) whether the overdrafts of Rajasthan and West Bengal will be worked off in instalments over the next two years; and

(b) whether the State Governments have since agreed with the proposal?

THE MINISTER OF FINANCE (SHRI PRANAB MUKHERJEE): (a) and (b). The State Governments are expected to make good the deficits that may arise at the end of 1981-82. It is proposed to discuss this matter with them.

SHRI CHITTA BASU: Sir, may I know from the hon. Minister whether it is not a fact that the Government of West Bengal expressed some doubt about the figure relating to accumulated overdraft compiled by the Reserve Bank of India and they also suggested that there should be a committee consisting of the representatives of the Government of India, Reserve Bank of India and Government of West Bengal? May I know what is the specific objection for the Government of India not to accede to this legitimate demand of the West Bengal Government? Will it not lead to an attitude of confrontation between the two as they feel it is an attempt to put the State Government in disrepute and denigrate it?

SHRI PRANAB MUKHERJEE: Sir, I am not going into the merits as to whether this demand is just or not. One point we shall have to keep in mind is that the Reserve Bank of India has given its figures to the State Government. State Government had not maintained the record and they have difficulty in checking. But I have asked the West Bengal Chief Minister to examine the records of the RBI and tell the area of doubt. What is the need of having a committee? The records of RBI are open for examination by them. After getting it examined if they find they have an area of doubt then we will discuss with them. There is no question of constituting a committee consisting of the representatives of Central Government, Reserve Bank of India and West Bengal Government. What else they will do when I am agreeing to let them examine the records of the Reserve Bank of India. After they have examined and if they are not satisfied let them identify the areas and point out that they have this area of dis-satisfaction.

SHRI CHITTA BASU: I understand the Finance Ministry and the Ministry of Planning have so far decided to reduce the size of the State Plan of Rajasthan and West Bengal to the extent of the magnitude of overdrafts of these States. This is an important financial policy of the Government. If that is so, the entire developmental work of the States will suffer because the Central Government takes recourse to deficit financing and in that particular situation State Governments also take recourse to overdraft from the Reserve Bank of India. The root cause and impact of overdraft and deficit financing is more or less the same which applies both to the Central Government and the State Governments. Instead of making an in-depth study as to how this basic problem can be solved the Government has, as far as I know, decided to reduce the Plan size of Rajasthan and West Bengal. Would the Government have a fresh look into the matter? Sir, as you know, there is

deficit financing to the tune of Rs. 9,000 crores by the Central Government. If that is the criteria then the Annual Plan of the Central Government will get reduced to an insignificant amount. If this policy is taken recourse to, in regard to the size of the State's plan, the entire developmental process will be brought to a halt. Therefore, would the Government change its basic attitude in this respect particularly in regard to deficit financing of the States?

SHRI PRANAB MUKHERJEE: The Hon. Member has taken some time. So I will also take some time to reply to it in some detail. The first part is this. The question was raised in the NDC. My reaction to the suggestion of West Bengal is quite clear; I have made it quite clear and I am reiterating it. The overdraft from the Reserve Bank cannot be treated as a plan resource. It is not the question of West Bengal or Rajasthan or any State Government. If they do not adhere to fiscal discipline, I shall have no option but to resort to a very painful duty of closing the tap. (Interruptions) Why not? I am coming to that. You are talking of reducing plan size of West Bengal. I am talking of Rajasthan, because we have protected Rajasthan's plan of this year. So far as the year 1982-83 is concerned, we have protected the plan size of Rajasthan to that extent. I have mentioned this in my main reply, saying, how the deficit will be adjusted. There is a straight formula. I am not deviating from that formula. The deficit will have to be adjusted over a period of 3 years. This formula is applicable to each and every State Government. So far as these 3 states of West Bengal, Rajasthan and Kerala are concerned, we found that if we wanted to apply this formula, the plan size of these three States would be reduced in actual terms from the level of 1981-82. So, I told them "I would like to protect your plan size at the level of 1981-82 so far as 1982-83 is concerned. But in regard to adjustment, I am prepared to sit with you, you will have to come forward with your proposal; since you have borrowed from the Reserve Bank; how you

are going to pay it off, it is for you to come up with your formula and I am prepared to cooperate with you." I made this point very clear. You are talking of reducing of plan size I do not know what the plan size of West Bengal is. I think, last year, West Bengal's plan size was Rs. 638 crores. That was the plan size of 1981-82. It is in our Plan document. It is also in the Plan Document of the State Government. Till today, even granting certain assumptions, they will not be able to spend more than Rs. 502 crores. Where is the question of reduction of plan size? Whatever was allocated, they have not been able to spend. So far as spending of the year 1981-82 is concerned it is going to be of the order of Rs. 502 crores. Otherwise, you give your figure to me and show me this. Even today, that is, on 11th March, their overdraft is Rs. 281.02 crores. The position of Rajasthan and Kerala is different. Kerala had a plan size of Rs. 275 crores. That was also CPM Government. Their actual spending was Rs. 295 crores. But so far as West Bengal is concerned, their Plan size was Rs. 638 crores and they have spent Rs. 502 crores. And you are saying that plan size has been reduced! Here, the peculiar position that they are taking is this: 'You first indicate to me how much money you are giving to us, and then, I will decide my plan size'. Now, Sir, this is a very peculiar position to take, and Government of India cannot accept this position.

SHRI NAWAL KISHORE SHARMA: He is right on the question of adjustment of overdraft to plan resource. Rajasthan has got continuous drought over the last 4 years. The Sixth Finance Commission has made a recommendation that in case of natural calamities special assistance has to be provided. In view of this position, may I know whether the Government would consider setting off the overdraft of Rajasthan as per the recommendation of the Sixth Finance Commission and would take a benevolent attitude on the question of overdrafts

so far as Rajasthan is concerned?

SHRI PRANAB MUKHERJEE: I have already explained the position. These three States are in one category. So far as the adjustment for the current year is concerned, I have already mentioned that adjustments have not been done. In regard to the provision for drought relief, there is a set formula of the Finance Commission, and it would not be possible for me to overstep that formula and to accommodate or adjust in a bigger way. Whenever the next Finance Commission is set up, it can look into the aspect of assistance for natural calamities. There is a separate allotment for that, but with regard to the quantum, magnitude or how it will be adjusted, we are adhering to the recommendations of the Finance Commission and making necessary adjustments.

SHRI NAWAL KISHORE SHARMA: It makes a special mention about these States. Would you invoke that?

SHRI PRANAB MUKHERJEE: There is no special mention about any State, but I do appreciate that Rajasthan has a serious problem because of the unprecedented drought and that is not equally applicable to many other States.

In regard to West Bengal, I have already mentioned that they have not even given us the figure about their actual plan expenditure, but from the trend during 1980-81, we have made an estimate that perhaps they can spend upto Rs. 502 crores. If that is the position, what can I do?

SHRI NIREN GHOSH: The Minister has chosen to make a strange accusation. He talks of fiscal discipline which he does not apply to the Central Government. This is the way he speaks to. He also knows that over a number of years, the Plan allocations for the West Bengal State have been consistently reduced by the Centre. He also knows that in the last few year the overdraft suddenly shot up to the extent of 100 to 150 crores in 4-5 months. But there was some agitation in the Reserve Bank, therefore, from the Calcutta Office, the West

Bengal Government did not get any accounts whatsoever. Now, the Reserve Bank is giving its own figures, which are doubtful. That is why, they have proposed that a Committee be set up to go into it because the Reserve Bank is not beyond doubt in this respect. Not only that, he says that they cannot spend more than Rs. 502 crores. Did he put this question to the Finance Minister, West Bengal? If so, what reply did he give? It has never appeared in the press. Now, he makes this accusation. It is a discriminatory treatment that I accuse the Government of....(Interruptions). Let him reply. Is it not a fact that they have consistently reduced the plan allocation to West Bengal? (Interruptions) D

MR. SPEAKER: They are from the same State; they understand each other.

SHRI PRANAB MUKHERJEE: Now I am from Gujarat.

So far as the question of accusation is concerned, it is not my job; I have entrusted this to my friends sitting on the opposite. It is their job, and day in and day out, they are doing this. I have no intention to compete them in that.

So far as my meeting the West Bengal Finance Minister is concerned, I did not have the privilege of meeting him, because he did not see me. If he does not see me, what can I ask him? But this point was discussed with the officers, and we wanted to know, what was their plan expenditure, so far as the current year is concerned and what they have done. We wanted to know, what they have spent, what was the prospective area of resources that they were trying to identify and mobilise additional resources. This data and information is necessary for us. But if you simply take this position. "You first tell me how much money you are going to give me and then I

will do it accordingly," the Government of India cannot accept that position.

SHRI SATYASADHAN CHAKRABORTY: Sir, the Minister is deliberately misleading the House. This is of vital importance. Our Plan allocation is reduced and you are misleading the House, Mr. Finance Minister. Sir, give me a chance to prove my point.

SHRI PRANAB MUKHERJEE: Sir, if I dare to mislead the House in the presence of Shri Satyasadhan Chakraborty, I am taking a grave risk of facing half a dozen privilege motions. (Interruptions).

Sir, for the benefit of the Hon. Members, I am going back a little from 1981-82 to 1980-81. In 1980-81 their actual share was Rs. 575 crores and the actual expenditure was Rs. 375 crores. This is the actual. Therefore, this was discussed in the Planning Commission.

SHRI SATYASADHAN CHAKRABORTY: Sir, let there be a Call Attention. We are ready to face honestly speaking. Let there be a debate. Let there be a Call Attention. In 1980-81 your Central assistance was of Rs. 119 crores and in 1981-82 you reduced it to Rs. 119 crores.

(Interruptions)

MR. SPEAKER: Please sit down. Why have you become Chhui Mui?

(Interruptions)

SHRI MAGANBHAI BAROT: Sir, I would like to know from the Hon. Finance Minister whether it is a fact that so far as the West Bengal Government is concerned, the Reserve Bank has given the correct figures as to what their overdraft is, which the West Bengal Government is challenging; and when the Reserve Bank has asked if their figures are not correct, and asked the West Bengal Government to produce their figures, they have refused to give it. Is it correct, Sir?

SHRI PRANAB MUKHERJEE: This is the point I have mentioned. And I have gone one step forward. I have requested them "you examine the Reserve Bank figure, if you don't have your own figure."

**Memorandum to Government by
Ex-Servicemen**

*381. SHRI ARJUN SETHI:
SHRI M. RAMGOPAL
REDDY:

Will the Minister of DEFENCE be pleased to state:

(a) whether recently a memorandum was submitted to Government by ex-servicemen for removal of disparities in the pension rates of old and new pensioners, revision of pensions, etc; and

(b) if so, the details thereof and reaction of Government thereto?

THE DEPUTY MINISTER IN THE MINISTRY OF DEFENCE (SHRI K. P. SINGH DEO): (a) and (b). A statement is laid on the Table of the House.

Statement

A memorandum addressed to the President by the All India Ex-Servicemen Welfare Association, Haryana State has been received, which contains the following demands:

(i) Removal of disparities in pension;

(ii) Grant of family pension to the widows of those who retired prior to January, 1964;

(iii) Restoration of commuted portion of pension to service pensioners who live beyond the normal span of life;

(iv) Guaranteeing of re-employment of ex-servicemen after retirement, under the Constitution of India;

(v) Amendment of laws to ensure that every ex-servicemen on retirement is handed back possession of his house and agricultural land.

2. Government are fully alive to the need to improve the conditions of ex-servicemen and several steps have been taken in this regard. Some of these are given below:—

(i) Rates of pension of service personnel have been revised from time to time. These were last revised with effect from 1-4-1979. Pensionary emoluments of old pensioners also have been enhanced by grant of temporary/ad-hoc increase, ad-hoc relief and periodic relief, from time to time. Now, a Sepoy who retired prior to June 1953 with a pension of Rs. 5 p.m. will be entitled to a total pension of Rs. 130 p.m. including relief. A Naib Subedar who retired at that time with a pension of Rs. 40 p.m. is now entitled to a total pension (including relief, amounting to Rs. 157.50 p.m.

(ii) The Finance Minister has announced in the Parliament on 15th March, 1982:—

(a) the release of 4 instalments of periodic relief to pensioners, which had become due with effect from 1-8-1981, 1-10-1981, 1-11-1981 and 1-1-1982;

(b) merger of dearness allowance at the index average level of 320 with pay for the purpose of retirement benefits, with effect from 31-1-1982; and

(c) raising of upper ceiling of death-cum-retirement gratuity admissible to Central Government employees on retirement, from Rs. 30,000 to Rs. 36,000.

(iii) The Finance Minister has proposed in his Budget Speech, to raise the minimum retiring pension and family pension including relief, to Rs. 150 p.m. and Rs. 140 p.m. respectively.

(iv) The facility of standard deduction for the purpose of calculation of income-tax, has been extended to the pensioners.

(v) Steps have also been taken for the welfare and settlement of ex-