

[English]

**State's share in Small Savings Collections**

\*1088. PROF. MADHU DANDAVATE : Will the Minister of FINANCE be pleased to state :

(a) whether the changes in the pattern of investments of the Employees Provident Funds as well as discontinuance of Cumulative Time Deposit Schemes of Post Offices have adversely affected the share of States in small savings collections;

(b) if so, whether deductions towards withdrawals of deposits made from Exempted Employees Provident Funds aggravate the position further; and

(c) if so, whether Government propose to make upward revision of interest on National Savings Certificates and reintroduce Post Office Cumulative Time Deposit Schemes ?

THE MINISTER OF STATE IN THE DEPARTMENT OF ECONOMIC AFFAIRS IN THE MINISTRY OF FINANCE (SHRI EDUARDO FALEIRO): (a) and (b). Small Savings loans to State Governments have not been reduced on account of change in the investment pattern of Employees Provident Funds and discontinuance of Cumulative Time Deposit Schemes. The loans released during preceding three years are :

1985-86	Rs. 2903 crores
1986-87	Rs. 2800 crores
1987-88	Rs. 3097 crores

(c) No, Sir.

PROF. MADHU DANDAVATE : In giving the reply the Minister has proved to be cleverer than I imagined him to be. I readily ask: what are the correct figures in place of the misleading figures that he has given ? Not withstanding what he has said by way of reply, is it not a fact that the Government of India from 1st of April has been changing the policy of investment and diverting the investment of Provident Funds from small-scale to special deposits scheme giving advantage only to the Central Government and thereby robbing

the States. Again there were cumulative time deposit schemes of Post Offices ? When that was discontinued also, the States have also suffered and as a result of that, is it not a fact that figures which you have quoted are misleading figures because they do not give the absolute pictures. He has only given increasing figures, such as 2903 crores, 2800 crores, etc. But he has not told the House as to what was the expectation and what was the actual result. I would like to know from him whether the statistics which I am placing here are correct or not, as against the absolute statistics that he has given. After changing of the pattern of investment, is it not a fact—I am talking of Maharashtra State—that in 1986-87, the projected loan assistance was Rs. 699 crores—let us leave the decimal points ? But the actual estimate was Rs. 572 crores and therefore the shortfall. Was it not Rs. 127 crores ? Again in 1987—again it contradicts you—is it not a fact that the projected loan assistance for Maharashtra was Rs. 874 crores and actual estimate was Rs 456 crores only. I have also got the figures for 1989-90. In 1988-89, whereas the projected loan assistance was of the order of Rs. 1093 crores, was not the actual estimate of Rs. 501 crores and again giving a shortfall of Rs 591 crores. So, I would like to know from him whether it is not a fact that in the three consecutive years, the shortfall was Rs. 127 crores, 418 crores and Rs. 591 crores respectively and if it is so, is it not a great loss to a State like Maharashtra which has shown a record performance as far as collections are concerned, small-scale saving collections are concerned ?

SHRI EDUARDO FALEIRO : To being with, I would say it is not a great loss to Maharashtra and what is more important is .....

PROF. MADHU DANDAVATE : I have taken only one State.

SHRI EDUARDO FALEIRO : I am replying to all our friends and particularly Prof. Madhu Dandavate that it is not a great loss to Maharashtra. That I will say in a moment and surely the State of Maharashtra, as far as small savings are concerned, is not a record to be proud of

in the manner in which he has said. I will go to that point in a moment. But then, Sir, beginning from where he began, that is, why we have changed the investment pattern, let me say that there was a change in 1986 in the budget speech of the then Finance Minister.

PROF. MADHU DANDAVATE : We are not concerned with that.

SHRI EDUARDO FALEIRO : But you are raising it Sir, he is raising something which was done by the then Finance Minister in 1986.

PROF. MADHU DANDAVATE : Since he has referred to that, I am on record that even at that time I vigorously opposed that.

SHRI EDUARDO FALEIRO : Let me say that the then Finance Minister made these changes for good reasons and I will not now mention what are those reasons. The important reason for changing the investment pattern of employees' provident fund from 1st April 1986 is (i) where it is not required any effort on the part of the State Governments including the Government of Maharashtra in getting the deposits of EPF since that investment pattern was prescribed by the Central Government and the Fund Authority automatically made these investments in Post Offices account; All of us are concerned that it is the workers who are benefited as result of change of pattern by getting increased rate of interest and (ii) to improve the return to the workers on contributing to the provident fund the investment by EPF get diverted to special deposit account which carry 12% rate of interest as against 11% admissible in the Post Offices time deposit accounts. Finally, the earlier arrangement was somewhere iniquitous in the sense that while workers contributing their provident fund is spread all over the country, the headquarters of the company was located in metropolitan towns, particularly Bombay, and the deposits of provident fund were made on those States only. Attempts to find equitable method of allocating such deposits to other States did not succeed. Now, Sir, how change has been made good by the Government of India....

PROF. MADHU DANDAVATE : I have quoted the figures.

SHRI EDUARDO FALEIRO : Those figures are not admissible, those figures are incorrect, those are estimates, which are inflated estimates, they are not the estimates of the Government of India.

Now, let me say this. As far as the change in investment pattern is concerned, to remedy the situation which in fact affected all the States—and that I admit—two steps were taken : (1) To raise the States' share from two-thirds to three-fourths from 1st April 1987. As far as Maharashtra is concerned with which the Member is particularly concerned, additional Rs. 17 crores were given to Maharashtra over and above what was given to other States as for the formula of increasing from two-thirds to three-fourths because they suffer a good deal, rightly or wrongly they did suffer, most of the companies are in Bombay and they were getting the money. (2) To monitor the progress of collection and give *ad hoc* loans, Rs. 232 crores in 1986-87 and Rs. 349 crores in 1987-88 were given, for Maharashtra Rs. 42 crores in 1986-87 and Rs. 87 crores in 1987-88 were given. Sir, in addition, for Maharashtra special dispensation was given by loans against withdrawals of non-exempted Employees' Provident Fund, the loans thus given were Rs. 186 crores in 1986-87 and Rs. 237 crores in 1987-88 which loans were above what Maharashtra would have normally got. I do not want to go in further details in order not to take the time of the House.

PROF. MADHU DANDAVATE : Before I go to the next question, I may tell you....

PROF. N. G. RANGA : Both of them are experts from Maharashtra, the same Bombay, and they are monopolising the whole Question Hour.

MR. SPEAKER : Because they control the finances, they have financial interest in this.

PROF. MADHU DANDAVATE : Sir, with Prof. Ranga's permission, may I supplement this ?

**PROF. N. G. RANGA :** You could have put a separate question. You make the whole House suffer from statistics.

**PROF. MADHU DANDAVATE :** What to do? Finance has to deal with statistics, rupees have to deal with statistics, Bofors Commission had to deal with statistics.

Sir, before I ask my second Supplementary, let me remain on record that the figures which I have quoted and which you said are incorrect are the figures given by the Finance Minister of Maharashtra, the Finance Ministry had supplied them, and we will have to find out whether the privilege should come in this House or the privilege should come in that House, who has actually given the wrong answer. We will decide it afterwards.

Sir, in para (b) of my question I had asked: 'Whether deductions towards withdrawals of deposits made from Exempted Employees' Provident Funds aggravate the position further.' Sir, I would like to ask him a question about a specific situation that arises. When the Provident Fund amount is actually paid and deposited, we suppose that it is put in the National Savings Certificates and then they mature, then actually the amounts are withdrawn. When the amounts are withdrawn, you will find that is not taken note of and whatever is left behind, on the basis of that the loans are given and as a result of that also various States are suffering, the Maharashtra State is also suffering and as a result of that, I am enquiring specifically whether he will restore the original position which existed rather having this revision which has caused great agony to various States as far as their finances are concerned.

**SHRI EDUARDO FALEIRO :** Sir, firstly on the figures I will give the correct figures as we have them. The assumption made in the annual plan for the two years are as follows :

For 1986-87 the plan assumption was Rs. 572 crores. As far as Maharashtra is concerned, the actual loan given was Rs. 572 crores. For 1987-88 the assumption was Rs. 400 crores and the actual loan given was more—Rs. 572 crores again. So, this is the position as far as the figures go.

Now, as far as the exempted funds go and as far as the non-exempted funds go, let me say this that to make this situation more equitable, the Government had the Dighe formula of Mr. Dighe who could not be adverse to the Maharashtra interests, and then the formula allocated..

**PROF. MADHU DANDAVATE :** Dighe formula ?

**AN HON. MEMBER :** Sharad Dighe !

**SHRI EDUARDO FALEIRO :** No. Allocation was made to different States and actually Maharashtra continued to get the benefits. It is because the formula was applied retrospectively. Actually, Maharashtra has to reimburse the Government of India and we have not asked the reimbursement.

Now the position is, in short as far as exempted employees provident fund is concerned, I have said, we made good the loss. The share of the States has been increased from 2/3rds to 3/4ths. I have also said, *ad hoc* loans have been given and special interest has been shown in Maharashtra.

#### Performance of Export Promotion Councils

\*1090. **SHRI K. RAMACHANDRA REDDY :** Will the Minister of COMMERCE be pleased to state :

(a) whether the decline in exports indicates the unsatisfactory performance of the Export Promotion Councils; and

(b) if so, whether it is proposed to revamp these bodies suitably with representation from workers/craftsmen ?

**THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE (SHRI P. R. DAS MUNSI) :** (a) and (b). A statement is given below.

#### Statement

There has been no decline in exports. On the contrary, overall exports have increased by 15.3% during the year 1986-87 and by an estimated 24% during the first eleven months of the year 1987-88.

The performance and functioning of Export Promotion Councils is reviewed