

### Income and Expenditure from Sales Tax

4442. SHRI SURAJ BHAN :  
SHRI ATAL BIHARI  
VAJPAYEE :

Will the Minister of FINANCE be pleased to state :

(a) State-wise present income and expenditure of the Centre and each State from sales tax; and

(b) any proposal for reforms; if so, what they are; if not, the reasons ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SAWAI SINGH SISODIA) :

(a) Levy of tax on sales or purchases of goods taking place within a State is a State subject of taxation under Entry 54 of List II of the Seventh Schedule to the Constitution. The proceeds from Central sales tax levied on inter-State sales of goods under the provisions of Central Sales Tax Act, 1956 have been assigned to the States and the administration of this Act has also been entrusted by law to the States. The requisite information is being collected from the States and will be laid on the Table of the House.

(b) In view of the wide-spread and long standing demand for basic reforms in the sales tax structure obtaining in the country, the Finance Minister convened two conferences of Chief Ministers and Ministers-in-charge of sales tax of States in September, 1980 and February, 1981 to discuss the problem in all its aspects. In pursuance of the recommendations made in these Conferences of Chief Ministers, following steps in the direction of reforming the sales tax system have been initiated by the Central Government.

(i) The Constitution (Forty-Sixth Amendment) Bill, 1981, which

seeks *inter-alia* to plug certain loopholes and deficiencies noticed by the States in the administration of sales tax laws was introduced in the Lok Sabha on 3-4-81. The Bill has since been passed by the Lok Sabha as the Constitution (Forty-Sixth Amendment) Bill, 1982 and is now awaiting consideration by the Rajya Sabha.

(ii) The Law Commission has been requested through the Ministry of Law, Justice & Company Affairs to undertake on a priority basis the drafting of a model sales tax law for consideration of the States.

(iii) An Expert Committee, under the Chairmanship of Shri Kamalapati Tripathi, Member of Parliament is presently studying the financial implications of the proposal for inclusion in the list of 'declared goods' and for levy of additional excise duty in lieu of sales tax on vanaspati, drugs and medicines, cement, paper and paper board and petroleum products and the manner in which the financial interests of the States can be safeguarded. The Committee is to submit its report by 30-9-1982.

### Follow up action with regard to abolition of Octroi Duty

4443. SHRI SURAJ BHAN:  
SHRI ATAL BIHARI  
VAJPAYEE :

Will the Minister of FINANCE be pleased to state :

(a) States and Union Territories where octroi duty is levied and what were the assurances in the Conference of Chief Ministers in September,

1980 regarding abolition of the said duty ;

(b) follow-up action taken; and

(c) results achieved in these two years ?

THE MINISTER OF FINANCE (SHRI PRANAB MUKHERJEE): (a) The States and Union Territories where Octroi duty is levied are :

Gujarat, Haryana, Jammu & Kashmir, Maharashtra, Manipur, Orissa, Punjab, Rajasthan, Uttar Pradesh, West Bengal, Delhi, Pondicherry, and Goa, Daman & Diu.

The question of abolition of octroi was considered in the Conference of the Chief Ministers on the 16th and 17th September, 1980. The Chief Ministers agreed that octroi was an undesirable levy and should be abolished, but some of them stated that octroi was a significant source of revenue for the local bodies and finding adequate source of revenue to recoup the loss would be difficult, and hence suggested a measure of compensation from the Central Government. While summing up, the Union Finance Minister stated that abolition of octroi was in the interest of the States and should be undertaken in progressive stages. He suggested that, as a first step, octroi should be given up in respect of places having a population of less than two lakhs. He stated that loss in revenue could be met in some way or the other by the States, if necessary, by imposing a suitable surcharge on sales tax and passing on the proceeds to the respective municipalities. He did not favour the suggestion that the Centre should compensate the States for abolition of octroi as the Centre was providing Central assistance for State Plans and, if compensation was to be provided for abolition of octroi, the Central assistance for State Plans would be

reduced to that extent. The Union Finance Minister's suggestion was, by and large, favourably received by the Chief Ministers.

(b) and (c). After the conference of the Chief Ministers on the 16th and 17th September, 1980, the State Governments were requested to intimate the action proposed to be taken by them regarding phased abolition of octroi. The following State Governments/Union Territories have intimated the action taken by them in this regard ;

1. The Government of Himachal Pradesh has abolished octroi in the State from 1st April, 1982.

2. The Government of Gujarat has accepted in principle abolition of octroi and introduction of Entry Tax in its place. That Government has since intimated that the various aspects of the proposed Entry Tax legislation are being considered by the State Government in the light of the experience gained from the implementation of the Entry Tax Acts in Karnataka and Madhya Pradesh. The legislation is proposed to be finalised after discussions, with the representatives of trade, commerce, industry and local bodies.

3. The Government of Maharashtra has decided to abolish octroi but the decision has not been implemented owing to difficulty of raising alternative resources. The State Government has constituted a Committee of Experts to review the existing taxation structure—both State and Local—with a view to suggesting changes therein for mobilising additional resources. The committee is expected to make specific recommendations for raising resources for replacement of octroi. The Committee's report is awaited by the State Government.

4. The Government of Punjab has constituted a High Power Committee

to study the matter of abolition of octroi in the State and to find out way and means for its replacement.

5. The Government of Haryana has not taken any view on the abolition of octroi. It is however considering the question of abolition of octroi on a selective basis on certain items.

6. The Governments of Orissa, Rajasthan and Uttar Pradesh are examining the matter regarding abolition of octroi.

7. The Government of Manipur has stated that, in view of the constraint of resources, it is not possible to abolish octroi unless the Central Government gives adequate compensation.

8. The Government of West Bengal has stated that octroi in the State is confined only to the Calcutta Metropolitan area. It has further stated that the State Government is unable to abolish octroi unless alternative sources of income, which will fully compensate the loss with assured buoyancy, can be suggested because the State Government's own resources raising-powers do not present any scope for such an alternative. Calcutta, however, does not fall in the first phase which envisages abolition of octroi in respect of places having a population of less than two lakhs.

9. The Government of Jammu & Kashmir has been holding consultations with its local bodies on the abolition of octroi.

10. In the Union Territories, Octroi is levied in Goa, Daman and Diu and Pondicherry. In Delhi, Terminal Tax on goods carried by railways and roads is levied. The question of abolition of octroi in Goa, Daman and Diu and Pondicherry is being examined by these Union Territory Administrations. Delhi does not fall in the first phase

which envisages abolition of octroi in respect of places having a population of less than two lakhs.

There is no octroi in other States/ Union Territories.

#### **Provision for Special Component Plan for SC People's Betterment**

4444. SHRI SURAJ BHAN : Will the Minister of TOURISM AND CIVIL AVIATION be pleased to state :

(a) the total amount provided for the betterment and development of Scheduled Caste people under the "Special Component Plan" in his Ministry for the years 1980-81 and 1981-82 separately;

(b) the amount actually spent under the said plan during the said two years separately; and

(c) the reasons for no less expenditure for each year ?

THE MINISTER OF TOURISM AND CIVIL AVIATION (SHRI A.P. SHARMA) : (a) No Special Component Plan Schemes has been provided exclusively for the betterment and development of Scheduled Caste people during 1980-81 and 1981-82.

(b) and (c). Do not arise.

#### **National Handloom Financing and Development Corporation**

4445. SHRI D. M. PUITE GOWDA :

SHRI H. N. NANJE GOWDA :

Will the Minister of COMMERCE be pleased to state :

(a) whether Government have recently set up a National Handloom