

**COMMITTEE ON GOVERNMENT ASSURANCES  
(1999-2000)**

**THIRTEENTH LOK SABHA**

**THIRD REPORT**

**(REQUEST FOR DROPPING OF ASSURANCES)**



**LOK SABHA SECRETARIAT  
NEW DELHI**

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**Composition of the committee on government assurances\***  
**(1998-99)**

Chairman

Shri E. Ahamed

Members

2. Shri Amrik Singh Aliwal
3. Shri Mohd. Ali Ashraf Fatmi
4. Shri Vijay Goel
5. Shri Tarun Gogoi
6. Shri Ganga Ram Koli
7. Shri Sanat Kumar Mandal
8. Shri Rupchand Pal
9. Shri Hari Kewal Prasad
10. Shri A. Venkatarami Reddy
11. Shri Dileep Sanghani
12. Shri A Siddaraju
13. Shri Sartaj Singh
- \*\*14. Dr. Sunguna Kumari Chelia Melia
- \*\*\*15. Shri Uttamrao Deorao Patil

Secretariat

- |    |                     |   |                      |
|----|---------------------|---|----------------------|
| 1. | Dr. A.K. Pandey     | - | Additional Secretary |
| 2. | Shri P.D.T. Achary  | - | Joint Secretary      |
| 2. | Shri K. Chakraborty | - | Deputy Secretary     |
| 3. | Ms. J.C. Namchyo    | - | Assistant Director   |
- 

\* The Committee was nominated by the Speaker w.e.f. August 6,1998 vide Para No.553 of Lok Sabha Bulletin Part-II dated August 6, 1998

\*\* Nominated to the Committee on August 20, 1998 as published vide para No. 585 of Lok Sabha Bulletin-Part II, dated August 20, 1998 vice, 1998 Shri Arjun Charan Sethi resigned.

\*\*\* Nominated to the Committee on December 3, 1998 as published vide para No. 768 of Lok Sabha Bulletin-Part II, dated December 3, 1998 vice shri Prithviraj D. Chavan resigned.

Composition of the committee on government assurances\*  
(1999-2000)

Chairman

Dr. S. Venugopal

Members

2. **Shri E. Ahamed**
3. Shri Haribhai Chaudhary
4. Shri Padam Sen Choudhry
5. Shri Priya Ranjan Dasmunsi
6. Adv. Uttamrao Dhikale
7. Shri Brahma Nand Mandal
8. Shri Sudarsana E.M. Natchiappan
9. Shri Rupchand Pal
10. Shri Ravindra Kumar Pandey
11. Shri Sukhdeo Paswan
12. Dr. Prasanna Kumar Patasani
13. Shri Jitendra Prasada
14. Shri Maheshwar Singh
15. Shri Manoj Sinha

Secretariat

- |    |                     |   |                      |
|----|---------------------|---|----------------------|
| 1. | Dr. A.K. Pandey     | - | Additional Secretary |
| 2. | Shri P.D.T. Achary  | - | Joint Secretary      |
| 3. | Shri K. Chakraborty | - | Deputy Secretary     |
| 4. | Ms. J.C. Namcho     | - | Assistant Director   |

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\* The Committee was nominated by the Speaker w.e.f. December 28,1999 vide  
Para No.327 of Lok Sabha Bulletin Part-II dated December 28, 1999

## **INTRODUCTION**

I, the Chairman of the Committee on Government Assurances having been authorised by the Committee to submit the Report on their behalf, present this Report of the Committee on Government Assurances.

The Committee (1999-2000) was constituted on December 28, 1999.

The previous Committee (1998-99) at their sittings held on March 18, 1999 and April 6, 1999 considered inter-alia Memoranda Nos. 27, 28, 29, 30, 32, 34 and 36 containing requests received from the Ministries/Departments of the Government of India for dropping of pending assurances.

As the 12 Lok Sabha dissolved prematurely report on the subject could not be considered by the previous Committee.

At their sittings held on August 22, 2000, the present Committee (1999-2000) considered and adopted the draft Report.

The Minutes of the aforesaid sittings of the Committee form part of this Report (Appendices).

The conclusions/observations of the Committee are contained in this Report.

NEW DELHI;  
August 22, 2000  
Sravana 31, 1922(Saka)

DR. S. VENUGOPAL  
Chairman  
Committee on Government Assurances

## CHAPTER –I

### LEASE OF LAND/BUILDING TO FOREIGN EMBASSIES MISSIONS

1.1 On August 7, 1995, Maj. Gen. (Retd.) Bhuwan Chandra Khanduri, Shri Atal Bihari Vajpayee and Dr. Lakshmi Narayan Pandey, MPs addressed the following Unstarred Question No. 1007 to the Minister of Urban Affairs and Employment:-

“(a) the names of the foreign embassies/missions in India whose lease in respect of land and buildings occupied by them has expired as on March 31, 1995;

the arrears of lease money, if any; and

the steps taken to renew their lease?”

1.2 In reply, the then Minister of State in the Ministry of Urban Affairs & Employment (Shri P.K. Thungon) stated as follows:-

**“(a) to (c) : The lease in respect of land and building occupied by the British High Commission in Delhi expired on 31.12.1989.**

**A sum of over Rs. 65.35 lakhs is due. Negotiations for executions of the fresh lease agreement and terms and conditions thereof are reportedly under consideration of the Ministry of External Affairs in consultation with British authorities.”**

The above reply to the question was treated as an assurance and was required to be implemented by the Ministry of Urban Affairs & Employment by November 6, 1995 i.e. within three months of the date of assurance given by the Minister.

The Ministry of Parliamentary Affairs vide their U.O. Note No. XIV/UD(25) USQ-1007-LS/95 dated 10.8.98 have forwarded a request of the Ministry of Urban Affairs and Employment for dropping of the aforesaid assurance on the following grounds: \_

**“ that lease in respect of land and building occupied by the British High Commission (2, Rajaji Marg) expired on 31.12.89. A sum of Rs. 65.35 lakhs has been found outstanding against the British High Commission for the period between 27.12.88 to 31.12.89 and negotiations for execution of the fresh lease agreement and terms and conditions thereof are under considerations of Ministry of External Affairs (MEA). As the action relating to execution of lease agreement (and the payment of the dues of Rs. 65.35 lakhs due to dispute regarding retrospective application of the upward revision in the rate of ground rent) is being negotiated with the British High Commission, the MEA was requested to take over the assurance for the fulfillment. The Ministry of External Affairs, have declined to do so.**

This Ministry is of the view that no meaningful purpose will be served by keeping the assurance pending for an indefinite period especially when the matter relating to

execution of lease agreement between Ministry of External Affairs and British High Commission is already under active consideration as also the matter relating to recovery of arrears of ground rent.

**The Ministry of Parliamentary Affairs may consider dropping the assurance. However, the interest of the Government of India will be watched by the Ministry of External Affairs while negotiating the terms of agreement of the extension of lease in respect of B-2, Rajaji Marg.”**

1.5 The Committee considered the request of the Ministry of Urban Affairs & Employment at their sitting held on April 6, 1999. The Committee decided not to drop the assurance and called for the Status Report from the Ministry of External Affairs as also from the Ministry of Urban Affairs & Employment. The Committee have not yet received any information either from the Ministry of External Affairs or the Ministry of Urban Affairs & Employment. The Committee note that the lease in respect of land and buildings occupied by the British High Commission in Delhi had expired on 31 December 1989 but due to dispute regarding retrospective application of the upward revision in the rate of ground rent, fresh lease had not yet been executed. The Committee are not in a position to comment about the stance taken by the Government as they have not been apprised of the full facts. The Committee, however, regret to comment that the Ministry of urban Development and Ministry of External Affairs, are taking unduly long time to resolve this issue. The Committee deplore the lackadaisical attitude of both the Ministries to furnish the information at the earliest.

## CHAPTER –II

### SONEPUR BAZARI PROJECT

2.1 On August 2, 1996 Shri Haradhan Roy, MP addressed the following Unstarred Question No. 2768 to the Minister of Coal referring to the reply given to Starred Question No. 217 on March 11, 1992:-

“(a) whether the land losers in Sonepur and Bazari villages have since been rehabilitated;

if so, the details thereof and if not, the reasons therefor;

whether the remaining six villages are likely to be rehabilitated by 1996-97;

if so, the details of the steps taken in this respect; and

if not, the reasons therefor?”

2.2 In reply, the then Minister of State for Coal (Shrimati Kanti Singh) stated as follows:-

“(a) **Only a part of Sonepur Village has been rehabilitated.**

**Ruidaspara-part of Sonepur village consisting of 68 families has been rehabilitated. Other part of Sonepur and Bazari village could not be shifted due to reluctance of villagers to shift elsewhere.**

**(c), (d) & (e) : Out of six villages, Panjabidanga village will be rehabilitated by 1997-98. The rehabilitation site for Panjabidanga in Ningah Mouza is being developed. The remaining five villages will be taken up later as they do not come within the mining area required by the Project in the next five years.”**

2.3 Reply given to parts ( c ) , (d) & (e) of the question was treated as an assurance and was required to be implemented by the Ministry of Coal by November 1, 1996 i.e. within three months of the date of assurance given by the Minister.

2.4 The Ministry of Parliamentary Affairs vide their U.O. Note No. II/Coal (8) USQ 2768-LS/96 dated August 28, 1997 had forwarded a request of the Ministry of Coal for dropping of the aforesaid assurance on the following grounds:-

**“ that only one village i.e. Panjabidanga village has been taken up for rehabilitation as per requirement of the project. The status of development upto May, 1997 of Ningha site for rehabilitation of Panjabidanga village is that construction of approach road (0.5 Km), 2 wells each 35 ft. deep, cross road to the extent of 90%, 2 temporary sheds, site office, tree guards are completed. The site for place of worship is demarcated and work of plot demarcation is also completed.**

**Rehabilitation of other five villages will be taken up later depending on the requirement of the project. At present the project does not need these villages to be vacated for mining operations in next five years as such there is no need to shift/rehabilitate them. No specific time period for shifting of these villages could be**



**specified. In the light of above facts, it may be appreciated that this does not qualify to become an assurance and so not possible to fulfill the same. Under the circumstances, it is requested that the subject assurance may be dropped and deleted from the pending assurances in the name of Ministry of Coal.”**

2.5 The Committee considered the request of the Ministry of Coal at their sitting held on 18.3.1999 and decided to drop the assurance. The decision of the Committee was conveyed to the Ministry on 9 April, 1999.

2.6 The Committee note that only one village i.e. Panjabidanga Village was required for mining project and that the inhabitants of this village were required to be rehabilitated to another site i.e. Ningah Mauza. The Committee also note that other 5 villages for which the MP had sought information in this question in 1996 were not required to be rehabilitated for another 5 years as these are not situated within the mining area of the project. The Committee further note that the work for development of Ningah Mouza site for rehabilitation of Panjabidanga Village had been started. The Committee are confident that the rehabilitation of Panjabidanga Village has been completed.

#### **FOREIGN CURRENCY RULES**

2.7 On May 26, 1995, Shri Anantrao Deshmukh, MP addressed the following the Unstarred Question No. 7345 to the Minister of Finance:-

“(a) whether the Government had set up a Committee to examine the issue of foreign currency rules;

if so, the details of the recommendations made by this Committee; and

the action taken by the Government on these recommendations?”

2.8. In reply the then Minister of State in the Ministry of Finance (Shri M.V. Chandrashekhara Murthy) stated as follows:-

**“(a) to (c) : An Expert Group on Foreign Exchange Markets in India was set up by the Reserve Bank of India on November 22, 1994 to examine issues relating to products available for hedging foreign exchange risks, scope for further development of foreign exchange markets in India and the introduction of new derivative products. The Expert Group is chaired by Shri O.P. Sodhani, Executive Director, Reserve Bank of India. The Expert Group has submitted its interim recommendations to the Reserve bank of India. No decision has been taken by the Reserve Bank of India of the interim recommendations so far. The final report of the Expert is yet to be submitted.”**

2.9 The above reply to the question was treated as an assurance and was required to be implemented by the Ministry of Finance by August 25, 1995 i.e. within three months of the date of assurance given by the Minister.

2.10 The Ministry of Parliamentary Affairs vide their U.O. Note No. XIII/Fin. (132) USQ-7345-LS/95 dated 31.1. 1997 had forwarded a request of the Ministry of Finance for dropping of the aforesaid assurance on the following grounds:-

**“ That there are 33 major recommendations made by the Expert Group. Out of these, 12 recommendations have already been implemented. The remaining recommendations can be implemented in its entirety only after:-**

**interest rates are completely deregulated;**

**a deep and liquid money market emerges;**

**the rupee is made fully convertible on the current account; and**

**corporates and banks are in a position to use all derivative products.**

**The Expert Group itself had recognised this fact and had classified its recommendations accordingly. Further given the fact that these recommendations have wide ranging implications on the market, a logical sequence has to be followed in implementing them.**

**A forex Market Technical Advisory Committee to offer advice on matters covered in those recommendations has been set up by RBI. Depending upon the progress towards full convertibility, RBI would be taking decision on these recommendations.**

**In view of the reasons explained above Ministry of Parliamentary Affairs are requested to kindly consider these assurance as fulfilled.”**

2.11 The assurance had been partially fulfilled vide SS VI/28 dated 8.3.1996 (Annexure).

2.12 The Committee considered the request of the Ministry of Finance at their sitting held on 18 March, 1999 and decided to drop the assurance. The decision of the Committee was conveyed on 9 April, 1999.

2.13 The Committee note that out of 33 major recommendations made by Expert Group, 12 recommendations had already been implemented and a statement in this regard was placed in the House on March 8, 1996. The Committee were also informed that the remaining recommendations had wide ranging implications on the market and that logical sequence had to be followed in implementing them and that RBI had set up for a Forex Market Technical Advisory Committee to offer advice on matters covered in those recommendations. Although the Committee have not been apprised about the details of those recommendations, the Committee are of the view that RBI would be able to take prudent decision in the matter. The Committee may be apprised of the progress made in this regard.

(iii) **INFLATION RATE**

2.14 On July, 26, 1996 Shri Sushil Chandra Verma, MP addressed the following Unstarred Questions No. 1964 to the Minister of Finance:-

“(a) the differential between the movements of the Wholesale Price Index (WPI) and the Consumer Price Index in India during the last three years with the reasons therefor;

whether the point-to-point variation in WPI helps in projecting the rate of inflation at about 45 per cent of the actual average increase in prices over the same period;

whether the Government propose to revise its formula for calculation of the rate of inflation on a realistic basis hereafter; and

(d) if so, the details thereof?”

2.15 The then Minister of Finance (Shri P. Chidambaram) gave the following reply:-

“(a) **the movement of the current series of Wholesale Price Index (WPI) and Consumer Price Index for Industrial Workers (CPI-IW) for the last three years it listed Table 1. Variation in the magnitude of the two indices is due to the difference in the composition and relative weights of their basket of commodities.**

No. Sir.

**(c) & (d) The proposal of revision of current series of WPI and the modality to be adopted for computation of inflation rate alongwith other relevant issues are under consideration of the Working Group set up for the purpose under the Chairmanship of Prof. Y.K. Alagh.”**

2.16 Reply to parts (c) & (d) of the question was treated as an assurance and was to fulfilled within three months of the date of reply i.e. by October 25, 1996.

2.17 The Ministry of Parliamentary Affairs vide their U.O. Note No. II/Fin. 68 USQ-1964-LS/96 dated 18.11.96 have forwarded a request from the Ministry of Finance (Deptt. of Economic Affairs) for dropping the aforesaid assurance on the following grounds:-

**“ Since the working Group, referred to in the reply has been reconstituted only recently w.e.f 23.9.96 with Prof. S.R. Hashim Member Planning Commission as Chairman in place of Prof. Y.K. Alagh who has become Minister of State, Planning, it is unlikely the recommendations of the Working Group would be finalised in this financial year. Hence in view of this practical and genuine difficulty the assurance may not be fulfilled within the stipulated time.**

**The reply to the Parliament Question given as “ The proposal of revision of the current series of WPI and modality to be adopted for computation of inflation rate alongwith other relevant issues are under consideration of the Working Group” is factually correct and cannot be construed as assurance.”**

2.18 The Committee acceded to the request of the Ministry of Finance at their sitting held on March, 1999.

2.19 The Committee note that the Working Group set up to look after and examine the proposal of revision of the current series of WPI and the modality to be adopted for computation of inflation rate alongwith other relevant issues, was reconstituted in September, 1996. Since then about four years have almost passed. The Committee are confident that the working group for revising the current of WPI and the modality to be adopted for computation of inflation rate, has since finalised its proposal and chalked out the modalities of computation. The matter need not be delayed further and the Committee would like to be apprised about the conclusion of the working Committee without any further delay.

(iv) **CLOSING DOWN OF POLLUTING INDUSTRIAL UNITS**

2.20 On August 27, 1996 S/Shri Ratilal Verma and Chandresh Patel, MPs. Addressed the following Starred Question No. 363 to the Minister of Environment & Forests:-

“(a) Whether the Supreme Court has issued directives to remove 168 hazardous industries from Delhi in order to check the environment pollution; and

if so, the steps taken or proposed to be taken by the Government to implement the said orders?”

2.21 The then Minister of State in the Ministry of Environment & Forests (Capt. Jai Narain Prasad Nishad) gave the following reply:-

“(a) **Yes, Sir. The Hon’ble Supreme Court in a public interest litigation has delivered an order on 8<sup>th</sup> July, 1997 directive that 168 industries operating in the National Capital Territory of Delhi be closed down. The Hon’ble Court has observed:**

**....168 industries cannot be permitted to operate and function in Delhi. These industries may relocate/shift themselves to any other industrial estate in the NCR. We direct that 168 industries listed above shall stop functioning and operating in the city of Delhi with effect from November 30, 1996. These industries shall close down and stop functioning in Delhi with effect from the said date.”**

**steps taken or proposed to be taken by the Government to implement the said orders include:**

**The Government of Delhi has given wide publicity of the Court Order dated 8.7.1996 giving the list of 168 industries which have been directed by the Court to be closed and relocated with effect from 30.11.1996 in newspapers, radio and television.**

**The Government of Delhi has constituted a nodal agency consisting of Chief Secretaries of Delhi, Haryana, Rajasthan and Uttar Pradesh to co-ordinate the relocation of industries.**

**The National Capital Territory Region (NCR) Planning Board has asked the State Government (Delhi, Haryana, Rajasthan and Uttar Pradesh) to set up a Single Window Facility for the purpose of providing assistance to the industries in the process of relocation. The Government of Delhi, Rajasthan and Uttar Pradesh have already formed such facilities.**

**A Review Committee has been set up in the NCR Planning Board under the Chairmanship of its members Secretary with representative of all the 4 States (Delhi, Haryana, Rajasthan and Uttar Pradesh) in the NCR region.**

**The NCR Planning Board has also identified the vacant plots available within the NCR which can be allotted to the relocating industries. The matter is sub-judice.”**

2.22 Part (b) of the above reply to the question was treated as an assurance as in Hindi version it was written **“उक्त विषय को उपलब्ध/उपलब्ध गS”** and was to be fulfilled within three months of the date of the reply i.e. by November 26, 1996.

2.23 The Ministry of Parliamentary Affairs vide their F.No. II/E.F (14) SQ-363-LS/96 dated 31.12.1997 forwarded a request of the Ministry of Environment & Forests for dropping of the assurance on the grounds indicated below:-

**“...in the the English version of the answer to the part (b) (v) (copy enclosed) it has been stated that “That matter is subjudice” but in the Hindi version of the said answer it has been inadvertently translated as **“उक्त विषय को उपलब्ध/उपलब्ध गS”** which should have been **“उक्त विषय को उपलब्ध/उपलब्ध गS”** Actually, in the Hindi translation and typing two words i.e. **“उक्त विषय को उपलब्ध/उपलब्ध गS”** Have been left out by mistake.**

**In view of the above, it is requested to kindly look into the matter and bring this fact before the Committee on Government Assurances of Lok Sabha not to treat it as an assurance.”**

2.24 The Committee considered the request of the Ministry of Environment & Forests at their sitting held on 18 March, 1999 and agreed to drop the assurance.

2.25 The Committee observe that the wrong translation of the text in the reply to a question raised in altered the House altered the meaning in the Hindi version. The Committee take serious note of the matter. The Committee like the Government to be more careful while furnishing replies to parliamentary questions.

(v) **ALCOHOLIC DRINKS**

2.26 On May 13, 1997, S/Shri Parasram Bhardwaj, Chitubhai Gamit and Manikrao Hodlya Gavit MPs addressed the following Unstarred Question No. 5866 to the Minister of Food Processing Industries:-

“(a) whether some liquor units have violated licenced capacity norms for production of potable alcohol;

if so, the details thereof;

whether such cases are likely to get away scotfree with the subject being moved from the Centre to the State;

if so, the details thereof;

whether the State Government have been allowed simply by levying higher excise for the increase in production; and

if so, the reaction of the Government in this regard?”

2.27 The then Minister of State in the Ministry of Food Processing Industries (Shri Dileep Kumar Ray) gave the following reply:-

**“(a) to (f) : Information is being collected and will be laid on the Table of the House.”**

The above reply to the Question was treated as an assurance which was to be fulfilled within three months of the date of reply i.e. by August 12, 1997.

The Ministry of Parliamentary Affairs vide their O.M. No. IV/Chemicals & Fertilizers (7)USQ No. 5866-L.S. dated 30.7.1998 has forwarded a request of the Ministry of Chemicals & Fertilizers for dropping of the assurance on the grounds indicated below:-

**“ The main thrust of the question is whether the liquor units violating licensed capacity are likely to get away scotfree with the subject being moved from the Centre to the State. The movement of the subject from Centre to the State referred to in the question indicates towards the judgement of the Supreme Court in the Bihar Distillery case wherein it was held by the Supreme Court on 29.1.97 that all undertakings manufacturing rectified spirit for potable use are under the control of the State Governments. Subsequently, a two judge Bench of the Supreme Court in the case of Haryana and others Vs. Haryana Brewery Ltd. & Anr. has held that since various Supreme Court decisions projected different points of view, it is necessary to evolve a coherent and effective formula so that the Union and the State should know what are their respective powers and jurisdiction. The two Judge Bench has directed that the papers may be placed before the honourable Chief Justice for orders regarding placing these matters before the Constitution Bench. A copy of the Judgement delivered by the two Judge Bench on 11.3.97 is attached as Annexure.**

**The Department of Legal Affairs have informed after enquiring from the registry of the Supreme Court and also from Counsel of the Government of Haryana that the matter has already been referred to Constitution Bench. The question whether the power to control potable alcohol is with the Central Government or with the State Governments will be clear only after the review is completed and the judgement is pronounced by the Constitution Bench of the Supreme Court. Normally review cases in the Supreme Court tend to take long time. It is not known how long it will take for the Constitution Bench to give its judgement. In view of this, it is suggested that the assurance given in reply to Lok Sabha Unstarred Question No. 5866 on 13<sup>th</sup> May, 1997 may be dropped.”**

2.30 The Committee considered the request of the Ministry of Food Processing at their sitting held on March 18, 1999. The Committee decided to drop the assurance and the decision of the Committee was conveyed to the Ministry on 9 April, 1999.

2.31 The Committee note that the subject matter of the rectified spirit for potable use has been referred to the Constitution Bench for knowing the jurisdiction and power of the Union and State Governments in the control of alcohol. The Committee may be informed about the outcome of the case whenever the judgement is delivered by the Constitution Bench.

The Committee note that the question particularly part (a) sought to know whether liquor units have violated licensed capacity norms for production of potable alcohol. The Ministry instead of giving clear cut reply has dwelt upon the jurisdiction of the Union and State over such issue. While this aspect is sub-judice, the Ministry should have given the information sought at part (a) which could have been easily obtained easily from the State Governments Violation of liquor capacity norms for production of potable alcohol is a serious offence and culprits cannot be allowed to go scot free till the Bench of Supreme Court has given a decision. The Committee would like the Union Government to impress upon the State Government to adopt stringent measures concerning such officers and would like to be informed about the action taken by the regulating states.

(vi) **MODERNISATION OF STATE ELECTRICITY BOARD**

2.32 On July 24, 1997, Shri Pawan Diwan, MP addressed the following Unstarred Question No. 306 to the Minister of Power:-

“(a) whether there is any proposal to provide assistance for streamlining and modernisation of State Electricity Boards;

whether any efforts have been made for the proper monitoring of the expenditure being incurred by the State Electricity Boards; and

if so, the details thereof and if not the reasons therefor?

2.33 The then Minister of State of the Ministry of Power and Minister of State of the Ministry of Science and Technology (Shri Yoginder K. Alagh) gave the following reply:-

**“(a) The Government has finalised a Common Minimum National Action Plan for Power based on the consensus reached at the Chief Ministers’ Conference held on 16.10.1996 and 3.12.1996. The Action Plan provides for autonomy to the State Electricity Boards, improvement in the management practices and of physical parameters of SEBs for making them for effective and viable. Financial assistance is available under different schemes for streamlining and modernisation of State Electricity Boards.**

**(b) & (c) The Ministry of Power and its agencies viz., Central Electricity Authority, Power Finance Corporation and Rural Electrification Corporation are involved in monitoring the physical progress of projects of SEBs, their financial performance and the progress in rural electrification respectively. The plan programme of the SEBs are monitored by the Planning Commission and the Ministry of Power. Annual accounts are also being submitted to CEA under Section 69 of the Electricity (Supply) Act, 1948.”**

2.34 Reply given to parts (b) and (c) of the Question was treated as an assurance which was to be fulfilled within three months of the date of reply i.e. by October 23, 1997.

2.35 The Ministry of Parliamentary Affairs vide their O.M. No. V/P (17) USQ No. 306-LS/97 dated 30.7.98 has forwarded a request of the Ministry of Power for dropping of the assurance on the grounds indicated below:-

**“ In this connection, it is mentioned that the reply given in parts (b) and (c) of the question has been treated as assurance due to the last sentence which is reproduced below:**

**Annual Accounts are also being submitted to CEA under Section 69 of the Electricity (Supply) Act, 1948.**

**It is stated that the word `being’ used in the sentence conveys that the annual accounts are yet to be submitted and not that are submitted regularly to the CEA. The word `being’ has been mentioned inadvertently due to typographical error and this may be deleted from the reply and the assurance may be dropped.”**

2.36 The Committee considered the request of the Ministry of Power at their sitting held on April 6, 1999. The Committee acceded to the request of the Ministry.

2.37 The Committee note that the reply to the question was not properly framed. As a result, the text of the reply conveyed different meaning. The Committee are of the view that utmost care should be taken in using appropriate words so that the reply supplied to the House is not ambiguous. The Committee hope that the Union Government would take note of the Committee’s displeasure and bring out a circular for information and compliance by the Ministries in this regard.



2.38 The Committee, however, are happy to note that Government has finalised a Common Minimum National Action Plan based on consensus at Chief Ministers' Conference held in October 1996 and December 1996. The Committee also note that financial assistance is available under different schemes for streamlining and modernisation of State Electricity Boards. The assurance was given on July 24, 1997 and since then three years have elapsed. The Committee would, therefore, like to hear about the quantum of financial assistance made available to SEBs and how these amount have been utilised for streamlining and modernisation of SEBs and to what extent the same have been realised. The Committee would also like to be informed about plan performance of SEBs monitored so far by Planning Commission and Ministry of Power and the comment of CEA on the accounts submitted so far under Section 69 of the Electricity (Supply) Act, 1948.

NEW DELHI

DATED: AUGUST 22, 2000

SRAVANA 31, 1922(S)

DR. S. VENUGOPAL

CHAIRMAN

COMMITTEE ON GOVERNMENT ASSURANCES

**MINUTES**  
**NINTH SITTING**

MINUTES OF THE NINTH SITTING OF THE COMMITTEE ON GOVERNMENT ASSURANCES HELD ON MARCH 18, 1999 AT 1500 HOURS IN COMMITTEE ROOM NO. '62' , FIRST FLOOR PARLIAMENT HOUSE, NEW DELHI.

The Committee met on Thursday, March 18, 1999 from 1500 hrs. to 1600 hrs.  
PRESENT

**CHAIRMAN**

Shri E. Ahamed

**MEMBERS**

Shri Amrik Singh Aliwal

Shri Ganga Ram Koli

Shri Sanat Kumar Mandal

Shri A. Venkatarami Reddy

Shri Dileep Sanghani

Dr. C. Suguna Kumari

Shri Uttamrao Deorao Patil

**SECRETARIAT**

1. Dr. Ashok Kumar Pandey - Additional Secretary
2. Shri K. Chakraborty - Deputy Secretary
3. Ms. J.C. Namchyo - Assistant Director

The Committee considered the following memoranda regarding dropping of assurances:-

Memorandum No. 26: Request for dropping of assurance given on March 16, 1992 and March 23, 1992 in reply to Unstarred Question Nos. 3235 and 3955 regarding difference in Pay Scales of MTNL and DOT Employees respectively.

The Committee took up for consideration the aforesaid request for dropping of the assurances in pursuance of the communication received from the Ministry of Parliamentary Affairs vide their U.O. No. III/C(24)/USQ 3955-LS/92 dated June 30, 1997 forwarding therewith a copy of the request of the Ministry of Communications on the following grounds:

**“that Mahanagar Telephone Nigam Limited (MTNL) came into existence as a Public Sector Undertaking w.e.f. 1.4.1986. Creation of MTNL had been approved by the Cabinet in its meeting held on 2.12.1985. With a view to solve the manpower problem of the newly created PSU, the Cabinet also approved that the staff working in Delhi/Mumbai Telephones would continue to work in MTNL on deemed deputation basis without any deputation allowance. There are 62,500 employees of DOT serving in MTNL on deemed deputation. In the meanwhile, MTNL has recruited about 70 employees to manage the professional posts. The directly recruited employees have been given the pay scales in Industrial DA pattern (IDA).**

**The employees of DOT serving in MTNL on deemed deputation have been raising the question of their permanent absorption in MTNL and of payment of pay/other fringe benefits, applicable to employees working in other public sector undertakings. These employees could not be absorbed in MTNL pending a view on the final status of MTNL being taken. It is felt that the problem of MTNL cannot be considered in isolation from the general question of restructuring the Department which is assuming added importance in view of the constitution of TRAI and the emerging competitive environment and is also a complex one. As such, their difficulties are expected to be appropriately resolved when decision is reached in respect of DOT restructuring which is separately being examined and require the approval of the Cabinet.”**

After considering the matter in detail, the Committee decided to call for status report from the Ministry in the first instance.

**Memorandum No. 27 : Request for dropping of assurance given on August 2, 1996 in reply to USQ No. 2768 regarding Sonapur Bazari Project.**

The Committee took up for consideration the aforesaid request for dropping of the assurance in pursuance of the communication received from the Ministry of Parliamentary Affairs vide their U.O. No. II/Coal (S) USQ 2768-LS/96 dated August 28, 1997 forwarding therewith a copy of the request of the Ministry of Coal on the following grounds:-

**“that only one village i.e. Panjabidanga village has been taken up for rehabilitation as per requirement of the project. The status of development upto May, 1997 of Ningha site for rehabilitation of Panjabidanga village is that construction of approach road (0.5 Km), 2 wells each 35 ft. deep, cross road to the extent of 90% 2**

**temporary sheds, site office, tree guards are completed. The site for place of worship is demarcated and work of plot demarcation is also completed.**

**Rehabilitation of other five villages will be taken up later depending on the requirement of the project. At present the project does not need these villages to be vacated for mining operation in next five years as such there is no need to shift/rehabilitate them. No specific time period for shifting of these villages could be specified.”**

The Committee noted that only a part of Sonepur village has been rehabilitated. The Committee, however, felt that all the land losers in Sonepur and Bazari villages need expeditious rehabilitation. The Committee noted that one village i.e. Panjabidanga village has been taken up for rehabilitation as per requirement of the project and that the rehabilitation of other five villages will be taken up later depending on the requirement of the project as at present, the project does not need these villages to be vacated for mining operation. The Committee acceded to the request of the Ministry of Coal for dropping of the assurance.

**Memorandum No. 28 : Request for dropping of assurance given on May 26, 1995 in reply to USQ No. 7345 regarding Foreign Currency Rules.**

The Committee took up for consideration the aforesaid request for dropping of the assurance in pursuance of the communications received from the Ministry of Parliamentary Affairs vide their U.O. No. XIII/Fin.(132) USQ-7345-LS/95 dated 31.1.1997 forwarding therewith a copy of the request of the Ministry of Finance on the following grounds:-

**“ That there are 33 major recommendations made by the Expert Group. Out of these, 12 recommendations have already been implemented. The remaining recommendations can be implemented in its entirety only after:-**

**interest rates are completely deregulated ;**

**a deep and liquid money market emerges;**

**the rupee is made fully convertible on the current account; and**

**corporate and banks are in position to use all derivative products.**

**The Expert Group itself had recognized this fact and had classified its recommendations accordingly. Further, given the fact that these recommendations have wide ranging implications on the market, a logical sequence has to be followed in implementing them.**

**A Forex Market Technical Advisory Committee to offer advice on matters covered in those recommendations has been set up by RBI. Depending upon the progress**

**towards full convertibility, RBI would be taking decisions on these recommendations.”**

The Committee noted that out of 33 major recommendations made by Expert Group 12 recommendations have already been implemented and the statement in this regard had been placed in the House on March 8, 1996. The Committee also noted that the remaining recommendations have wide ranging implications on the market and that a logical sequence has to be followed in implementing them. The Committee were informed by the Ministry that a Forex Market Technical Advisory Committee to offer advice on matters covered in those recommendation has been set up by RBI and depending upon the progress towards full convertibility RBI would be taking decision on these recommendations. The Committee hoped that RBI would be able to take decisions expeditiously on the remaining recommendations. The Committee however, agreed to drop the assurance as per request of the Ministry.

**Memorandum No. 29 : Request for dropping of assurance given on July 26, 1996 in reply to USQ No. 1964 regarding inflation rate.**

The Committee took up for consideration the aforesaid request for dropping of the assurance in pursuance of the communications received from the Ministry of Parliamentary Affairs vide their U.O. No. II/Fin.(68) USQ-1964-LS/96 dated 18.11.1996 forwarding therewith a copy of the request of the Ministry of Finance on the following grounds:-

**“ the reply to the Parliament Question given as “The proposal of revision of the current series of WPI and the modality to be adopted for computation of inflation rate alongwith other relevant issues are under consideration of the Working Group” is factually correct and cannot be assurance.”**

The Committee acceded the request of the Ministry of Finance for dropping the assurance.

**Memorandum No. 30 : Request for dropping of assurance given on August 27, 1996 in reply to SQ No. 363 regarding closing down of Polluting Industrial Units.**

The Committee took up for consideration the aforesaid request for dropping of the assurance in pursuance of the communications received from the Ministry of Parliamentary Affairs vide their U.O. No. II/E.F.(14) SQ-363-LS/96 dated 31.12.1997 forwarding therewith a copy of the request of the Ministry of Environment & Forests on the following grounds:-

**“.....in the English version of the answer to the part (b) (v) it has been stated that “That matter is subjudice” but in the Hindi version of the said answer it has been inadvertently translated as <sup>^</sup>;g ekeyk fopkjk/khu gS\*\* Which should have been <sup>^</sup>;g ekeyk U;k;ky; esa fopkjk/khu gS\*\* Actually, in the Hindi translation and typing two words i.e U;k;ky; esa, have been left out by mistake.”**

The Committee noted the inadvertent translation in Hindi Version of the answer given to the question and decided to drop the assurance.

**Memorandum No. 31 : Request for dropping of assurance given on July 26, 1993 in reply to SQ No. 2 regarding Privatisation of DESU.**

In his D.O. No. 6/72/93-DVB dated January 15, 1999 addressed to the Chairman, CGA the Minister of Power (Shri P.R. Kumaramangalam) requested for dropping of above assurance on the following grounds:-

**“ The subject-matter of the assurance which arose during supplementaries/debates on the Question, relates to the general policy of reservation in posts for SCs/STs in the event of the privatisation of Public Sector Undertakings. As the subject-matter of the assurance pertaining to reservation of SC/ST in private sector is not in the purview of the Ministry of Power, an effort was made to transfer the assurance to the Department of Personal & Training in the early stages but, however, they did not accept the transfer of the Assurance for fulfilment at their end. The request of the Ministry of Power to the Committee on Government Assurances (Lok Sabha), on these grounds, for dropping the assurance was also not agreed to in 1995. We have also been for long in continuous touch with the Ministry of Welfare (Now Ministry of Social Justice & Empowerment) for accepting the transfer of the assurances as the subject is a policy matter. They have also not accepted transfer of the assurance nor have they given us the formulation for fulfilling the assurance.”**

After considering the request of the Ministry of Power the Committee were of the view that the matter related to, an important and serious issue in regard to reservation for SCs and STs and desired that the views of the representative of the Department of Personnel & Training and the Ministry of Social Justice & Empowerment may be obtained in this regard at the first instance.

**Memorandum No. 32 : Request for dropping of assurance given on May 13, 1997 in reply to USQ No. 5866 regarding Alcoholic Drinks.**

The Committee took up for consideration the aforesaid request for dropping of the assurance in pursuance of the communications received from the Ministry of Parliamentary Affairs vide their U.O. No. IV/Chemicals & Fertilizers (7) USQ-5866 LS dated 30.7.98 forwarding therewith a copy of the request of the Ministry of Chemicals & Fertilizers on the following grounds:-

**“ the main thrust of the question is whether the liquor units violating licensed capacity are likely to get away scotfree with the subject being moved from the Centre to the State. The movement of the subject from Centre to the State referred to in the question indicates towards the judgement of the Supreme Court in the Bihar Distillery case wherein it was held by the Supreme Court on 29.1.97 that all undertakings manufacturing rectified spirit for potable use are under the control of the State Governments. Subsequently, a two judge Bench of the Supreme Court in the case of Haryana and others Vs. Haryana Brewery Ltd. & Anrr. Has held that**

since various Supreme Court decisions projected different points of view, it is necessary to evolve a coherent and effective formula so that the Union and the State should know what are their respective powers and jurisdiction. The two Judge Bench has directed that the papers may be placed before the honourable Chief Justice for orders regarding placing these matters before the Constitution Bench.

**The Department of Legal Affairs have informed after enquiring from the registry of the Supreme Court and also from the Counsel of the Government of Haryana that the matter has already been referred to the Constitution Bench. The question whether the power to control potable alcohol is with the Central Governments or with the State Governments will be clear only after the review is completed and the judgement is pronounced by the Constitution Bench of the Supreme Court.”**

The Committee decided to drop the assurance as the matter is pending before the Constitution Bench of the Supreme Court.

**Memorandum No. 33 : Request for dropping of assurance given on July 8, 1997 in reply to USQ No. 2736 regarding Customs Notifications.**

The Committee took up for consideration the aforesaid request for dropping of the assurance in pursuance of the communications received from the Ministry of Parliamentary Affairs vide their U.O. No. V/Fin.(34) USQ-2736/LS/97 dated 11.12.97 forwarding therewith a copy of the request of the Ministry of Finance on the following grounds:-

**“That a few of Notifications/Circulars were issued after the announcement of new Exim Policy 1997-2002 after the receipt of this question. Further Notifications/Circulars were issued.**

**In this connection it may be noted that the consideration of issues relating to implementation of the EXIM POLICY prepared by Ministry of Commerce, is a continuous process. The policy is constantly monitored by Ministry of Commerce, Department of Revenue and other trade bodies. There is no finality of this except it has to be constantly improved.**

The Committee did not agree to drop the assurance and desired that Ministry of Finance in consultation with Ministry of Commerce should expeditiously decide on the remaining issues relating to the implementation of Exim Policy. The Committee would like to hear further in this regard from the Ministry.

The Committee decided to hold their next sitting (tenth sitting) on Tuesday, 6<sup>th</sup> April, 1999 at 1500 hours.

The Committee then adjourned.

**MINUTES**  
**TENTH SITTING**

MINUTES OF THE TENTH SITTING OF THE COMMITTEE ON GOVERNMENT ASSURANCES HELD ON APRIL 6, 1999 AT 1500 HOURS IN CHAIRMAN'S ROOM (ROOM NO. '139'), THIRD FLOOR PARLIAMENT HOUSE, NEW DELHI.

The Committee met on Tuesday, April 6, 1999 from 1500 hrs. to 1600 hrs.  
PRESENT

**CHAIRMAN**

Shri E. Ahamed

**MEMBERS**

Shri Ganga Ram Koli

Shri Sanat Kumar Mandal

Shri Hari Kewal Prasad

Shri A. Venkatarami Reddy

Shri Dileep Sanghani

Shri A. Siddaraju

Shri Sartaj Singh

Dr. C. Suguna Kumari

Shri Uttamrao Deorao Patil

**SECRETARIAT**

1. Shri P.D.T. Achary - Joint Secretary
2. Shri K. Chakraborty - Deputy Secretary



3. Ms. J.C. Namchyo - Assistant Director

The Committee considered the following memoranda regarding dropping of assurances:-

Memorandum No. 34: Request for dropping of assurance given on August 7, 1995 in reply to Unstarred Question No. 1007 regarding Lease of Land/Building to Foreign Embassies/Missions.

The Committee took up for consideration the aforesaid request for dropping of the assurances in pursuance of the communication received from the Ministry of Parliamentary Affairs vide their U.O. Note No. XIV/UD(25)/USQ 1007-LS/95 dated August 10, 1998 forwarding therewith a copy of the request of the Ministry of Urban Affairs & Employment on the following grounds:-

**“that lease in respect of land and building occupied by the British High Commission (2, Rajaji Marg) expired on 31.12.89. A sum of Rs. 65.35 lakhs has been found outstanding against the British High Commission for the period between 27.12.88 to 31.12.89 and negotiations for execution of the fresh lease agreement and terms and conditions thereof are under consideration of Ministry of External Affairs (MEA).”**

**This Ministry is of the view that no meaningful purpose will be served by keeping the assurance pending for an indefinite period especially when the matter relating to execution of lease agreement between Ministry of External Affairs and British High Commission is already under active consideration as also the matter relating to recovery of arrears of ground rent.”**

The Committee were informed that lease in respect of land and building occupied by British High Commission had expired on 31.12.89. However, the fresh lease agreement has not been executed so far. After considering the matter in detail, the Committee decided to call for status report from the Ministry of External Affairs as well as Ministry of Urban Affairs and Employment with regard to the realisation of the sum outstanding against the British High Commission and the steps taken for the execution of the fresh lease agreement between MEA and British High Commission.

Memorandum No. 35: Request for dropping of assurance given on November 30, 1995 in reply to Unstarred Question No. 680 regarding Committee for Basic Services.

The Committee took up for consideration the aforesaid request for dropping of the assurances in pursuance of the communication received from the Ministry of Parliamentary Affairs vide their O.M No. XV/Communication(34)/USQ 680-LS/95 dated August 24, 1998 forwarding therewith a copy of the request of the Ministry of Communications on the following grounds:-

**“ Government is planning to corporatise Department of Telecommunications. Although a final decision about corporatisation of DoT is yet to be taken and accordingly the final shape and structure of DoT will involve a number of legal, financial and administrative issues that will take time. However, the department has taken the question of restructuring in the right earnest at the appropriate level.**

**Even though the recommendations relating to the structure of the Department have not been accepted already the other recommendations of the Committee will be looked into afresh in the changed scenario.**

**(b) No specific time frame can be indicated for implementation of the other recommendations of the Committee in the present scenario due to reasons mentioned in part (a) above.”**

The Committee have been informed by the Ministry that Government has a plan to corporate Deptt. of Telecom and the implementation of the recommendations of the High Powered Committee (Khan Committee) will be looked into afresh in the changed scenario. Since the entire matter relates to the Basic Telecom Services, the Committee were not in favour of dropping the assurance. The Committee, however, decided to call the representatives of the Ministry of Communications (Department of Telecommunications) to hear their considered views in this regard.  
Memorandum No. 36: Request for dropping of assurance given on July 24, 1997 in reply to Unstarred Question No. 306 regarding Modernisation of SEB.

The Committee took up for consideration the aforesaid request for dropping of the assurances in pursuance of the communication received from the Ministry of Parliamentary Affairs vide their O.M No. V/P(17)/USQ 306-LS/97 dated July 30, 1998 forwarding therewith a copy of the request of the Ministry of Power on the following grounds:-

**“ that the reply given in paras (b) and (c) of the question has been treated as assurance due to the last sentence which is reproduced below:**

**Annual Accounts are also being submitted to CEA under Section 69 of the Electricity (Supply) Act, 1948.**

**That the word `being` used in the sentence conveys that the annual accounts are yet to be submitted and not that are submitted regularly to the CEA. The word `being` has been mentioned inadvertently due to typographical error and this assurance may be dropped.”**

The Committee acceded to the request of the Ministry to drop the assurance. The Committee, however, felt that the Ministry of Power will be meticulous and careful enough in using the appropriate word while replying to the question so that there is no scope for misinterpretation of the word used and the time of the Committee is not wasted.  
Memorandum No. 37: Request for dropping of assurance given on August 5, 1997 in reply to Unstarred Question No. 2161 regarding Production/Import of Life Saving Drug.

The Committee took up for consideration the aforesaid request for dropping of the assurances in pursuance of the communication received from the Ministry of Parliamentary Affairs vide their U.O. No. V/CF(8)/USQ 2161-LS/97 dated April 22, 1998 forwarding therewith a copy of the request of the Ministry of Chemicals & Fertilizers on the following grounds:-

**“ that the Indian Drugs & Pharmaceuticals Limited (IDPL) is a Public Sector Undertaking and is presently registered with the BIFR. In terms of the sick Industrial Companies (Special Provisions) Act, 1985, the BIFR which is a quasi judicial body, is the competent authority to take a final decision with regard to revival or otherwise of a sick company registered with it. As such the revival or otherwise of the IDPL would depend upon the outcome of the deliberations of the BIFR as and when this case is taken up by them. As no action is pending on the part of this Department, it is proposed that this assurance may kindly be dropped from the list of pending assurances in the name of this Department.”**

The Committee were not convinced by the reasons advanced by the Ministry to drop the assurance. The Committee desired that the Ministry of Chemicals & Fertilizers will have the matter pursued with BIFR for expeditious disposal of the case, and inform the Committee about the latest position.

The Committee decided to hold their next sitting (11<sup>th</sup> sitting) sometime in the third week of April, 1999.

The Committee then adjourned.

**MINUTES**

**NINTH SITTING**

MINUTES OF THE NINTH SITTING OF (13<sup>TH</sup> LOK SABHA) OF THE COMMITTEE ON GOVERNMENT ASSURANCES HELD ON AUGUST 22, 2000 AT 1500 HOURS IN CHAIRMAN'S ROOM NO. '133', FIRST FLOOR PARLIAMENT HOUSE, NEW DELHI.

The Committee met on Tuesday, August 22, 2000 from 1500 hrs. to 1545 hrs.  
PRESENT

**CHAIRMAN**

Dr. S. Venugopal

**MEMBERS**

2. Shri Haribhai Chaudhary
3. Shri Padam Sen Choudhry
4. Adv. Uttamrao Dhikale
5. Shri Brahmanand Mandal
6. Shri Sudarsana E.M. Natchiappan
7. Shri Ravindra Kumar Pandey
8. Shri Sukhdeo Paswan
9. Shri Maheshwar Singh

**SECRETARIAT**

1. Dr. Ashok Kumar Pandey - Additional Secretary
2. Shri K. Chakraborty - Deputy Secretary
3. Ms. J.C. Namchy - Assistant Director

2. The Committee considered draft 2<sup>nd</sup> and 3<sup>rd</sup> Reports and adopted the same.

3. The Committee authorised the Chairman to present the Reports on August 24, 2000.

4. The Committee noted that many assurances are pending for years together though the time limit for fulfilment of assurances is three months. The Committee desired that the Ministries concerned should be asked to abide by the specific time of fulfilment as per rules and, if it is not possible to fulfil the assurances within three months, they should invariably communicate the firm time schedule by which the assurances would be fulfilled. In no case the assurances should be kept pending indefinitely.

The Committee then adjourned.

## ANNEXURE I

(Statement referred to USQ No. 7345 dated 26.5.1995)  
XIII SESSION, 1995 OF TENTH LOK SABHA

Date of Fulfilments : 8.3.1996 vide S.S.VI/28

Ministry of Finance

Q.No.Date& Name of M.P.(S)	Subject	Promise Made	When & How Fulfilled	Reasons for Delay
1	2	3	4	5
USQ No. 7345 dt. 26.5.95 by Sh. Anantrao Deshmukh	<p><b>FOREIGN CURRENCY RULES</b></p> <p>Asking for</p> <p>(a) whether the Govt. had set up a Committee to examine the issue of foreign currency rules;</p> <p>(b) if so, the details of the recommendations made by this Committee; and</p> <p>(c) the action taken by the Govt. on these recommendations?</p>	<p>to (c):</p> <p>It was inter-alia stated, "The final report of the Expert Group is yet to be submitted".</p>		<p>The Expert Group submitted its final report on 27<sup>th</sup> June, 1995. Three recommendations relating to open exchange position of banks, collection of market data and setting up of forex clearing house have been accepted and are under implementation. The other recommendations of the Group are under consideration.</p>

## ANNEXURE II

(Statement referred to USQ No. 1964 dated 26.7.1996)

Table : 1

Monthly index of WPI and CPI(IW)

Month		WPI Base:81-82	CPI(IW) Base:1982	Absolute Difference
1	2	3	4	5
April	1993	234.6	245	10.4
May		237.0	246	9.0
June		239.8	250	10.2
July		243.1	253	9.9
August		247.0	256	9.0
September		250.9	259	8.1
October		252.2	262	9.8
November		251.6	265	13.4
December		251.7	264	12.3
January	1994	252.7	263	10.3
Feburary		254.8	265	10.2
March		257.6	267	9.4
April		262.3	269	6.7
May		265.4	272	6.6
June		268.1	277	8.9
July		271.3	281	9.7
August		272.1	284	11.9
September		273.2	288	14.8
October		274.7	289	14.3
November		276.2	291	14.8
December		279.9	289	9.1
January	1995	283.3	289	5.8
Feburary		284.7	291	6.3
March		284.9	293	8.1
April		288.4	295	6.6
May		291.7	300	8.4
June		292.6	306	13.4
July		294.2	313	18.8
August		296.1	315	18.9
September		297.4	317	19.6
October		297.9	319	21.1
November		299.2	321	21.8
December		297.8	317	19.2
January	1996	297.4	315	17.6

Feburary		297.9	316	18.1
March		299.4	319	19.6
April		301.4	324	22.6
May		304.1	328	23.9



**(Copy of judgement referred in USQ No. 5866 dated 13.5.1997)**

JT 1997 (1G) SC.665/(1997)5SCC-758

Government of Haryana and Others

Vs.

Haryana Brewery Ltd. and Another

Civil Appeals Nos. 1999 and 2000 of 1997  
(Arising out of SLPs © Nos. 22541 and 9863 of 1996)

B.P. JEEVAN REDDY  
& K.S. PARTIPOORNAN JI  
Dt. 11.03.1997

CONSTITUTION OF INDIA

Article 246, 25 W Schedule 7, List I, Entries 52, 82, List II-Entries 6,8,24,51 –Levy-Powers of Union and State-Alcohol-Industrial Alcohol and intoxicating Alcohol for human consumption. Various decisions of Supreme Court giving different views-Necessity for a coherent and effective formula-Under the circumstances matter referred to Constitution Bench.

HELD

We are of the opinion that the legislative power conferred upon the States by the constitution and recognised even in synthetic and Chemicals (Supre) should include all incidental and ancillary powers and it is this aspect which was emphasised in Bihar Distillery (Supra). Any principle enunciated with respect to the respective powers of the Union and the States should be practical and realistic and such as not to give room for abuse or misuse. Since the decisions aforementioned project different points of view, it is necessary to evolve a coherent and effective formula so that the union and the State should know what are their respective powers and jurisdiction (Part 4).

Cases Referred:

Vam Organic Chemicals Ltd. v. State of U.P. JT (1997) I SC 625=(1997) 2 SCC 715 (Para 2)

Bihar Distillery v. Union of India JT 1997 (2) SC 20 = (1997) 2 SCC 727 (para 3)

Mohan Meakin Ltd. v. Excise & Taxation Commr. JT 1996 (II) SC 655= (1997) 2 SC 193 (Para 3)

State of A.P. v. Mc. Dowell & Co. JT (1996) 3 SC 679= (1996) 3 SCC 709 (para 2)

State of U.P. v. Modi Distillery JT (1995) 6 SC 523= (1995) SCC 753 (Para 3)

Synthetics and Chemicals Ltd. v State of U.P. JT 1989 (4) SC 267=(1990) I SCC 109 (Para 2)

## ORDER

Leave granted in both these matters.

Certain important questions arise in these matters which, in our opinion, require to be decided authoritatively by a Constitution Bench. Much water has flowed since the decision of the seven-judge Constitution Bench of this Court in Synthetic and Chemicals Ltd. v. State of U.P. JT (1989) (4) SC 267= (1990) I SCC 109. In state of A.P. v. Mc. Dowell & Co. JT (1996) 3 SC 679= (1996 3 SCC 709 it has been held by a three judge Bench of this Court that so far as intoxicating liquors are concerned, their production, manufacture, possession, transport, purchase and sale is exclusive province of the States by virtue of Entry 8 of List II. It has also been held that the imposition of prohibition and levy of duties thereon is also the prerogative of the States alone. In Vam Organic Chemicals ltd. v. State of U.P. JT (1997) I SC 625= (1997) 2 SCC 715 it has been held by a two judge Bench of this Court that the decision in Synthetic and Chemicals (Supra) was concerned only with industrial alcohol and that so long as any alcoholic preparation can be diverted to human consumption, the States have the power to legislate, in that behalf and also to impose taxes. It has been held that rectified spirit can be converted into country liquor by more addition of water and therefore, the States are not totally excluded from control over the rectified spirit. In Bihar Distillery v. Union of India JT 1997 (2) SC 20= (1997) 2 SCC 727 it has been held by another Bench of two judges that having regard to the fact that by merely adding water, rectified spirit can be converted into country liquor and also because rectified spirit can also be used for manufacturing IMFLs, the States are entitled to put control over production, storage and distribution of rectified spirits. It has been held that so far as levy of duties are concerned, the point of departure is the stage of removal. The rectified spirit which is removed for Industrial purposes (purposes other than manufacture of IMFLs or country liquor )- can be taxed by the Union while the rectified spirit which is removed for the purpose of manufacture of IMFL or country liquor or other intoxicating liquor can be taxed by the States . In State of U.P. v. Modi Distillery JT (1995) 6 SC 523=(1995) SCC 753 a three-judge Bench of this Court held that any wastage occurring in the course of manufacture of alcoholic liquors occurring before it reaches the stage of alcoholic liquor for human consumption is outside the State jurisdiction but any wastage occurring after they reach the alcoholic liquor for human consumption is the province of the State. This was held in the context of power to levy duty upon liquors. To the same effect is the decision of a two judge Bench in Mohan Meakin Ltd. v. Excise & Taxation Commr. JT 1996(II) SC 655=1997 2 SCC 193.

We are of the opinion that the legislative power conferred upon the States by the Constitution and recognised even in Synthetic and Chemicals (Supra) should include all incidental and ancillary powers and it is this aspect which was emphasised in Bihar Distillery (Supra). Any principle enunciated with respect to the respective powers of the Union and States should be practical and realistic and such as not to give room for abuse or misuse. Since the decisions aforementioned project different points of view, it is

necessary to evolve a coherent and effective formula so that the Union and State should also know what are their respective powers and jurisdiction.  
The papers may accordingly be placed before Hon'ble the Chief Justice for orders regarding placing these matters before the Constitution Bench.