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Title: Regarding sharing of cess collected for Swachh Bharat with State Governments.

SHRI M.K. RAGHAVAN (KOZHIKODE): Madam, Speaker, thank you for giving me this opportunity. I would like to raise a very important public issue relating to Swachh Bharat Cess. Yet another cess is thrust upon the public. My humble submission is that the entire proceeds of the new *Swachh Bharat Cess* would remain with the Centre and not compulsorily shared with the States.

The States are uncomfortable and all the States have already expressed their views and reservations with this move of the Centre to make cess an instrument of incremental revenue. This act also shows the inability of the Centre to manage funds or bring in fiscal reforms, and resorting to the easiest fund raising methods by implementing cess. My apprehension is that this is also an attempt to circumvent the recommendations of the 14th Finance Commission. It also appears that such moves are against the interest of the States and the structured federalism of the country.

We already have education cess and secondary and higher education cess, which are increased by rounding it off to 12.5 per cent, additional surcharge of 2 per cent on super rich, road cess, clear energy cess, air cess, etc. totaling to over Rs. 1.5 lakh crore and more. Increasing the dependency on cess and reducing fiscal budget helps the Centre to cut Central assistance to the States compelling the States to remain insecure.

While there are certain norms for which cess is desirable, the even disbursement of the funds, thus collected by the States, remains under scanner. Therefore, if the Centre is pushing for surcharges and cess, it is creating inflationary pressures by increasing the cost. Incidentally all the cess created remains permanent.

The Government has announced with much fanfare introduction of large schemes.

HON. SPEAKER: No, you cannot read that much. You only have to mention the issue.

SHRI M.K. RAGHAVAN : Madam, I am completing. Please allow me.

HON. SPEAKER: You are going on reading 2-3 pages.

SHRI M.K. RAGHAVAN: To meet these, the Government needs money, and the Centre is unable to give enough money. Therefore, it is forced to come up with these cess schemes. With this numbers of cess, there is tendency to increasing reliance on cess and surcharges while simultaneously reducing the fiscal space for States by cutting the total Central assistance in State plans. This is also creating inflationary costs and is best seen as a backdoor entry instead of levying taxes. ...(*Interruptions*)

Therefore, it is felt that this matter of exploitation of the States and imposing of cess or surcharge on any commodity or otherwise should be done only with the concurrence of the States.

Finally, I also take this opportunity to submit that any cess introduced by the Centre, 50 per cent of the revenue so collected should be transferred to the States. I hope that the whole House will associate with me.

HON. SPEAKER: Shri P.K. Biju, Adv. Joice George and Shri Rajeev Satav are permitted to associate with the issue raised by Shri M.K. Raghavan.