

[Shri A.K. Balan]

Kerala. Had there been no such institution, Kathakali, Mohiniattam, Koodiyattam etc. would have gone to oblivion.

This institution has been the centre of attraction for the fans of classical arts all over the world. Kalamandalam has been propagating the various aspects of the cultural heritage of Kerala all over the world.

Hundreds of students and veteran teachers of eminence have dedicated their lives for the upliftment and propagation of these art forms. It is notable that Gurukula system of education exists here. The hon. Prime Minister herself has visited this institution and has congratulated the inmates for their excellent performance.

But it is rather unfortunate that this cultural centre is not getting its due consideration both from State and the Centre. The meagre amount which is extended by the State Government as grant is not sufficient at all for the survival of this institution.

So, I humbly urge upon the Centre to get Kalamandalam developed into a Tourist Centre and to start a Cultural University under the auspices of the Central Government.

(xi) Increasing incidence of T.B. and need to open more T.B. Sanatorir.

SHRI BHEEKHABHAI (Banswara) : Sir, I beg to submit that incident of TB is increasing in forest areas, particularly amongst the tribal people, due malnutrition, ill-clothing and unsafe conditions. It is on the increase day to day and the poor tribals who live in the interiors of hills and valleys cannot get the benefit of hospitalisation. Even mobile vans do not reach those innermost areas.

Since it is a contagious disease, the members of the entire family are affected and afflicted with this disease. Due to poverty neither they can go to the

TB hospital, nor they can defray any expenditure on various tests and chest X-rays.

I would, therefore, request the Government to set up TB sanatoria in the innermost tribal, hilly and backward areas to provide medicinal assistance to the rural poor.

**The Minister of Parliamentary Affairs,
Sports and Works and Housing**

(SHRI BUTA SINGH) : Hon. Members raised the question of the situation in Sri Lanka this morning and demanded a statement. The hon. Speaker also made some observations. So Government will come forward with a statement at 4.30 p.m.

12.35 hrs.

**MOTION RE : REPORT OF THE
EIGHTH FINANCE COMMISSION
AND MEMORANDUM SHOWING
ACTION TAKEN THEREON**

MR. DEPUTY-SPEAKER : The House will now take up the motion on the Eighth Finance Commission, moved by Shri Pranab Mukherjee on 1st August 1984. The time allotted is six hours. The Minister has already taken 60 seconds. He will continue his speech.

**THE MINISTER OF FINANCE
(SHRI PRANAB MUKHERJEE) :** Mr. Deputy Speaker, Sir,

**PROF. MADHU DANDAVATE
(Rajapur) :** Would you like to speak in the beginning or in the end ?

SHRI PRANAB MUKHERJEE : Obviously both.

Sir, while introducing a Motion like this, we are having a little unusual practice in the sense that normally the recommendations of the Finance Commission are being discussed along with the various Bills or amendments of the Bills, when they are being considered by the House after giving effect to the

recommendations of the Finance Commission. But, Sir, this time there is a little departure from the normal practice in the sense that we had already implemented the interim recommendations of the Eighth Finance Commission, gave effect to those recommendations in my Budget proposals and subsequently by amending various provisions of the laws and issuing Presidential orders. And when the final recommendations of the Eighth Finance Commission were made available to us, it was thought that it can be given effect to only in the Budget of 1985-86. Therefore, I thought that the Members of the House would have the opportunity of expressing their views on the major recommendations, as there would be a time-lag between placing of the Report of the Eighth Finance Commission on the Table of the House and its actual implementation to the Budget proposals in the next year. This is the background in which we are discussing the recommendations of the Eighth Finance Commission.

At the very outset I would like to place on record the commendable services rendered by the Chairman and Members of the Eighth Finance Commission going through the various important aspects of Centre-State fiscal relations and making recommendations which are having far-reaching consequences.

Sir, if I may be permitted to say so, particularly in one aspect the recommendations of the Eighth Finance Commission have taken note of the fact of what we are trying to achieve through successive Five-Year Plans, the development of relatively backward—regions and States. While giving higher weightage in the distance formula from the highest to the lowest per-capita income and recommending devolution on the basis of the higher weightage, on that distance formula the problems of most of the backward States have been taken care of and as a result they will get larger share from the transferable resources of the Centre.

Obviously as a result of these recommendations certain other States will get

relatively less. They are those who are in our context relatively affluent. I do hope while adopting the objective criteria which the Finance Commission took into account, they were not guided by the regional pressures, but what they considered appropriate in the given situation. They have taken note of that fact and have implemented it.

Sir, I am not going to touch on the points which the hon. Members are going to raise—why it has not been implemented in the year 1984-85 or whether the Central Government is going to be a beneficiary of the decision of non-implementation. These points will be raised by the hon. Members and in the conclusion of the Debate, I will reply to that. But only one point I would like to emphasise upon. Perhaps the Hon. Members will agree with me that the Finance Commission does not create any resources. Resources are the same. The Finance Commission makes recommendations with the available tax resources, how these are to be distributed.

I have explained in the explanatory Memorandum circulated along with the Documents what were the inherent difficulties in implementing the recommendations of the Finance Commission from the Financial year 1984-85.

I would just like to touch upon a single point because one State representative has pointed out that it has happened in the past. One of the earlier Commissions, if I remember correctly, Fifth Finance Commission made their recommendations in the month of July and the Government of India accepted them. Most respectfully, I would like to remind the hon. Members and the hon. distinguished representatives of the State Governments that the financial implications of the final recommendations of the Fifth Finance Commission were a little more than Rs. 44 crores. The financial implications or burden of the recommendations now are little more than Rs. 1400 crores. That is a big difference.

SHRI SOMNATH CHATTERJEE : (Jadavpur) : But the money value is same.

SHRI PRANAB MUKHERJEE : It is not so, if you keep in mind the period of operation of the Fifth Finance Commission. Therefore simply it was not possible.

Secondly, I have discussed this in great detail. Here too, I am giving one example and I would like to remove the mis-conception which the hon. Members have as if the Central Government have saved something and they have kept something in their pocket. Hon. Members will have to keep in mind that there are three major channels through which the resources are transferred from the Union Government to the States. One channel is obviously on the recommendations of the Finance Commission by which shares are transferred within the divisible pool of taxes. Another is through the Planning Commission. Even for arguments sake, if I assume that Rs. 1400 crores more would have gone to the State Governments as a result of the recommendations of the Eight Finance Commission if it was implemented from the 1st of April, 1984, most respectfully I would like to submit that if the recommendations of the Eighth Finance Commission were available to me in the month of November and December when we were to formulate the Budget, we would have taken note of these facts and made the adjustments in that way and I would have taken note of it. But in that case, almost Rs. 600 crores or more which I have given you, I mean to the States, through the Planning Commission by 10% stepping up over 1983-84 would not have come. Rs. 499 crores which I have given you by way of adjustment on 31st March, 1982 would not have come. I am taking a hypothetical position. With the resources remaining the same, as I referred to, the resources are not being created by the Finance Commission, the Finance Commission are making recommendations on how to divide and if I knew the share of the Central Excise, as a result of the recommendations, so far as the Central

Government is concerned, it would be reduced from 60% to 55%, I would have taken note of the fact while recommending to my colleague in the Planning Commission how much step up I would like to give to the Annual Plan because the overall resource position would have been taken note of. Therefore, it cannot be a case that we have become beneficiary out of the recommendations of the Eighth Finance Commission and we have kept something. Whatever resources are divisible whatever resources could be mobilised have been reflected in the Budget document. I have taken note of it and I have distributed it.

No, if I were to implement the recommendations of the VIII Finance Commission from the 1st of April, 1984, perhaps three options were left to me. I should have come before the House with another taxation proposal and I am afraid nobody would have agreed to it. I should have come before the House another huge amount of deficit financing. Already the projected deficit is Rs. 1500 crores and it would go to the extent of Rs. 3,000 crores and some hon. Members would get up and say, you should not have done anything, you should have reduced this the expenses or expenditure of the Central Government and there too, most respectfully, I would submit that as it is difficult for the State Governments to reduce the expenditure in certain areas, it is more difficult in the case of Central Government.

As all of you are aware, nearly 70 per cent of the non-developmental expenditure of the Union Government is on three heads. Dr. Subramaniam Swamy — he is not here — recommended, while participating in the Defence Budget discussion, that there should have been substantial set-up and, even without accepting his suggestion, on defence, interest payments and subsidies, on these three heads, 70 per cent of the non-developmental expenditure of the Union Government is spent. I do not know anyone who will recommend that you reduce defence expenditure, except perhaps my Marxist friends, and you reduce subsidies, that they will not agree

to and they will suggest, you increase subsidies, and interest payments we must make. Otherwise, you will not get resources which you are having to augment—Plan expenditure.

These were the constraints which compelled the Government to come to a conclusion that in 1984-85 we cannot implement the recommendations of the Eighth Finance Commission. I am not going into details. An argument has been raised that the recommendations were placed before the Government on 30th April, Parliament was in session upto 10th May and why the Government did not implement them. That is really a very funny argument in the sense that all the members are aware that on 30th April, the Eighth Finance Commission's Report was placed before the President and, if I remember correctly, the President came back from Mexico sometime on 3rd or 4th of May and, thereafter, I got the Report of the Finance Commission. Nobody would suggest to me that within these six days I will process the entire recommendations. I will take the decision of the Government of the Cabinet, and thereafter I will implement them.

In between, all the State Plans have been finalised. The State Assemblies have passed their Annual Budgets taking note of what would be their share in respect of the devolution and in respect of the Central assistance towards their Plan. In fact, acceptance of the recommendations of the Eighth Finance Commission from the current financial year would have not only created a situation in which the Central Government was to come forward with fresh Budget proposals but also almost all the 22 State Governments which are affected by these recommendations would have gone in for a second exercise of the budgeting which I thought was both impracticable and undesirable.

These are some of the issues which I thought I should bring to the notice of the hon. Members before they initiate the discussion. I would not like to take much of the time of the House at this initial stage,

SHRI SATYASADHAN CHAKRABORTY (Calcutta South) : Because you are interested in taking money, not time.

SHRI PRANAB MUKHERJEE : I am afraid, whatever is possible for me, I have given you. But there are some people who always think that the responsibility is only on us and not on them. That is the problem. Many extraneous issues have been raised. One hon. Member said that we have violated the constitution. I would like to know which provisions of the Constitution we have violated.

SHRI SOMNATH CHATTERJEE : I will show you.

SHRI PRANAB MUKHERJEE : On the other hand, perhaps, I can say that particularly the State Government which is making so much noise is violating the provisions of the Constitution, article 293 (3), by resorting to overdraft from 1977-78 till today. Have you heard of a State which resorts to ways and means advances in a year on 364 days out of 365 days and Rs. 40 crores from the Reserve Bank is to be treated as the permanent resource support? Is that the spirit of the financial scheme? Is it that when the founding fathers of the constitution contemplated, in order to overcome the temporary liquidity problem the Reserve Bank could accommodate in respect of certain States with a fixed amount, that if they have temporary liquidity problem, they should resort to ways and means advances? Does it mean that out of 365 days on 364 day they will resort to ways and means advances and consider it as a perpetual source to support their expenses?

But this sort of distortion has taken place and that is why it is correct and proper that the Finance Commission has looked into these aspects and found that they should not give relief and take into account all the overdraft in debt relief and they have given very cogent arguments and I do entirely agree with those arguments.

[Shri Pranab Mukherjee]

I would not like to take much of the time of the House. Some of these issues will come up in the course of reply to the debate and I will tackle them.

With these words I commend that the report of the 8th Finance be taken into consideration. Thank you.

MR. DEPUTY SPEAKER : Motion moved :

"That this House takes note of the Report of the Eighth Finance Commission together with Memorandum showing action taken thereon, laid on the Table of the House on the 24th July, 1984."

SHRI VIRDHI CHANDER JAIN : I beg to move :

That in the motion—

add at the end—

"and urges upon the Government to give effect to the recommendations of the Finance Commission from April, 1984."

SHRIMATI GEETA MUKHERJEE (Panskure) : I beg to move :

That in the motion—

add at the end—

"and regrets that the Government's decision to give effect to the recommendations of the commission from April, 1985 would deprive many States of substantial resources, and therefore, urges upon the Government to reverse it and put these in effect from April, 1984."

MR. DEPUTY SPEAKER : Now Prof. Madhu Dandavate.

PROF. MADHU DANDAVATE : Mr. Deputy Speaker I am not moving any amendment, but I would like to speak first.

I am thankful to my colleague Shri Somnath Chatterjee for allowing me to initiate the discussion as I have to leave in the afternoon.

I have very carefully listened to the preliminary observations of the Minister of Finance and briefly his contention is that the interim report is already implemented. He started with this observation. Then he came with a provision that there are certain built-in difficulties. Already the budgetary processes were completed. We could not allow the entire budgetary processes to be disrupted by allowing the interception by the recommendations at least for the year, 1984-85. And then he said that there are certain inherent difficulties. His main contention is that the non-developmental expenditure on defence, subsidies and also the interest payment, these are the constraints that have put certain limitations on our implementing the recommendations of the Finance Commission in the very first year. His contention is also that how could action report and the consequent action, be ready so expeditiously when all these constraints are to be taken into account. These are some of the important observations he has made.

As far as the Eighth Finance Commission's report is concerned, we are guided by certain Constitutional provisions and there is a certain legal framework within which the implementation has to take place. Under Articles 280 and 281, certain conditions are prescribed that after every fifth year, the Finance Commission is appointed and it makes its recommendations and I have very specifically stated and it is stated even in the Constitution in a broad manner, that there are two functions of the Finance Commission.

Firstly, the distribution between the Union and the States of the net proceeds of income-tax and Central Excise duties and the inter-se allocation between various States.

Secondly, the grant-in-aid of revenues of States considered to be in need of

such grants. They also draw up list to see whether the number of deficit States has gone up or down. They would also make recommendations and accordingly certain distribution of resources and certain allocations would be recommended.

Unfortunately, there are two important aspects that have to be taken note of. Firstly that certain recommendations of the Eighth Finance Commission are quite welcome but there are certain inadequacies and certain loopholes. This is one aspect of the entire report. But even if you set aside for the time being some of the inadequacies of the recommendations of the Finance Commission's report, the second aspect is about the implementation of the report and there we have to take the progress of the entire report, the various processes that are involved. The 8th Finance Commission was appointed by the President on 20th June, 1982.

Then the Commission submitted its interim report, not the final report, on 14th November, 1983 and certain recommendations were made in the interim report itself pending, of course, the final recommendations.

For instance, Rs. 494.83 crores as grants-in-aid to nine States that need aid very much. It was, of course, clarified, I must concede, that these recommendations were provisional pending the final recommendations that would come up. No doubt, that aspect was made quite clear.

Then there are certain aspects that are to be taken note of. There are recommendations and there is the implementation. As far as the States are concerned, unfortunately they find that there is a slip between the cup and the lip: that is the experience of the States, even on the basis of the recommendations that are already made. Secondly, certain important Constitutional and legal issues are also involved. I am not quite sure whether some State Governments would go to the judiciary and try to seek the guidance and interpretation of the judiciary on the violation of

certain Constitutional and legal provisions, because through Parliament is supreme in enacting laws, in making laws making amendments to the Constitution, the Supreme Court is supreme in interpreting whether the laws enacted by the Parliament and also the amendments that are made are within the framework of the Constitution. That aspect has to be kept in mind.

The Commission submitted its final report on 30th April, 1984; I am not referring to the Interim Report; I am referring to the Final Report; that was submitted on 30th April, 1984. Although the Parliament was in session for a fortnight, no recommendations of the Government on the Commission's Report were placed before Parliament. Probably it would not have been possible for them to put forward the entire approach of the Government *vis-a-vis* all these recommendations, but their broad approach could have been indicated, some direction could have been indicated, and placed before Parliament. But the functioning of this Government has been such, not only on this occasion but on a number of occasions in the past also. There are certain mandatory provisions of law and in the past it has happened that those mandatory provisions were violated. To give only one small instance, as far as the Company Law is concerned, as far as the MRTP law is concerned, section 62 makes it obligatory that whenever Reports are submitted by the MRTP Commission to the Government, within six months of the submission of the Reports, all the Reports as well as administrative reports and action taken report thereon are to be placed on the Table of both House of Parliament. In the Fifth Lok Sabha I discovered that these Reports were not placed before the House for years and years together. I actually raised a privilege issue against the then Law, Justice and Company Affairs Minister, and the Minister, after consulting the Attorney-General, had to come before the House and give unqualified apologies to the House and even say that, when they referred the matter to the Attorney-General, the latter said that they had committed a breach of the mandatory

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provisions of the MRTP Act. From that time onwards, fortunately, the reports that are submitted by the MRTP Commission, including the administrative reports, are coming up before the House. But that is because we vigilantly raised those issues.

We do not want criticise negatively. The question is, even if the Government has certain recommendations, they have a certain approach, as to why the delay has taken place, they must be able to put forward their viewpoint very clearly. The report was placed before Parliament only on 24th July, 1984 — I am referring to the report of the Government on the recommendations. Government refuses in effect, implementation of the report for 1984-85 under the pretext that, if they were to implement the report in 1984-85, the entire budgetary processes which had already been gone through would have been disrupted and as a result of that, the economy would have suffered immensely. Therefore, they say, it was not implemented in 1984-85. Let us try to find out as to what are the impacts of non-implementation of the Interim Report of the Finance Commission in 1984-85. There are certain Constitutional and legal problems. If you go through the provisions of the Constitution, certain Constitutional obligations are already placed on the Government. If you through articles 280 and 281, you will find that the Finance Commission itself, its terms of reference, its method of functioning, everything, is actually governed by articles 280 and 281 of the Constitution.

13.00 hrs.

And some of these Articles of the Constitution demand that when the recommendations of the Finance Commission are placed on the Table of the House, when the action taken report is also placed before the House, it is taken for granted that by making necessary dovetailing, it should be possible for the Government to make the necessary adjustments so that the spirit of the Constitution can be respected. No doubt

it is an exercise that will be difficult, but in the interests of the economy and in the interests of justice to the States and in order that even for one year, 1984-85, the States should not be the losers as far as allocation of resources is concerned and distribution of revenues between the States and the Union is concerned, they should not loss and for this purpose it is also necessary that though there are certain constraints, though there are certain technical difficulties, no doubt there has to be a dovetailing and no doubt the budgetary process has to be slightly disturbed and changed. In spite of that some adjustments have to be made and these changes should be possible.

I feel personally that this matter will not rest there. The Governments concerned, the States concerned, I think, are likely to go to the Judiciary and get the legal aspect as well as the constitutional aspect examined. Personally I feel that without bringing any animus as to the relations between the Centre and the States, I would say that in order to clarify these points once for all, in order to get the general mandate and a general direction for all years to come regarding implementation of the recommendations of the Finance Commission, it will be better that we seek the guidance of the Judiciary on this matter once for all. It is not only what the Ministers say or what the Members of the Opposition have to say, but what the Judiciary has to say on the matter will make the position extremely clear and once the direction comes, it will be possible for us to settle this controversy once for all.

Now the changes in the Statewise share of income tax are very interesting. In some cases they are marginal and in some of the States you will find that the percentage is such that the Eighth Finance Commission was not an improvement on the Seventh Finance Commission but actually they went back from the needs, requirements and the claims of the States concerned. I would not say that it was done deliberately or with any political motivation. But when I look at some of the States—for

instance, take Karnataka, I find that in the 7th Finance Commission the percentage share Income tax for Karnataka was 5.442% while in the 8th Finance Commission recommendation we find that it is 4.981. It has come down from 5.442 to 4.981%. In the case of West Bengal...

MR. DEPUTY SPEAKER : You should have mentioned West Bengal first and Karnataka as the second.

PROF. MADHU DANDAVATE : I don't mind if that is your direction. I would require that the records should be reversed but only don't expunge anything.

As for as West Bengal is concerned, in a number of charts, you will find that West Bengal has incurred the wrath of the Finance Commission and also of the Central Government. For instance, as far as West Bengal is concerned, in the 7th Finance Commission the percentage share of income tax was of the order of 8.018% and we find that in the 8th Finance Commission it was 7.803%. And not only in relation to this distribution of income-tax but in all the charts you will find that as far as West Bengal is concerned, they always get a raw deal. I do not know why they should get a raw deal. It is an inference which can be drawn by everyone who goes through the charts and finds out the percentages. This is actually what is observed. During the preceding 5 years 40% of the net proceeds of excise duties are to be distributed among the States. These are marginal changes. It would have been possible to make the necessary adjustments without disturbing the general economic pattern. But I do not know why even these marginal changes have not been introduced at all.

Then the number of revenue deficit States has increased from 9 to 11. I think it is quite a correct assessment. They applied various norms and according to the set standards and norms they found out that the number of deficit States has gone up from 9 to 11 and accordingly 5% of the net proceeds of excise duty are to be distributed among

the deficit States in each of the the five years—1984-89.

Sir, five per cent of estimated excise duty on Rs. 9000 crores comes to Rs. 450 crores. This amount is thus denied to States. In one year, that is, 1984-1985 you will find this is the loss accruing to States and merely telling the States that these are constraints we are facing, namely, the budgetary processes are already complete and it is not possible to disturb that will not serve the needs and requirements of the States.

Sir, as far as West Bengal is concerned the loss in 1984-85 come to Rs. 89 crores.

SHRI SUNIL MAITRA : Only on this account.

PROF. MADHU DANDAVATE : I am referring only to 5 per cent of estimated excise duty on 9000 crores and when that is to be distributed you will find that in 1984-85 to West Bengal alone the loss is Rs. 90 crores. I do not know everytime why West Bengal is singled out. But it is a fact.

(Interruptions)

It is love-hate relationship.

Then I come to grant-in-aid recommended. The total for 11 States for five years 1984-89 in Rs. 2200.49 crores and for 1984-85 it is Rs. 644.39 crores. It is not a small amount. For West Bengal it comes to Rs. 142.11 crores in 1984-85 alone. He may put in the rationale but as far as the States are concerned they suffer. People cannot be persuaded merely by accepting this rationale that these were the constraints involved and technical difficulties involved and administrative problems involved and as a result of that you will have to suffer in 1984-85. As far as this particular grant-in-aid is concerned it comes to Rs. 142.11 crores. That cannot be explained.

Then to cover requirements of up-grading and special problems Rs. 967

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crores have been recommended for five years. The annual quantum of grant in lieu of railway passenger fare is to be raised from Rs. 23 crores to Rs. 95 crores for each of the year 1984-85 to 1988-89. Now, this is denied. This is really an aspect which should be taken note of. I remember as one holding this portfolio that this is a ticklish problem and always a controversial point but you will find this amount is also denied.

Then, Sir, a total of Rs. 234 crores to be fixed for margin money for financing relief expenditure and 50 per cent of this is to be borne by the Union government. This again is denied to the States. Denying to the States such a big amount, viz., Rs. 234 crores as margin money for financing relief expenditure and 50 per cent is to be borne by the Union government—now this loss to the States is a big one.

As far as the States are concerned there are certain limitations on mopping up the resources. In a number of States the saturation point is already reached. Again the Centre-State relationships are to be revised; the fiscal processes and to be examined. Sarkaria Commission is going into the problem and initially when the Sarkaria Commission was set up most of the parties welcomed the formation of the Sarkaria Commission but some of us who belong to the Non-Congress (I) States had made a clear suggestion that if it is found on examination that on the Centre-States relationship, financial resources transfer and financial powers of the States vis-a-vis Centre...

It is necessary to have some Constitutional amendment the terms of reference of the Sarkaria Commission should be further widened and necessary powers to make the recommendations of the Constitutional amendments should also be given to the Sarkaria Commission. That was our demand. If you remember aright and if you recall all the criticisms against the non-Congress-I states, we were told that you were taking a partisan attitude. Having accepted

your demand for setting up of Sarkaria Commission, you want to create further obstructions but when the experts actually examine the terms of reference in depth, they themselves realised that if the State-Centre relationship, especially in terms of the financial powers and allocation of resources have to be radically restructured, in that case, certain constitutional amendments will be necessary and when the experts had given the advice, then they changed the political attack on the Opposition parties also and said "we accept revising the terms of reference of Sarkaria Commission" and now the enlarged terms of reference of Sarkaria Commission accept that they are given powers, if necessary to recommend further constitutional amendments so that the allocation of resources and better relations between the Centre can also be done.

Next point is about the write-off of debts and fresh scheduling of repayment. This is really to be provided to the States. Now, the total sum recommended for five years is Rs. 2,285 crores and if you work out the average per year per State, it is Rs. 450 crores. Now, you will realise how important are some of the implications of these aspects and unless they are gone through and some sort of adjustment is made, despite certain constraints, and some dovetailing is made, it will not be possible for the States to carry on their financial burden effectively without allowing the economic stability to be disturbed.

Now, against the background of all these factors, some are constitutional, some are legal, some are the technical difficulties in making reallocation, especially during 1984-85, taking all that into account, what is the final inference and conclusion that we can draw? Firstly, non-implementation of the Commission's recommendations in 1984-85 would entail a considerable loss of the State in the financial year. I have given only a few instances. If you go through the various charts that are already given you will know the facts. As far as the distribution of per centage of income-tax is concerned, how much loss was incurred from State to State?

Giving certain examples, I have indicated what will be the loss of the States. Then, there is no adequate realisation. Unfortunately, in the entire document of the 8th Finance Commission's Report, it is not merely the States which are to be brought up from the present State of economic and financial development, but there is a great degree of disparity between the States and the disparity between the poorer States and comparatively affluent States and that disparity should be removed. So, this is the problem with which not only the States in our country are faced, but even this is the problem with which the developed and under-developed countries are also faced. Whatever is the global problem, in a smaller scale that problem exists in our country. That is why there is no adequate realisation in the Finance Commission's report that the gap between the richer States and poorer States is to be bridged in a greater way. Though budgets were already adopted, dovetailing could have been possible and there is no indication in the Action Taken Report that they are to do it.

Now, take the question of phasing out of freight equalisation on steel and coal. This is the problem on which there were a number of committees, there were inter-Ministerial committees and especially for commodities like steel and coal, considerable debate has gone on, from 5th, 6th and 7th Lok Sabha. This problem has actually been debated on the floor of this House: Inter-Ministerial committees were formed. Certain reports were available and you will find that as far as this aspect is concerned, phasing out of freight equalisation on steel and coal, you will find that the greatest sufferers are the Eastern States. The Eastern states have suffered a lot and therefore you will find that this problem of freight equalisation in relation to the commodities like steel and coal, have to be reviewed in depth and I am sorry adequate attention has not been given, as far as this report is concerned.

The deficit States that had clamoured for a greater share from the Centre are dissatisfied on the one side, and, of course, there are certain inherent contra-

dictions between States and States. Psychologically, those States which are underdeveloped feel that they have not got adequate share, and as far as the developed States are concerned, they feel that instead of giving premium on their performance, probably they are being punished for their good performance. Those States which have shown a better financial and economic performance are feeling that they are being punished for good performance. As far as underdeveloped and backward States are concerned, they feel that they have not got adequate share. Some sort of a balance has, therefore, to be struck between the two. Surplus States feel that they are being punished and the under-developed States are also feeling that they are being punished.

Now, what is the rejection? It is the merger of surcharge with basic income-tax from 1985-86; raising of revenue from duties and taxes mentioned under Articles 268 and 269 of the Constitution; administrative arrangements for financing relief expenditure in times of calamity, and then a very important aspect that is synchronisation of the period of the Finance Commission and Five Year Plan period.

These aspects have to be taken into account and a definite line has to be taken.

In the light of various observations that will be made on the floor of the House, I hope, the Finance Minister who is known for this flexibility will not take up a very rigid attitude. Let him take a more flexible attitude, let him be responsive to the claims and demands of various States. I can understand rigidity on political problems, but on financial matters, if they try to have rigidity in this country, in that case that will only tell on the developmental activities in various States. To me it is immaterial which political party is in power in which State; in fact in our country, even in this House, almost every party is partly a ruling party, and partly an opposition party. They are ruling in some States, and you are ruling in some States and in the Centre. In a number of States, you are the opposition party.

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Forget the political pattern in the country; it is a question of balanced economic development in the country. And therefore, I hope that the Union Finance Minister will take cognizance of whatever observations and constructive suggestions are made in the course of this debate.

As far as the Eighth Finance Commission is concerned, it is not last Finance Commission; the Finance Commission will be a continuity, and from time to time its period should be synchronised with the term of the Plan. And if that really happens, in that case, it is better that they also take cognizance of the various criticisms and observations made on the floor of the House, so that our voice does not turn out to be a voice in wilderness, but it is a voice that should help in giving a direction to the development of the States and country.

If the States become powerful, the Centre becomes powerful. It is a false controversy; the Centre can be strong only if the States are powerful. Ultimately, Centre is only an apex, and base is the States. If only the Centre is heavy and the base is weak; under the dead weight of the Centre, the Centre will collapse and also the States will collapse. If they have got strong States, on a strong base and foundation, the edifice of a strong Centre can be built.

I hope and trust, the Finance Minister will take cognizance of our constructive criticism and do the needful,

SHRI K. BRAHMANANDA REDDY (Narasaraopet) : Mr. Deputy Speaker, Sir, somehow it happens to be my good luck that whenever I rise to speak, you are in the Chair the naturally you are very considerate and indulgent to me and I am sure you will be likewise today also.

The Finance Minister, Shri Mukherjee has to be rightly thanked for enabling this House to discuss the Finance Commission's Report for the first time in this manner in a motion moved by him to that effect. Otherwise all of us are aware that some of the recommendations

of the Finance Commission come in the form of Bills and some of them are accepted by a Presidential Order and things like that. However, I want to tell him that he has taken a risk by putting the Finance Commission's Report before the entire House, thus making himself vulnerable for attack from all sides, including his own side, which you will see presently. It is not a happy position. Certainly not. I have my own reasons for saying so.

PROF. MADHU DANDAVATE :
Not attack, suggestions.

SHRI K. BRAHMANANDA REDDY : Now Sir, my point is naturally there can be wide difference of opinion. In fact, if all members of this House are present here, as many opinions as there are members, can be expressed on every term of reference that is generally referred to the Finance Commission. Therefore, it is not wise thing that is exactly the fundamental reason why when ours is a loose federal set up and our Constitution is more unitary than federal, the constitution makers thought it wise under Article 280 to institute an independent Commission of eminent people to go periodically into the Finances of the States and Centre and recommend necessary adjustments so that the friction or confrontation between States and Centre may not arise. You know, under the Constitution there is provision only for one Commission and that is the Finance Commission. Fortunately or unfortunately, I happened to be Chairman of the Sixth Finance Commission and mind you, I was appointed by Shri Y.B. Chavan when he was the Finance Minister. Shri Y.B. Chavan is the Chairman of this Finance Commission, over which I wish to express my views.

Now Sir, you will find that if you had gone through the Reports of the several Commissions even the members differed on several issues.

SHRI SATISH AGARWAL (Jaipur) :
Including the Chairman.

SHRI K. BRAHMANANDA

REDDY : Yes, including the Chairman.

SHRI SATISH AGARWAL : That is a good augury.

SHRI K. BRAHMANANDA

REDDY : Fortunately is my Finance Commission, it was a unanimous report. However, it is the habit of the Finance Department to appear to be critical of considering Finance Commission's report but ultimately under the weight of the Finance Minister and the Prime Minister, they generally agree with the recommendations.

Now, first of all, let me congratulate Shri Y.B. Chavan and his colleagues for making liberal devolutions in taxes, grants-in-aid, etc. under several heads of the Finance Commission. If you take a broad way, the Seventh Finance Commission's total devolution is about Rs. 20,800 and odd crores. This Commission's total recommendation of the devolution in taxes, grants-in-aid, etc., is Rs. 39,000 and odd crores, roughly 40,000 crores, roughly double of what the Seventh Finance Commission has recommended.

SHRI SOMNATH CHATTERJEE
(Jadavpur) : It is Rs. 38,500 crores.

SHRI K. BRAHMANANDA

REDDY : I think it is Rs. 39,452 crores, to be precise.

The Seventh Finance Commission's recommendations were double those of the 6th Finance Commission's recommendations. (Interruption) Even taking inflation into consideration, it is more. If the inflation is 60% during 79-84, the devolution is 90%.

PROF. MADHU DANDAVATE :

After you left, the performance of inflation was better.

SHRI K. BRAHMANANDA REDDY :
I will come to that latter.

I find it very difficult to support the Finance Minister on this issue of not

accepting the recommendations for 1984-85. (Interruptions) Don't think I am anxious for your applause.

SOME HON. MEMBERS : It is spontaneous.

SHRI K. BRAHMANANDA REDDY :

Thank you. Of course, the Finance Minister has given certain reasons, fairly weighty ones. But somehow, I feel that he is on a weak wicket so far as this point is concerned. (Interruptions). The Finance Commission could have been appointed a little earlier. The Central Government's forecast etc. could have been given a little earlier. The States' memoranda could have been got a little earlier. So, to take one simple aspect viz. that it has been delayed by a couple of months till after his Budget has been presented and some alterations to be made in central and state budgets are rather weak.

SHRI SOMNATH CHATTERJEE :
Totally untenable.

SHRI K. BRAHMANANDA REDDY :

I do not say that. I will come to West Bengal later. Don't be in a hurry. When I said that Rs. 39,400-odd crores are the total devolution, I had not included the re-scheduling of debts and the write-off which amount to Rs. 2285 crores, as he mentioned. If you add that also, it will come to over Rs. 41,000 crores.

Here, the States' complaint is that they have lost, as he mentioned, Rs. 1400-odd crores, all States together, by his not implementing the final report for 1984-85.

One more consideration I would like to place before the Finance Minister : here is a recommendation which is supported by the Chairman, the Judge member, the Planning Commission member and one other member. There is a minority report by one member, which has been accepted by Government which, in my opinion, is not complimentary to the Government.

I would only ask : is he going to reconsider ? If he is not going to reconsider

[Shri Somnath Chatterjee]

this is all going to be a waste of breath. If he is not going to reconsider and if he wants still to stick to what has been done already, viz. the acceptance of the report for 1985-89, and say that the acceptance of the interim report will stand,

There is not much purpose, I would request the Finance Minister to note that when the Interim Report was accepted, it was specifically stated in the Interim Report, I think para 9 of that appendix, where it has been said, that this is subject to the final recommendation, which statement has been accepted by you or at least must be presumed to have been accepted by you because you have accepted the Interim Report. Therefore, my submission is, if you don't mind, whether it costs Rs. 1400 crores or Rs. 1000 crores it does not matter very much, you have to rethink don't please think that I am arguing for a state. Of course, there are various grounds on which I can argue for a State and also still say that the States are not doing well also.

Now, this practice or convention of filling up revenue deficit in each State should be given up in my opinion; it is not a healthy thing. I know it as a State Chief Minister and I have seen other Chief Ministers and other States also. The appointment of a finance commission is an invitation so the states and probably to the Centre also, I do not know, to incur all kind of liability which will bloat up their non-productive expenditure, which is not good for the entire country. I can understand a State asking for a better share on excise duty, a better share of something else it does not matter-but to waste money just because some finance commission is coming and just because you want to fight with the Centre, just because you want to knock away as much as possible from the Central Government, to incur unnecessary, non-productive expenditure, non-plan expenditure, is a sheer waste for the entire country. Now, I say, all of us are swimming in a small muddy pool. The resources for the Centre are not

much either. Therefore, when the entire kitty is so small, we are trying to fish in troubled water accusing one another. But why don't you consider, why not this House consider that the entire kitty is to be enlarged to the extent possible? I honestly feel and it has been said by eminent people, economists and others, that the leakage in the central revenue or the State revenue is anywhere about 30-40 per cent. My friend, Mr. Biju Patnaik says, it is more; whether it is more or less, it is universally accepted accepted that roughly 40 per cent is the leakage, whether it be customs or income tax or excise duties. So far as the states are concerned, two important sources of revenue are there. One is the sales tax and another is excise, arrack & toddy. These are big items where states get quite a large sum of money. If really half of this leakage is stopped and the Centre also is able to plug in a manner that can be thought of certainly there would not be any quarrel either between a State and a State or between the Centre and the States. We have to see how there should not be any confrontation, how the States and the Centre both together can feel happy.

I have said twice on the Floor of this House during budget discussion, that we have got an administration, we have inherited an administration which is change-resistant, which is rule ridden and whatever may be the recommendations of the Commissions about change in your system of administrations in finances etc., nothing has been done till now, nothing important has been done till now to bring a change in our pattern of administration. I would request the Finance Minister who is very intelligent, who knows what his job is, who knows how to deal with these matters, to think about these things. After all, if you get one thousand crores by way of excise this year and next year you get Rs. 1100 crores, you feel very happy. Somebody said that in 1950-51 the excise duty was less than Rs. 100 crores and now we have Rs. 10,000 crores, and he was very happy. That is no consolation. When all of us know 30 to 40 per cent is the percentage of leakage in the Centre and states, if you can plug 50 percent of this, there

would not be any quarrel between the States and the Centre.

SHRI SATISH AGARWAL : In sales tax it is one hundred per cent.

SHRI K. BRAHMANANDA REDDY: No. I do not subscribe to it. When we make criticism, it must be such as to allow who is criticized to feel that there is some substance in the criticism and feel justified in trying to see how best it can be improved. I am not here to damn somebody or to criticize somebody for criticism's sake.

SHRI SOMNATH CHATERJEE : You get blocked in courts.

SHRI K. BRAHMANANDA REDDY: I have already told you about the increase in the non-Plan expenditure and about the rate at which we are going. I see in today's Press that there is 12 point increase in the consumer price index for the month of June, 84. From 1983 June to 1984 June there is 41 point increase. This is a matter which will be, I am sure, annoying the Finance Minister.

Now, here I would like to go a little beyond the Eighth Finance Commission and submit to you, that hereafter in the terms of reference to the Finance Commission, in the devolution they should make a definite allotment to the local authorities in each State. It is not a matter between the Centre and the States, I would like to say. After all, all of us have seen macro level planning which of course built necessary infrastructure and till now it is practically only macro level planning except for the 20 Point Programme of the Prime Minister which is intended for the benefit of the rural people. It is really a good programme. It is no a party programme. It is a national programme and therefore it is the only thing which caters to the needs of the rural people or the poorer sections in society, and so it has to be emphasised. But, however, I would like to say, "Do not kindly leave it to the whims and fancies of the States." I know it not only in my State, but in several States how the local bodies are

starved. If Biju Patnaik is not satisfied with one local authority he does not give one rupee, I did not do like that. But the point is that I would request you to kindly remember, hereafter it should be a question of micro level planning where the rural needs have to be met and where real production of wealth also this place.

Unless there is a definite devolution by the Finance Commission, You will not be able to cater effectively to the rural folk which are about 75 per cent of our country's population. I would request the Finance Minister to kindly keep it in mind.

Because I belonged at one time to the State Administration, it is but natural that I should have sympathy for them. As you know, the States are concerned with matters like education, health, law and order, welfare of SC&ST and backward classes, etc. etc., which do not yield one pie revenue. Because they are loaded with this expenditure I feel that much more could have been done by the Finance Commission under administrative upgradation and local problems. I am submitting this because Mr. Y.B. Chavan is here. The States have asked for more than Rs. 20,000 crores under this head and what is given less than Rs. 1000 crores. Therefore, in this field you can have a sympathetic look because this is an expenditure which the States undergo under this head which does not yield any amount of revenue. Naturally under this head or some other head you must feel inclined to give more wherein the poorer States including North-eastern States or big States like Assam, Rajasthan and Orissa which are comparably weaker can be taken care of.

Mr. DEPUTY-SPEAKER : Would not the States feel that the Finance Commission is encroaching on the rights of the State Governments ?

SHRI K. BRAHMANANDA REDDY: There will not be a single State. On the other hand, they will come and garland you.

[Shri K. Brahmananda Reddy]

Here, I am sorry, I am not able to agree with the Eighth Finance Commission in one respect. They have given 5 per cent more devolution in excise duties. Hither to the Seventh Finance Commission gave 40 per cent. Now, they have recommended 45 per cent. Very good. To that extent I have no objection. But what does it mean by 5 per cent extra? It means now under the escalating revenues of excise in a plan period will be Rs. 3500 crores. This is not a small sum. Unfortunately I do not know why this Commission has recommended this only for deficit States. In my opinion, so far as devolution of Taxes is concerned, it is the right of the State to get whatever percentage it may be entitled to. About grants-in-aid you may do what you like. But so far as sharing of taxes like union excise, income-tax and other things are concerned, I feel that it should be the right of the State to get its share whatever its share maybe.

I know, for instance, under this devolution—Mr. Somnath Chatterjee you may also know—West Bengal, which is fifth in the order of the States looking at the per capita income, becomes entitled to a share as a deficit State. I can understand Assam getting, I can understand Orissa getting, I can understand Rajasthan getting and, of course, the States like Nagaland, Manipur, Tripura, Himachal Pradesh and Jammu and Kashmir are a perpetual liability and you have to foot the bill right from the first pie to the last pie whether it is Revenue Account or Capital Account. Therefore, my humble submission is that so far as sharing of percentages is concerned, it should go to all States. Shall I tell you that Andhra Pradesh which is a comparable State to West Bengal from the point of view of population. (They may have Calcutta as an extra problem but we have Hyderabad as a sufficiently big problem in a different way) they have got more than Rs. 600 crores extra as compared to Andhra Pradesh. Mr. Ashok Maitra is not here, I do not want to criticise him.

He is a very difficult person, I do not want to get into controversy with him...

(Interruptions)

SHRI Y. S. MAHAJAN : Did you say he is a difficult person ?

SHRI K. BRAHMANANDA REDDY: Difficult person in the sense that he goes to the Press very often and probably public opinion is misled, and I may not have an opportunity to contradict him often in the Press. I am not very anxious for any publicity. But I do not know whether he is bamboozling or browbeating Mr. Pranab Mukherjee who comes from the same State or is there any annexus between the two (Finance minister, I feel does not mind a little honour).

SHRI SOMNATH CHATTERJEE : Is that lack of nexus the reason for this decision ?

SHRI K. BRAHMANANDA REDDY: Show me one item under devolution under which West Bengal did not get. Shall I tell you what is the projects revenue deficit of West Bengal under the Seventh Plan? It is less than Rs. 800 crores. What is the revenue deficit shown in this Plan? It is Rs. 3,034 crores. What is it? I want to know. Let West Bengal explain, let Mr. Ashok Maitra come here and explain. If the revenue deficit of West Bengal in the Seventh Plan from 1979 to 1984 is about Rs. 800 crores, the revenue deficit from 1984 to 1989 is Rs. 3,034 crores. Is it exagoration, is it bloating up? I cannot accuse the State Government of malafides but I can accuse a person of malefides. Therefore, you must be able to explain how this is so? In spite of very large devolution, still there appears to be a deficit of Rs. 213 crores. What a State, what an administration and what figures! I do not know, that is known to Finance Minister at the Centre and the Finance Minister of West Bengal only and I do not want to come in between them. Under administrative upgradation you get money, under grants-in-aid also

you get money, under distribution of five per cent extra to deficit States also West Bengal gets money.....

(Interruptions)

SHRI SATYASADHAN CHAKRABORTY ; Progressively diminishing.

SHRI K. BRAHMANANDA REDDY: Mr. Chakraborty, know thyself. I sometimes feel why the Centre should put itself in a vulnerable position of being attacked by every State ?

Why not give a little more to them, make their share a little more, and be done with it? Let them look after themselves. Now they get money and yet they accuse the Centre. Over every Plan period they do get some money and yet they run into overdrafts. Does Shri Somnath Chatterjee know how much of the Central finances go to West Bengal? In the last year or so of the Sixth Plan it was Rs. 400 and odd crores. If I am right, please listen to me; if I am not right, please contradict me. Therefore, this kind of trying to bamboozle or browbeat is unfortunate. That is why I submit to the Central Government that it is in their interest to give some Plan assistance, some loan assistance for their irrigation projects, electricity and motor transport projects etc. which give them some revenue. Otherwise, instead of the devolution being 40 per cent, let it be 50 or even 55 per cent and be done with it, rather than getting this kind of complaints from the State Governments that they have not been dealt with properly. Why have this continuous bickering ?

Now you are bold enough to put these proposals before the House. Tell me, which member from which State will say that he is satisfied with the devolution. Leaving apart West Bengal, even other States do not appear to be satisfied.

I do not know whether Shri Chavan remembers this or not, by this devolution of 5 per cent to the deficit States, Maharashtra loses more than Rs. 50 crores. But it did not matter to him,

because he went by the principle, though a wrong principle, according to me.

They have made another recommendation, which is very good. The deficit States complain that the grant-in-aid is a fixed sum, it is not a progressively increasing sum, and so another extra 5 per cent should be given to them. I have no quarrel with it. It is very good. If in your generosity you give more, I have no objection. Because, in the case of States that are listed under that category, anyway you have to foot the bill, right from the salary of the peon. Therefore, you do not lose much that way.

Prof. Dandavate was mentioning the Centre-State relations, which has a wider aspect. It involves not only finances but also many other aspects. So, I do not want to go into them. But we must bear in mind one point. The framers of our Constitution were eminent people, the greatest patriots. They knew that in this loose federal set-up, an independent commission with eminent people should be set up periodically to review the position; it need not necessarily be after every five years; it can be at an earlier period also, if you look at the wording of article 280. Until we receive the report of the Commission on Centre-State relations nothing can be done, because after the appointment of the Commission, we cannot just butt in and do something. Therefore, I would earnestly say that, in consultation with them, you must see to it that this unfortunate or misunderstood criticism of confrontation between the Centre and the States should not confuse the public.

This is a very necessary fact in a country like ours. Let the States feel they have been dealt with justly. At the same time we know the Centre's responsibilities are very heavy. You know the Commission not only looks into the State finances, but also looks into the Centre's finances, but also looks into the Centre's finances. And here I must congratulate the Eighth Finance Commission for looking into

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even the defence expenditure of the Central Government and not taking the figures, which was given by the Defence Department at the Centre as correct and sacrosanct. Therefore, they tried to do justice. Let us congratulate them. Let me conclude by saying that if our remarks have any relevance, kindly consider them.

13.57 hrs.

[SHRI N. K. SHEJWALKAR in the Chair]

SHRI SOMNATH CHATTERJEE (Jadavpur) : Mr. Deputy Speaker, Sir, this is the first time that the Government has come up for a discussion in the House on the recommendations of the Finance Commission, obviously in view of the demands on this side for a Debate on the Government's unprecedented action of mutilating the recommendations of the Finance Commission in the manner it has been done.

Sir, I take part in the discussion not in the spirit of confrontation as such, not to cross-swords or to score debating points, but more in agony and in anguish to seek the indulgence of the House to point out what we feel that a monumental injustice that has been caused to several States, in particular to West Bengal and Tripura, by the executive decision of the Government of India taken on the recommendations of the Finance Commission. Sir, I would appeal to the Hon. Finance Minister to treat these matters as of great importance to the proper functioning of our Constitutional machinery and organs in future and to the overall and coordinated balanced growth of our country and not from the point of view of electoral politics.

Sir, the Finance Commission is a constitutional body. It is appointed by the Centre with men of its choice. The State Governments have no voice there. Sir, we have had eight Finance Commissions. It is not that in the past or even in the present the recom-

mendations of the Finance Commission have provided wholly satisfactory means of devolution of resources for the functioning of the quasi-Federal set up that we have in this country. The basic tenet of most of the recommendations of almost all the Finance Commission has been a pro-Centre bias. But even then the Finance Commission has been given a position of eminence in our constitutional set up apart from inviolability and indispensability that has come to be attached to the status of the Commission.

Sir, in our Constitutional scheme, the Central Government occupies almost solely the field of taxation and in raising of the revenues, as Shri Brahmananda Reddy pointed out. Except for Sales-tax and excise hardly there is any major source of revenue with the States. And having conceded to the Centre the focal point in the major share in the field of taxation and resource mobilisation throughout the country, the Constitution makers had necessarily to make provision for distribution or sharing of the resources between the Union and the States because of the polity that was set up.

14.00 hrs.

Sir, in our quasi-federal polity no State Government can function or even exist, and they are not even expected to exist, without distribution of the resources which are realised by the Centre. I would request the hon. Finance Minister,—he may have already gone through the debates that had taken place in the Constituent Assembly when the Articles, which are presently 270 to 281 were discussed—to see what was the approach of the Drafting Committee consisting of eminent persons that we all know in the matter of devolution or distribution of resources or sharing of resources between the Centre and the States.

When the Constitution was in the process of being made, there was a specific proposal before the Constituent Assembly that the matter should be left to the President in his discretion to

decide That means, the Executive should decide. There was a second proposal that it should be left to Parliament to decide by law. Among these two proposals, one is to leave it to the Executive and the other is to leave it to the Legislature. The Drafting Committee came with a different proposal altogether. They said, 'No, we do not accept either of these proposals', and they said; "We want a high powered Commission with constitutional status should be set-up to decide on the principles of distribution of the resources." If we go through the speech of Dr. Ambedkar when these articles were under consideration or when the corresponding Articles were under consideration in the Constituent Assembly, you will find that he said that the position of the President, because he has to prescribe merely the percentage, will be strengthened if he could refer, as a justifying cause, to the recommendations made by the Finance Commission and the Finance Commission will be acting as a bumper between the President and the Province which may be clamouring for more revenue. This was the object which was suggested by Dr. Ambedkar. He went further and said that until the Commission was set up, the President, i.e., the Executive, will take a decision as to the percentage, but after the Commission is set up the Government can act only upon proper consideration of the Commission's recommendations.

Sir, on 10th of August 1949, almost 35 years today, Mr. T.T. Krishnamachari was replying to the debate on what is now Article 281, and on behalf the Drafting Committee, this is what he said, if I may quote :

"The creation of a body of this nature is put in the Constitution as an assurance to the States that an impartial machinery will be created for the purpose of distribution of grants,"

It was an assurance given by the Founding Fathers of the Constitution to the people of this country that an impartial machinery is being created for

distribution of grants. And he further said :

"Parliament should not take the responsibility and it should be entrusted to an independent body like the Finance Commission and it will be better for the further of the country."

He says, even Parliament should not take up this responsibility and that was the reply he gave on behalf of the Drafting Committee to a demand that was made that either the Parliament or the Executive should take up the responsibility. Who would have the authority? Is it the Executive? He said, No. It must be an impartial authority. We must have an independent body. And he gave assurance to the States that their problems and their demands would be fairly considered by this important body. Don't bring in the Executive. Even don't bring in the Legislature which is naturally controlled by a political party. Sir, this was the status that was given to the Finance Commission by the founding-fathers of our Constitution.

We must congratulate Shri Brahma-nanda Reddy for a very objective speech which he made today. He has stated with vast experience that he has had in different spheres of public life. He has himself admitted that there are regional imbalances and disparities. There are States and States. Some are better off and some are facing problems. He has also admitted that very minimal scope of resource mobilisation is possible for the States. That is why, he has said that it appears that every time when the Finance Commission is set up, all the State Governments come to it with greater and greater demands. Why does it happen? Should we not consider it? It happens because every State is eager to find resources to carry out its policies, to bring about changes in the conditions of the people who have been suffering for decades and decades. Our paths may be different. Our ideas may be different. But I have no doubt that every Government in its

[Shri Somnath Chatterjee]

own way seeks to do its best in certain respects. You may not agree with my paths. I may not agree with your path.

But, Sir, I am sure, the hon. Finance Minister will agree with me that memoranda filed by each and every State before the Finance Commission have been asking more and more greater and greater allocation of resources to that State. And there is not a single State which in their memorandum have stated to the Finance Commission that they are happy with what they are getting. Therefore, don't think that this is some aberration on the part of a particular Government or particular State.

Therefore, Sir, such disparities, imbalances and inadequacies of resources have necessarily resulted in what we feel, the weakening of our country as a whole and the difficulties have become perpetuated. There is perpetual backwardness and there are reasons which are historical, geographical and also political that are known and I do not wish to go them into great detail. In this background, the Finance Commission has to play its role and the Government has to play its secondary role in this case.

The distribution of resources from the divisible pool or from the Union to the States is not a matter of bounty or charity. Nobody can say that. The Constitution enjoins upon the Centre to divide the resources along with the States. It imposes a duty on the Central Government and at the same time, the Constitution itself has contained in-built protection against arbitrary action on the part of the Central Government. The Constitution has not left the matter to the uncontrolled discretion of the Executive. Nor has it left to Parliament to lay down the manner of distribution of resources. The Constitution provides that either when an executive action is taken or a law is made by Parliament, the recommendations of the Finance Commission will have to be considered,

This is the language of the Constitution, not my language. The Constitu-

tion requires and it is the duty imposed on the Central Government to carry out in a proper manner the proposals for distribution of money and it is the duty which is in the nature of a trust. A proper consideration has to be given. The constitution framers made the provision that it will not be left to complete unrestricted power of the Central Government. I am stressing this because the question of constitution at validity or propriety has been raised and I am raising it. "To consider" does not mean "to act arbitrarily" or on them whims and caprices. It is not that you just open your mouth and say, "I take this decision." The Supreme Court says, consideration means much more than determination even. The Supreme Court has said that consideration connotes active and bona fide application of mind after taking into account the entire circumstances based on objective materials.

The Constitution does not concede to the executive any power or authority to take a decision on the recommendations of the Finance Commission on its sweet will or on a spacious plea, far less on a political or confrontational basis. If such a power is conceded to the Central Government, then the entire gamut of provisions in the constitution from article 268 to article 281 will become mere paper provisions. They will become dead letters in the constitution and will further become the means of taking highly arbitrary and despotic action which according to our reading of the Constitution the constitutional provisions are being violated.

According to us, the constitution cannot mean issuing dictates with a whip in your hand, nor with the object of teaching a lesson to some States whom you do not like of. It is not for a majority in this House to bring a legislation in the name of giving effect to some of the provisions of the constitution to do that. It is ipse dixit of a big brother also. There must be cogent, honest, appropriate and relevant considerations and reasons before recommendations of a body like the Finance

commission can be tinkered with or nullified in a manner as has been done in the present case. It is in real agony and anguish that we are saying, after a good deal of effort and persuasion, not that the Finance Commission has been selected by us that some recommendations have been made and a decision in the name of considering those recommendations has been taken by the executive which completely nullifies for one whole year the proposals of the Finance Commission :

That is why I would urge upon the Government to treat the States' position not from any narrow partisan or political view. It is the duty of the Central Government to treat the State Government as partners in the process of development and progress. Don't treat the State Governments as cogs in the wheels of your attaining political hegemony over the whole country by taking recourse to an extraordinary method which is for the first time adopted in this country of making a five-year term of the Commission restricted to a four-year term.

At one single stroke, you make a mockery of these recommendations of the Commission which specifically wanted them to be applicable from 1st April, 1984.

I am sure it is not forgotten that by denying what has been given by the Finance Commission, the Central Government and the hon. Minister of Finance are not denying the State Government only, of its revenues. You are denying the people of the States of the benefits of the revenues that have been provided by the Finance Commission. Therefore, your targets are not the State Governments. The people become your targets.

I would appeal to the hon. Minister of Finance, whatever may be the constraints of the Central Government, the constraints of the State Government are no less. Here you cannot give primacy to your difficulties as you visualise them.

The Eighth Finance Commission was set up by the Central Government with one of the leading Members of Parliament belonging to the ruling party. We have nothing against that eminent person. We have respect for Mr. Chavan. But the point I am making is that the Central Government's own nominees may be on valid consideration they have selected them were on the Commission. The Constitution prescribed that every fifth year, the Finance Commission shall be set up and this Commission is to lay down the proportion for the distribution of resources. Kindly note 'for a period of five years' and that the Government will be guided by the considerations of the recommendation.

We have tried to look up and the hon. Minister will correct me if I am wrong but never in the past in the history of this country, the Commission's recommendations been restricted, although the Commission specifically said 'five years,' the Government said 'four year'.

SHRI RAM SINGH YADAV : (Alwar)
Has any previous Commissioner submitted its report so late ?

SHRI SOMNATH CHATTERJEE :
This is a matter of life and death. We are just not joking.

Never in the history of this country, a Commission like the Finance Commission has been treated with such casualness, such contempt and such disdain as has been done in the present case.

The recommendations here have been restricted to a period of four years and we cannot but protest against this action which is not only contrary to the letter and spirit of the Constitution and norms of governmental behaviour but we say it is an irresponsible act and is motivated by narrow political considerations. I am sorry I have to make this charge.

Some dates are important. Eighth Finance Commission was constituted by the President on 20th June, 1982 and it was asked to make its report by 31st

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October, 1983 "on each of the matters aforesaid". I am quoting from the order of reference and covering the period of five years commencing from the first day of April, 1984. This was the term of reference.

The Commission requested for extension of time and they have stated the reasons in their report. On 29th of October, the President extended the time for making the final report till 29th February, 1984 and an interim report by 15th November, 1983. The dates are important. At that time, it was known that even if the final report is given by 29th February, Budget will be presented by that time. The Commission was not asked to restrict its report to four years. Even then they were asked to make a report for five years with effect from 1st April, 1984.

Now, many things have been said. But what the Finance Commission has said with regard to their request for time, let us see; I am reading from the Report of the Finance Commission. It says on page 3, paragraph 1.6:

"A review of the progress of our work was made in early February, 1984 and it was felt that because of the initial delays caused by circumstances beyond our control, it would not be possible to complete our report by 29th February, 1984. Consequently, we were compelled to seek further extension upto 30th April, 1984. This request was accepted by the President in his Order dated the 29th February, 1984."

It was known, obviously, that it would be much later than after the budgetary process is over. The extension was given upto 30th April, 1984. Even then the Commission was asked to restrict its findings to four years. What was the reason for asking for extension of times. Kindly see paragraph 1.8 :

"The Commission could only make a slow start in its work, primarily due to the fact that no Officer on Special Duty was appointed in advance of the

constitution of the Commission as was done in the case of previous Commissions..."

No facilities were given.

"No accommodation had been arranged for the Commission before its constitution and the process of sanctions for creation of posts and recruitment of suitable personnel to fill those posts continued for a long time after its constitution..."

Because of the failure of the Central Government, today the people of different States are being made to suffer. Now, I read on :

"The Commission functioned from a few rooms in Vigyan Bhavan Annexe which also had to be vacated soon afterwards on account of the requirements of an international conference..."

This is how you treat a very, very important Commission.

"The Commission was then allotted accommodation in two separate buildings, about two kms. away from each other and could move into them only towards the end of September, 1982. Procurement of office equipment, creation of posts, selection of suitable persons, took time and it was only towards the end of 1982 that the office of the Commission could begin functioning in a reasonable fashion."

That means, for a period of six months, they could not do any work, they had no place to do their work.

"We have dwelt on these problems so as to focus attention on the need for advance action to save the time of the Commission after it is constituted."

Then I come to paragraph 1.12 :

"As in the case of some of the States, the Centre's forecasts also reached us

late. The Chairman requested the Union Finance Minister on 26th July, 1982, to send the forecast of receipts and expenditure of the Government of India and also indicate their views on various terms of reference given to the Commission. The forecasts of the Centre were received by us on 19th August, 1983. The examination of the forecast of the Central Government is a time-consuming exercise requiring detailed discussion at various levels. In the short time left for the Commission to submit its report by 31st October, 1983, it was impossible to properly scrutinise the Centre's forecast, and consequently the Commission was left with no other alternative but to request the President for an extension of time for submitting its report."

Now, the Commission is sought to be made the scape-goat. Kindly come to page 161 which is the last paragraph of the Interim Report which this Government wanted. The commission was requested to submit an Interim Report.

Page 161, last paragraph :

"Having given our interim recommendations for the financial year commencing from the 1st April 1984, we would like to emphasize that these recommendations are provisional and of an interim nature and would be subject to such re-adjustments as may be necessary on the basis of our final report."

They have said clearly that the final report will supersede this interim report.

"The interim recommendations made in this report should therefore not be regarded as indicating our final views or recommendations of committing us in any way regarding the principles of devolution of taxes and duties or grants-in-aid under Article 275(1) of the Constitution or on any other matter referred to us in the Order."

So unanimously they have said that this is provisional, "not our final views and as you wanted an interim report, we are giving it."

Then, Sir, kindly see the table on the top of the page 161. Rs. 494.83 crores were recommended to be distributed as grants-in-aid for the year. It is by way of provisional allotment. When the final report was made—it is very significant as pointed out by Mr. Reddy also—one member, Mr. Shirali gave a minute of dissent. He said that for 1984-85 the recommendations of the 7th Finance Commission and the interim report should be applied and the recommendations of the 8th Finance Commission should not be applied. This was his view. That was expressly rejected by the majority.

Therefore, the Finance Commission, as Mr. Brahmananda Reddy has very pointedly brought to our notice—the Chairman, Mr. Chavan, the Judicial Member, the Planning Commission Member, Dr. Hanumantha Rao and then the Secretary, Ministry of Finance all agreed except the member from the Comptroller & Auditor General's office. Everybody has rejected the minute of dissent and it has been specifically provided—if you kindly see page 125 and this is very important, this is the summary of recommendations :

"Our recommendations to the President are set out below. Unless otherwise stated, all these recommendations are in respect of each of the financial years from 1984-85 to 1988-89."

Therefore, they are specific recommendations for five years from 1984-85. Therefore, the majority has specifically considered this point and rejected the minority view and expressly stated that 'all our recommendations should be applied from 1984-85'. This has necessarily superseded the interim report.

Now it also proves one more thing—that the Finance Commission was applying its mind at a time when the centre's account, the projects plans and everything were known to them. They have had an occasion to consider the account position of the Central Government, their budgetary allocation, their planning

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allocations and after considering their annual accounting provision, their budgetary provision, planning commitments and after considering all that, they have specifically made these recommendations from 1984-85. This was not done without taking note of the Central Government financial position. There was a specific application of mind because one hon. Member of the Commission said that it should not apply.

Therefore, Sir, inspite of the clearest intention of the Finance Commission that the recommendation should apply from 1st April, 1984, the government of India acting in the name of the President has taken this unprecedented decision to restrict it to four years only from 1985-86. This has resulted in making the considered recommendations of the Finance Commission—a Constitutional body—for the year 1984-85 as nothing but paper provisions and this will remain in the archives as mere biious wishes. I say this decision is not only unprecedented but it is a dubious decision.

Sir, we have witnessed in the past various aberrations on the part of the Central Government, since Independence. We have witnessed Emergency. We have seen fiddling with the Constitution for concentration of more and more power in the hands of one group of persons but, I think, in the history of our country there has not been a parallel of such grotesque exhibition of political brigandage. This has never happened in the past and it is being done on the plea of administrative convenience. You make a mockery of the recommendations of a body like the Finance Commission and say : Well can I do ? States are in difficulty. Centre is also in difficulty.

(Interruptions)

Sir, this is something not only unprecedented but also dubious and done on political consideration. I would request you to take note of this. What is the decision that has been taken by the

Central Government ? Sir, have you got the Explanatory Memorandum before you. Para 2 of that memorandum states :

“As required by its terms of reference, the Commissioner’s recommendations cover the five year period commencing from 1st day of April, 1984...

The last sentence of that para says :

The Report of the Commission was submitted to the President on 30th April, 1984 by which time the Budgets and Annual Plans for 1984-85 of the Central and most States Governments had already been finalised.”

So, with knowledge you had extended the time. Para 4 puts forward the so-called reason and I quote :

“As almost four months of the current year are over and the budgets and Annual Plans for the year are already in operation, it will cause undue disruption in the economy, if the budgets and plans for the remaining part of the current year were to be changed now.”

Mr. Mukherjee, I request you to please search your heart if you have not mortgaged it elsewhere. Posterity will judge you by the spaciousness of your plea. Further it says :

“Taking these considerations into account, the Government have decided to continue with the recommendations of the Finance Commission contained in the Interim Report for the current financial year.”

Sir, these pleas are not only baseless but neither honest, nor bonafide nor defensible.

The Finance Commission, as I said, has expressly provided that these recommendations are effective from 1st April, 1984-85. But now knowing the position on budgets and annual plans for the Central and the State Governments and knowing that their interim report was

only a provisional one and after their ability to study all these budgets and annual Plans, they gave their proposal and expected that this should be implemented from 1st April 1984-85. Now, the plea is disruption in the economy. I will show that this is a baseless plea. But on this plea, what have they done? They have rejected that part of the recommendation which applies to one whole year, not on a particular subject or any particular allocation, for one whole year, it has been rejected as not to be implemented. I say this is a clear reflection, an affront on the Commission itself as if they have not applied their mind. They say 'yes', we have applied our mind.' But why not the Central Government consider about the undue disruption in the economy of the States? Now, all these gentlemen in the Finance Commission were acting without application of mind, without thinking and as if they wanted the disruption of the Indian economy and it is the Central Government which is trying to stop and protect it. This type of arrogant attitude, I submit, has been taken with some purpose and, I hope, to establish that purpose here. I say that their object is to deprive some states of their legitimate share on the basis of the Finance Commission's recommendations. This is not our demand. Kindly note that. What we want to emphasise and request the hon. Members here is to consider that we are not asking for one paisa more than what the Finance Commission appointed by you has recommended. I am not asking for anything more. I have many more demands. But what I am asking is: Please implement the Finance Commission's recommendations. If I may call it, it is an 'operation grab' by a political immoral decision and by trickery as well.

(Interruptions)

Mr. Ranga, you know that the Supplementary budgets are not unknown in this country. The other day you came here with the Supplementary Demands for Grants. The new taxation proposals are not unknown in this country. You have evolved a system of administered prices, increasing the prices. Today as

for the first time you have become so concerned and touchy about taxation, about allocation of resources on the plea disruption of the Indian economy which the gentlemen in the Finance Commission were given to bring about, so you have stopped the implementation of these recommendations. Sir, this is not the first time when the Finance Commission has given an interim report as well as final report. On the first occasion, the Second Finance Commission, presided over by Mr. Santhanam, gave an interim report and while giving their interim report they said it was given in November 1956. Mr. Santanam observed. "We are now only in the preliminary stages of our study of the materials available to us. Many States, particularly the reorganised States have yet to send the memoranda and the statistical data we have called for. We have discussions only with the States Governments of Assam, West Bengal and Orissa. We shall be in a position to formulate our final recommendations after we receive and consider all the memoranda and statements. As this will not be available in time for the framing of the budgets for the coming year by the Central and State Governments, it is considered desirable to make interim recommendations on the basis of budgets, which can be framed and provisional payment may be made." And in the second para—"We recommend the decisions taken by the Government of India and our final report should be given effect to from first of April 1957, the year of commencement." Not the subsequent year, Mr. Mukherjee. "And all payments made on the basis of this report, i.e. the Interim Report readjusted against the final payments. We wish to make it clear that the interim recommendations should not be taken as giving any indication of the views of the Commission. The Second Finance Commission in their Interim Report said—"We are engaged in the reassessment of the financial position of the Central and State Governments...etc." Now this Interim Report's provisional recommendations were after visiting three States. This was accepted. The final Report brought about changes. That was also accepted by the Central Government and

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the final report was submitted in September 1957. The First Report was in November 1956, the second in September 1957 and the final report was applicable from 1st of April 1957, which was the year of commencement of the five year term. There, no such plea of disruption of economy, etc. was taken. And those were the days when the country's economy had to bear the brunt of so many other difficulties. But Sir, that was implemented.

So far as the Fifth Finance Commission is concerned, which was under the chairmanship of Shri Mahavir Tyagi, the Interim Report was on 31st October 1968. I have a copy of the Report here with me. It was stated that the recommendations were provisional on an interim basis and would have to be readjusted on the basis of final recommendations. The Government accepted it. The final report was given on 31st July 1969 and it was implemented from 1st of April 1969. How could it be done? In all the cases, the interim reports are provisional and in this case also, the 8th Finance Commission, it is provisional. They could not start the work. You have not given them an office. You did not give them staff. You did not give your financial estimates. They could not work. And for your default, you now take the plea of 'undue disruption in the Indian economy'. Sir, what is the position.

If you kindly allow, I shall go through it as quickly as possible because it is a vital matter, not only for my State but other States also. Prof. Madhu Dandavate has indicated some of them and I am not going into it. So far as differences in the income taxes and excise allocations, etc. are concerned, they are marginal. The effect on different States is also marginal. Therefore, We are not going into it.

So, we are not going into them. But about 5% Excise duty allocation Mr. Brahmananda Reddy said its should be implemented from 1st April 1984. Out

of this 5% excise allocation to the deficit States, West Bengal is losing Rs. 90 crores this year. What is provided is that 19% of these allocations this year will come down to 16% next year; to 11% the year thereafter; to 7% in the next and to 0.5% in 1988-89. So, when during the first year, viz. 1984-85 it is not implemented, we are losing straightway nearly Rs. 90 crores.

Sofar as the grants-in-aid are concerned, at page 126 figures are given. In this very year when Rs. 644 crores have to be given, we are to get Rs. 142 crores; and actually what we have got is Rs. 7-odd crores, in the interim report. So far as this year is concerned, I have indicated our loss.

Sofar as West Bengal's share for upgradation and special problems are concerned, our loss is Rs. 21 crores—just because they are not implementing it for 1984-85. Sofar as grants in respect of railway passenger fare is concerned, we are losing Rs. 6 crores; in respect of relief expenditure etc. we are losing Rs. 1190 crores, and in respect of debt relief and re-scheduling we are losing Rs. 24 crores this year. We have calculated it, and the position is that due to non-implementation of the recommendations for 1984-85 — Mr. Brahmananda Reddy, with his vast experience and concern for an integrated development of the country has said that it should be implemented from 1st April 1984—our loss is to the extent of Rs. 300 crores. This is not extra munificence. This is what your Finance Commission has recommended; and you are taking this away, Rs. 3,00 crores in one year, on the ground that your administrative problems are such that you cannot adjust. The most important thing is that sofar as inter-State inter se arrangements are concerned, any disruption, if at all, will be there is income tax and excise. But they are only marginal. Out of a total budgetary provision of the States in this country, which amount to about Rs. 36,000 crores, to the extent of not more than Rs. 200 crores, even on a liberal estimate it will happen. What is being

prevented is this : from Central coffers it will not go to states' coffers.

Grants-in-aid have nothing to do with the States inter se. They do not go from one State to the other. They have do not go from the Centre. At the moment neither do I have the time, nor is it necessary. Assume, that I am saying that West Bengal's economy has not been properly handled. You may have an allergy for Dr. Asoke Mitra. I cannot help it. You may not like his views or comments or his going to the Press. But the Finance Commission considering the position of West Bengal and everything, has come to this decision.

I would have understood it if the Finance Minister had said that they rejected the recommendations for 1984-85 on merits. It is not being said that for 1984-85 they did not think that West Bengal should get any special allocation. They did not say that. They say that recommendation for 1984-85 is also good, but for administrative reasons and for the so-called reason of disruption of Indian economy, they are not giving it. So, I submit that this is the greatest injustice that can be done to a State in this country. Tripura is losing Rs. 30 crores. Orissa is also losing. There are many cases, newspaper reports, sometimes after being affirmed are repudiated. I am not saying that Mr. Mukherjee will do that in this case. On 22nd of August, 1983, there was a publication in *The Statesman* where he said, where Mr. Mukherjee's statement was quoted, Mr. Mukherjee accepted the claim made by Shri Ashok Mitra, West Bengal's, Finance Minister, that "in the last few years, West Bengal additional resource mobilization had been nearly the highest of the States. I have praised them for this." But he says : after we are mobilizing the resources.

(Interruptions)

**THE MINISTER OF FINANCE
(SHRI PRANAB MUKHERJEE) :**
After that he is not putting.

SHRI SOMNATH CHATTERJEE :
If he becomes a little soft, I will quote

the next sentence. Therefore, resource mobilization is good. Then he says, where was the increase going. If you give me time I will read the whole thing. How was it that despite the increase in resource mobilization in particular years, the State plan expenditure had not gone up as desired? This is his views.

SHRI PRANAB MUKHERJEE :
One part is my views and the other part is the certificate.

SHRI SOMNATH CHATTERJEE :
Shri Brahmananda Reddy said about the difficulty of resource mobilization; and you said, what does this man do I do not know. I want to talk to him to find out what he does. But your Finance Minister, Mr. Pranab Mukherjee, whom you have been praised, I do not know for what reasons you have been praising him.

SHRI K. BRAHMANANDA REDDY:
When you want money you praise him. I know about it.

SHRI SOMNATH CHATTERJEE : I am doing both. I believe he is not disputing this that the resource mobilization by the West Bengal Government was nearly the highest of the States. I have praised him for this. Thereafter, you say, we are supposedly squandering it away. But we are making efforts and we are successful in making efforts for resource mobilization. But, there is some difference of opinion. He says, free education is a waste, I say, it is a proper expenditure. He says, giving employment allowances is a wasteful expenditure, I say, it is necessary. I can go on like this.

14.53 hrs.

[MR. DEPUTY SPEAKER in the Chair.]

The result of it is that out of Rs. 450 crores that was to be distributed this year, Rs. 300 crores is the highest loss to the West Bengal Government which is the highest for any state. Is it accidental. Is it co-incidental? Is it circumstantial? That is why I am compelled to say that this is the deliberate political

[Shri Somnath Chatterjee]

decision taken in callous disregard in the interest of the country and of the States which are affected by this decision, particularly these 11 States in this country and that they are victimising the entire people.

Our Finance Minister has given a memorandum to the President. I do not know whether it has reached the Finance Minister, whether he has the inclination and time to go through it. Uptillnow today I have not seen any spokesman of the Finance Ministry coming to dispute the figures that have been given in the memorandum.

Quite apart from Shri Brahmananda Reddy, who is now out of power? I think only Shri Janaki Ballabh Patnaik who is close to the palace, he has also specifically asked for the implementation from the 1st April, 1984. What is your answer? What is your answer to him? I do not know.

Tripura's loss, we have mentioned, other states we have mentioned. So far as our our State is concerned, you are not realising our anxiety, but only one aspect I shall bring to the notice of the hon. Finance Minister, and that is.

(Interruptions)

SHRI SATYASADHAN CHAKRABORTY : Even after all this we still say you are honourable.

SHRI SOMNATH CHATTERJEE : So far as the recommendations of the Finance Commission are concerned—I do not want to question about West Bengal only—have you got still an open mind? If you an open our efforts may be of some assistance or use to you. If you have a closed mind, then there is no use in making any suggestion, but I would earnestly appeal to you what you should not go down in history as the Finance Minister who has tinkered with or fiddled with the constitutional body like the Finance Commission. It is very disastrous for the people. You should not take this advice lightly. We wish you well. We wish you success in the onerous task before you.

SHRI SATYASADHAN CHAKRABORTY : Except in the elections.

SHRI SOMNATH CHATTERJEE : That is not an onerous task. That is an impossible task. I have referred to the onerous task. I know, Mr. Chakraborty can exchange pleasantries, I am on a different aspect. The State Government has to repay a sum of Rs. 538.38 crores to the Government of India this year and of this, Rs. 218.71 crores is through advances or Plan assistance. I would request you at least to please see that this is not insisted up on this year. If you are not accepting our request you to make the recommendations applicable from the 1st of April and the second request I should make is, the special medium term non-plan assistance which is due to be repaid this year and the opening deficit are Rs. 106.83 crores, they may not be required to pay interest this year. But if you have taken a definite view, I cannot say.

MR. DEPUTY SPEAKER : Is it a compromise formula.

SHRI SOMNATH CHATTERJEE : That I cannot say. It is a request. But we request the hon. Minister to remember that in this process if he does not listen to us, or by this process if his party thinks that it can get a political foothold in West Bengal, by economic strangulation of this nature, if he thinks that he can get a foothold there, he is wrong because people of West Bengal will never surrender to marauders of freedom and the Constitutions. Therefore, I suggest that in view of the fact that it is already 3 O'clock and there are other aspects, but I am not going into them, but I hope that in view of the importance of the constitutional role of the Commission, in view of the fact that our request is only about implementation of the recommendations of the Commission, in view of the fact that even the excess amount that has been recommended will be eaten away to the extent of 69 per cent due to inflation during the last five years and what has been given to us is in view of our difficult situation appreciated by the Finance Commission, he should agree to our request.

15.00 hrs.

That is what we are stressing. It has been appreciated by the Finance Commission and they have given it. Why should you take this away from this State and other States which have been provided this money? Therefore, I earnestly request you Mr. Mukherjee once again—your other expenditures are there but the States expenditure cannot be met from any other source, you have got other sources, the States have no other source—for the sake of India as a whole, you should accept the recommendations of the Finance Commission w.e.f. 1st of April, 1984.

श्री अटल बिहारी वाजपेयी (नई दिल्ली) : उपाध्यक्ष महोदय, हाल में देश के विभिन्न भागों में जो साम्प्रदायिक उपद्रव हुए हैं, मैं उनके बारे में चर्चा आरम्भ कर रहा हूँ। बंग्लेट में मेरा नाम निकला है, यद्यपि यह समय साम्प्रदायिक स्थिति पर बहस करने का कोई बहुत अच्छा समय नहीं है। यह लोक सभा की आखरी बैठक है। चुनाव हनारा दरवाजा खटखटा रहा है। क्या यह सम्भव होगा कि राजनीति में अलग रह कर, दलगत हानि-लाभ की चिन्ता किये बिना, हम इस नाजुक लेकिन गम्भीर विषय पर चर्चा कर सकें ?

15.01 hrs.

DISCUSSION RE : SITUATION ARISING OUT OF RECENT COMMUNAL RIOTS IN DIFFERENT PARTS OF THE COUNTRY

MR. DEPUTY-SPEAKER : Now, we take up discussion under Rule 193.

हाल में भिवंडी, थाना, बम्बई और हैदराबाद में उपद्रव हुए हैं। उनको किसी न किसी रूप में सदन में उठाया गया है। एक बात तो स्पष्ट है कि साम्प्रदायिक दंगों में वृद्धि हो रही है। मैं दोषारोपण की दृष्टि से यह नहीं कह रहा हूँ, मैं वस्तु-स्थिति को सामने रखना चाहता हूँ। आंकड़े जो कहानी कहते हैं वह कहानी चिन्ताजनक है।

Year	Number of incidents	Number of persons killed	Number of persons injured
1981	162	87	2613
1982	474	238	3025
1983	404	202	3478

1984 के अभी पूरे आंकड़े नहीं आए हैं, क्योंकि वर्ष अभी पूरा नहीं हुआ है। लेकिन जो समय गुजरा है उसमें—

Number of incidents—156 ; number of persons killed—297 ; number of persons injured—1858.

उपाध्यक्ष महोदय, इस में असम में जो उपद्रव हुए, वे शामिल नहीं किये गये हैं। सरकार का कहना है कि ये उपद्रव विदेशियों की समस्या से सम्बन्धित थे। इसलिए उन्हें हिन्दू-मुस्लिम संघर्ष के रूप में पेश नहीं किया गया है। अगर उन