

SHRI DINEN BHATTACHARYYA : If the members are not here, how will it be passed ? We are opposing. We will not allow it to be passed.

16-01 hrs.

COMMITTEE ON PRIVATE MEMBERS'  
BILLS AND RESOLUTIONS

SECOND REPORT

SHRI G. G. SWELL (Autonomous Districts) : I beg to move :

"That this House do agree with the Second Report of the Committee on Private Members' Bills and Resolutions presented to the House on the 16th June, 1971".

MR. SPEAKER : The question is :

"That this House do agree with the Second Report of the Committee on Private Members' Bills and Resolutions presented to the House on the 16th June, 1971".

*The motion was adopted.*

16-02 hrs.

RESOLUTION RE : FEDERAL DEBT  
COMMISSION—Contd.

MR. SPEAKER : Further discussion of the Resolution moved by Shri Murasoli Maran, Shri Shivappa was on his legs. He is not here. The Minister may reply.

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI K.R. GANESH) : I have heard with great interest the various points made by hon. members on the Resolution moved by Mr. Maran. It is a very sensitive subject and it involves the relation between the Centre and the States. Harmonious relationship between the Centre and the States is very vital for the functioning of our democracy. The only point I wish to convey here is that the formation of a Commission as suggested by

Mr. Maran will not serve the purpose which he has in mind. We have developed various institutions like the National Development Council, the Chief Ministers' Conference etc. This debate has now become a national debate and it is possible through the various instruments that our democracy has evolved to come to grips with this problem and bring about a harmonious decision on this.

16 03 hrs.

[MR. DEPUTY-SPEAKER *in the Chair*]

Having said this, I would like to confine myself to the various points specifically raised by Mr. Maran. Before I do so, I would like to mention the various provisions that are there in the Constitution governing the transfer of resources from the Centre to the States. The Constitution provides for both obligatory and permissive participation of the States in Union taxation. We have article 268 which fixes the duties levied by the Centre but collected and retained by the States. We have article 269 under which the net proceeds of certain taxes which are levied and collected by the Centre are entirely assigned to the States. Under article 270 a percentage of the net proceeds of income-tax is assigned to the States which is 75 per cent under the Fifth Finance Commission's award. Under article 272 a percentage of the net proceeds of Union Duties of Excise 'may be' allocated to the States—20% under the Fifth Finance Commission's award. Article 275 provides for grants-in-aid by the Centre to the States for meeting their gaps on non-plan revenue account as assessed by the Finance Commission. Article 282 provides for grants to the States for any public purpose. Article 293 (2) provides for loans being advanced by the Centre to the State Governments. The provisions in the Constitution have not so far proved insufficient to meet any legitimate needs of the State Governments. The elasticity of the Constitution to adjust to the various demands that might come up, as they have come up now has been discussed and commended upon by the Fifth Commission which states :

"No such machinery for periodical re-adjustments has been provided in any of the older federations. The only near parallel is the Australian Commonwealth