

[Mr. Chairman]

"That Clause 1, as amended, stand part of the Bill."

*The motion was adopted.*

*Clause 1, as amended was taken to the Bill.*

Enacting Formula

*Amendment made :*

Page 1, line 1,-

for "Twentieth" substitute "Twenty-first" (1)

(*Shri P.C. Sethi*)

MR. CHAIRMAN : The question is :

"That the Enacting Formula, as amended, stand part of the Bill."

*The motion was adopted.*

*The Enacting Formula, as amended, was added to the Bill.*

*The Title was added to the Bill.*

SHRI P.C. SETHI : Sir, I move :

"That the Bill, as amended, be passed".

MR. CHAIRMAN : The question is :

"That the Bill, as amended, be passed."

*The motion was adopted.*

17.06 hrs.

ADDITIONAL DUTIES OF EXCISE  
(GOODS OF SPECIAL IMPORTANCE)  
AMENDMENT BILL.

THE MINISTER OF STATE IN THE  
MINISTRY OF FINANCE (SHRI P.C.  
SETHI) : Sir, I had already moved\* earlier  
that this Bill be taken into consideration.

Sir this is an amending Bill on additional  
duties of excise in respect of goods of

special importance. It seeks to give effect to the recommendations of the Fifth Finance Commission regarding distribution between the States of the proceeds of additional duties of excise levied on sugar, tobacco and textiles. Hon. Members are aware that these duties were levied with the agreement of the State Governments in 1957 in replacement of States' sales tax on these articles. The net proceeds of these duties, other than those attributable to the Union territories, accrue to the States.

In addition to making recommendations on principles governing the distribution of net proceeds of these duties, the Fifth Finance Commission was also required to examine the desirability or otherwise of maintaining the existing arrangements and the scope of or extending such arrangements to other items or commodities. According to the Commission, the rationale of the present scheme and the advantages, which it was expected to bring, when it was introduced, hold good even now. However in view of the general opposition of the States, the Commission has recommended that it would not be desirable to continue the scheme unless the Government of India after discussing the matter with the State Governments, can arrive at a general agreement for the continuance of the present scheme with suitable modifications. Pending final decision, the Commission recommended that the distribution of the balance after payment of guaranteed amounts should be made 50 per cent on the basis of population and 50 per cent on the basis of sales tax collections (excluding Central sales tax).

As already indicated in the Explanatory Memorandum on the action taken by the Government on the Commission's recommendations, the matter regarding the desirability of continuing the present arrangements regarding additional excise duties would be placed before the National Development Council as early as possible, for their consideration.

The other recommendations on the Commission relating to the sharing of

\*Moved with the recommendation of the President.

income-tax and payment of grants in aid etc., have been dealt with in the Explanatory Memorandum already laid on the Table of the House and I need not take the time of the hon. House over these details once again.

The aggregate transferred to the States under the Commission's recommendations would amount to Rs. 4,266 crores in 1969-74 at the 1969-70 rates of taxation as against the amount of Rs. 2,886 crores recommended by the Fourth Finance Commission for the period 1966-71. The actual transfers during 1969-74 would be more as these would also include States' shares in additional taxation which the Central Government may undertake.

Hon. Members would be interested to note that the transfers to States from the Centre have been steadily on the increase under the successive Finance Commission's awards. The transfers during the first Plan period which amounted to Rs. 386 crores in terms of the First Commission's award went up to Rs. 877 crores in the second Plan period. The transfers during the Third Plan period amounted to Rs. 1,549 crores and in the period covered by the three subsequent annual Plans (1966-67 to 1968-69) the transfers to the States went up to Rs. 1,746 crores. The transfers under the present Commission's award, as I have mentioned earlier, are expected to be Rs. 4,266 crores which is a clear indication of the magnitude of the increase in the Central transfer of funds to the States.

Beside the transfers under the Finance Commission's award, the Centre also provides substantial assistance to the States for the developmental programmes in their Plans. The Central assistance to State Plans which amounted to Rs. 880 crores in the first Plans which amounted to Rs. 880 crores in the first Plan period rose to Rs. 1,058 crores in the second Plan period and to Rs. 2,515 crores in the third Plan period.

During the subsequent three annual plan periods, a sum of Rs. 1799 crores was paid to the States as assistance for their Plans. The central assistance to the State Plans in the Fourth Plan period is expected to be Rs. 3,500 crores.

Hon. members would agree that the task of the Commission is a complex one. They have to see that the transfer of funds is so designed as to assist adequately the States keeping in view the financial needs of and resources available with the Centre. The distribution among the States has to be made after taking into account the resources of individual States so as to avoid large disparities.

With these words, I move that the Bill be taken into consideration.

MR. CHAIRMAN : Motion moved :

"That the Bill further to amend the Additional Duties of Excise (Goods of Special Importance) Act, 1957, be taken into consideration."

SHRI SRADHAKAR SUPAKAR (Sambalpur) : The minister said that the Bill be passed first and then the matter will be placed before the National Development Council as a *fait accompli*. What is the good of this ?

SHRI P. C. SETHI : This Bill has a limited aspect. Under the present arrangement, sugar, tobacco and cloth have been exempted from sales tax and they are being taxed under the excise duties. The observation of the Fifth Finance Commission is that most of the States are against this arrangement. Although we have a number of representations from all over the country that instead of sales tax which is more cumbersome and difficult to administer, the area may be extended and all the commodities may be covered by excise duty instead of sales tax, the demand of the States is that in respect of sugar, tobacco and cloth also we should go back to the old position of levying sales tax rather than excise duties.

The Finance Commission has recommended that till we arrive at an agreement with the States, the present arrangement may continue. Therefore, this is only a stop-gap arrangement. If we come to an agreement in the NDC that we have to revert back to the old position and have sales tax on these commodities instead of excise duty, the Act would have to be accordingly changed. Or, if the States agree to continue the present system or extend the area, that would be a different

[Shri P. C. Sethi]

position. That is why I said, this Bill is only an interim measure till we arrive at a settlement with the States in the NDC.

**MR. CHAIRMAN :** Is Mr. Jha moving his amendment ?

**SHRI SHIV CHANDRA JHA** (Madhubani) : Yes, Sir. I beg to move :

"That the Bill be circulated for the purpose of eliciting opinion thereon by the 30th April, 1970." (3)

**SHRI HIMATSINGKA** (Godda) : Sir, as explained by the minister, this measure is introduced to comply with the wishes of the States and the recommendations of the Finance Commission. Before 1956, sales tax used to be levied on a number of commodities. As the rates of sales tax were different in different States, there were a number of complications. There was a great deal of corruption also and a lot of sales tax used to be evaded, by dishonest persons. At the same time those who wanted to pay sales tax honestly were put to a disadvantage.

To meet that situation it was suggested that instead of the sales tax an excise duty may be levied, which will incidentally give a larger amount of tax also. The dealers will also be happy if they are relieved the duty of filling sales tax returns.

As a matter of fact, if you look at the figures you will find that the collection that has been made in pursuance of the excise duty that has been levied in place of the sales tax, which has gone to the different States, has been much more than what they would have got by sales tax. If it is sales tax levied from the dealers what normally happens is that a number of persons start a firm, do business for a few months and then close the shop. The States loses sales tax in such cases. But if the tax is levied in the shape of excise duty, it is collected at the source, from the manufacturers themselves. Therefore, there is no question of any escape from duty.

The change-over from sales tax to excise duty has been very helpful to the States and also to the dealers. Because, the dealers have been saved the trouble

of filling returns. In the case of sales tax honest dealers were placed at a disadvantage as compared to these dealers who were evading sales tax.

Therefore, I feel it is unfortunate that some of the States have not agreed to the continuance of this excise duty. As a matter of fact, I feel that if a number of other articles are added on the same basis, excise duty in place of sales tax, all the States will get at the same rate and there will be no problem of inter-State sales tax. Therefore, I feel that an attempt should be made to persuade the States to continue this arrangement, not only in the case of the existing articles but in the case of more and more articles.

It will be clearly seen from the figures that the collections have been increasing.

**SHRI JYOTIRMOY RASU** (Diamond Harbour) : That is because of growth in production and growth is evasion.

**SHRI HIMATSINGKA :** My hon. friend is always vocal and he always speaks without caring for facts and figures. He will not take the trouble of verifying his facts before speaking.

**SHRI JYOTIRMOY BASU :** About evasion you are more factual.

**SHRI HIMATSINGKA :** I have been saying that if we switch over from sales tax to excise duty there is no scope of evasion and the dealers also will not be put to a lot of difficulties. The change over from excise duty to sales tax is a retrograde step. But if the States do not agree to the excise duty then the Finance Commission has no other alternative except to make a recommendation to continue the present arrangements till the States come to some sort of understanding.

The basis that has been suggested for the division of the additional duties is a reasonable one because it guarantees the payment that they were getting before the change-over and the additional collections are recommended to be divided in the proportion mentioned in the Bill.

I have nothing to say so far as that is concerned. I feel that the hon. Minister

will take all possible steps to see that the States do agree to the continuance of this. Not only do they agree to the continuance but that they agree to certain other additional items being included in excise duties in place of sales tax.

With these remarks I support the measure.

SHRI LOBO PRABHU (Udipi) ; Sir, there are two questions involved here. The first is whether the distribution made of these special duties is fair to all States, I have spoken at some length about this on the earlier Bill and I would like to add that it is because of the very injustice of this distribution that the States are now claiming that they should have their own sales tax. The injustice arises because they are given only these proportions which existed in 1958. Since then, as my very valued and very vocal friend has said, there have been various lines of growth which have not been taken into account in this distribution of this tax. You must realise that this is a tax rental arrangement. The Government was collecting these taxes on behalf of the States; the Government was collecting excise in place of sales tax. In these circumstances you, as the rent collector, had no business to vary the amounts which were due to each State. This Finance Commission, which has gone all out on the population basis ignoring the sales tax figures, is the cause of the dissatisfaction among the States. You have, therefore, in the first instance to discard the recommendation of this Finance Commission for the distribution of these additional duties in the manner proposed. The duties should follow the strict proportions of the sales tax as they stood in 1958 barring such marginal changes as may take place.

The second question is which of the two taxes—excise or sales tax is better, firstly, from the point of view of the State and, secondly, from the point of view of the economy. It is very well known it should be known even to the States that the excise duty which is imposed at source is a complete tax. No ounce of sugar, no yard of cloth, no tin of cigarettes may be taken out until it pays the duty. When you come to sales tax, this may be distri-

buted among large dealers and small dealers. Small dealers may not pay any sales tax at all if they are below the exemption limit. So, as far as the State is concerned, in excise duty you have a much larger coverage, both in respect of the source and those who pay this tax. There will be an inevitable reduction in tax if you transfer from excise to sales tax. The result of that reduction will be that the rate will be increased. It is quite fashionable. The rates of sales tax on commodities which the States impose have increased much more than these additional duties. When you impose the increased rate, you do it at the expense of honest people. Only those who are dishonest pay the tax, all those who are dishonest completely escape. So, the Government has to put it very clearly to the States that this is the position, namely, if they want less tax evasion and more revenue, it is better that this rental arrangement should continue.

At the sametime, the Government is also to blame that it has been somewhat partial to the excise duties which it collects in to over the excise duties which it has been collecting in lieu of sales tax. The increase since 1958 has been only 45 per cent for textiles, cigarettes and sugar as against 70 per cent for others items which are in the total control of Government. This is not fair that you have taxed certain smaller commodities and have exempted these bigger commodities because you are not concerned with the procedure. I am not asking you to increase the tax because. I think, you will do it without my asking. But I am asking you to see that there is some kind of a fair distribution of these duties. You should not treat the taxes which go to the States in a different way from the taxes which you take your selves.

Lastly, I would like to say that the whole question of excise duties has to be considered very carefully by the Government. You have got a socialist Government and, I should say, the great socialist Minister of State is sitting behind and I want to know whether it is consistent with this socialism that you keep on increasing the excise duties and increasing the opportunities of corruption on the basis of these

excise duties. Therefore, I would like to say, what was said before by other hon. Members : be careful how you proceed with the excise duties, with these indirect taxes, because that is not the direction of socialism.

श्री हरदयाल बेबगुण (पूर्व दिल्ली) : समा-पति महोदय, यह विधेयक भी पहले विधेयक की तरह अस्थायी विधेयक है और वित्त आयोग की सिफारिशों के अनुसार जब तक इस समस्या पर राज्यों से मिलकर राष्ट्रीय विकास परिषद में विचार नहीं होता तब तक के लिये है। मैं उस सिद्धान्त का समर्थन करना चाहता हूँ जो 1957 के मूल विधेयक का प्रेरक था और जिसमें व्यवस्था की गई थी तम्बाकू, चीनी और कपड़े पर बिक्री कर के स्थान पर उत्पादन कर लगाने की, उसको जारी रखना चाहिये। वह व्यवस्था यह थी कि राज्यों से बिक्री कर हटा कर केन्द्र एक ही स्रोत पर कर लगाये और उसको फिर राज्यों में बांटने की व्यवस्था करे, न केवल इन वस्तुओं के बारे में यह व्यवस्था जारी रखना चाहिये बल्कि अन्य वस्तुओं को भी इसके कार्य क्षेत्र में लाना चाहिये मात्र देश में यह प्रबल मांग है कि जितने भी कर लगाने हों वह एक ही स्रोत पर लगा लिये जायें और सबसे अच्छा तरीका यह है कि जिस जगह पर वस्तु तैयार होती है, अर्थात् उत्पादन के स्रोत पर ही कर ले लिया जाये। उस वक्त जितनी वसूली करनी हो कर ली जाये, उस के बाद उसके ऊपर कर न लगाया जाये। इस से न केवल लोगों की परेशानी दूर होती है बल्कि करों की चोरी भी कम होती है। साथ ही हजारों, लाखों लोगों तथा छोटे छोटे व्यापारियों को जो हिसाब किताब रखने और इन्स्पेक्टर्स से परेशान होने की मुसीबत होती है वह भी दूर हो जायेगी।

वित्त आयोग ने इसके बारे में जो संशय प्रकट किये हैं, मैं समझता हूँ, उनके ऊपर भी हमें ध्यान देना चाहिये और राज्यों को इस बात के लिये तैयार करना चाहिये कि वे न केवल

इन वस्तुओं के बारे में बल्कि अन्य वस्तुओं के बारे में भी उत्पादन के स्रोत पर एक ही बार टैक्स लगाना स्वीकार कर लें जो कि उत्पादन कर हो और उसके बाद उसको बांटने की ठीक तरह से व्यवस्था कर दी जाये जिससे किसी भी राज्य को असन्तोष व्यक्त करने का मौका न मिले।

मैं अशा करता हूँ कि यह जो अस्थायी विधेयक है वह न सिर्फ अस्थायी नहीं रहेगा बल्कि उसको स्थायी किया जायेगा और उसके कार्य-क्षेत्र में और अधिक वस्तुओं को लाया जायेगा। इस सम्बन्ध में मैं एक प्रार्थना करना चाहता हूँ कि इसके अन्तर्गत जो घन प्राप्त हो उसका बटवारा करते समय राज्यों को सन्तुष्ट करने के लिये अगर कुछ रद्दोबदल करने आवश्यक हों तो वह कर लिये जायें, लेकिन राज्यों से इस बात की प्रार्थना की जाय कि वह अन्य वस्तुओं को भी इसके कार्य क्षेत्र में लाकर उत्पादन कर एक ही स्रोत पर लगाना स्वीकार कर लें।

SHRI S. KANDAPPAN (Mettur) : Mr. Chairman, Sir, the hon. Minister has conveniently ignored the debt liabilities of the States and tried to make out a case that everything is well with the States after the report of the Fifth Finance Commission. I am sorry to point out that this is a field where most of the States are feeling the pinch. And in a number of States, I am afraid, after the repayment of the loan and the interest, hardly anything would be left for their development activities. That is the case with my State and I do not know in how many States the same predicament prevails. To give a glaring picture, I will simply quote the increase of the debt liability of the State in all the three Plan periods. In 1952 it was of the order of Rs. 239 crores. In 1966 it has risen to about Rs. 4094 crores. I think it is still higher now—round about Rs. 6000 crores. Taking the percentage, the repayment during the First Plan period—I am talking in terms of all the States put together—come to about 9%. In the Second Plan it comes to 33% and in the Third Plan it is of the order of 40%. This is the average of all the States taken together. But if you take

each State separately, where the debt burden is more, the liability is equally more. So, this aspect is completely ignored by the Finance Commission as well as by the Government of India. This is a matter of great concern to us and unless the Government do something on that account. I am afraid as to what we are going to do by way of Plans. This is a serious matter and if the hon. Minister is in a position to throw any light, we would be happy to receive his observations on that.

Then, inspite of the realisation by the various Finance Commissions about the difficulties of the States and in spite of their recommendations, we do not feel that things have improved much. Here, I would like to reiterate the point of view made by my colleague, Mr. Sezhiyan. We should have some kind of a permanent machinery to resolve these difficulties and it is very imeprative to have it without further delay. The Fifth Finance Commission have said at one place :

“There is a chronic gap between the States’ own revenues and their expenditure commitments.”

But I am afraid that even their own recommendations do not meet the alarming situation that they themselves record here. Though we are not very happy about the recommendations of the Fifth Finance Commission. I am sorry to say that the Government of India do not seem to ponder over the various points they have raised. Are they very positive or clear in their mind as to the inclusion in the divisible post of the special excise, that the Finance Commission has recommended because, if I heard the hon. Minister correctl., he said that it would be considered ? I hope it will be agreed upon at least from 1972 onwards as recommended by the Commission itself, if not earlier.

With regard to this Bill we are presently discussing about these additional duties of excise, some Members who preceded me, particularly Mr. Himatsingka, Mr. Hardayal Deygun and I think even Mr. Lobo Prabhu said that we should rather not change this method and go on increasing and bringing in more commodities under these excise duties and then make the division among

the States. But it is very curious that most of the States as per the report of the Finance Commission have demanded that they should resort to the old practice and they should be given the privilege of having the sales tax instead of excise duty. Here it is very pertinent to inquire as to why the States feel like that. I would like to give a very concrete example. According to the formula adopted by the Finance Commission and that we are going to pass now, the share of my State will be of the order of about--it is only by way of example I am quoting here--Rs. 285.34 crores.

If we look at the Sales Tax collection of Tamilnadu, according to the Tabulation that they themselves have provided we see that it stands next to Maharashtra. But, according to the scheme of things, here it comes fourth or fifth in the list. Naturally, Sir, there is a feeling of suspicion--it may not be correct; but that sort of suspicion is bound to arise that somebody is expropriating our collection. Probably, Sir, the curious anomaly in our Federal structure with regard to Finance is this. Every State seems to think that others are living at their cost. It is an anomalous situation. We should try to remove this suspicion. That is what is most vital to bring about cordial relation hip and healthy co-operation between the States and the Centre. It is of paramount importance to remove that kind of suspicion from any State For that, unless you as demanded by many members statutorily provide certain scheme of things without resorting to the gamble as one Chairman of the Finance Commission has expressed, or resorting to Grants-in-aid, or resorting to certain provisions of the Constitution which is rather a distortion according to some legal experts, without having recourse to all these things, unless it is open and it is clearly laid down, the suspicion is bound to be there. So, I would rather demand that in these, as well as in other matters, they should have more and frequent consultations with the States and try to evolve a formula which would be agreeable to almost all the States. And, one more point I would like to add, following what Mr. Lobo Prabhu has observed earlier.

This Finance Commission, as well as the National Development Council have taken into consideration the backwardness

of certain regions; but unfortunately they did not take into consideration as to why the backwardness was there. In certain cases their backwardness was there, in spite of major allocations that they received from the Centre. There should be a certain formula whereby we should not reward inefficiency in the name of backwardness. I would rather plead with them to find out as to how the backwardness arises. A suspicion arises that they have wasted the precious and scarce resources that were given to them. You have been going on giving your financial resources to some areas where they are not in a position to properly operate or exploit or utilise them. This, I am sure, forms part of an element of suspicion in the matter of devolution of your finances. Unless these things are set right there cannot be a healthy competition between the various States with regard to their development activities. With these words. Sir, I conclude my observations.

**\*\*SHRI TENNETI VISWANATHAM** (Visakhapatnam) : Mr. Chairman, Sir, this Bill is stated to be a temporary measure only, but the discussion on this has been quite extensive. In 1957, as a result of the harassment caused by the Sales Tax Officers and because of the disparity in the quantum of Sales Tax in various States, there ensued what can be called 'flight of commodities'. As there is flight of capital, there is bound to be flight of commodities if there is disparity in the quantum of Sales Tax in different States. That is why the Finance Ministers of the States met and considered the issue. They then came to the conclusion that in order to overcome these difficulties and to avoid the cut throat competition in the matter of levy of this tax by the States, it would be better if the Central Government levied the Excise Duty and distributed the proceeds of this duty among the States. It is true the Centre is not keeping back any part of the revenue thus collected and the entire proceeds are being distributed among the States. As Mr. Lobo Prabhu has stated, if the power to levy and collect the tax is given back to the States, the same old difficulties, to avoid which the power was given to the Centre, would again crop up and in more serious dimensions, If it is

desired to protect the assessee against the harassment by the tax-collection staff, it is necessary to retain the present method. Even if the Finance Commission goes into the question, they will have to discuss the issue with the officers of the States only. Even if the National Development Council discusses it, only the Chief Minister of the States will participate in the discussion. That is to say, the consultations would take place only with those very people who are interested in increasing the revenues of the States and for that purpose, do not mind adding of the suffering of the people. But neither the National Development Council nor the Finance Commission ever bothered to consider the views and experiences of the assessee. We, on this side, as well as the hon. Minister are receiving telegrams from textile and tobacco merchants. I have also written on this issue to the hon. Minister. The refrain of the telegrams is that, as compared to the Sales Tax, the Excise Duty is less cumbersome and is preferable. The Minister has therefore to think of this also. But if he is treating this as a temporary measure and thinks that this matter would be discussed by the National Development Council, then it would be better if some representatives of the assessee are also invited at the time of discussion of this issue in the National Development Council. The viewpoint of the assessee is very important because, in the matter of payment of either Sales Tax or the Excise Duty, they are the people who are directly affected. The whole matter should be reconsidered fully. This NDC is not a statutory body nor is it a creature of the legislature. We do not know its precise status. Therefore, I submit that the proposed, action of the hon. Minister in getting the approval of the National Development Council is neither proper nor justified.

This is a temporary measure; let it be as such only. Otherwise there would be competition among the States, and the price level of commodities and interstate movements of produce would be completely upset, because of the different rates of tax in different States. It was on account of this only, as I have stated earlier, that the then Finance Ministers of the States agreed to surrender the power to the Centre. If I have been able to convince you of the need to

retain this power with the Centre. I hope the Government would act in the manner I have indicated.

श्री क० मि० मधुकर (केसरिया) । समा-पति महोदय, प्राज के जमाने में देश में एक नई स्थिति पैदा हो गई है, जिसमें राज्य अधिक आर्थिक और राजनैतिक अधिकार मांग रहे हैं इसके अतिरिक्त जो राज्य पिछड़े हुए हैं, उनको अधिक आर्थिक सुविधायें मिलनी चाहिए ताकि उनका विकास हो, क्षेत्रीय असमानता दूर हो और राष्ट्रीय एकता सुदृढ़ हो । परन्तु हम देखते हैं कि इन महत्वपूर्ण बातों पर विचार किये बिना यह बिल लाया गया है । मंत्री महोदय ने स्वयं कहा है कि यह एक इन्टेरिम व्यवस्था है । लेकिन इससे काम चलने वाला नहीं है । राष्ट्रीय एकता के लिए यह जरूरी है कि बदली हुई परिस्थितियों को दृष्टि में रखते हुए राज्यों और केन्द्र के बीच के सम्बन्धों पर फिर से विचार किये जायें तथा पिछड़े हुए राज्यों को अधिक आर्थिक सुविधायें उपलब्ध करने की दिशा में कदम उठाए जायें ।

वित्त आयोग की रिपोर्ट आने के बाद नेशनल डेवेलपमेंट कौंसिल की एक बैठक हुई, लेकिन उसमें इन महत्वपूर्ण प्रश्नों पर वचार करके तमाम राज्यों की सहमति प्राप्त नहीं की जा सकी । अगर इन समस्याओं पर विचार करके यह बिल लाया जाता, तो अधिक अच्छा होता । ये प्रश्न बहुत गम्भीर हैं । राज्य अधिक आर्थिक और राजनैतिक अधिकारों की मांग कर रहे हैं । इन प्रश्नों पर ध्यान दिये बिना केवल कानून से यह समस्या हल नहीं हो सकती है ।

राज्यों के द्वारा मल्टीपल सेल्जटक्स लगाया गया था । 1957 में राज्यों और केन्द्र के बीच में यह फंसला हुआ कि केन्द्र एडीशनल एक्साइज डि्यूटी वसूल करेगा और उसको राज्यों में वितरित करेगा । लेकिन प्राज राजनैतिक स्थिति बिल्कुल बदली हुई है । इसलिये इस विषय पर फिर से विचार करना चाहिए । छोटे छोटे

दुकानदारों और ग्राम जनता को जो कठिनाइयां होती हैं, उनको दूर किया जाना चाहिये, नौकरशाही की लूट को बन्द करना चाहिए और इस प्रकार राज्यों और केन्द्र के सम्बन्धों में सुधार करना चाहिए ।

जहां तक बिहार का सम्बन्ध है, बाइस सालों के बाद भी वह एक पिछड़ा हुआ राज्य माना जाता है । वित्त आयोग की रिपोर्ट में बिहार की जनसंख्या का ध्यान रखने के अलावा उसके पिछड़ेपन को भी दृष्टि में रखा गया है ।

समाजवादी देशों में अर्थ-व्यवस्था का निर्माण बिल्कुल समग्र दृष्टिकोण से होता है, जिसमें तमाम पिछड़े हुए इलाकों के विकास कांस्टीट्यूट यूनिट्स के आधी सम्बन्धों और समाजवादी अर्थ व्यवस्था का स्थाल रखा जाता है । इस बिल में समाजवाद के लक्ष्य की प्राप्ति की दिशा से कोई कदम नहीं उठाया गया है । समाजवाद और राष्ट्रीय एकता की प्राप्ति, केन्द्र और राज्यों के सम्बन्धों में सुधार और ग्राम जनता तथा छोटे दुकानदारों को राहत देने के बिन्दुओं पर विचार कर के ही यह बिल लाना चाहिये था । अगर सरकार ने ऐसा किया होता, तो इल बिल का स्वरूप कुछ भिन्न ही होता ।

विभिन्न राज्यों के बीच में और केन्द्र तथा राज्यों के बीच में जो नई समस्याएँ पैदा हुई हैं यदि उन पर और साथ ही पिछड़े हुए राज्यों की समस्याओं पर उचित ध्यान दिया जायेगा, तो वह राष्ट्रीय एकता के लिए फायदेमन्द होगा और तभी हम समाजवाद की दिशा में आगे बढ़ सकेंगे । इन तमाम बातों पर ध्यान देकर ही सरकार को यह बिल लाना चाहिये । वर्तमान बिल से काम नहीं चलने वाला है ।

SHRI JYOTIRMOY BASU (Diamond Harbour) : I would not go into the working details of the Commission because the success of this arrangement depends very much on the attitude of the Centre towards the States. If they wish to treat the States



[Shri Jyotirmoy Basu]

as their colonies, nothing is going to work. Whatever formula they have laid down in the last 20 years has resulted in the complete bankruptcy of the States. Today the State Governments are nothing more than municipalities and they are really hard up for money and if you see the Budgets of all the States, you will see that most of them are running at a great deficit. As long as you control the monetary powers in this country, you have to take the responsibility of meeting the needs of the people of the States. It is not the need of the administrative machinery there but it is meeting the needs of the people of the particular State.

Let us see what you have been able to do with regard to West Bengal. West Bengal, which has faced problems coming out of partition, influx of refugees, etc, has been wanting at least Rs. 125 crores for resettlement of those who have been there since 1946 and also the new arrivals that are coming due to the changed political circumstances in our neighbour State. Then, we have the border problem, a vast length of border, the maintenance of which falls partially on the State Government machinery.

The Centre has to consider these things. The formula—heads I win, tails you lose—is not going to be accepted any longer. Calcutta has been neglected during the last twenty years ... (An Hon. Member : Question). You have made billions of rupees in the shape of taxation, excise duties, import-export duties, foreign exchange earnings, etc. What have you given in return to keep that city going? The whole city machinery is on the verge of collapse. You cannot keep your eyes shut and take back your hand when it comes to the question of giving back something. We are not going to have it any longer. If you are anxious to have good, cordial and will meaning relationship with the States you have to take advice from them and formulate your policies. Calcutta port is another problem. That has brought you a fortune for the last one century.

MR. CHAIRMAN : I can allow this kind of speech on another occasion.

SHRI JYOTIRMOY BASU : We must tell them what we require. The formula that they had been trying to sell is not good enough. Mr. Raghuramaiah will tell us how Calcutta port cannot make both ends meet. The whole issue is an issue of politics and principles. If the Central Government does not come to brasstacks and face realities these formulas are not going to be the cure. We have many other problems : unemployment, backwardness in education, rural electrification, rural housing, rural water supply. Everywhere we are backward. We had been the victims of severe floods during the last two or three years. The Centre has to consider these things. It is not my State which is saying this; it has come from Mr. Karunanidhi of Tamil Nadu; he has voiced these feelings. The Kerala Government has been treated in a shabby manner and Mr. A. K. Gopalan, a Member of this House has presented a memorandum protesting against the way it had been handled. In conclusion, if you want to maintain healthy relationship with the States, do not treat them as colonies. Delhi, the Centre's capital, should be guided by the States; the States should not be guided by Delhi.

श्री महाराज सिंह भारती (मेरठ) : सभा-पति जी विक्री कर के स्थान पर जहाँ चीज पैदा होनी है वहीं टैक्स लिया जाय यह सिद्धांत अच्छा है, सभी इस का स्वागत करेंगे और जितनी भी चीजें इसके अन्तर्गत आ सकती हों उनका ही और भी अच्छा होगा। लेकिन अगर आप यह समझते हों कि आप के एक्साइज के विभाग में वह गड़बड़ियां नहीं हो पाती जो विक्री कर में हो जाती हैं तो आप भूल करते हैं। मैं जिस प्रदेश से आता हूँ उत्तर प्रदेश वहाँ की राजनीति तो चीनी मिल मालिकों के पैमे से चलती है और वह चीनी मिल मालिकों का पैसा उस राजनीति को ऐसे ही नहीं चलाता आप के एक्साइज विभाग से भी उस में एक बहुत बड़ा हिस्सा आता है। मिल वाले अपने कर्मचारी को जो तनख्वाह और भत्ता आप देते हैं उससे ज्यादा वह दे देते हैं। आप के गोदाम से जब वह चीनी निकालते हैं तब तो टैक्स वह अदा जरूर करते हैं लेकिन बहुत से चीनी के

बोरे गोदाम में पहुँच ही नहीं पाते, वह दूसरे रास्ते से निकल जाते हैं और इस तरह आप के एक्साइज की बहुत बड़ी चोरी होती है। नतीजा यह होता है कि वह यह कहना शुरू करते हैं कि चीनी का प्रतिशत बहुत कम निकला और किसानों के गन्ने का दाम घटाओ, यह म्यान्दोलब चला करता है। मेरा यह कहना है कि अगर आप उन से पूरी एक्साइज वसूल नहीं कर सकते तो फिर एक्साइज विभाग को देने से लाभ क्या निकलता है? मैं यह चाहूँगा कि इसके ऊपर आप पूरा ध्यान दें। हालाँकि इसका इलाज तो एक ही है—चीनी मिलों का राष्ट्रीयकरण। वह तो आप जब करेंगे तब करेंगे। लेकिन तब तक यह जो एक्साइज की चोरी इस तरह से होती है उसको तो रोकिए।

दूसरी बात में कहना चाहता हूँ। एक तरफ जब हम हेंडलूम और मिलों के कपड़े का हिसाब किताब लगाते हैं तो फिर हम खांडसारी और चीनी का हिसाब किताब उस तरह से क्यों नहीं लगाते हैं। जितना गन्ना इस मुल्क में पैदा होता है उसकी सब की चीनी आप नहीं बना सकते। सिर्फ 30 सैकड़ा गन्ना चीनी में जाता है। 70 सैकड़ा गन्ना खांडसारी और गुड़ में जाता है। खांडसारी पर टैक्स लगाना यह कितना बड़ा जुल्म है इसके ऊपर आज तक आपकी केन्द्रीय सरकार क्यों नहीं गौर कर पाई? जिस भाव चीनी बिकती है बाजार में उसके 60 परसेंट भाव पर खांडसारी बिकती है। फिर खांडसारी टैक्स कैसे दे सकती है? आप कैसे उसके ऊपर एक्साइज लगाते हैं? आप इस तरह से लगाते हैं कि 7-37 के भाव पर गन्ना मिलों में लेते हैं और सवा चार और साढ़े चार के भाव में गन्ना बिकता है खांडसारी में, वह सारा किसान से खरीदा जाता है। आप जो खांडसारी पर टैक्स लगाते हैं उसका नतीजा यह होता है कि जब 70 सैकड़ा गन्ना लेने वाले उद्योग खांडसारी की कमर टूट जाती है तो फिर आपने वह गन्ना बोना बन्द कर देते हैं जिससे आगे चलकर

दिवक्कत पैदा हो जाती है। तो शर्म भानी चाहिए सरकार को और उसके अफसरों को जो यह राय देते हैं कि खांडसारी के ऊपर भी टैक्स लगाया जाना चाहिए। मैं चाहूँगा कि सरकार इस पर गौर करे और खांडसारी पर कोई टैक्स न लगाया जाय। इन्हीं शब्दों के साथ मैं अपनी बात समाप्त करता हूँ।

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI P. C. SETHI) : Sir, these two Bills were taken together originally and therefore most of the Members who spoke on these two Bills made common points. Some of the points which were raised by the hon. Members have been replied to by me in the speech on the points narrated when the first Bill was passed.

As far as this particular Bill is concerned, before coming to it, I would like to refer to some of the points raised by the hon. Members during the course of the previous Bill and also on the current Bill. Shri Tenneti Viswanatham, Shri Randhir Sing and Shri Bharati and a few other Members also raised the point that there is a similarity as far as sales-tax and excise duties are concerned in the sense that the excise department is not immuned to corruption. I would not claim that here and there cases of corruption cannot be occurring in the excise department but, by and large, I would only like to say that it was only with the point of view that the excise officers may not come into contact with the factories when the possibility of corrupting him are much more—because every time the goods are passed out of the factory they have to give a certificate—we have evolved a system known as the self-removal procedure whereby we have put our faith in the manufacturer himself and, at the same time, we have provided for some stringent penalties if they are found to do some mischief. That is why we have removed the excise officer from the point of the factory which is the point of production, and the self-removal procedure has been working for one year. I would not claim that this has been a complete success. There are areas where improvements have to be made, and certainly we are looking into them and therefore, to the extent possible, the possib-

[Shri P. C. Sethi]

ility of corrupting the excise officer is getting reduced as far as the self-removal procedure is concerned. At the same time, I do agree with the hon. Member that more vigilance is necessary, and more strict measures are necessary, and wherever cases of corruption in the excise department, or for the matter of that, in any other department, occur if they are reported, we will take more stringent measures and take an overall serious view about it.

As far as the sales-tax and excise duties are concerned, the main point of difference is that excise duty is collected at one point with the result that the manufacturer who is producing the goods has to pay the excise duty, and then the consumer or any other buyer has nothing to do with it and there is no repetition. On the other hand, in the case of the sales-tax, it is levied at various points; there is a single-point sales-tax; there is a multiple sales-tax; there is the inter-State sales-tax. Therefore, everytime the article passes from one hand to the other, sales-tax is levied, and so it is more cumbersome and more irksome to the consumer, the buyer and the trading community. Therefore, as I said in the very beginning while I was replying to the first Bill, we have received so many representations from all over the country, from the industry, trade and the consumers, that they would not like to revert to the old procedure wherein the sales-tax was to be collected on these items, namely, sugar, tobacco and textiles. On the contrary they have praised, and most of the hon. Members who have spoken have also expressed the view that instead of having this only for three items, the area should be widened and extended.

18 hrs.

However, this matter will have to be discussed in the National Development Council. Most of the State Governments have opposed it on the ground that whereas the basic duties have gone up from Rs. 450 crores to Rs. 1376 crores, the additional duties which accrued to the States, after deducting the expenses on the collection of the taxes, have gone up from Rs 39 crores in 1961-62 to Rs 62 crores only. The States say that the increase in additional duties which actually accrued to the States is comparatively much less.

They say, instead of levying excise duty, if we had left them free to levy sales tax, they would have earned more revenue. We will have to take an overall view in the light of the sentiments expressed here, the representations received from the State Governments, etc. Therefore, it will be difficult for me to commit myself as to what would be the outcome of the NDC meeting. We would discuss this particular point in all its entirety with an open mind with the State Governments and then take a decision. The scope of this Bill is limited.

I would assure Mr. Jyotirmoy Basu that there is no question of treating the States as colonies. After all, we are also part of the States. We are also residing in some State or the other. Only because we are Members of Parliament or Ministers, we do not become persons out of the States. Shri Jyotirmoy Basu : Delhi has no relation with India. You have precast tiles for pavements in Delhi while in the States, you will find hospitals without an operation table or anything of that sort.

श्री शिवचन्द्र झा : समापति महोदय, मंत्री महोदय ने कहा है कि डवेलपमेंट कान्सिल में इस पर विचार करेंगे कि एक्साइज् ड्यूटी का बटवारा किम तरह से हो। लेकिन मैं जानना चाहता हूँ कि जब से फाइनेन्स कमिशन की रिपोर्ट आई है, अब तक आप ने डवेलपमेंट कान्सिल में इस के बारे में फंसला क्यों नहीं किया ? इसमें क्या दिक्कतें हैं, इतना समय क्यों लगा कि अब आप इसको पास कराने के लिये बेकरार हो रहे हैं।

दूसरी बात—अब कब तक उम्मीद करते हैं कि इसका फंसला हो जायगा। कान्सिल की जो पिछली बैठक हुई थी, उस में आप ने इस मामले को क्यों नहीं लिया, इस में क्या दिक्कतें हैं। आप कान्सिल की मीटिंग को जल्दी क्यों नहीं बुलाते हैं, उसको शीघ्र बुला कर इस के बारे में निर्णय लें और वहाँ पर विचार करने के बाद उसका जो रूप आयेगा उसको यहाँ लड़इये आखिर इसमें क्या दिक्कतें हैं।

MR. CHAIRMAN : Does he want to say anything in reply ?

SHRI P. C. SETHI : No I have already said what I wanted to say. He has not made any new point.

MR. CHAIRMAN : I will now put Mr. Jha's amendment No. 3 to vote. The question is :

"That the Bill be circulated for the purpose of eliciting opinion thereon by the 30th April, 1970." (3)

*The motion was negatived.*

MR. CHAIRMAN : The question is :

"That the Bill further to amend the Additional Duties of Excise (Goods of Special Importance) Act, 1957, be taken into consideration."

*The motion was adopted.*

MR. CHAIRMAN : We will now take up clause by clause consideration.

There are no amendments to clause 2. The question is :

"That clause 2 stands part of the Bill"

*The motion was adopted.*

*Clause 2 was added to the Bill.*

*Clause 3.--(Amendment of Second Schedule.)*

SHRI LOBO PRABHU : I beg to move :\*

Page 2, after line 36, add--

"Provided that when the percentage of any State is below that fixed by the Fourth Finance Commission, a grant equal to the difference will be made under the relevant article of the Constitution," (4)

My amendment relates to those States which have suffered from the allocations made by the Fifth Finance Commission. I do not wish to repeat the details of the case, but I would like to say that it is incumbent on this House to see that these States

are not left wounded in this manner by the Finance Commission. I could press that you should follow the formula of the National Development Council and restrict the allocation on the basis of population, I could press that those States which have received more should be made to give it up. I am not doing it. On the other hand, I am only suggesting that you restore the percentage which was given in the Fourth Finance Commission and which has still got two years to run by a separate grant to be made under article 275.

I would like that this grant should be made under article 275 and not under article 282 because plan grants under article 282 have political strings. It is not consistent with the dignity of the States to be bound by the political strings of the Centre. So, I make this modest request, which will not involve very large payments, may be accepted to and my amendment accepted that the difference between the two percentages; that of the Fourth Finance Commission and the Fifth Finance Commission is made up under article 275.

SHRI P. C. SETHI : The Bill before the House is to the effect that the excise duty on tobacco, sugar and textiles should continue to remain for some time till it is considered by the National Development Council. The hon. Member has moved an amendment with regard to the devolution which the Finance Commission has recommended. We did not want to bar him and that is why we have ourselves recommended to the President that he may be allowed to move his amendment. But, as far as that amendment is concerned, it would almost tantamount to saying that the award of the Fifth Finance Commission has to be treated differently in this particular matter. Therefore, I am not in a position to accept that amendment.

MR. CHAIRMAN : I will now put the amendment of Shri Lobo Prabhu to the vote of the House.

*Amendment No. 4 was put and negatived.*

\* Amendment moved with the recommendation of the President.

MR. CHAIRMAN : The question is :  
 "That clause 3 stand part of the Bill"

*The motion was adopted,  
 Clause 3 was added to the Bill.*

Clause--1 (*Short title and commencement*)  
*Amendment made :*

Page 1, line 4,-  
 for "1969" substitute "1970" (2)  
 (SHRI P. C. SETHI)

MR. CHAIRMAN : The question is :

"That clause 1, as amended, stand part of the Bill".

*The motion was adopted.*

*Clause 1, as amended, was added to the Bill,  
 Enacting Formula*

*Amendment made :*

Page 1, line 1,-  
 for "Twentieth" substitute "Twenty-first"

(SHRI P. C. SETHI)

MR. CHAIRMAN : The question is :

"That the Enacting Formula, as amended, stand part of the Bill"

*The motion was adopted.*

*The Enacting Formula, as amended, was added to the Bill,*

*The Title was added to the Bill,*

SHRI P. C. SETHI : Sir, I move :

"That the Bill, as amended, be passed."

MR. CHAIRMAN : The question is :

"That the Bill, as amended, be passed."

*The motion was adopted.*

18.11 hrs.

*The Lok Sabha then adjourned till Eleven of the Clock on Wednesday, February 25, 1970/Phalguna 6, 1891 (Saka).*