

MR. SPEAKER : The question is :

"That the Bill be passed."

*The motion was adopted.*

16.38 hrs.

COMMITTEE ON PRIVATE MEMBERS'  
BILLS AND RESOLUTIONS

Forty-Fifth Report

SHRI BHALJIBHAI PARMAR (Dohad):

Sir, I beg to move :

"That this House do agree with the Forty-fifth Report of the Committee on Private Members' Bills and Resolutions presented to the House on the 12th March, 1969."

MR. SPEAKER : The question is :

"That this House do agree with the Forty-fifth Report of the Committee on Private Members' Bills and Resolutions presented to the House on the 12th March, 1969."

*The motion was adopted.*

16.38½ hrs.

RESOLUTION RE : AMORTISATION OF  
DEBTS OF STATES—Contd.

MR. SPEAKER : The House will now take up further consideration of the following Resolution moved by Shri P. P. Esthose on the 27th February, 1969 :-

"In view of the serious financial crisis facing all the States and the fact that enormous debt charges of the States eat into their capacity to launch development schemes, this House calls upon the Government to immediately work out a scheme of amortisation of debts in consultation with the States and to implement it."

Shri Esthose may continue his speech.

SHRI P. P. ESTHOSE (Muvattupuzha) : Sir, last time I made an attempt to high-light the heavy strains on the finance of the State Governments, consequent to the enormous financial powers concentrated in the hands of the Union Government. The

repayment liabilities of the State Governments to the Central Government are increasing to a dangerous level. In some States it is as high as 31 per cent of the total budgetary resources. The debt services burden of all the States has gone up from Rs. 356 crores in 1966-67 to Rs. 455 crores in 1968-69 is that—a rise of Rs. 100 crores which amounts to 25 per cent of the increased revenue expenditure of all the States. This growing debt services burden has become the dominant non-developmental expenditure of the State budgets.

With this ever-increasing non-developmental expenditure the State Governments have little money for the developmental programmes. Out of Rs. 2597 crores of total revenue expenditure of all the State Governments in 1968-69, the non-developmental expenditure has swallowed Rs. 1137 crores. It is really shocking that the Central Government is showing a callous disregard towards the finances of the State Governments by its policy. The Union Government is virtually throttling the States economy ; what Shylock did in Old Roman days is being done by the Union Government in this twentieth century in a more ferocious manner.

The data given earlier also illustrate the manner in which the Central Government is compelling the State Governments to impose the heaviest burden of taxation without any benefits to the common man. This, in practice, is bringing many State Governments in direct conflict with the people.

16.41 hrs.

[Mr. Deputy-Speaker in the Chair]

The manner in which the food subsidy to State Governments was arbitrarily stopped and prices of foodgrains were pushed upwards has only exposed the autocratic tendencies in the minds of the leaders in Delhi. In Kerala State, where shortage of food is extremely acute, the stoppage of subsidy has created serious financial difficulties in the matter of distribution of foodgrains. The Union Government, instead of considering the difficulties of the Kerala Government sympathetically, resorted to us of food as a blackmailing weapon.

It is interesting to note that the Congress leaders in the Centre, while stopping food

subsidy on one hand, instigated the Congress leaders in Kerala on the other to launch a virulent campaign against the rise in prices.

The Central Government is today appropriating to itself the cream of taxation revenue and is throwing crumbs at the hands of the State Governments. The machinery to share taxation revenue between the Centre and the States is loaded heavily in favour of the Central Government. Because of this, the Central Government is in a position to dictate the terms in respect of all financial operations.

It is no wonder that even in States where the Congress Party is in power the Chief Ministers are compelled to express their disapproval at the policy of the Central Government. The financial difficulties of the State Governments leave them no alternative but to resort to overdrafts to tide over their difficulties.

The attitude taken by the Deputy Prime Minister last year amounted to gross insult of the States. While presenting the budget last year he said that he is not going to allow the States to have overdrafts. But what is the result? According to reports in newspapers, a majority of State Governments have presented deficit budgets—not only United Front Governments but even Congress Government like that of Gujarat.

Who is actually responsible for these overdrafts? It is the policy pursued by the Congress in the Centre that is primarily responsible for this sorrowful state of affairs. Instead of mending its ways, it is doggedly pursuing the discredited policy, leading the country to ruin and disaster. As the Finance Minister of Kerala has recently pointed out in the State Assembly :

“The State Government would not need overdrafts if the Central Government give some relief to the State Government with regard to D.A. to State Government employees, food subsidy and repayment of earlier loans.”

The question of food subsidy, DA and repayment of loans are all connected with taxes. The DA is mainly for compensating the high cost of living index. The cost of living index is high because year after year they are introducing new taxes for more than Rs. 100 crores or Rs. 200 crores.

Not only that, the policy of inflation, decontrol, devaluation and deficit financing

has resulted in steep rise in price level. None but the Central Government is responsible for this chaos. It must bear the full responsibility of the repercussions of this policy on the State Governments..

The Central Government must give up the Viswamitra type attitude—you know the famous story of Viswamitra and Menaka—of pretending not to recognise its own baby, because gone are the days when State Governments were behaving like Menaka. Now a number of non-Congress governments have come into existence who will squarely but the entire responsibility on the Central Government. In a new situation when the Congress Party is tottering at severe blows received at the polls, the Central Congress Government cannot go ahead with its high and mighty attitude. The non-Congress governments, particularly the UF Governments in Bengal, Kerala and some other States, are trying to clear up the mess created in the two decades of Congress misrule.

The Centre-State financial relations are creating big hurdles in the path of the UF governments. The Central Government by insisting on its pound of flesh is deliberately obstructing the development of an alternative path which is giving more relief to the people of the concerned States. It is only by relieving the State Governments from the colossal burden of the Centre that the economy of these States can be brought to order despite serious limitations.

Therefore it is high time that serious steps are taken towards amortisation of the existing debts in consultation with the State Governments. It may be necessary to impose a moratorium with regard to certain States whose financial position has become extremely critical. In some cases the Union Government will have to write off the earlier debts particularly those used for non-development purposes. This alone will enable the State Governments to come out of the chaos created by 20 years of financial bungling under the Congress Raj.

I hope, the House will seriously consider the suggestions and adopt this Resolution so that the deteriorating Centre-State relations can be set right though to a limited extent.

If the ruling party continues to remain in the ivory tower and refuses to see the realities of the present situation, it will only invite the powerful rebuff from the people which will raze to the ground the Ivory

[Shri P. P Esthose]

tower itself. What happened in Bengal after the mid-term elections may happen in the entire country tomorrow.

SHRI NAMBIAR : This is a warning to the Central Government. But nobody is there to hear it except one or two deputy ministers.

MR. DEPUTY-SPEAKER : Resolution moved :

"In view of the serious financial crisis facing all the States and the fact that enormous debt charges of the States eat into their capacity to launch development schemes, this House calls upon the Government to immediately work out a scheme of amortisation of debts in consultation with the States and to implement it."

There are some amendments to the Resolution. Shri Lakkappa and Shri Sreedharan are absent. So, their amendments are not moved. The other amendments are moved.

SHRI K. C. CHAKRAPANI (Pannavi) : I beg to move :

"That in the resolution,—  
after "of the States" insert

"consequent to the policies pursued by the Union Government" (1)

SHRI E. K. NAYANAR (Palghat) : I beg to move :

"That in the resolution,—  
after "Government to" insert—

"appoint a body including State Government representatives to."

SHRI LOBO PRABHU (Udipi) : I beg to move :

"That in the resolution,—  
aid at the end—

"provided there is no premium on improvidence at the expense of other States and provided there is assurance that future loans will be applied only for purposes capable of prescribed returns." (5)

MR. DEPUTY-SPEAKER : The Resolu-

tion and the amendments are now before the House.

Now, we have got in all 1 hour and 22 minutes out of which 15 minutes have already been taken. The second Resolution is equally important. We should spare some time for it. How much time will the Minister take ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI P. C. SETHI) : About 20 minutes.

MR. DEPUTY-SPEAKER : So, I will call him at quarter to 6 O' Clock. We have got only 45 minutes left.

SHRI SEZHIAN (Kumbakonam) : You may extend the time.

SHRI P. K. DEO (Kalahandi) : You may give the last minute to the other Resolution to be carried over to the next day.

MR. DEPUTY-SPEAKER : Within my discretion, I can extend the time by half an hour. That is all.

SHRI S. KANDAPPAN (Mettur) : The House may not be crowded. But the subject is really very important. It has implications on the State Plans for the future. We should know the views of the Government. We should have enough time to discuss it.

MR. DEPUTY-SPEAKER : I entirely agree. I will try to accommodate as many Members as possible. Half an hour's extension means I will call him after 6 O' Clock. Shri Rane.

SHRI RANE (Buldana) : Mr. Deputy-Speaker, Sir, I appreciate the concern of the mover of the Resolution for the State of Kerala and West Bengal. In his argument, he has tried to make a distinction and he has pleaded for the States which are unable to pay their debts, etc. I do not want to go into the arguments. What I want to submit to the House is this. What is the position ? In my opinion, the Resolution is premature because the Finance Commission is going into all these questions. But at the same time, I want to submit...

**SHRI NAMBIAR (Tirucherappalli) :** It will give guidance to the Finance Commission.

16.54 hrs.

[*Shri Vasudevan Nair in the Chair*]

**SHRI RANE :** Its adoption does not mean guidance. It will then become binding. Anyhow, this is my view.

Secondly, the Resolution, in my opinion ignores the liabilities and the responsibilities of the Central Government. If we take into consideration the liabilities of the Central Government, to my knowledge, the public debts of the Central Government amount to Rs. 16000 crores out of which about 50 per cent are foreign debts. Every year, they are required to pay about Rs. 500 crores by way of interest and, perhaps, by way of principal.

Then, the question of the debts of the States is a very stupendous problem. I have got some statistics. I gather that [in the year 1947, the debts of the provincial Governments were only 44 crores and, in 1951, the amount of debts went upto Rs. 195 crores.

**SHRI SEZHIYAN :** It is Rs. 445 crores.

**SHRI RANE :** If it is so, I stand to correction. During the First, Second and Third Plans, I am told, all the liabilities or the debts due to the Centre from the States are to the tune of Rs. 5200 crores. The Mover suggests that a scheme for amortisation of debts of the States due to the Centre should be worked out and adopted. This is asking the Central Government to commit a suicidal act. I, therefore, submit that Resolution cannot be adopted at this stage.

**SHRI P. K. DEO (Kalahandi) :** I do not hold any brief for the affluent States because I come from a backward State, and the backwardness of the area is an accident of history. While the entire Eastern India collapsed like a house of cards under the British, Orissa was the last bastion which kept the Indian flag of independence flying. The backwardness of this area is due to historical facts and we are paying the price for it.

Orissa, as has been formed now, has

been formed by taking a few areas from Bengal, some portions from Bihar, some portions from Madras and some portions from Madhya Pradesh, and 24 tiny States were integrated together, and in 1947 we got What Orissa is today. True to its tradition, Orissa had been defying the British all the time and has been defying the Central Government also. In 1967 elections, the Congress was completely routed, and we gave the pattern of a coalition government which is becoming the pattern today and which has shown the way for further coalitions in other areas.

In a country with wide diversities in the level of development of its constituent States, the main objective of the planning should be removal of regional imbalance. But the Five-Year Plans have further accentuated the regional disparities. The larger States have been able to undertake bold programmes of development while the weaker States have lagged behind as the financial resources at their command were very much limited even to meet their day-to-day requirements.

17.00 hrs.

Most unfortunately, the States, as they stand today under the Constitution, cannot take recourse to the printing press to increase their purchasing power or to 'deficit financing' as has been termed in the Central Budget. The functions and resources of the States cannot be matched together. The functions are many, the expectations are many, but the resources are limited. That is why there is the quinquennial Finance Commission which goes into the various aspects regarding disbursement of Central taxes to the States. But, in this regard, I am very sorry to remark that the entire distribution of the Central taxes to the States has always been done on a partisan basis. That has been my experience with the last three Finance Commissions. I would tell you what Orissa has been facing today in this regard. I would like, in this connection, to quote a paragraph from a Memorandum which we submitted to the Finance Minister the other day :

"The resources which the States Government can mobilise for financing the Fourth Five-Year Plan are very much limited because heavy repayment liabilities have to be discharged during this period towards loans obtained from the

[Shri P. K. Deo]

Centre. It is estimated that the State Government will be required to repay Rs. 138.32 crores to the Government of India during the period 1969-74 towards loans obtained by them till 1968-69. All efforts for mobilisation of additional resources will be counter-balanced by the unusually heavy repayment liabilities, an unfortunate legacy of the previous Government due to their extravagance and wasteful expenditure."

The less we speak about extravagance and wasteful expenditure of the previous Governments—Biju Government and other Governments—the better it is. We ourselves know that even outside the plan, an amount of Rs. 15 and odd crores were spent on Paradip port even though no clearance was given. After the Central Government have taken over the Paradip port, this sum of Rs. 15 and odd crores is not being reimbursed to the poor exchequer of Orissa. Similarly, another wasteful expenditure of Rs. 19 crores was incurred on the Express Highway to connect iron-ore mines to Paradip port and this amount also was not coming. Not a pie is going to be paid as dividend because after the construction of the railway line from Gandhok to Paradip port, the Express Highway will be completely useless. Similarly we find that the Centre has a step-motherly treatment towards non-Congress States. Take the case of iron-ore royalty. When the prices of iron-ore due to devaluation increased in the world market, the State Government wanted to raise their on-ore royalty by Re.1/- per tonne. That would have brought nearly Rs. 2 crores to the Orissa Government. But the Centre said: "You cannot increase the royalty." On the other hand, they increased the export duty. They increased the export duty on iron-ore and so the extra income out of the increased price in the world market came to the Central coffer. The State was denied this duty.

Take the case of Hirakud dam. This year we are asked to pay about Rs. 5 lakhs as interest on the loan already incurred on the Hirakud dam. Hirakud dam, as Pandit Jawaharlal Nehru pointed out, is one of the modern temples and this is an asset of which the entire nation should be proud. Six acres of land have been irrigated and it has contributed to a large extent to the country's

production of rice, wheat and other food-grains and has made up our foodgrains deficit to a certain extent. Similarly, 270 mw of electricity has been generated. It is only for this that we could establish the steel plant at Rourkela and all the industrial programme that has been going on.

Similarly for the Mahanadi Dam we are asked to pay about Rs. 3 lakhs as interest on the amount spent on this project. So far as this Mahanadi irrigation scheme is concerned, Dr. K. L. Rao, in every seminar, speaks about the utility of this project and how it is contributed to a large extent to wipe of the deficit on this country.

17.04 hrs.

[Shri R. D. Bhandari in the Chair]

Now take the case of dearness allowance. My previous speaker has pointed out that the States are being penalised for the present conditions for creation of which they absolutely had no hand. It is the inflationary policy of the Government and the wrong priorities fixed by the Government, that are responsible for the rising prices and that is why there has been a constant demand for the Pay Commission. Orissa Government has been paying dearness allowance to the tune of Rs. 13 crores. Now after the award of the present Pay Commission, we expect that the annual payment will rise from Rs. 13 crores to Rs. 18 crores. That means that in the five-year period over Rs. 90 crores will be paid to the State employees for the rise in prices. Is it not the Centre which is responsible for this? I find that it is a grand design of the Finance Minister and the Finance Ministry at the Centre to financially strangle the State and to make them absolutely impossible to carry on the day-to-day administration so that they can step in under Art. 360 for financial emergency. They tried their best and the Home Minister tried his best to interfere in the State matters, to take over the administration of the State. But the voters gave a fitting reply.

This is a big conspiracy going on at the Centre to strangle the States, invoke art. 360 and take over the administration of the States.

I fully support the most timely Resolution brought forward by hon. friend. Though

we do not see eye to eye on several subjects, this is an item on which I fully endorse his view.

श्री श्रीकार लाल बोहरा (चित्तौड़गढ़) : सभापति महोदय, मैं इस प्रस्ताव का विरोध करने के लिए खड़ा हुआ हूँ—इसलिए नहीं कि मेरे माननीय मित्रों ने जो कुछ कहा है उससे मुझे कोई असहमति है बल्कि कुछ ऐसे महत्वपूर्ण विषय होते हैं जिन पर जब तक कि हम अच्छी तरह से विचार न कर लें तब तक मैं नहीं समझता कि उन पर एकदम कोई निर्णय लेना चाहिए, जिससे कि हमारे देश की आर्थिक स्थिति को बहुत बड़ा धक्का पहुँचे। मुझे ताज्जुब हुआ जब उड़ीसा के मित्र सारी गलतियों के लिए और सारी कठिनाइयों के लिए केन्द्र को ही जिम्मेदार ठहराते रहे ... (व्यवधान) ... मैं समझता हूँ कि अगर इस देश को मजबूत बनाना है और यहाँ के जो अलग-अलग राज्य हैं, उनकी वित्तीय स्थिति को सम्हालना है तो फिर हमें इस बात को देखना पड़ेगा कि केन्द्रीय सरकार की आर्थिक और वित्तीय स्थिति कहाँ तक मजबूत है। हम केवल प्राप्त करने की ही इच्छा करें, केवल लेने की ही बात कहें और इस बात को कहें कि केन्द्र ही सारी कठिनाइयों के लिए जिम्मेदार है तो फिर मैं समझता हूँ अपने वाले भविष्य में हमें कठिनाइयों का सामना करना पड़ेगा।

अब मैं आपके सामने वर्तमान परिस्थितियों तथा विशेषकर जो नया राजनीतिक वातावरण आजकल देश में चल रहा है, उसको निगाह में रखते हुए, कुछ बातें रखना चाहता हूँ। अपने संविधान में हमने एक मजबूत केन्द्रीय सरकार की कल्पना की है और इस बात को ध्यान में रखा है कि किस तरह से हमारे सारे जो अलग-अलग प्रान्त हैं, वे हर प्रकार से अपनी विकास कर सकते हैं। प्रान्तों का राजनीतिक, सामाजिक और आर्थिक विकास हो, इसके लिए हमने एक मजबूत केन्द्रीय सरकार की कल्पना की थी अपने संविधान में। आज जब हमारे देश में राजनीतिक वातावरण बदल रहा है तो

हमें इस विषय पर गम्भीरता से विचार करना होगा, इस दृष्टि से हमें सोचना होगा कि विभिन्न राज्यों में विभिन्न विचाराधारा की सरकारें चलती हैं, अनेक राज्यों में अनेक दलों की सरकारें चलती हैं और इस खींचतान में केन्द्र कमजोर हो जायेगा और साथ ही साथ हमारी आर्थिक स्थिति भी कमजोर हो जायेगी। आज हमारे देश पर 16 हजार करोड़ का कर्जा है। यह कर्जा केन्द्र ने अपने लिए नहीं लिया है। यह जो विदेशों से लिया हुआ कर्जा है, पहली, दूसरी और तीसरी पंचवर्षीय योजनाओं के लिए हमने जो धन इकट्ठा किया है, विदेशों से या यहाँ के नागरिकों से अल्पबचत योजनाओं के माध्यम से जो धन हमने प्राप्त किया है, उस धन को हमें लौटाना भी है। अगर हम इस बात को ध्यान में नहीं रखते तो मैं आपसे निवेदन करना चाहता हूँ कि जिन्होंने हमें कर्जा दिया है—हमारे नागरिकों ने स्माल सेविंग्स के अन्तर्गत जो पैसे जमा किया है या विदेशों से हमें जो कर्जा मिला है—कर्ज का मिलना भी साल पर निर्भर करता है और जो कर्जा देता है वह इस बात को देखता है कि कर्जा लेने वाला कर्जा लौटाने में कितनी तत्परता और इमानदारी दिखलाता है। इसलिए मैं आपसे कहूँगा कि हम इस बात को बड़ी गम्भीरता से लें कि यदि हमने अपनी विकास योजनाओं के लिए, सामुदायिक विकास के लिए, स्कूलों, अस्पतालों, सड़कों, यातायात के साधनों के लिए, सिंचाई की सुविधाओं के लिए, पब्लिक अन्डरटेकिंग्स, इस्पात कारखानों के लिए कर्जा लिया है तो उसको चुकाना भी है। इस मूल बिन्दु को मद्दे-नजर रखकर मैं आपके सामने विचारार्थ एक समस्या रखना चाहता हूँ। आज यह सही बात है कि राज्यों पर कर्जा है, राज्यों ने अपनी शक्ति से बाहर खर्चा किया है। मैं अपने प्रान्त राजस्थान की ही बात करूँ तो कह सकता हूँ कि जब रियासतों, राजा-महाराजाओं का समय था, तब यह सही बात है कि हम विकास योजनाओं पर खर्चा नहीं कर सके। उस समय सड़कें नहीं थी, सिंचाई के साधन पूरे

[श्री श्रीकार लाल बोहरा]

नहीं थे और बिजली तो बहुत ही कम थी । यही कारण है कि राजस्थान सरकार को भी ओवर-ड्राफ्ट लेकर अपना काम चलाना पड़ता है । राजस्थान की वित्तीय स्थिति किसी भी अन्य राज्य के मुकाबले में शायद सबसे पिछड़ी हुई है क्यों कि जब राजे महाराजाओं ने अपनी रियासतें सौंपी थी तो कोई दौलत नहीं दी थी । केवल कोटा का महाराजा ने राजस्थान को कुछ दिया था । लेकिन अन्य राजे रजवाड़ों से कोई पैसा नहीं मिला । तो कहने का मतलब यह है कि आज राजस्थान में जो स्कूल बन रहे हैं, सड़कें बनी हैं या अन्य विकास के जो भी काम हुए उनमें काफी रुपया खर्च किया गया और वह रुपया केन्द्रीय सरकार ने दिया । लेकिन यह सही है कि राजस्थान की वित्तीय स्थिति ठीक नहीं थी । तो क्षेत्रिय असंतुलन की दृष्टि से देखें तो मैं चाहूंगा कि मेरे मित्र ने जो प्रस्ताव रखा है उसका मैं समर्थन करूँ । राजस्थान ने जो ओवर-ड्राफ्ट ले रखा है अपनी विकास योजनाओं के लिये, अपनी क्षमता नहीं होते हुए भी जनता की भावनाओं का धारद करते हुए विकास की योजनाओं को पूरा करने के लिये जो पैसा खर्च किया है उसका ब्याज भी वह नहीं दे सकते । इन सब बातों को देखते हुए हमें अपने प्रान्तीय दृष्टिकोण को दबाना चाहिये । हमें सोचना चाहिए कि विकास की योजनायें पूरी हों, यातायात की सुविधायें बढ़ायें, लेकिन साथ ही यह भी तो देखें कि केन्द्र से भागे भी पैसा लेना है तो यह बहुत जरूरी हो जाता है कि इन अपनी योजनाओं के लिये जो हम रुपया जनता से, बाहर से या केन्द्र से लेते हैं उस कर्ज को चुकाना भी है । और यदि चुकाना है तो उसको चुकाने की जिम्मेदारी न केवल केन्द्र की है बल्कि उसके लिये हम सभी समान रूप से भागीदार हैं । और बैसे भी फाइनेंस कमिशन, प्लानिंग कमिशन, और मुख्य मंत्रियों की जो समय-समय पर मीटिंग होती है, इन सब में इस विषय पर गम्भीरता से विचार

किया जा रहा है । और मैं समझता हूँ कि इस का कोई न कोई निर्णय जल्दी निकलेगा लेकिन फिर भी मैं यह चाहूंगा कि इस संबंध में प्रान्तीय दृष्टिकोण से हम न सोचें और केन्द्र की आर्थिक स्थिति को ध्यान में रख कर विचार करें ।

राजस्थान के बारे में मैं यह कहना चाहूंगा कि उसकी वित्तीय स्थिति अच्छी नहीं है और इस दृष्टि से वह बहुत पिछड़ा हुआ है, प्रजा-तांत्रिक दृष्टि से अभी 20,22 वर्ष हुए हैं, इस लिये मेरा निवेदन है कि ऐसे क्षेत्रों के लिये थोड़ा उदारता से विचार करेंगे तो अच्छा होगा । मैं समझता हूँ कि राजस्थान जैसे पिछड़े इलाके के लिये, उसमें उड़ीसा, असम, सब पिछड़े प्रान्त आप शामिल कर सकते हैं, अगर आप उदारता से सोचेंगे और उसकी वित्तीय स्थिति सुधारने में अधिक सहायता देंगे तो मैं समझता हूँ कि राजस्थान दूसरे प्रान्तों के मुकाबले में जल्दी उन्नति कर सकेगा ।

SHRI S. S. KOTHARI (Mandsaur) : Mr. Chariman, Sir, the entire gamut of Centre-State financial relations need to be reviewed and a radical alteration in the basic pattern of grants-in-aid and loans effected. This has become necessary particularly because the outstanding loans due from the States to the Centre would go up to a fantastic sum of Rs. 5737 crores as on 31st March, 1970. That means every year the States have to reimburse or repay to the Centre a tremendous amount of money. According to the statistics given in the Budget, we find that as against a sum of Rs. 1845 crores which the Centre is giving to the States, it is taking away Rs. 538 crores by way of repayment. Sir, I submit that this is a financial jugglery. You give by the right hand and take away by the left hand a part of it. It amounts to what we say, recovery by adjustment. It is almost becoming a kind of a financial farce that you give allotment and make grants and then you recover a good part of it, almost one-third of it, in this way. Out of a sum of Rs. 1538 crores, Rs. 249 crores, that is about Rs. 250 crores, are in respect of interest. Now, to charge the States interest, which they have to pay out

of the grants-in- and the amount payable to them by the Centre, is definitely a kind of adjustment which in my opinion, should be done away with.

**SHRI UMANATH (Pudukkottai) :** The Central Government is usurer.

**SHRI S. KANDAPPAN :** Usurious money-lender.

**SHRI S. S. KOTHARI :** May I submit that the Central Government approaches various international agencies, the U. S. A, the U. S. S. R. Japan and other countries for re-scheduling the debt payments and for putting moratorium on interest payments. Conferences are held. The Deputy Prime Minister and Minister of Finance goes abroad for this purpose and high officials accompany him just for the purpose of re-scheduling these debt payments. On the same principle, for the payments which are due from the States, the Centre should have given a moratorium for 10 years, because this is a developmental decade and the States have also to develop. They have also to implement various developmental schemes. It is with great regret that I bring to your notice that in 1967-68, the Government of Madhya Pradesh could not provide any money for the implementation of its annual plan. A little later I would go into this in greater detail.

May I submit that there should be a moratorium in regard to the repayment of principal for 10 years and with regard to interest, in my opinion, it should be completely done away with. Let not the Central Government charge interest to the States for the next decade to come. That is of great importance.

In the situation arising, you find that there are considerable amounts overdrafts due from the States to the Centre. This is basically due to the defective policies of the Centre, defective economic policies, which have resulted in inflationary conditions in country, as a consequence of which the emoluments, the dearness allowance etc. of the employees of the State Governments had to be increased in order to compensate for the price index going up.

Unfortunately, our Constitution-makers had given all the powers to the Centre in the sense that all the remunerative sources of

income are with the Centre. The States have been given certain sources from which, in my opinion, they do not get sufficient revenue. The Sales Tax, the Entertainment Tax, etc. do not yield adequate sources revenue. They hardly have any fresh sources of revenue. That is why the States' finances have been adversely affected. One of the hon. Members from the Treasury Benches pointed out that if this resolution was accepted, it would be suicidal. I am afraid that the gentleman is absolutely ignorant about Finance. He has not even cared to read the Budget Documents. On page 49 of this Document, the Government has been good enough to explain everything clearly. You will find that about Rs. 50.10 crores have been provided for this purpose in 1968-69.

In this year's Union Budget no provision has been made for amortisation. There is some inconsistency. On the one hand, one of the terms of reference of the Fifth Finance Commission is that they must work out a scheme for amortisation. On the other hand, the Union Budget has deliberately avoided making any provision for the amortisation of the States' debts. Out of the 50 crores, there is also uneven distribution. I think only 6 States have been benefited. Fortunately, Madhya Pradesh has received some benefit. I would like to say that the States should be dealt with equitably and on a fair basis. Some of the States like Kerala, Andhra, Madhya Pradesh, Mysore, Rajasthan and Madras have been benefited out of this amount of Rs. 50 crores. But other States have not received any amount at all for this amortisation of debts. Therefore, the resolution is absolutely relevant, that the Central Government, in consultation with, or according to the recommendations of, the fifth Finance Commission should work out an equitable scheme which would lead to allocation of funds to the various States in order that they may be able to amortise their debts and put their finances on a sound footing. In order to effect that, in my opinion, the Finance Minister should make a provision of at least Rs. 50 crores in this budget also. In the previous budget also, it was Rs. 50 crores, and if Rs. 50 crores could be provided in the 1968-69 budget, I think it can be provided for 1969-70 also.

I am now coming to my last point. That is with regard to Madhya Pradesh. Certain States are inherently backward. I think it

[Shri S. S. Kothari]

is probably an accident of history or it may be that proper attention has not been paid to this aspect by the State Governments; maybe they are responsible. We had the Congress Government in the States for about 19 years and they have not looked after the proper development of Madhya Pradesh.

What are the needs of Madhya Pradesh? Our new Minister of State for Finance, who is a competent Minister, is fully aware of the requirements of Madhya Pradesh which is financially backward and it is backward in other aspects also. It does not have a proper infra-structure; roads or irrigation schemes are inadequate. They require a lot of money for development. Then, industrially also, it is backward. And for these purposes, such States like Assam, Rajasthan—

AN HON. MEMBER: West Bengal.

SHRI S. S. KOTHARI: West Bengal also. I have great sympathy for West Bengal and my friends in West Bengal. West Bengal has its own special problems. So, the backward States and those States which have special problems like West Bengal should be equitably and fairly dealt with, and Proper provision should be made.

Madhya Pradesh has one more problem, which I would like to dwell upon. My hon. friend here has asked me to refer to it particularly, and for that purpose I will take only half a minute. One-third of the area of Madhya Pradesh is tribal area which is not only backward but the tribal people do not have enough to eat or to clothe themselves or enough accommodation. Many of them live in huts. The state of the tribal areas is terrible. One must go and see the tribal people. I am sure the hon. Minister has sometimes been to those areas also. Therefore, money is required for their development.

Besides, there is the Narmada project. My friends from Gujarat and everybody has an eye on Narmada. She is a beautiful lady and I am sure so many glances are cast on her; particularly my hon. friend Shri Lobo Prabhu is very fond of her.

SHRI NAMBIAR: He is too old.

SHRI S. S. KOTHARI: That is why Narmada is rejecting him and Gujarat too.

The final point that I would like to make is a very important one. That is, the legitimate financial demands of the Delhi Administration are not being met. Politically motivated financial constraints would serve to decelerate the pace of Delhi's growth. The Central Government, by virtue of its brute majority in Lok Sabha or in Parliament, may be able to get away with it, but I would sound a note of warning that ultimately it is the people of Delhi who are the masters. The Congress will have to go to the people, who will give the judgment. Let not the Central Government starve the Delhi Administration of their legitimate demands for funds. If they do so, they will have to regret it at a later stage. Their demands must, therefore, be met. Thank you.

श्री शशि भूषण (खारगोन): सभापति महोदय, मध्य प्रदेश में कांग्रेस का बहुमत हो गया है। संविद के 64 एल० एल० एज० कांग्रेस में धाकर मिल गये और वह गवर्नर से मिले हैं लेकिन असेम्बली नहीं बुलाई जा रही है। यह प्रजातंत्र की हत्या है।

श्रीमती विजय राजे सिन्धिया ने कहा कि वह ज्योतिषी से पूछ रहे हैं। उसके बाद तय करेंगे कि असेम्बली कब बुलाई जाय। यह प्रजातंत्र का मजाक है। मैं इस हाउस से प्रार्थना करता हूँ कि सब लोग मिलकर आज इस धावाज को बुलन्द करें कि मध्य प्रदेश में जल्द से जल्द वहाँ की असेम्बली बुलाई जाय ताकि लोगों को राहत महसूस हो सके।

श्री रणधीर सिंह (रोहतक): सभापति महोदय, वहाँ संविद सरकार माइनारिटी में है और कांग्रेस अपोजीशन मेजरिटी में है। असेम्बली न बुला कर संविधान की धजियाँ उड़ाई जा रही हैं, प्रजातंत्र की हत्या की जा रही है और यह बहुत जरूरी है कि मध्य प्रदेश की असेम्बली जल्द से जल्द बुलाई जाय।

MR. CHAIRMAN: You please resume your seat. Shri Narayana Rao.

SHRI K. NARAYANA RAO (Bobbili): Mr. Chairman, about the Centre-State rela-

tions in the wider context, I am not going into more details. But, so far as fiscal relations are concerned, I, for one, believe that as far as the fiscal position of the States is concerned, it is comparatively very very weak. And that has been rendered weaker still by certain consistent policies followed by the Government of India. In that context I would like to urge that there should be an absolutely strong Centre but at the same time my only grievance is that they have been overstepping into the fields that have been allotted to the States. I shall quote a few instances but I am not entering into any arguments. Take for instance the problem of education—the problem of primary education. This is the State subject but here we have a full-fledged Ministry with one Cabinet Minister and two or three other ministers with the University Grants Commission and all the other paraphernalia. If you come to agriculture, it is in Entry 4 of the State List.

MR. CHAIRMAN : You need not mention the item.

SHRI K. NARAYANA RAO : No, Sir. It is a very important item. That includes education on agriculture, research and so on.

I only emphasise that under the educational research, only a small budget provision has been made for the Ministry of Education. You have a provision for an Agricultural Research Institute in New Delhi. This is only a small sample survey that I have made in this regard. I do not mean to say that the Central Government alone are doing this. The people in the South look forward to North. But Delhi is far away from the South. Therefore the responsibility for the financial resources lies with the Centre. So far as financial resources are concerned, we have to depend upon ourselves. Take for instance, land revenue. In Andhra Pradesh, they tried to do a little bit. But on the agricultural front, the difficulty comes in because many people are thrown out of employment. This is what is happening. There is growing unemployment ; there is progressive retrenchment on the engineering side. Thousands of engineers are thrown out of employment ; and thousands of teachers too are thrown out of employment. In this context, I would like to say that what is most important is to imple-

ment the scheme. Take for instance assistance of foreign loans. Government owes about Rs. 6,000 and odd crores by way of foreign loans. When it allots the States to the tune of about Rs. 5,195 crores, there is a difference here. The Central Government gets loans from the foreign countries at the normal rates of interest whereas the Central Government gives loans to the States at a higher rate as if they are some foreign country. They try to get more from the States.

AN HON. MEMBER : The Central Government is a big *bania*.

SHRI K. NARAYANA RAO : One more thing is this. That is regarding liquor production. In many States, a substantial source of income is from liquor. Excise duty from this is a substantial source of revenue. If prohibition is introduced, in course of time, we will be losing this revenue.

So far as Andhra Pradesh is concerned, there is one other difficulty. As I have submitted just now one difficulty is about the collection of land revenue and the other difficulty is this. We have been facing consistently with droughts. In this particular context, even to-day, drought means not only expenditure on drought relief, but reduction in revenue income, reduction in the entire commercial activity in sales-tax *etc.* There is an added obligation on the part of the State, provoked by drought relief measures. Andhra Pradesh Government had incurred an expenditure of Rs. 1.70 crores uptill now on cyclone relief and Rs. 11.32 lakhs on drought relief in 11 districts. Andhra Pradesh owes Rs. 491.44 crores to the Centre. Out of this, Andhra Pradesh is expected to contribute Rs. 300 crores to the centre during the fourth plan under the repayment schedule. So, virtually the total assistance which Andhra Pradesh expects from Centre during the fourth plan is cancelled by this. Now, I have a suggestion. The debts which the States owe to the Centre correspond to the debts which the Centre owes to foreign countries. There are instances where the Central Government has to repay the loan to foreign countries in 30 or 40 years. Therefore, at least for sometime to come, the States should be allowed some more time to repay the debts and the debts repayment should be re-scheduled accordingly. These avoidable irritants in State-Centre relations should be reduced.

DR. RANEN SEN (Barasat) : Sir, Mr. Morarji Desai went on harping on how and why the Centre should be strengthened for the defence, prosperity and welfare of India. For sometime past, this has been the attitude of the Government of India, concentrating all the political and financial powers in their hands, rendering provincial autonomy into a big hoax. Thanks to the Grand Moghuls ruling in Delhi luxuriously and with a top-heavy administration, excepting two or three States, all States are backward. Even Congress members, except one, have said that the present arrangement or mechanism of the Finance Commission is totally inadequate to meet the present situation. Not only the UF Government and DMK Government of Madras but all the Congress Governments are saying that the States are suffering. Our friend from Rajasthan tried to oppose the resolution, but ultimately he said that Rajasthan should get something. This is the position after 21 years of Congress rule.

After 1967, the whole position has to be re-assessed by the Central Government, if the Central Government really wants to develop all the States and do away with uneven development. Nobody can deny there is an uneven development taking place in the country.

There has been an attitude on the part of Government of India to some how or other wield financial and political power in such a way as to bring the States to their knees. A sort of black-mailing attitude has developed in them. After the UF Government was established in West Bengal in 1967 it was quite apparent to any layman even that the Central Government tried to squeeze the UF Government by denying them food and money. Today the position of States is that either they have to over-tax their own people, who are already over-burdened with taxation and taxation has already reached a saturation point, starve them or beg money from the Centre. The Centre is taking advantage of this position and is trying to squeeze the States.

I take this opportunity to raise the question of the demands of the UF Government in West Bengal recently installed by giving a thundering defeat to the Congress Party there. The Congress Party in West Bengal has almost been wiped out. The State of West Bengal, more than once, in this House,

since 1952 is being called a problem State. You will be astonished to find that the Government of India was taking a very discriminatory attitude there since 1952, even when the Congress Ministry was there. For the development of Calcutta which is a metropolitan city and known as the Gateway of Eastern India, for every small item, the Government of West Bengal had to beg of the Central Government. This state of affairs should go. Instead of that, the other day it was stated in this House that for the development of Calcutta loans will be provided to the State of West Bengal.

Therefore, this resolution which says that a mechanism has to be developed for the amortisation of loans and which by implication says that more and more autonomy should be there for the States so that the States can develop on their own, particularly the backward regions, should be adopted by the House. Otherwise, Sir, the States cannot remain for long begging money from the Centre.

The huge amount of money that is now taken as debt has to be written off totally. Secondly, the total mechanism of making payments to States has to be revised and reassessed so that the States can be helped financially more to develop their own people and to do away with the uneven development that exists today between different States.

Lastly, I want to remind this Government that today in West Bengal the situation is such that the Central Government should take the initiative in helping the State Government that has newly come in West Bengal, otherwise the Centre-State relations will deteriorate more and more. Therefore, in the interest of Indian unity the Centre should help the State Government without any delay.

श्री भोलानाथ मास्टर (अलवर) : सभापति महोदय, यह प्रस्ताव अभी माना नहीं चाहिए था। अगर इसके लाने की आवश्यकता ही महसूस की जाती थी तो फाइनेंस कमिटी की रिपोर्ट पहले जानी चाहिए थी और उस समय यह मासूम करना चाहिये था कि कितना लोन किसको या कितनी सप्लिसिटी किसको दी गई है और उसका वहाँ पर ठीक ठीक उपयोग हुआ है या नहीं। यही मैंने राष्ट्रपति के भाषण के

समय कहा था कि केरल सरकार ने हजारों पोस्ट्स, एक नहीं हजारों पोस्ट्स तो गजेटेड आफिसर्स की और कई हजार पोस्ट्स नान-गजेटेड एम्प्लॉईज की क्रियेट की हैं और इस तरीके से जो स्टेटमेंट हमारे सामने है उससे जाहिर होता है कि केरल में मिसलेनियस डेवलपमेंट परपोजेज के लिए यह रुपया खर्च हुआ है। यह मिसलेनियस क्या बला है? ऐग्रीकल्चर नहीं, मल्टी-परपज योजना नहीं, सप्लाय नहीं, हाउसिंग नहीं, अदर लोन्स नहीं, लेकिन मिसलेनियस - मिसलेनियस के माने क्या हैं? गवर्नमेंट सर्वेंट्स के लिए नयी-नयी पोस्ट्स क्रियेट करके और रिडवत दे करके वहाँ की जनता पर अपना असर डालने के लिए यह कोशिश की जा रही है। जो लोग डिस्मिस कर दिए गए थे, नौकरियों से निकाल दिए गए थे, उन लोगों को बैंक डेट से, दस दस, पन्द्रह पन्द्रह साल पहले जिनको डिस्मिस किया गया था, उनको री-इंस्टेट करके फिर से मौका दिया जा रहा है। केरल की आबादी को ध्यान में रखते हुए आप देखिये कि केरल में मिसलेनियस के मार्फत 110 करोड़ रुपये उसके ऊपर बकाया निकलता है और छोटी सी स्टेट है केरल। उसका कुल टोटल देखा जाये तो 192 करोड़ रुपया उनके जिम्मे है। उस रुपये को इन्होंने नान-प्रोडक्टिव परपोजेज के लिए इस्तेमाल किया है और फिर यहाँ आकर चाहते हैं कि सरकार उस रुपये को खत्म कर दे। इस तरीके से हिन्दुस्तान के अंदर यह गड़बड़ पैदा करना चाहते हैं। तनख्वाहें बार-बार बढ़ा बढ़ा कर इस देश में इन्फ्लेशन पैदा करना चाहते हैं... (श्रीबखाम)...इसलिए मैं समझता हूँ कि फाइनेंस कमेटी को रिपोर्ट जब तक नहीं आ जाती है तब तक ऐसे प्रस्तावों को बिलकुल फेंक देना चाहिए। इन पर विचार नहीं करना चाहिए। यह सोचें ठीक तरीके से किस काम के लिये रुपया चाहते हैं? वाटर सप्लाय के लिए चाहते हैं या किसी काम के लिए चाहते हैं? सारा स्टेटमेंट मेरे सामने है। मैं समझता हूँ कि मंत्री महोदय इस स्टेटमेंट को पढ़ कर सुना वेते तो प्रस्तावक को हिम्मत नहीं

होती कि वह इस तरह का प्रस्ताव आपके सामने पेश करते। स्माल सेविन्स का जो रुपया यहाँ आना चाहिए उसको भी यह केरल सरकार लिए बैठी है। यही हाल बंगाल का है। अभी हमारे बंगाल के दोस्त बोल रहे थे। उनको भी देखिये। मिसलेनियस में 100 करोड़ रुपया अपने पास रखे हुए हैं और उसको सरकार को देना नहीं चाहते हैं। वह किस बात के लिए रख रखा है, यह उनसे पुछा जाये। इससे साफ जाहिर है कि यह स्टेट गवर्नमेंट्स इस तरह का काम कर रही है जिससे सेंट्रल गवर्नमेंट कमजोर हो, पे-स्केल बढ़ते चले जायें, नान-प्रोडक्टिव एक्सपेंडीचर बढ़ता चला जाय और मॉटर पर दबाव पड़ता रहे, वह अपने यहाँ तनख्वाहें बढ़ाते रहें और यहाँ भी तनख्वाहें बढ़ती रहे, डेवलपमेंट का सारा काम रुक जाये। इनकी यह नीति है कि केन्द्रीय गवर्नमेंट को हमेशा कमजोर करने के लिए कोशिश करते रहें, रोजाना तनख्वाहें बढ़ाएँ, रोजाना राशनिंग में कंसेंशंस दें और फिर कहें कि केन्द्रीय गवर्नमेंट उनका पालन पोषण करे। फिर जब कर्जा वसूली का काम हो तो कहते हैं कि उसको राइट आफ कर दो। आपको क्या अकाल पड़ गया, कौन सी दिक्कत आ गई है, कोई साइक्लोन आ गया है, क्या हो गया है कि उस कर्ज को नहीं देना चाहते हैं? जो कर्जा है उसको दीजिये और दोबारा लीजिये, यह तो बात हो सकती है। लेकिन इस तरीके से बात करना तो ठीक नहीं है। जब फाइनेंस कमीशन मुकर्रर कर दिया गया तो उसके सामने अपनी हालत को पेश कीजिए, वह डाक्यूमेंट्स आने दीजिए। जब फाइनेंस कमीशन केरल को बिजिट करता है तो उसके मुताबिक उसकी रिपोर्ट को ध्यान में रख कर फिर यहाँ प्रस्ताव लाना चाहिए। अभी आप इंतजार कीजिए। फाइनेंस कमेटी की रिपोर्ट आने दीजिये। इस वक्त ऐसे प्रस्ताव को लाने की आवश्यकता नहीं है और इसको फेंक देना चाहिए।

SHRI SEZHIYAN (Kumbakonam) : Mr. Chairman, Sir, I should congratulate the hon. Mover of this Resolution, Shri Esthose, for bringing it forward because it is not only

[Shri Sezhayan]

timely but it touches upon some of the fundamental and urgent issues that are facing the federal structure in India. One of the speakers from the Congress Benches said that if we accept this Resolution, it would be suicidal. On the other hand, I say that if we do not accept the Resolution and do not consider it, it will be suicidal to the future of democracy and to the Centre-State relationship in India.

The speaker previous to me said that he wants a strong Centre. We also want a strong Centre but not at the expense of weak States. An inflated Centre cannot exist at the cost of emaciated States. Only if the States live can the Centre also live; only if the parts are strong can the Centre be strong. We have to look at the question in a realistic way and on a reappraisal of the entire position as was advocated by Shri Rao from the other side who knows something about the Constitution.

There is a very wrong and unjust allocation of taxes and of the financial resources. All the expanding sources of revenue have been allocated to the Centre and all the burdensome works and expenditures have been given to the States. Year by year the States are finding it very difficult to manage their revenue receipts and expenditure.

Some friend was saying that the States were not making full use of the loans. I think, he does not know the Constitution and the position about raising a loan. A State cannot raise a loan without the consent of the Centre as long as there is an outstanding loan from the Centre or a guarantee of the Centre is in operation. In practice no State is free from indebtedness to the Centre. Thus, the entire borrowing operation is under the complete control of the Centre. Even if a state wants to raise a market loan, it has to get the permission of the Reserve Bank and the Reserve Bank has to get the consent of the Centre. Therefore, whether it is a loan raised in the market or a loan given by the Centre, with the full appraisal of the Centre only loans are given. Therefore the Centre has complete control over the loan raised by a State.

Year after year the position of the States is going down because of the paucity of resources and the narrow limits of taxation measures which are available to them. If we analyse the position of

repayment of Central loans by States *vis-a-vis* the total revenue receipts, we find that plan by plan it is taking a bigger chunk out of the States' revenue receipts. During the First Plan period the States had to pay only 3 per cent of the total revenue receipts towards the repayment of Central loans. In the Second Plan period it rose to 9 per cent and in the Third Plan it went up to 14 per cent. In the Fourth Plan it may go up to 20 per cent. That means, the revenue receipts are not expanding as rapidly as the repayments of loans and, therefore, the States are put to hardship.

There is one wrong assumption that is being entertained by those who argue that all the loans given to the States should be paid back. Like Shylack, they want their pound of flesh and are saying that whatever money has been given should be paid back. But I can say that many things which were given only for relief work are now being brought under the classification of loans and are being asked to be paid back. We know, the Gold Control Order was brought forward by the Finance Minister here. Almost all the States and all the Members, including Congress Members, were opposed to that but in an adamant way he brought it and lakhs of goldsmiths were thrown on to the streets. They were deprived of their traditional jobs and relief measures were started. Loans were granted by the Centre to the goldsmiths. All those loans granted to the goldsmiths were afterwards treated as loans given to the States. In what way are the States responsible for that state of affairs? Were they responsible for throwing the goldsmiths on the streets? I can quote many more examples. Sometimes some countries give some gifts to States. For example, I remember, Canada gave some gift of electrical goods and installations to the State of Madras.

What the other country gave as a gift, the Central Government treated it as a loan to the State of Madras.

**SHRI S. KANDAPPAN :** An outright highway robbery.

**SHRI SEZHAYAN :** Supposing it is a unitary State and the Central Government has spent an amount on relief measures, will it take it as an asset or as an outstanding

loan? Just because there are States, just because the Centre has got all the financial powers, they are treating the States in this way.

There is another wrong assumption also that the States alone derive all the benefits from three developmental schemes. Supposing there is the scheme inaugurated in one State and it gives some benefits, does not the Centre become a partner in reaping the benefits by way of the Central excise corporate taxes and income-taxes? All these things emanate from that scheme.

When we look into this position, a complete reappraisal of the debt position, the indebtedness of the States, should be taken into consideration as to how far they have contributed and how far they have been thrust upon by the Centre to do so. Supposing it is a non-productive loan, if it is a relief measure, it should be written off completely. Such loans should be completely written off. For other loans also, I would suggest one way. As regards the loans given for productive schemes, whether they are Plan or non-Plan schemes, those loans should be treated as non-payable with the condition that they should give annual rate of interest. This is not a new suggestion given by me. Even the report of the study team of the A. R. C. has made that suggestion. Supposing, it has been invested by the Centre itself, will it be expecting instalments out of the capital? They may only expect a return. In the same way, if they give a lumpsum amount to the State, that should be treated as a non-payable loan. But they can fix some rate of dividend to be given to them. The colossal amount of indebtedness of the States is not going to be wiped out from the revenue account. Year by year, the indebtedness is going to swell to an enormous extent. No State is thinking of repaying their debts, whether it is a grant or a loan, they want to grab money from the Centre. Here is a relevant quotation from the report of the study team of the A. R. C. on Centre-State relationship. It says :

"This has bred in the States a degree of indifference as a result of which, when reviewing assistance from the Centre, they heed little whether the assistance is in the form of a loan or a grant. For this very reason, mounting indebtedness does not seem to have brought about keen awareness of the need for either

thrift or the efficient utilisation of scarce resources".

They do not mind whether it is a grant or a loan, because they do not have any idea of repaying it. Even if they want, they cannot pay back because the revenue receipts are so low.

Lastly, I would like to say this much to the Central Government that they should have a realistic attitude. Just because the Constitution has given so much power to them, they should not try to utilise the situation to the disadvantage of the States. A complete reappraisal of the entire position of financial allocations should be taken. Otherwise, a starving State and an over-stuffed Centre cannot function together smoothly and efficiently.

In conclusion, I say, if this state of affairs continues, if the States are put more and more under the tiresome burden of the mounting indebtedness, if the Centre continues to hold the money strings and suppresses and oppresses the States financially, a stage may come when the people of the States may say, "All right. Let us collect all the taxes. Let us have all the financial resources. We will contribute to the maintenance of the Centre." That stage may come.

17 55 hrs.

RE : POLITICAL SITUATION IN  
MADHYA PRADESH

[Mr. Deputy-Speaker in the Chair]

श्री विभूति मिश्र (मोतीहारी) : उपाध्यक्ष जी, मेरा प्वाइंट ऑफ ऑर्डर है। मध्य प्रदेश में प्रसेम्बली की बैठक चल रही थी, गोविन्द नारायण सिंह ने इस्तीफा दिया। उसके बाद प्रसेम्बली प्रोरोग हुई और राजा नरेशचन्द्र सिंह को मुख्य मंत्री बनाया गया। लेकिन प्रसेम्बली नहीं बुलाई जा रही है और नतीजा यह हो रहा है... (व्यवधान)... वहाँ हालत यह है कि भैया राम और गया राम हो रहा है। कांग्रेस के सदस्यों की संख्या 181 हो गयी है। कम से कम यह मंत्री कहें कि प्रसेम्बली बुलायी जाये, यह बहुत जरूरी चीज है।... (व्यवधान)...