

12.57 hrs.

(i) UNION DUTIES OF EXCISE
(DISTRIBUTION) AMENDMENT
BILL,

(ii) ADDITIONAL DUTIES OF EX-
CISE (GOODS OF SPECIAL IM-
PORTANCE) AMENDMENT BILL,
AND

(iii) ESTATE DUTY (DISTRIBU-
TION) AMENDMENT BILL.

THE DEPUTY MINISTER IN THE
MINISTRY OF FINANCE (SHRI-
MATI SUSHILA ROHATGI): I
move:

*"That the Bill further to amend
the Union Duties of Excise (Distri-
bution) Act, 1962, be taken into
consideration."

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

*"That the Bill further to amend
the Estate Duty (Distribution) Act,
1962 be taken into consideration."

MR. SPEAKER: Motion moved:

*"That the Bill further to amend
the Union Duties of Excise (Distri-
bution) Act, 1962, be taken into
consideration."

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

"That the Bill further to amend
the Estate Duty (Distribution) Act,
1962, be taken into consideration."

Now, all these three Bills will be
discussed together. The time allotted
is 2 hours.

SHRIMATI SUSHILA ROHATGI:
The House will recall that the Report
of the Sixth Finance Commission
along with an Explanatory Memoran-

dum on the action taken by the Gov-
ernment thereon was laid on the
Table of the House on the 18th De-
cember, 1973. The Finance Commis-
sion was *inter alia* required to make
recommendations to the President as
to the distribution between the Union
and the States of the net proceeds of
taxes which are to be or may be
divided between them and the alloca-
tion between the States of the respec-
tive shares of such proceeds. Union
duties of excise which are levied and
collected by the Government of India
under Article 272 of the Constitution
fall in the category of taxes which
'may be' distributed between the Cen-
tre and the States in accordance with
the law made by Parliament after
taking into account the recommenda-
tions of the Finance Commission.

12.59 hrs.

[MR. DEPUTY-SPEAKER in the Chair.]

The Bill seeks to give effect to the
recommendations of the Sixth Finance
Commission in regard to the distribu-
tion of the net proceeds of Union
Duties of Excise between the Centre
and the States on the one hand and
among the different States on the
other. The Commission has not sug-
gested any change in regard to shar-
ing of the basic Union Excise Duties
and the States' share would therefore
continue to be 20 per cent of the total
net proceeds as at present. The Com-
mission has, however, recommended
that the auxiliary duties of excise
introduced from 1973-74 which are
not shareable with the States at pre-
sent should also be shared with the
States as in the case of basic Union
Excise Duties from 1976-77. The
Commission has recommended that
the States' share should be distributed
among themselves on the basis of 75
per cent for population and 25 per
cent for backwardness, the *inter-se*
distribution of this portion being in
relation to the 'distance' of a State's
per capita income from that of the

*Moved with the recommendation of the President.

[Shrimati Sushila Rohatagi]

State with the highest per capita income multiplied by the population of the States concerned according to 1971 census. The weightage given to backwardness by the last Commission was 20 per cent and they had also adopted a variety of factors for determining backwardness of the States. 13 hrs.

The other recommendations of the Commission relating to the sharing of 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 go over these details once again.

The aggregate transfers to the States under the Commission's recommendations are estimated at Rs. 9609 crores in 1974-79 at 1973-74 rates of taxation.

The actual transfers during 1974-79 would be more as these will include States' share in additional taxation which the Central Government may undertake during these years.

Honourable 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. 447 crores went up to Rs. 918 crores during the Second Plan period, Rs. 1590 crores during the Third Plan period, Rs. 1782 crores during the period of three annual Plans and Rs. 3316 crores during 1969-74 and the estimated transfers during 1974-79 on the basis of the recommendations of the Sixth Finance Commission as mentioned by me earlier, are Rs. 9609 crores.

A noteworthy feature of the recommendation of the Sixth Finance Commission is that the Commission has provided Rs. 838 crores over the period of the Fifth Plan for upgradation of the standards of administration and social services in the backward States so as to enable them to come up to the level of average of all

States during the Fifth Plan period. Taking this amount into account the Commission has assessed the non-plan revenue gap of eighteen States at Rs. 7745 crores without devolution of taxes.

The States of Haryana, Maharashtra and Punjab are, in the assessment of the Commission, expected to have non-Plan Revenue surplus amounting to Rs. 312 crores even without any tax devolution. The tax devolution to all the States during the Fifth Plan period on the basis of the recommendations of the Commission would amount to about Rs. 7099 crores. With this devolution seven States will have a surplus aggregating to Rs. 2178 crores. The non-Plan deficit arising even after the devolution for the remaining fourteen States is estimated to be Rs. 2510 crores and the Commission has recommended grants-in-aid of this order under Article 275 of the Constitution for the period 1974-79.

This order of grants-in-aid shows a very large step-up over that given to the States under the recommendation of the Fifth Finance Commission.

With these words, I move my first Bill:

"That the Bill further to amend the Union Duties of Excise (Distribution) Act, 1962, be taken into consideration."

I have already moved the second Bill which says:

"That the Bill further to amend the Additional Duties of Excise (Goods of Special Importance) Act 1957, be taken into consideration." The Bill seeks to give effect to the recommendations of the Sixth Finance Commission regarding distribution among the States of the proceeds of Additional Duties of Excise levied on sugar, tobacco and textiles.

Hon. Members are aware that these duties are 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 Union Territories, accrue to the States.

Under the present arrangement, out of the net proceeds of Additional Excise Duties, certain sums not less than the revenue realised by each State from the levy of sales tax on sugar, tobacco and textiles, are guaranteed to it and the proceeds over and above the total guaranteed amount are also distributed to the States in accordance with the percentage share recommended for each State by the Fifth Finance Commission. The Sixth Finance Commission, like earlier Finance Commissions, had been asked to ensure that in this scheme of distribution recommended by it each State received a sum not less than the revenue realised by it from the levy of sales tax for the financial year 1956-57 in that State. The Commission has, however, felt that there was no need to set apart any guaranteed amounts to the States as in the Commission's opinion which is based on factual figures, there is no risk of the share of any State in the net proceeds of Additional Excise Duties falling short of the revenue realised from the levy of the sales tax on the commodities subjected to additional duties of excise in lieu of sales tax for the financial year 1956-57 in that State. The Commission has accordingly proposed that the entire net proceeds after deducting the portion attributable to the Union Territories be distributed among the States on the basis of population, State Domestic Product at State current prices and the production of the commodities subjected to Additional Excise Duties in the ratio of 70:20: 10. The Fifth Finance Commission had recommended that the distribution of the balance after payment of guaranteed amounts shall be made 50 per cent on the basis of population and 50 per cent on the basis of sales tax collection (excluding Central Sales Tax). The Sixth Finance Commission had fixed the share of the Union territories at 1.41 per cent and for the balance of 98.59 per cent prescribed percentage shares in respect of each State.

The yield from additional excise duties which amounted to only Rs. 52.68 crores in 1968-69 rose to Rs. 134.84 crores in 1972-73 and the Budget Estimate for 1974-75 places the net revenue from these duties at Rs. 175.52 crores. Excluding the cost of collection and the proceeds attributable to Union Territories the States' share would work out to Rs. 172 crores. The large increase follows the implementation of the decision of the National Development Council in December, 1970 that the incidence of the additional excise duties should be stepped upto 10.8 per cent of the value of the clearance within a period of two to three years. The Finance Commission has pointed out that it is clear from the Memoranda submitted to them by the State Governments that the State Governments are by and large satisfied with the manner in which Government of India have implemented the recommendations of the National Development Council and that most of the State Governments do not seek any material change in the present scheme of levy of additional excise duties.

The Bill being introduced is a simple one for giving effect to the recommendations of the Sixth Finance Commission.

Now, the third Bill is further to amend the Estate Duty (Distribution) Act, 1962

This Bill relates to the distribution of the net proceeds of Estate Duty in respect of property other than agricultural land among the States, as recommended by the Sixth Finance Commission. The Commission was, among other things, required to make recommendations in regard to the changes, if any, to be made in the principles governing the distribution amongst the States under article 269 of the Constitution of the net proceeds in any financial year of Estate Duty in respect of property other than agricultural land. In the Commission's Report, which together with an

[Shrimati Sushila Rohatagi]

Explanatory Memorandum on the action taken thereon, was laid before the Lok Sabha on the 18th December, 1973, the Commission has made recommendations in this regard.

Hon. Members would have observed from the Report that the Sixth Finance Commission, after considering the various suggestions made by the State Governments, came to the conclusion that the principles of distribution, enunciated by the Second Finance Commissions and endorsed by all the subsequent Finance Commission do not call for any change. The only change that the Sixth Finance Commission has recommended is reduction in the share attributable to Union Territories from 3 per cent to 2.5 per cent. This takes into account the population of the Union Territories as now constituted and the gross value of immovable property located therein and brought into assessment for the five years ending 1971-72. For the balance of the net proceeds, the sum apportioned to immovable property has been recommended to be distributed in proportion to the gross value of such property located in each State and brought into assessment in a year and the sum apportioned to other property in proportion to the population of each State according to the 1971 Census. The Government have accepted the recommendations of the Commission.

This Bill seeks to give effect to the recommendations made by an expert body constituted in terms of the constitutional provisions. Except for re-fixing the share of the Union Territories at a lower level, the Commission has not proposed any change in the existing principles in regard to the distribution of the net proceeds in any financial year of estate duty in respect of property other than agricultural land. The provisions of the Bill do not require any further elaboration. I shall try to cover the points that the Hon. Members may raise during the debate, later.

MR. DEPUTY-SPEAKER: Before I call the next speaker I would like to clarify one point from the Minister with regard to the third Bill. Does it involve any outgo from the Consolidated Fund of India especially when the percentage is fixed by the Finance Commission and the reduction of Union territories per centage. In any case you can give the reply later.

SHRI SOMNATH CHATTERJEE (Burdwan): Sir, these three Bills have been brought presumably to implement the recommendations of the Sixth Finance Commission. So far as the first Bill is concerned, that is, the Union Duties of Excise (Distribution) Amendment Bill, it appears from the recommendations of the Finance Commission that the basis of allocation has been the strength of population and the assessment of Duty. So far as the weightage of the population factor is concerned compared to the previous Finance Commission's recommendations the weightage of the population factor has been reduced from 80 per cent to 75 per cent and so far as the balance is concerned it is being recommended for distribution on the basis of the per capita income. It is seen that the Sixth Finance Commission has considered per capita income as the sole criterion to decide the relative economic position of the different States. But, Sir, while the per capita income has been treated the sole criterion the weightage is not being given on that basis but the element of population as well as the total assessment State-wise is also taken into consideration.

Now, the concept of a backward State has also been introduced in the Sixth Finance Commission's report, but so far, in relation to the shares of some of the backward States, although they need greater allocation, I am sorry to say that the pattern is not in conformity with the relative needs as indicated by the different levels of the per capita income of the different States. Therefore, there are certain anomalous approaches in the

Finance Commission's recommendations. The Government have accepted these recommendations, but so far as the backward States are concerned and the backward areas in different States are concerned, their grievances still remain.

So far as the additional excise duties are concerned, it appears that the entire amount has been thrown into the divisible pool. In this case, for the purpose of allocation, the weightage of population factor has been fixed at 70 per cent. The balance is sought to be decided on the basis of the level of consumption. How to determine this consumption level is not clear, because the sale-tax on these products is no longer in vogue. Therefore, what is the method of determining the consumption level area-wise and also the population factor?

The hon. Minister referred to the State domestic product. In this case, I find that the weightage of the State domestic product has been given as 20 per cent and that of production at 10 per cent.

When the population factor is given a weightage of 70 per cent, it shows the importance which is being attached to it, but what I want to say is that the population factor only furnishes a broad measure of the necessity or the need. It cannot be the sole basis. If the per capita income is treated as an indicator of the need, then a higher weightage should have been given to that factor. To meet the problem of backward areas, one has to find out how one tests the nature of the backwardness or the degree of backwardness. Is it on the basis of population? Is the requirement to be tested population-wise or per capita-wise?

AN HON. MEMBER: Per capita-wise.

SHRI SOMNATH CHATTERJEE: If it is per capita-wise, then, what is the relationship between the popu-

lation factor and per capita income as such, when the population factor is given a weightage here?

Therefore, two things have to be seen. If the per capita income is treated as an indicator, one has to ascertain correctly the per capita income. In so far as the other factors are concerned, namely, the factor of contribution by the States, on the basis of a very well-recognised principle, namely, locally originating income, then, some States should have been allotted a much larger percentage out of this divisible pool. Therefore, without ascertaining the real needs or the relative needs on the basis of per capita income, on the basis of locally originating income in the background of the population factor, one cannot arrive really at an acceptable basis of the division of the amount, which the Constitution requires, to be divided in accordance with the law to be made by Parliament.

The general system has been to follow the Finance Commission's recommendations, but so far as the Sixth Finance Commission is concerned, it has made certain important departures from the norms applied by the previous Finance Commissions. So far as the larger allocation to the States is concerned, we welcome it, but there are certain anomalies in the approach to this matter as I was trying to point out.

The other important aspect is the correlation between plan expenditure and non-plan expenditure. Sir, so far as the non-Plan accounts are concerned, there should be a proper adjustment between the Planning Commission's finding and the Finance Commission's recommendations. On the total allocation of the non-Plan expenditure, proper norms should be evolved jointly by the Planning Commission and the Finance Commission in consultation with each other. Then, Sir, for the proper utilisation of the resources, both Plan resources and non-Plan resources, it is essential that

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there should be close cooperation between these two Commissions. Now, so far as the Plan resources are concerned, you are aware that this is being dealt with the Planning Commission and the non-Plan resources are primarily dealt with by the Finance Commission laying down the principle of distribution. Therefore, unless there is close cooperation between them and norms are evolved jointly by these two Commissions, there is bound to be lack of direction in the approach, in proper adjustment of these two different types of expenditures. Therefore, Sir, we submit that these aspects should be looked into.

The other two important points which I wish to stress are because here, we are not dealing with the recommendations of the Finance Commission as such recovery and realisation of these duties. So far as taxes and duties are concerned, there are charges of evasion, charges of under-assessment, and there are even charges that most of the duties are being written off for lack of seriousness or proper approach in regard to this. Therefore, lesser and lesser realisation is bound to affect the States' resources because unless the total resources are available this is done on a percentage basis it will not be possible to make a proper distribution. Therefore, it is essential that there has to be a proper realisation, collection and strict enforcement of the machinery for collecting these duties and taxes. But, as we know, in this country, there are some who are favoured. Those are favoured for reasons which are quite obvious. They are never made to pay their taxes. Large amounts are in arrears, but, they are never required to pay. The official machinery is not taking action against them.

My other point is this. Without being intending to be parochial, so far as the special needs of West Bengal are concerned, I wish to draw the

attention of the hon. Minister to certain matters. Sir, so far as the State of West Bengal is concerned, there are very many peculiar problems, particularly, the City of Calcutta, the navigability of the river Hooghly, the future of Calcutta Port which is at stake, the Haldia development project which has come to a standstill, our metropolitan project which is in doldrums....

MR. DEPUTY-SPEAKER: All that has to come from the distribution of these duties?

SHRI SOMNATH CHATTERJEE: What I am trying to say is, it is necessary to remind the Government of the special problems of our State so that they may take note of it. My point is, these special problems should be kept in mind. So far as West Bengal's contribution to the Central pool is concerned, it is the highest if not the second highest. But, what is coming back to West Bengal in the form of assistance from the different Central funds, is not commensurate with the contribution which is being made by the West Bengal Government. Therefore, Sir, I would request the hon. Minister to see that Government takes note of these facts and comes to appropriate decisions.

MR. DEPUTY-SPEAKER: You have not made any concrete proposal.

SHRI SOMNATH CHATERJEE: We want more money.

MR. DEPUTY-SPEAKER: In that case, you should have come forward with some amendments. At this stage, what can the Government do? We are considering and passing this Bill.

SHRI SOMNATH CHATTERJEE: Because of the three holidays, we could not give notice of amendments.

Lastly, I would like to know whether the Minister has obtained the Presidential recommendation under articles 117 and 274 of the Constitution of India. It is not clear from this Bill whether such a recommendation has been received.

MR. DEPUTY-SPEAKER: The Table has brought it to me that the recommendation is there and it was published on the 5th of March.

SHRI SOMNATH CHATTERJEE: It is not shown in this Bill.

SHRIMATI SUSHILA ROHATGI: The State Duty (Distribution) Amendment bill, does not involve any out-go from the Consolidated Fund of India

SHRI SOMNATH CHATTERJEE: But I still find that there is a recommendation

MR. DEPUTY-SPEAKER: There are a number of anomalous things about this last Bill. I do not know whether it requires President's recommendation. It is stated here that the Central Government is only a collecting agent. It collects taxes and gives it to the States. It is also determining the percentage. To me the entire thing appears to be rather anomalous. That is why I put the question to the hon. Minister.

SHRI SOMNATH CHATTERJEE: Therefore, I submit these are important aspects which the hon. Minister should take note of and reduce the anomalies as far as possible. Although we have not been able to give amendments to these Bills, we have given our suggestions. All these aspects should be borne in mind and these anomalies should not be permitted to continue.

SHRI MURASOLI MARAN (Madras South): Mr. Deputy-Speaker, as Shri Chatterjee has rightly pointed out, the object of these three Bills is to implement the recommendations of the Finance Commission on the sharing of excise duties, which is permissible by nature, unlike the sharing of income-tax, which is obligatory. As we all know, right from the first Finance Commission, various commodities have been added to the list and the First Finance Commission fixed that 40 per cent of the excise duties on three

major commodities should go to the States. Right from the third Finance Commission, 20 per cent of the excise duties on all commodities is divisible.

The question arises whether we should depend on the Finance Commission every five years for this division, because it is almost 20 per cent of the excise duties on all commodities. Is it necessary that we should leave this to the decision of the five wise men of the Finance Commission? This question was raised long before by Dr. Rajammannar. When Dr. Rajammannar was the Chairman of the Finance Commission, he wrote in his minutes:

"There should not be a gamole on the personal views of five persons, or a majority of them."

We have also the views of Shri Lakadwala, Shri Santhanam and others on this issue. Could we not say that a fixed percentage of these duties would be divisible among the States, and incorporate it in the Constitution itself? I am suggesting this because all the Finance Commissions are agreeing with the decisions of the earlier Commissions on this point. It will also avoid uncertainty and speculation.

Then the question arises as to how to apportion the divisible pool among the States, how much weightage should be given to the contribution consumption and the relative social and economic backwardness of the States. That still remains unsolved. The Sixth Finance Commission has suggested that the inter se distribution or the apportioning of excise duties should be in relation to the distance to the All-India average line.

I think, this is a remarkable improvement. But, as Mr. Somnath Chatterjee put it, how do we calculate the per capita income? Because it is not a dependable index, various States have objected to the calculation. I do remember, our State has pointed out to the Government at Delhi, immediately after the last Finance Commis-

[Shri Murasoli Maran]

sion Report arrived, that the data regarding per capita income are not at all correct regarding Tamil Nadu. So, the question still remains: How do they base the calculations? How do they get the data? So, my view is that per capita income is not a dependable index.

Now, the question of additional excise duty comes in. In 1956, in the National Development Council meeting of the Chief Ministers, all States surrendered the constitutional powers to levy sales tax on cotton fabrics, woolen fabrics, rayon and artificial silk fabrics, sugar and tobacco. Instead, the sales tax was replaced by additional excise duty. Many people have commented on it. I am told during the National Development Council meeting, when Pandit Nehru put that question to the Chief Ministers, they readily agreed. They did not even consult their colleagues in their Cabinet nor the Legislature. But those days have gone. The States have now become a little more sensitive. Then the States surrendered their powers of sales tax.

It is written in the Report of the Sixth Finance Commission that States, like, Andhra Pradesh, Uttar Pradesh and West Bengal want the discontinuance of this system and they want *status quo ante* before 1956. They want that the States should be given back their right of sales tax on these commodities. It is an interesting question. In every federal country, this question comes up. We should ponder over this matter. Should a rupee be collected from either Kanyakumari or Kashmir or Lucknow, should it travel all over the place from Madras or Kashmir or Hyderabad to Delhi, should it wait for the recommendation of the Finance Commission and then should it travel back to those State capitals? This kind of travel will make the rupee weaker. I do not think that the rupee will be stronger by that.

That is why my view is that we should discontinue this system. The States should be given back those constitutional powers which might have been surrendered voluntarily by them. The States, like, Andhra Pradesh, Uttar Pradesh and West Bengal have asked for it. I think, this should be considered by the Government.

We know that the Finance Commission is supposed to be the balancing wheel of the finances of the country. It is supposed to be an objective umpire in financial relations between the States and the Centre. But it is not doing the duty, unfortunately, in a way, judicious and acceptable to all the States. Ivor Jennings once said about the Commission, that Commissions propose but politicians dispose. While explaining the Indian conditions, he said, in India, the Commissions may have the mantle of independence but the moment they give recommendations, the politicians tamper with those recommendations. He was speaking during the '50s. The times have changed now. The situation is something different now....

MR. DEPUTY-SPEAKER: Would you give up the right of this House to discuss the recommendations of any Commission?

SHRI MURASOLI MARAN: Whatever the recommendations, I have to speak on the Finance Commission's Report also.

MR. DEPUTY SPEAKER: You are objecting to politicians disposing of the recommendations of the Commissions. Would you forfeit your right of discussing the recommendations, accepting or not accepting the recommendations, of any Commission?

You are very much a politician here.

SHRI MURASOLI MARAN: But the Commission should be independent. We should not tamper with the Commission if they are independent. My point is something different. Ivor Jennings is not right now. He might

have been right during those days. But now times have changed. Now we have committed Commissions instead of independent Commissions....

MR. DEPUTY-SPEAKER: That is different.

SHRI MURASOLI MARAN: That is my accusation.

The Sixth Finance Commission has come out with grants to States for upgradation of standards of administration. This is for the first time in our federal finance that grants-in-aid are given for upgradation of standards of administration. For upgradation of the general administration of States, a sum of Rs. 102 crores has been allocated, and of these Rs. 102 crores, Rs. 73 crores go to U.P. and Bihar. Secondly, for upgradation of the administration of justice, about Rs. 18 crores have been allotted, but Rs. 10 crores go to U.P. and Bihar..

MR. DEPUTY-SPEAKER: We are going a little too far afield. Here we are concerned with excise duty.

SHRI MURASOLI MARAN: The sum allotted to States for upgradation of standards of administration is Rs. 815 crores; of these, Rs 456 crores, more than 50 per cent, go to the two States of U.P. and Bihar. Unfortunately, the recommendations of the Finance Commission came during the U.P. elections. That is why, I say that now the commissions are committed commissions; they are not independent commissions. Politicians need not tamper with those recommendations because it has already been tampered with. About Rs. 815 crores have been given to States for upgradation. And in this list Tamil Nadu does not find a place. It may be a compliment but it is a back-handed compliment. The understanding is that our levels are up. But at what cost have we upgraded? We have spent money on elementary education, slum clearance and administration of jails and other things. We devoted our scarce resources to those important activities of the Government. Now

those Governments which spent more on elementary education and other things like Tamil Nadu and Kerala, which spent more on social services, are being penalised. But those States which kept quite and which did not care for those activities are being crowned, are given prizes. More than Rs. 800 crores are being given for upgradation,

Now the question arises whether those State Governments will spend the money for those specific purposes. You give the money for specific purposes, for upgradation in respect of elementary education, in respect of jails, in respect of justice and so on. This doubt was in the minds of the members of the Finance Commission themselves. Now after allocating the money, more than Rs. 800 crores, the Finance Commission says on page 9:

"With all the emphasis at our command we wish to state here that effective mechanisms must be evolved to see that the funds provided by us for those services are not diverted to other purposes."

Here, after allocating more than Rs. 800 crores, they speak for some kind of effective mechanisms. Now I would like to have this clarified from the Minister whether they have thought of some effective mechanism so that those money may not be diverted to other functions. U.P. had its elections. Therefore, it is all the more important now. If Government have thought of those effective mechanisms, what are those mechanisms? This is the question which I pose to the hon Minister ..

SHRIMATI SUSHILA ROHATGI: What is the question that has been posed? I only heard of U.P. elections.

MR. DEPUTY-SPEAKER: Have you any mechanism by which you can ensure that the moneys allotted by the Finance Commission are properly spent for those items by the States concerned?

SHRI MURASOLI MARAN: Not all the money. For upgradation of services, the Finance Commission has allotted more than Rs. 800 crores and more than 50 per cent of it goes to UP and Bihar and after allotment of the money, the Finance Commission raises doubts that these may be diverted for other functions. So, once again, after five years the same upgradation and other things come up...

MR. DEPUTY SPEAKER: You are again going too far afield. When you are questioning the very basis of the distribution of these customs duties and other duties and then the percentage and all that, then it is relevant. But you are going into the very basis of the entire functioning of the Finance Commission and its recommendations.

SHRI MURASOLI MARAN: The entire bill comes out of the recommendations of the Finance Commission.

MR. DEPUTY-SPEAKER: It proceeds from that.

SHRI MURASOLI MARAN: The House did not get an opportunity to discuss its recommendations ..

MR. DEPUTY-SPEAKER: That is true. That is why I have allowed you.

SHRI MURASOLI MARAN: Again, the same point occurs and the Madam Minister also referred to some States getting more non-Plan money. So, with regard to that, I want to say something. The Sixth Finance Commission gave some debt relief. But was it judicious? Was it done on an objective basis? Once again, the answer is 'No', because they themselves say that the debt relief was given on a discriminatory basis. There is only one parallel for our Finance Commission. In Australia there is the Commonwealth Grants Commission which is famous for its objectivity. Nobody questions its judgment after it is delivered. But, here it is not so.

It is all created to favour a few States even though the Chairman and the Secretary-Member came from Tamil Nadu or from the South.

AN. HON. MEMBER: He has later become a Minister.

SHRI MURASOLI MARAN: That is what I am saying. They have become committed. A proper solution would be that at the end of the implementation of the recommendations of the Finance Commission, no State should have a big surplus and at the same time, no State should have a big deficit. But, what is happening now? That is not so. Some States are having a big surplus because of the debt relief.

I want to quote from the Sixth Finance Commission's report itself.

"If in the process some States emerge with surpluses on the non-Plan capital account, it cannot be helped."

They themselves are helpless but after giving a relief to all those States. My point is that in regard to these excise duties, the Centre made a diversion. Some excise duties are called additional excise duties and some are called auxiliary duties. It is nothing but a change in the nomenclature because if they say it is an excise duty, the State will get a share and the money will go to the States. So, by changing the name of the tax, by changing the nomenclature, I think in the last Budget or a year before that, the Finance Minister saw to it that no State got a single paise, by changing the nomenclature of the excise duty as auxiliary duty. But the Finance Commission did help the States. But even then the help was reluctant. They have given the Centre the auxiliary duties but from 1976-77 onwards these auxiliary excise duties, about 20 per cent of it, should go to the States also.

So, my point is that the States are being starved. Look at the newspapers. In Kerala and Karnataka, the

Reserve Bank has given instructions not to honour any cheques of the State Government. This is something unprecedented because the Kerala Government have to pay for the pensioners. The same is the case with....

SHRIMATI SUSHILA ROHATGI: May I intervene to submit whether it is relevant to the present Bill. Whether the cheques are honoured or not, that is unfortunate. But is it relevant?

SHRI MURASOLI MARAN: Newspaper reports have come. It is connected with the Madam's Ministry. I thought you would throw some light on it.

MR. DEPUTY-SPEAKER: I was checking the Rules. I was not following what you were saying.

SHRI MURASOLI MARAN: By changing the nomenclature of the excise duty and calling it auxiliary duty, no share will go to the States. So, I was telling that the Centre was careful enough not to help the States by changing the nomenclature. The Centre is wanting only starving the States. As an example I quoted the recent news item....

MR. DEPUTY-SPEAKER: This is Additional Duties of Excise. The Act is already there in existence and this is only to amend that. You are going too far a field. You are discussing certain laws which are not there. You are discussing the entire basis of the functioning of the Finance Commission whereas you should have confined yourself to the basis of the recommendations with reference to these particular Bills.

SHRI MURASOLI MARAN: This is connected with the Excise duty. Just by changing the nomenclature as auxiliary duty they starve the State; I say, don't starve the States, don't change the nomenclature. You have starved it. That is why this thing happened in the case of States like

Kerala and Karnataka; they could not keep up their bills, the Finance Minister of the State had to come to Delhi, and all that. That is why I say that this should not be the policy.

With these words I conclude.

SHRI P. NARASIMHA REDDY (Chittoor): Sir, while supporting the Bill let me express my disappointment ...

SHRI JAGADISH BHATTACHARYA (Ghatal): Sir, there is no quorum in the House.

MR. DEPUTY SPEAKER: Please sit down. Let the bell be rung.

—Now there is quorum. The hon. Member may continue.

SHRI P. NARASIMHA REDDY: Mr. Deputy-Speaker, Sir, while supporting the Bill brought forward by the hon. Minister, let me express my disappointment at the way in which the Finance Commission itself has proceeded about its task after adumbrating good principles and criteria of what the federal finance should be and, in what way, the interests of the States and the Centre should be ideally taken care of in the federal set-up.

Why I say is that while allocating the income-tax, the Commission itself has gone a step forward and not only it has increased the divisible pool by 5 per cent but it has also strongly suggested that the corporation tax should also be brought into the divisible pool as it is not being done according to the Constitution. In fact, a constitutional amendment has also been suggested in order to bring the corporation tax into the divisible pool as far as income-tax is concerned, and the Commission has gone beyond that and raised the divisible pool by about 5 per cent in the case of income-tax. Why the same logic was not followed in the case of excise duty distribution, passes my understanding. The Commission has rightly identified the festering sores, the problems that are now confronting

[Shri P. Narasimha Reddy]

the States and the Centre's relationship as far as the federal finances are concerned in the present day context of India. The Commission has rightly said that the States being directly concerned and being directly in touch with the people, are entrusted increasingly with burdensome responsibility in the field of socio-economic spheres and proceeding from that premise, the Finance Commission should address itself to the task of allocating, more realistically, more elastic sources of income to the States so that they may fulfil this task of solving the basic minimum needs and socio-economic problems of the people.

Conforming to that standard and following that logic, the divisible pool in the case of excise duty should, naturally, have been correspondingly increased. Why that should have been done I need not repeat it. But the revenue of the States vis-a-vis the revenues of the Centre have not shown that corresponding elasticity or buoyancy with the result, as Shri Maran pointed out, that the States are running into all sorts of difficulties in view of the increasing burdens. In fact, some of the States have been brought to the position of financial insolvency. In such a context realising all these factors, it is surprising why the Finance Commission has not been liberal enough or been logical enough to enhance the divisible pool, as in the case of income-tax, for excise and additional excise duties also. Anyhow, I expect that the Government is not barred from improving upon the Finance Commission's recommendations. I do not agree with Shri Maran in so far as he says, once the Commission makes its recommendations, they cannot be altered or improved upon or reconsidered at any other level. It is up to the Government and it is the Government's bounden duty to go into the reasonableness of the recommendations of the Commission vis-a-vis actual realities prevailing in the country and

improve upon the recommendations as such. There was every justification, every logic, every need for improving the divisible pool, in so far as the excise duties are concerned. Instead of going further into the matter, I am leaving it to the good sense of the Government to come up at least a little later to liberalise this sort of allocation in order to help the States out of their increasing predicament in their financial difficulties. I would suggest that the Finance Commission should, in its recommendations, have broken this tradition to come forward with more liberal recommendations. I do not think it is a committed Committee in the sense assigned to that word by Mr. Maran. This Commission is only to serve the interests of the country without making unnecessary distinction between the Centre and the States and leaving them to oppose each other. In fact, the Commission has rightly said that the administration of the programmes and other action thereon whichever could be conveniently carried out could be assigned to the Centre and whichever could be convenient to the States must be done by them and resources must be found for fulfilling these objectives of the administration. Following this laudable dictum the Finance Commission gave greater weightage to backwardness taking only *per capita* income as the feasible indicator for determining the backwardness of a State. No doubt, the *per capita* income is open to marginal error and is being attacked as unreliable data by certain State. But among the various States which came to the Finance Commission and which had to give their opinion on the ideal indicator for determining of backwardness gave varied suggestions—almost 22 indicators for deciding the backwardness criterion of the State—and it proved to be a very intractable problem. Under the circumstances, the Finance Commission has rightly decided that *per capita* income is certainly the best possible indicator of backwardness of a State.

But my fear is this greater weightage that has been given—though similar weightage though on a smaller scale was given by the previous Commission—what would happen to the funds allocated on the basis of backwardness of a State? There is no mechanism and machinery to ensure that these higher allocated funds for tackling the problem of backwardness are utilised for the purpose they are meant for. In fact the Finance Commission has expressed a doubt in this regard and has said that this mechanism must be evolved and the resources placed at the disposal of a State should be taken care of. So, it will be only a pious hope if it is thought that these funds will be employed for the purpose they are meant for.

I come from a very backward and drought affected area, that is, Rayalaseema. All these years several Finance Commissions keeping the factor of desert and drought into consideration allocated higher resources but I must frankly tell that these funds have not been used and employed for the purpose for which the Finance Commission have been releasing these resources. Unless the Minister comes with an assurance that such a mechanism will be evolved to ensure that actual utilisation of these funds will take place it will not help the backward areas and also the removal of regional imbalances in the country.

श्री पल्लभन्धु झाया (पासी) : उपाध्यक्ष

महोदय, फिनांस कमीशन का परपत्र एक था, और है, कि देश में जो रिजनल इम्बलेंस है, उस को कम किया जाये। आज पंजाब में पर-कपिटा इनकम लगभग 900 रुपये है, जब कि बिहार में सिर्फ 300 रुपये ही है—हमारे वहाँ रिजनल इम्बलेंस इतना ज्यादा है। गवर्नमेन्ट-राज्यों ने जो यूनिवर्सल इक्विटी ग्रान्ट एक्साइज का पैसा देती है, वह सब्सिडी में क्यों देती है? मैं ने कई बार कहा है कि अगर राजस्थान कोकल प्रॉजेक्ट को ले लिया जाता, तो इतने सालों में

कितना धान पैदा हो जाता, लेकिन किसी ने यह बात नहीं मानी। आज पंजाब और बिहार में कितना अन्तर है ?

एजुकेशन के मामले में भी बताया कि 31.3 परसेंट केरल में एजुकेशन पर खर्च होता है और 3.11 परसेंट उत्तर प्रदेश में खर्च होता है। तो यह जो रिजनल इम्बलेंस है इस को मिटाना फाइनेंस कमीशन का परपत्र होना चाहिए। सेटर को अपने रिसोर्सिज पूल करने चाहिए लेकिन रिसोर्सिज पूल करने के बाद जो स्टूडेंट पिछड़े हुए हैं उन के ऊपर ज्यादा ध्यान देना चाहिए। हिन्दुस्तान एक है। इसमें न तामिलनाडू का सवाल है न उत्तर प्रदेश का है न बिहार का है। पूरे देश को डेवलप करने का सवाल है। फाइनेंस कमीशन इसलिए बैठा था कि जहाँ पर बड़े बड़े प्रोजेक्ट्स हैं उन के काम को हाथ में लिया जा सके। लेकिन राजस्थान कौन्सिल का काम वैसा ही पड़ा हुआ है। वहाँ हर साल बाढ़ नहीं बरसता है, जब बाढ़ नहीं बरसता है तो फिर रूपया चाहिए, सेंट्रल गवर्नमेन्ट कहती है कि हम रूपया नहीं दे सकते। अब यह क्या हमारा है कि बाढ़ नहीं बरसते? सारा रेगिस्तान पड़ा हुआ है। उस रेगिस्तान को डेवलप करने के लिए कोई पैसा आप के पास नहीं? वह कैसे ही सफर करे। आप पैसा देना चाहते हैं पापुलेशन बेंसिस पर और ग्रामपंचायती की बेंसिस पर। आप ने हम को दिया क्या है यूनिवर्सल एक्साइज त? राजस्थान में कई साल से अकाल होता है। आज अकालों में कर्नाटक की खबर छपी है। आप तककाई कहते हैं सेंटर में पंजाब बढ़ती है तो स्टेट्स को भी अपने एक्साइज को देना पड़ता

[श्री मूल अर्थ-कार्य-कार्य]

है। फाइनेंस कमीशन का परपत्र यह था कि पैसे एक जगह इकट्ठा किया जाय और उस में यह नहीं कि पापुलेशन की बेसिस पर या आमदनी की बेसिस पर दिया जाये बल्कि बेसिस देने की यह होनी चाहिए कि कौन सा प्रदेश पिछड़ा हुआ है और कौन से प्रोजेक्ट ऐसे हैं जिन को सक्सेसफुल करने से ज्यादा आमदनी हो सकती है, इस को देख कर पैसा दिया जाना चाहिए। राजस्थान कॅनल के लिए 20 साल से काम आवाज उठा रहे हैं। हमारी हालत ऐसी नहीं कि हम उस प्रोजेक्ट को ले सकें। अगर केन्द्र उस के लिए धन दे तो न तो फोरनेज से अनाज मंगाना पड़े और न उस के लिए विदेशी मुद्रा खर्च करनी पड़े। लाखों हेक्टर जमीन से उस से अनाज पैदा हो सकता है। अभी भी कितने सालों से पाकिस्तान को पानी जाता है।

तो मेरा कहना यह है कि हिन्दुस्तान एक है। तामिलनाडु ज्यादा देता है तो तामिलनाडु में कहां से आता है? हमारे राजस्थान के लोग भी तामिलनाडु में गए हैं। सारा देश एक है और किसी भी प्रदेश के अन्दर कोई प्रोजेक्ट अच्छा बन सकता है जिस से लोगों को फायदा हो सकता है तो बड़ा पैसा खाला जाये। लेकिन हमारी बात किसी ने सुनी नहीं। बड़ा फॉर्मिड होता है, सारा डेजर्ट एरिया पड़ा हुआ है। बड़ा आप ने कोई पैसा नहीं लगाया। हम अब कहते हैं तो जवाब मिलता है कि आपने एरिया की पापुलेशन कम है। अब वहां तो डेजर्ट पड़ा हुआ है तो पापुलेशन तो कम होगी ही। तो फाइनेंस कमीशन को चाहिए कि बड़ा ज्यादा पैसा लगाए जिससे उ। एरि :

1 डेवलपमेंट हो। मगर हमारी बात सुनी नहीं जाती है। इस तरह से वे रिजर्वल इन् वेनेन्सेज बने हुए हैं। मैंने अभी बताया कहीं नो क्लियर कहीं तीन ली क्लियर, कहीं एक्सेशन पर 31 परसेंट खर्च होता है कहीं 3 परसेंट खर्च होता है।

स्टेट ड्यूटी के बारे में फाइनेंस कमीशन की रिपोर्ट है, उन में बताया है :

"A satisfactory and enduring solution to the problem of Centre-State relations cannot be found except through a vigorous and concerted drive against tax evasion, tax avoidance, waste and extravagance in public expenditure."

पहले वह बिल नहीं लाने हैं। आप पूंजीपतियों को 9 पैसे में बिजली देते हैं कोटा के अन्दर, एलेक्ट्रिसिटी बोर्ड घाटा खा रहा है। उन को आप बिजली सस्ती देते हैं और कन्ज्यूमर्स को महंगी देते हैं, उन से उस के लिए ज्यादा पैसा लेते हैं। करोड़ों रुपया जिन इंडस्ट्रियलिस्ट्स के पास है उन से कम पैसा लिया जाता है।

आकद्राय ड्यूटी है, हिन्दुस्तान में आज 15 साल से इस का सवाल उठ रहा है। मोटरें चलती हैं, दिल्ली से मद्रास जाती है। 6-6, 7-7 घंटे उन को एक एक जगह आकद्राय ड्यूटी देने में लग जाते हैं। हर जगह उन को रोक कर उन के आकद्राय ड्यूटी लेते हैं। गवर्नमेंट से कहा गया कि इस आकद्राय ड्यूटी को खत्म करो, सील्स टैक्स बढ़ा दो, और दूसरे टैक्स बढ़ा दो? लेकिन वह आकद्राय ड्यूटी बराबर अभी तक चल रही है। कितना उससे खर्च होता है।

मैं यह कह रहा था कि फाइनेंस कमीशन का परपत्र यह था कि जो स्टेट्स पीछे हैं उन की प्राप बढ़ दें। प्राप को गाइड और फिलास्फर की तरह बढ़ करनी चाहिए। पैसा प्राप क्या देते हैं? हमारी स्टेट वाले बार बार आकर दरवाजे पर सिर नवाते हैं। फाइनेंस का एलाटमेंट भी बड़े भ्रजीव तरीके से होता है। यहां आते हैं, बड़ी बड़ी मिन्नतें करते हैं, गिनिस्टर्स आ कर ठहरते हैं और फिर एलाटमेंट कब होता है, इन दि मन्थ प्राप फरबरी। फरबरी में जाकर प्राप एलाटमेंट करते हैं। तो मैं ने यह कहा कि जो प्राप बिल लाना चाहते है उन में एक बात तो यह कीजिएगा कि जो स्टेट्स बैकवर्ड हैं उन को ज्यादा दीजिएगा। मगर प्राप का तो यह कहना है कि महागण्ट में पैसा बढ़ रहा है तो बढ़ना चाहिए, तामिलनाडु में बढ़ रहा है तो बढ़ना चाहिए। प्राप ने उन का कंसिडरेशन कर लिया। मैं यह कह रहा हूँ कि जो कुछ देना है वह हम को दीजिए ताकि रीजनल इम्बैलेसेज न रहें।

श्री भारत सिंह चौहान (घार) :
 उपाध्यक्ष महोदय, यह तो बिल यहां पर प्रस्तुत हुआ है दरअमल में यह कोई विशेष विचार कर के पेश नहीं हुआ। क्यों कि फाइनेंस कमीशन ने भी, दूर सिकारिश की है कि 20 परसेंट यह एकमाइज इयूटी दी जाय, विशेष कर के आदिवासी क्षेत्रों जो मध्य प्रदेश के अंदर है उन के बारे में मैं इतना कह सकता हूँ कि फाइनेंस की कमी के कारण वहां की जो नेचुरल रिसोर्सेज हैं, जो बहा खाने हैं उन की जो तरकीबी की जानी चाहिए वह नहीं हो पाई

है। ऐसे कई उदाहरण मैं प्राप के सामने पेश कर सकता हूँ कि मध्य प्रदेश शासन ने नर्मदा की योजना और घाट नी योजनाएं भेजी है लेकिन फाइनेंस की कमी के कारण उन के ऊपर काम नहीं शुरू हो पा रहा है। वे योजनाएं केवल खाद्य की तरकीबी के बारे में ही नहीं है, बल्कि विद्युत के बारे में भी बहुत फायदेमन्द साबित हो सकती हैं। इसलिए जो आदिवासी क्षेत्र हैं उन में कम में कम फाइनेंस कमीशन की जो रिक्मंडेशन है उन के अनुसार सहायता दी जानी चाहिए। इस लिस्ट में जो प्राप ने बताया है उन में मध्य प्रदेश को केवल 8 परसेंट देने का प्रावधान बिल में किया गया है यह एक रिडिकलस बात है कि एक तरफ तो प्राप फाइनेंस कमीशन की रिपोर्ट को लेते हैं लेकिन दूसरी तरफ उस की सिकारिशों पर ध्यान नहीं करते। फिर कहते हैं कि इंप्रिटी को मिटाने की कोशिश की जाती है। इस से तो साफ जाहिर होता है, इम तरह के बिल अगर पेश किए गए तो यह जो रीजनल इम्बैलेस है वह कभी पूरा नहीं हो सकता। मैं इम बिल का विरोध करता हूँ

MR. DEPUTY-SPEAKER: Which Bill you are opposing? There are three Bills.

श्री भारत सिंह चौहान : यह जो यूनिवर्सल इयूटीज प्राप एकसाइज डिस्ट्रीब्यूशन का बिल है इस के बारे में कहना चाहना हूँ। इस सम्बन्ध में मैं यही कहना चाहना हूँ कि मध्य प्रदेश एक गरीब प्रान्त है, आदिवासी क्षेत्रों में वह भारत में पहले नम्बर, पर है। स प्रान्त में तीन करोड़ की आबादी में 80

[श्री भगवत सिंह चौहान]

साथ धादिवासी हैं, इन के विकास के लिए जितना ध्यान देना चाहिए, उनकी जितनी मदद की जाना चाहिए, उस तरफ बिलकुल ध्यान नहीं दिया गया है। इंग्लिस्ट से राफ जाहिर है कि हमारे प्रा- को केवल 8 परसेंट ही दिया गया है—उस क्षेत्र की आवश्यकता को देखते हुए बहुत कम है।

हमारे यहां अपना नैचुरल रिसोर्स हैं, इनको काखाने खाले जा सकते हैं। एलूमिनम का बहुत बड़ा भंडार है, जिस के लिए काफी बड़ा कारखाना बनाया जा सकता है। और उस को आगे भी बढ़ाया जा सकता है। इनो तरह से तापी विद्युत की योजना बनाई गयी थी—लेकिन यह काम फ इनेंस की कमी की वजह से रुके हुए हैं। धादिवासियों के उत्थान के बारे में, उनकी एजुकेशन के बारे में उनके अन्य विकास के बारे में कुछ हो रहा है। फाइनेंस की कमी की वजह से वहां पर जो बुद्धिशा हो रही है, यदि आप उसका देखें तो आप का को दर्द होगा। इसके लिए नेकों योजना बनाई गयी लेकिन फाइनेंस की कमी की वजह से उनका पूरा नहीं कर पा रहे हैं। उन के बाहिंग हाऊसेज का दर्द, उनकी बिल्डिंग नहीं बनी है, खड़े पड़े हुए हैं। जितना स्कालरशिप उनका देना चाहिए उतना एडिक्वेट स्कालरशिप उनकी नहीं मिल रहा है—यह सब फाइनेंस की कमी की वजह से है, हमारी गरीब स्टेट फाइनेंस की कमी की वजह से उनका पूरा नहीं कर पा रही है। मैं चाहता हू कि फाइनेंस कमीशन ने जो रिक्मेंड किया है, उस के अनुसार उसको बिना जाना चाहिए, तभी इन्फ्लेक्शन दूर हो सकेगा।

हम इन्फ्लेक्शन की बहुत बात करते हैं,—

हम चाहते हैं कि इन्फ्लेक्शन को रोका जाय, लेकिन हम कुछ नहीं कर पाते—जो हालात नजर आ रहे हैं वह एक बिडबना है। यह कहते हुए मुझे बहुत दुख है और मैं चाहता हूँ कि इस दृष्टि से इस बिल में सुधार किया जाय।

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE (SHRI-MATI SUSHILA ROHATGI): Mr. Deputy-Speaker, Sir, at the very outset, I would like to state that the remark of the hon Member of the DMK that this was a committed commission and that five wise people have no right to dictate to the rest of the country was not called for. On the contrary, I would say that the composition and personnel of the commission was of a very high calibre and they took an impartial view of the problem. As a matter of fact, I would like to place it on record that this is for the first time that no representation has been received in the Ministry against any one of the recommendations of the Finance Commission from any of the States. Although it was laid on the Table of both Houses on the 18th December 1973, no question has been admitted for answering in either House of Parliament on this subject. Therefore, I say that this has been generally welcomed by all sections of the public. The recommendations of the Commission have provided sizable amounts to the State Governments.

Then, many hon Members have tried to inject politics into this. Sir, as you have rightly stated in your wisdom, this is hardly the platform or occasion for bringing these points. I would like to assure all hon. Members that there was no question of discrimination, or starving any particular State or giving more to another State. So, the question of giving more to Bihar and Uttar

Pradesh and less to Tamil Nadu does not arise at all. On the contrary, if the hon. Member had tried to understand the poverty and anguish of certain backward districts in Uttar Pradesh and Bihar, I am sure he would not have mentioned this point. I am not trying to compare any State with other States. Only so far as a particular charge was made about the Finance Commission having starved certain States at the expense of others, I would like to refute that categorically. If the population has some percentage to decide on this fortunately or unfortunately, whatever the merits of the case, Bihar and U.P. happen to be very populous States which is rather to their disadvantage in many other matters

About the Estate Duty Bill, you, Sir, in your wisdom had mentioned that probably there was some anomaly in that. I would only like to state that the recommendation of the President is required under article 274(1) of the Constitution and the recommendation under article 177(1) was obtained as an abundant caution as on earlier occasions I would like to put that on record.

About coordination between the Planning Commission and the Finance Commission I am happy to say that one of the Members of the Planning Commission, Dr. Minhas, was also a Member of the Finance Commission. Therefore, there was a coordination between the Planning Commission and the Finance Commission. Mr. Somnath Chatterjee who is himself a very eminent jurist mentioned that. I want to clear that point also

SHRI SOMNATH CHATTERJEE:
But Dr. Minhas is not an Economist.

SHRIMATI SUSHILA ROHATGI:
The people can have their opinions. That is a matter of opinion. I will not rather go into that controversy.

About the basic purpose of the Finance Commission, I do not think anyone will disagree with that. The

fact remains that it has tried to concentrate on three particular things. It concentrate only on those three things which were mentioned in the terms of reference, that is, the devolution of taxes and duties grants-in-aid and repayments. These were the three things on which the Finance Commission had concentrated.

Some other matters were also raised by some hon. Members. One was about National Fund for natural calamities. I would only like to say that the Finance Commission has not favoured that there should be a natural calamity fund. The Commission has pointed out that the entire structure has to be rationalised. It has been decided that the long-term or the short-term process of giving relief, should be synchronised along with the entire Plan as such. Therefore, the programmes that can be taken up in the Plan as a whole would be integrated with the development of the State concerned.

Then, the hon. Members from Rajasthan pointed out about the Rajasthan Canal. I can share his anxiety about the non-completion or the delay in the execution of the Rajasthan Canal project which has been pending since very long but it does not directly concern with this. As a matter of fact, the devolution of taxes and other things that have been mentioned in this go a long way in removing the things he has mentioned.

About the repayment of Central loans, The Commission has made an assessment of the non-Plan capital gap of the States on uniform and comparable basis for the five years ending with 1978-79. So, there is no discrimination whatsoever. As regards the methodology adopted by the Commission and the State-wise non-Plan capital gaps as assessed by the Commission, these are indicated in Chapter XVI. In the light of this assessment, the Commission have made a general review of the States' debt position with particular reference to the Cen-

(Shrimati Sushila Rohatgi.)

Central loans advanced to them and likely to be outstanding as at the end of 1973-74. They have recommended these changes in terms of repayment of Central loans.

This is the point that I want to emphasize that this is not done on an ad hoc basis but on a uniform pattern in a rational manner: taking India as a whole, not with reference to any particular State.

This is the point that this is not done on an ad hoc basis but on a uniform pattern in a rational manner taking India as a whole, not with reference to any particular State.

Second point was made about backwardness by some hon. Members. Special provision has been made for that. As one of the Members of the Congress Party, I think Mr. Narasimha Reddy, pointed out, new ground has been covered by the Commission. With regard to backwardness, the very criteria that have been fixed will show that attempts have been made to go a long way in meeting the requirements of backwardness. As I have said in my speech earlier, the Commission has recommended that the States' share should be distributed among themselves on the basis of 75 per cent for population and 25 per cent for backwardness, the *inter se* distribution of this portion being in relation to the "distance" of a State's per capita income from that of the State with the highest per capita income anticipated by the population of the States concerned according to 1971 census. The hon. Member from Rayalaseema also mentioned this question. About the mechanism part of it, that it is a very correct argument that whatever money is given to a State should be utilised fully and properly. But that is about the implementing agency. So far as the Finance Commission's recommendations are concerned, they are before the House.

I think I have met almost all the points that have been raised by the hon. Members.

MR. DEPUTY-SPEAKER: I will take up these Bills separately.

The question is:

"That the Bill further to amend the Union Duties of Excise (Distribution) Act, 1962, be taken into consideration."

The motion was adopted.

MR. DEPUTY-SPEAKER: There is no amendment to this Bill whatsoever. I will put all the relevant clauses and the other portions of the Bill together to the vote of the House.

The question is:

"That Clauses 2 to 5, Clause 1, the Enacting Formula and the Title stand part of the Bill."

The motion was adopted.

Clauses 2 to 5, Clause 1, the Enacting Formula and the Title were added to the Bill.

SHRIMATI SUSHILA ROHATGI:
I move:

"That the Bill be passed."

MR. DEPUTY-SPEAKER: The question is ..

SHRI MADHURYA HALDAR (Mathurapur): On a point of order. There is no quorum in the House. This is an important Bill, Sir. There should be quorum in the House when it is passed.

MR. DEPUTY-SPEAKER: I will check up.... Yes. Let the quorum bell be rung.... Now there is quorum.

The question is:

"That the Bill be passed."

The motion was adopted.

MR. DEPUTY-SPEAKER: Now we take up the next Bill.

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. DEPUTY-SPEAKER: We take up clause-by-clause consideration.

The question is:

"That Clauses 2 to 4 stand part of the Bill."

The motion was adopted.

Clauses 2 to 4 were added to the Bill.

Clause 1—(Short title and commencement).

MR. DEPUTY-SPEAKER: There is an amendment by Government.

Amendment Made

Page 1, line 5,—

after "It shall"

insert "be deemed to have" (1)

(Shrimati Sushila Rohatgi)

MR. DEPUTY-SPEAKER: 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.

MR. DEPUTY-SPEAKER: The question is:

"That the Enacting Formula and the Title stand part of the Bill."

The motion was adopted.

The Enacting Formula and the Title were added to the Bill.

SHRIMATI SUSHILA ROHATGI: I move:

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

MR. DEPUTY-SPEAKER: The question is:

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

The motion was adopted.

MR. DEPUTY-SPEAKER: I now take up the third Bill. The question is:

"That the Bill further to amend the Estate Duty (Distribution) Act, 1962, be taken into consideration."

The motion was adopted.

MR. DEPUTY-SPEAKER: Now we take up clause-by-clause consideration. The question is:

"That Clauses 2 to 4 stand part of the Bill."

The motion was adopted.

Clauses 2 to 4 were added to the Bill.

Clause 1—(Short title and commencement)

Amendment made:

Page 1, line 5,—

after "It shall"

insert "be deemed to have" (1)

(Shrimati Sushila Rohatgi)

MR. DEPUTY-SPEAKER: Now, 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.

The Enacting Formula and the Title were added to the Bill.

(Shrimati Sushila Rohatgi.)

SHRIMATI SUSHILA ROHATGI: I move:

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

MR. DEPUTY-SPEAKER: The question is:

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

The motion was adopted.

14.27 hrs

COAL MINES (CONSERVATION AND DEVELOPMENT) BILL

MR. DEPUTY-SPEAKER: Now we take up the next Bill, the Coal Mines (Conservation and Development) Bill.

THE DEPUTY MINISTER IN THE STRY OF STEEL AND MINING (SHRI SUBODH HANSDA): On behalf of Shri Keshav Deo Malaviya I beg to move that the Bill to provide for...

SHRI SOMNATH CHATTERJEE: (Burdwan): The senior Minister is there. He can move.

MR. DEPUTY-SPEAKER: That struck me also. When the hon. senior Minister himself is present in the House, he should have done that or if he wants the junior to take it up, he should have informed the Chair at least.

THE MINISTER OF STEEL AND MINES (SHRI K. D. MALAVIYA): I am sorry that you were not informed.

SHRI SOMNATH CHATTERJEE: I gave certain amendments before 9 a.m. I request they may be circulated. Not very many.

Earlier I have given amendments. Only two or three amendments I have given this morning. I request the hon. Minister to consider them..

MR. DEPUTY-SPEAKER: I cannot understand. If you would like now that the Minister should consider the amendments of the Members... (Interruptions) there is no question of objection, but admitting the amendments or not admitting them is the sole prerogative of the Speaker and nobody else comes in between.

SHRI SOMNATH CHATTERJEE: I was appealing to him.

MR. DEPUTY-SPEAKER. You were appealing to the Minister. That is a different question. If you want to have a beeline between you and the Minister, then the House is not the forum but somewhere else.

SHRI SOMNATH CHATTERJEE: Through you only I am appealing. Kindly instruct him.

SHRI K. D. MALAVIYA: Sir, I beg to move:*

"That the Bill to provide for the conservation of coal and development of coal mines and for matters connected therewith or incidental thereto, be taken into consideration."

The important features of this Bill are: the hon Members will see that the Coal Mines (Conservation, Safety and Development) Act of 1952 will be repealed by this Bill. Another important feature is that the Coal Board which was set up under Sec. 4 of the above Act will be dissolved and the assets and liabilities of the Coal Board will be taken over by the Government which will have the discretion and authority to transfer the same to a Government company. All their pensionary rights will be protected so far as the employees of the

*Moved with the recommendation of the President.