that in other respects the Rules of Procedure of this House relating to Parliamentary Committees shall apply with such variations and modifications as the Speaker may make; and

"that this House recommends to Rajya Sabha that Rajya Sabha do join the said Joint Committee and communicate to this House the names of 11 members to be appointed by Rajya Sabha to the Joint Committee."

The motion was adopted.

15.55, hrs.

UNION DUTIES OF EXCISE (DISTRIBUTION) AMENDMENT BILL, ADDITIONAL DUTIES OF EXCISE (GOODS OF SPECIAL IMPORTANCE) AMENDMENT BILL, AND ESTATE DUTY (DISTRIBUTION) AMENDMENT BILL

The Deputy Minister in the Ministry of Finance (Shri Rameshwar Sahu): Sir, the Finance Minister introduced three Bills on Nov. 26th for implementing the recommendations made by the Fourth Finance Commission. As all of them arise out of the Finance Commission's recommendations, I propose with your permission that they may be taken up and discussed together . Accordingly, I beg to move:

15.15½ hrs.

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

"That the Bill further to amend the Union Duties of Excise (Distribution) 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; and

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

Shri Hari Vishnu Kamath (Hoshangabad): Don't go on reading all the time. Look up now and then.

Shri Rameshwar Sahu: I will try. The House will recall that the Report of the Fourth Finance Commission, together with a Memorandum explaining the action taken thereon, was laid on the Table of the House on the 10th September, 1965. The Commission's recommendations broadly fall into three categories: The first relates to the sharing between the Centre and the States of the proceeds of Income-tax and the Union Duties of Excise. The second category involves the distribution amongst the States of the Estate Duty and additional Duties of Excise, which, for purposes of administrative convenience, are levied and collected by the Centre, but the entire net proceeds, excepting the amount attributable to Union territories, accrue to the States. The third category relates to the payment of grants-in-aid of the revenues of the States which are in need of assistance.

श्री हुकम चन्द कछवाय (देवास) : उपाध्यक्ष महोदय, मेरा व्यवस्था का प्रश्न है। क्या यह विधेयक बिना गणपूर्ति के पेश कर सकते हैं ?

Mr. Deputy-Speaker: Let the Bell be rung—now there is quorum.

Shri Rameshwar Sahu: Hon'ble Members are aware that the Report of Fourth Finance Commission was not unanimous and there was a minute of dissent by one member. The minute of dissent related to the distribution of the Additional Duties of Excise and non-inclusion of provision for certain liabilities while determining the grants-in-aid. The main majority recommendations of the Commission were accepted by

[Shri Rameshwar Sahu]

Government and certain specific dearness allowance and pay scale increases excluded by the Commission were also taken into account in fixing the Statutory Grants. The President has already issued the Order to give effect to the decisions regarding the sharing and distribution of the income tax and the payment of grants-in-aid. Bill to give effect to the remaining recommendations of the Commission, which require legislation, are now before the House. The arrangements incorporated in the Order as well as these Bills are intended to be applicable for the five year period from 1st April, 1966 to 31st March, 1971.

At present 66-2/3 per cent of the net proceeds of taxes on income other than Corporation Tax but excluding taxes on Union emoluments and those attributable to Union territories are distributed among the States other than Nagaland. In addition, 0.1 per cent is paid to Nagaland. The States' share for the next quinquennium has been increased to 75 per cent. The share of each State has been broadly determined on the basis of 80 per cent on population and 20 per cent on collection.

The States other than Nagaland are at present entitled at 20 per cent of the net proceeds of Union Duties of Excise on 35 specified commodities. In addition 1 per cent is paid to Nagaland. The States' share for the next five year period has been fixed at 20 per cent of the excise duties on all commodities which are at present subject to excise duties and which will be subject to such duties till the end of the Fourth Plan period. Special excises, regulatory duties and earmarked cesses are excluded from this scheme of distribution. The State's share has been determined on the basis of 80 per cent on population and 20 per cent on relative economic backwardness.

The entire net proceeds of Additional Duties of Excise, other than those attributable to Union territories accrue to the States. The State have also been guaranteed the income derived by them from Sales Tax on the commodities which are subject to Additional Duties of Excise, in the financial year 1956-57. There will be no change in the share of Union territories and those of Jammu & Kashmir and Nagaland, which are respectively 1 per cent, 1½ per cent and .05 per cent. The excess over the guaranteed amount, which is Rs. 32.54 crores, will be distributed amongst States other than Jammu & Kashmir and Nagaland, on the basis of the proportion of Sales Tax revenue realised in each State to the total Sales Tax collected in all the States taken together. One Member of the Commission had suggested in his minute of dissent the continuance of the existing formula for distribution which is based partly on population and partly on percentage increase in Sales Tax revenue. Government have, however, accepted the majority recommendation.

16 hrs.

The net proceeds of Estate Duty on property other than agricultural land, except those attributable to Union territories, accrue to the States. The Commission has increased the share attributable to Union Territories from 1 per cent to 2 per cent but has not suggested any other change in the principles governing the distribution of Estate Duty. While the net proceeds attributable to immovable property are distributed in proportion to the gross value of such property located in each State, the proceeds attributable to property other than immovable property are distributed on population basis.

The grant to be paid to the States in lieu of their share of tax on railway passenger fares is fixed on the recommendation of the Railway Convention Committee. The Finance Commission has recommended its percentage distribution amongst the

States, which has been accepted. This will be given effect to by executive orders.

The Fourth Finance Commission had estimated the total non-Plan revenue gap of the States for the five year period 1966—71 at Rs. 2426.69 crores. The Commission envisaged that this would be met to the extent of Rs. 2190.97 crores by a share in the Union taxes and duties, including the grant in lieu of tax on Railway fares, and Rs. 609.45 crores by grants-in-aid of revenues of ten States leaving a surplus of Rs. 373.73 crores in six States. The grants-in-aid of two States and the surplus in one State however underwent a change as a result of action taken by Government on the lines recommended by the Commission.

The Commission had excluded from its estimates of non-Plan revenue gap certain dearness allowance and pay increases effected by the State Governments of Andhra Pradesh, Mysore and Uttar Pradesh in July, 1965 as there was not sufficient time to reassess the estimates. The Commission, therefore, recommended that the effect of these liabilities should be taken into account in fixing the grants to be made to these States. Accordingly Government requested Prof. D. G. Karve, who was a member of the Commission to undertake an assessment of these liabilities applying thereto the same criteria as were applied to the similar liabilities by the Commission. On the basis of Prof. Karve's assessment additional grants have been fixed for Andhra Pradesh, and Mysore as also a grant for Uttar Pradesh. After taking this into account the annual grants-in-aid would increase to Rs. 140.61 crores as against Rs. 63·75 crores at present.

Hon'ble Members will appreciate that I cannot state precisely the additional transfers which would be made to the States as a result of the recommendations of the Fourth Finance Commission, as accepted by Government. I expect, however, that the additional transfers on the basis of existing levels of taxation would be about Rs. 750 crores over the Fourth Plan period over and above what the States would have got under the existing scheme of devolution. This is a large amount and I would like to take this opportunity to express the hope that the States will spend it judiciously.

Sir, I move.

Mr. Deputy-Speaker: Motion moved:

"That the Bill further to amend the Union Duties of Excise (Distribution) 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."

All these three motions are before the House. Three hours in the time allotted.

श्री हुकम चन्द कछवाय : उपाध्यक्ष महोदय, मेरा व्यवस्था का प्रश्न है। सदन में गणपूर्ति नहीं है, क्या यह बिल पेश हो सकता है ?

Mr. Deputy-Speaker: The bell is being rung—Now there is quorum. Dr. C. B. Singh.

Dr. Chandrabhan Singh (Bilaspur): Sir, I have a few observations to make on the Bill just now presented by the Deputy Finance Minister. I come to Union Excises. In the distribution of Union Excise, Madhya Pradesh has definitely suffered on account of the Finance Commission's recommendations. In Para 58 of the Report of the Finance Commission, it has been mentioned that economic backwardness has been given weightage equal to 20 per cent and the

[Dr. Chandrabhan Singh]

population has been given weightage equal to 80 per cent. Certain factors have been indicated to determine economic and social backwardness and these have been enumerated in para 37 of the report.

Percentage of population of scheduled castes and tribes to total population is one of these factors. Other factors are per capita gross value of agricultural production, etc. Madhya Pradesh's share comes to 7.40 per cent while our population is 7.50 per cent of the total population of the country. It is, therefore, obvious that even if no weightage for backwardness was given and the distribution was to be based merely on population our share would have been 7.5 per cent as against the recommendation of 7.40 per cent. This means that in effect not only no weightage has been given to us for economic backwardness, but some premium appears to have been placed. The percentage of scheduled castes and scheduled tribes population to the total population is 33.8 per cent in Madhya Pra-Pradesh, which is only smaller than that obtaining in Nagaland (93.1 per cent) and Orissa (39.8 per cent). The percentage in Rajasthan, Punjab and Kerala is 28.1, 20.5 and 9.6 per cent respectively. The table shows as follows:

Name of State	Percentage of population to total population of country	Percentage share of Union Excise duties
Assam	2.75	3.32
Kerala	3.92	4.16
Orissa	4.07	4.82
Punjab	4.70	4.86
Rajasthan	4.67	5.06
Madhya Pradesh	7.50	7.40

So, evidently Madhya Pradesh has been given less percentage of the share of union excise duties to my mind.

Additional Duties of Excise are payable to the States in lieu of sales-tax revenues. The actual revenues realised by States in 1956-57 are guaranteed payments and additional receipts after meeting the guaranteed payments are distributed amongst the States on the basis of percentages determined by the Finance Commission. In accordance with the Third Finance Commission's recommendations, the additional amount received was 7 per cent of the balance. This has now been reduced to 4.62 per cent in the case of Madhya Pradesh by the Fourth Finance Commission. The basis of the Third Finance Commission's recommendations was partly the percentage increase in the collection of sales tax in each State in the year 1957-58 and partly the population of each State. The Fourth Finance Commission had discarded these considerations and has adopted the basis of figures of collection of all sales taxes in a State, as, in the opinion of the Commission, this is a more direct indicator of the contribution made by each State to the divisible surplus than population. The Commission has overlooked an important factor and it is this. If the States had not surrendered the power to levy sales tax on specified articles like cloth, sugar, tobacco etc. in lieu of which additional excise duties are payable, then their sales tax receipts on these commodities would have increased generally in the same proportion as their sales tax revenues on other commodities have increased from 1957-58 onwards. To illustrate, the total sales tax revenue of Madhya Pradesh, which was about Rs. 4.4 crores in 1959, has gone up to Rs. 18 crores in 1964-65 *i.e.* by more than 400 per cent. A similar percentage increase would have been expected in respect of sales tax on cloth, sugar, tobacco, etc. The amount of additional excise duties received in 1964-65 has, however, been only about Rs. 2.50 crores as against the sales tax revenue of Rs. 1.55 crores. In 1956-57, on these commodities, Maharashtra's share is 19·8 per cent, although the sales tax revenue of Maharashtra have increased by only about 200 per cent during the same period.

Shri Shinkre (Marmagoa): Sir, I rise to a point of order. Has any ruling been given to the effect that speeches during this debate on these Bills should be read instead of being spoken?

Mr. Deputy-Speaker: He is speaking. He is referring to his notes, that is all.

Dr. Chandrabhan Singh: Thus States like Madhya Pradesh who raised their sales tax revenue at a very steep rate have suffered while richer States like Maharashtra, where increase has not been so steep, have stood to gain. The benefit given under the Finance Commission's recommendations is not on the basis of sacrifice made by surrendering the power to levy sales tax on specified articles but it is based on the total sales tax revenue of the State.

Mr. Deputy-Speaker: Speeches should not be read, they should be made.

Dr. Chandrabhan Singh: I am not reading. I am only consulting the figures. I cannot remember all these figures. These are very important figures.

The third point I want to make is this. For the repayment of loans, States are required to create a sinking fund out of their revenues. On an average, loans mature in about ten years and, therefore, normally sinking fund should be created at the rate of 10 per cent of the loan per year so that in ten years time the full amount of loan can be repaid from the sinking fund and the burden does not fall on the revenues of any particular year. Certain States like Maharashtra State and others are investing about 10 per cent of the loan per year in the sinking fund, while other States with lesser resources are investing at lower rates for want of adequate amounts in their revenue budget. For the same reason, Madhya Pradesh is investing at the rate of only 3 per cent. The Third Finance Commission was of the opinion that those States, which have not got enough revenue surplus, should not invest at full rate. We have been following this recommendation of the Third Finance Commission. In determining the revenue gap, the Fourth Finance Commission has treated sinking fund investments at full rates as legitimate revenue expenditure in respect of those States which are making contributions at this rate, while it has reckoned a lower rate for investment in sinking fund in other cases, depending on the rate of actual investment. As such Madhya Pradesh has suffered very badly. They have been investing at the rate of 3 per cent in the sinking fund. What will happen? Madhya Pradesh also will have to pay the whole revenue. But it will pay from its own revenues. It is a poor State. It has not got enough resources. It has not been investing the same amount in the sinking fund as other States and therefore it has suffered in the allotment or distribution of the fund.

The other point is that the Finance Commission have recommended that, while fixing the amount of grant-in-aid payable to State Governments, the Government of India should take into account the expenditure likely to be incurred by the Governments of Andhra Pradesh, Uttar Pradesh and Mysore on account of revision of pay scales and grant of additional dearness allowance, which they sanctioned in the month of July 1965, but which could not be considered by the Commission, as their report was being finalised. Madhya Pradesh also issued orders towards the end of August 1965 raising the dearness allowance of certain categories of government employees from 1st August, 1965 and the yearly additional expenditure on this account is estimated at Rs. 2·50 crores. While no mention has been made about giving this additional fund to Madhya Pradesh, other States like Kerala, Uttar Pradesh, Andhra Pradesh and others have been given this expenditure incurred on account of paying dearness allow-

[Dr. Chandrabhan Singh]

ances, increase in salary etc. I plead with the Finance Minister, to look into this and give this grant-in-aid to Madhya Pradesh also.

Shri V. B. Gandhi (Bombay Central South): Mr. Deputy-Speaker, Sir these three Bills are before the House and they are put together for the reason that the purpose of all the three Bills is the same, that is, to provide for giving effect to the recommendations made by the Fourth Finance Commission for distribution among States.

These recommendations are, firstly, in respect of Union duties of excise. The recommendation is that a share equivalent to 20 per cent of the net proceeds of the Union duties on excise shall be given to the States. The 20 per cent share is retained as in the former Commission's recommendations but that does not mean that a change has not been made. There is a big change, a substantial one, even at 20 per cent because this 20 per cent will be on excise duties levied on all commodities and not on 35 commodities only as in the previous case. This 20 per cent, it is presumed, will almost amount to 30 per cent at the previous rates of duties on 35 commodities only.

There is another change and that is that this share of the duties will be available to the States not only in respect of the present levies but also in respect of future levies during all the years of the Fourth Plan, that is, right up to 31st March, 1971.

The next recommendation, so far as these Bills are concerned, is about the next proceeds of additional duties of excise levied by the Union in replacement of the States' sales-tax on sugar, tobacco and textiles. In this case also a distinct advance has been made by the Fourth Finance Commission. I will presently come to the nature of this advances that the Commission has made.

Lastly, the third recommendation is in respect of distribution among the States of the net proceeds of the estate duty on property other than agricultural land. There is no very noticeable change in respect of this item, estate duty, except that the share attributable to Union territories has been raised to 2 per cent.

Talking about the advances made by this Commission over the previous arrangements, first I may mention that, as distinct from the arrangements or bases adopted by the previous Commission in respect of distribution of excise duties, namely, the principle of basing it partly on population and partly on financial backwardness, the Fourth Finance Commission has made an improvement inasmuch as it was now proposed or recommended the adoption of the principle of 80% on the basis of population and 20% on the basis of economic and social backwardness. In the previous arrangement, the basis was population plus financial backwardness; in the new proposals of the Fourth Finance Commission, the basis is population plus economic and social backwardness. It is quite clear that it is possible for a State to be financially sound but to be economically backward and also backward in social reforms. Therefore, such a possibility must always be kept in mind.

Another advance that the Fourth Finance Commission has made is in respect of the determination of the basis for distribution of additional amounts over and above the guaranteed amounts. In respect of these additional duties, as we know, there are two tiers incorporated in the arrangement. The first is that there is a guaranteed amount based on the collections of sales-tax in 1956-57. Our problem is with regard to whatever is in excess of this guaranteed amount. We have to decide as to how to distribute it among the States. In this respect also, the new formula of the Fourth Finance Commission is to be very much welcomed. In the formula adopted by the previous Finance Commission, the basis was partly on the increase in the collection of sales-tax in each State and partly on population.

श्री हुक्म चन्द कछवाय : मैं आप की व्यवस्था चाहता हूं, उपाध्यक्ष महोदय, सदन में गणपूर्ति नहीं है। आधा घाटा बच गया है क्यों न अब छुट्टी की जाय ?

Mr. Deputy-Speaker: The bell is being rung . . .

Now there is quorum. The hon. member may continue?

Shri V. B. Gandhi: Now, here, in in respect of these additional excise duties in replacement of sales tax, it is felt that the basis of population is perhaps not a very relevant consideration. The Fourth Finance Commission has dropped this element or this consideration of population in its recommendations. It is very well put in an article in the Reserve Bank Bulletin, (latest issue). I quote:

> "The Fourth Finance Commission, however, considered the collections of sales tax in a State are a more direct indicator of the contribution made by the State to the divisible surplus than population.

The proposal is to distribute on the basis of the proportion of the sales tax revenue realised in each State to the total sales tax collections in all the States. As I have said, that is a distinct advance.

As I have already said, there is no very substantial change in the recommendations in respect of estate duty.

Before I conclude, I would just make a plea that this House should at some future date have an opportunity to discuss . . .

श्री हुक्म चन्द कछवाय : उपाध्यक्ष महोदय सदन में गणपूर्ति नहीं है।

Mr. Deputy-Speaker: There is no quorum. The hon. Member may resume his seat for a while. The bell is being rung—Now, there is quorum. Shri V. B. Gandhi may resume his speech now.

Shri V. B. Gandhi: There are various important problems that deserve to be considered by Government. I shall just mention a few of them. For instance, there is the problem of the staggering increase in the public debt of the States. There is the question of the financial responsibility and the disccipline to be observed by the States. Then there is the experience we are having of very heavy and unauthorised overdrafts from the Reserve Bank on various occasions. There is also the concern which has been commented upon several times in the past by the Finance Minister and pointedly referred to by the Chanda Commission, due to financial laxity on the part of the States in certain respects. The Rajamannar Commission also had expressed their concern over the mounting debt of the States and the heavy burden of servicing it.

I would therefore make a plea to the House that we should have an early opportunity to discuss the Finance Commission's Report.

Shri Prabhat Kar (Hooghly): So far as these three Bills are concerned, they are just to give effect to the recommendations of the Fourth Finance Commission. They are binding so far as the distribution of the revenue from taxes to the States is concerned.

It has been our experience every time when there is distribution of the revenue, that there have been complaints from States about the inadequacy of the distribution. It has been found that where the population of a State is more and where the problems are also bigger, like the State from which I come, namely, West Bengal, there is always the feeling that the distribution as recommended by the Finance Commission has not done

[Shri Prabhat Kar]

them much good. In this matter, no doubt, two criteria have been taken into consideration, one, population, and the other, collection of revenue from the state.

But I think there is another factor which is very important. Certain States have got more problems, and due to various complications they have to spend more on certain things. That factor should also have been taken into consideration while deciding on the percentage of taxes to be distributed.

As it is, today 100 per cent is to be distributed among the States, and if there is increase in the percentage of one State, naturally there will be curtailment in the percentage of another State. The point I would like to stress here is that the difficulties and the problems of the States should be one of the guiding factors in deciding on the percentage, along with the factors of population and tax collected.

We are on the eve of the Fourth Plan, and the amount of revenue the States will be able to collect will have to be taken into consideration. Already there is heavy taxation, and any more tax levied by the States will create more difficulties for the people. So, the distribution of these Union levies and taxes should be thought of in such a way that there would be some relief in the tax that the States have to levy.

Further there are certain commitments of the States by way of payment of salaries and dearness allowance to their employees, teachers etc. That also has not been taken into account while deciding on the proportion to be given to the States.

Then again, where the State sales tax has been replaced by Union excise duty, the amount that the State would have collected by way of sales tax should have been guaranteed.

Similarly, because the passenger tax has been merged with the railway fare, the States are being deprived of the benefit they were getting.

16.39 hrs.

[SHRI SENAVAE *in the Chair*].

Then, while certain States are highly industrialised, others are mainly agricultural, and there is also the question of ceiling on sales tax, and this will also create complications.

Of course, the recommendations of the Finance Commission have been accepted by the Government, and most of them have been put into these three Bills, but as I have stated, since we are on the eve of the Fourth Plan, the expenditure that will be incurred by the States should have been further gone into. I know that it is not possible for the Finance Commission to decide what exactly will be the increase in the expenditure of the State Governments and make the allocation on that basis, but when the States have been all the time complaining about the inadequacy of the Centre's contribution, the Government should have taken this factor into account in deciding on the recommendations of the Fourth Finance Commission.

As has been stated, generally it is the recommendations of the majority that have been embodied in these Bills, but there are certain items referred to in the Note of Dissent.

I think that also should be taken consideration of as it is being stated by Prof. Bhabatosh Datta in his note:

> "There is one other point to which I would draw attention before concluding. This relates to the expenditure which may become necessary from time to time for the revision of pay scales or dearness allowances of State Government employees and of those

private employees whose salaries and dearness allowances are largely paid out of the State Government's funds......"

That is one thing which should be taken into account. Then,

"There should similarly be some arrangement by which the financial requirements of the State Governments in this regard would be examined jointly by the Centre and the States at frequent intervals. The Finance Commission cannot itself undertake the task of determining what should be the appropriate rates of pay and allowances......"

There should be close link between the Union and the State governments in this matter. Earlier it was 20 per cent on 35 commodities. The revenue will be much more now. This Bill will give effect to those recommendations and this will remain in effect for another five years. It may be necessary to reconsider this bacuse we are having the Railway convention committee's report which has been received just now. From that point of view it may be necessary to reconsider after sometime the allocations of this revenue to the States concerned.

Mr. Chairman: Shri D. C. Sharma.

श्री हुकम चन्द कछवाय : सभापति महोदय, मैं आपकी व्यवस्था चाहता हूं। सदन में गणपूर्ति नहीं है।

Shri D. C. Sharma (Gurdaspur): Mr. Chairman, Sir, I do not know how these Finance Commissions are appointed. I do not know who selects the members of these finance commissions; I do not know what the qualification of these members are..

Shri Shinkre: On a point of order. This objection may be relevant while discussing the Budget and not now when financial bills are being discussed.

Mr. Chairman: He has a right to criticise; there is no point of order.

Shri D. C. Sharma: I do not know how the chairman of the finance commission is selected. Sometime it is a High Court judge; sometimes it is the retired auditor-general and sometimes it is some other functionary. I feel that the business of finance commissions is a statutory business and it has become the subject of the whims and fads....

Mr. Chairman: One minute. I would request the hon. Members to keep the quorum and not to leave the Chamber. Otherwise, we will be wasting time.

Shri D. C. Sharma: .... eccentricities and abnormalities of the Finance Ministry. I might assure you that I have nothing to say against the Finance Minister, but he has to work within a framework which makes it difficult for him to get out of the vicious circle which is the rule of the day, in every Ministry of the Government of India.

श्री हुकम चन्द कछवाय : सभापति महोदय, मैं आपकी व्यवस्था चाहता हूं। इतने अच्छे वक्ता बोल रहे हैं और सदन में गणपूर्ति नहीं है।

Mr. Chairman: Yes; the bell is being rung—Now there is quorum. The hon. Member may continue his speech. I would request all the Members to be present in the Chamber so that we may not waste any time any more.

Shri D. C. Sharma: I think it has become some thing very, very frightful to see the appointment of these commissions. Unless the Government of India and our Prime Minister change the policy, I think these commissions, whether they are statutory or regulatory, whether they are meant to subserve some permanent need or some current need, shall have no prestige absolutely in the eyes of the public or in the eyes of those persons

[Shri D. C. Sharma]

who would try to look up to these commissions for some valuable aid. I do not go into the question further, but I must say that there are persons who go from one commission to another like tennis balls which travel from one part of the court to the other part of the court.

Mr. Chairman: Please come to the principles of the Bill.

Shri D. C. Sharma: There are some persons who are everywhere, who are thought to be experts on finance, experts on every subject. They are born experts according to the Ministry. I must say I do not blame the Finance Minister. I have the highest regard for that gentleman, but these Ministries must be told......

Mr. Chairman: How can you blow hot and cold at the same time?

Shri D. C. Sharma: These Ministries must be told that they should not deal with these big, national problems in that way in which they are dealing with now. It may be an administrative commission; it may be the Finance Commission; it may be the Education Commission. It may be any commission. God knows how these persons drop from heaven into the precincts of these Ministries and get themselves appointed. I have failed to understand how they are appointed or selected. But I do not mind whom they appoint; I do not mind their appointment. I welcome their appointment, because, being a good Brahmin, I welcome everything that happens in this world. But I must admit one thing, that this Finance Commission should enunciate new principles; this Finance Commission has tried to give a new look to the distribution of all these duties. The criteria which they have selected for the distribution of revenue would have been very good in the Victorian Age, but they have absolutely no relevance to the situation in which the world and India are placed at this time. I agree that population should be taken into consideration. What can we do without population? That is the main factor in our thinking in India. I agree that the revenue we collect from the States should also be taken into account. After all, you can give only what you get; and, you get only what you give.

But I ask whether everybody should be hanged with the same rope. Are there no differentials to be applied to different States? Are we not progressing towards a socialist pattern of society? Are we trying to level up those States which are down below and bring them up to the level of the other advanced States? No. We talk glibly about a socialist pattern of society on the floor of this House, but we appoint those members on this Commission who have never heard of a socialist pattern of society, who do not know what socialism is, who if given the chance would delete the word 'socialism' from the dictionary.

What is this distribution? Take Orissa. Orissa needs special help. I do not belong to Orissa, but I am an Indian and I have to take an overall view of the Indian picture. What has this Commission done for Orissa or Bihar? I have seen headmasters of middle schools in Bihar going without shoes. When I asked them, "Why don't you put on shoes? Is it your religious duty that you should not wear shoes?" They said, "No; we cannot afford to wear shoes". If Bihar remains a backward State, in spite of these Commissions, if Orissa does not come up to the level of those States which are slightly more viable, I think these Finance Commissions have absolutely no relevance to the context in which we are situated.

There are other States. Punjab has had to bear the brunt of this Pakistani invasion. Rajasthan has had to face the challenge of Pakistani aggression. Do you think the aggression has stopped? No. That aggression is a continuous, never ending, perpetual process. It goes on from day to day.

Only the other day the Minister of External Affairs said that they had 1600 violations of the cease-fire. My head reels when I think of those 1600 violations. What have you done to Punjab? When I go to Punjab I see villages de-populated. Look at Rajasthan. Of course, no hon. Member from Rajasthan has spoken on this subject on which I am speaking, because they think that everything is very fine there. But take Rajasthan. Think of Jaisalmer. What is happening there? Think of Madhya Pradesh. This Madhya Pradesh is a conglomeration of so many different economic units, political units and administrative units. I think Madhya Pradesh is one of the curiosities of our administration because it represents princely states, it represents areas of tribes and it represents other places. It is a wonderful combination of things which do not occur in other States. What have you done for Madhya Pradesh? Have you given them anything? You have not done anything for them.

When I look at this report of the Finance Commission and I find that this Finance Commission has applied the rule of thumb, I say what was the good of appointing this Finance Commission. I think any five Members of Parliament including Shri Hukamchand Kachhavaiya could have sat together and evolved this formula and distributed this money. There was no need, Mr. Chairman, to appoint this Finance Commission, because they have evolved a master formula. In Aligarh they manufacture locks. Some of those locks have master keys and those master keys fit into all kinds of locks. So this Finance Commission has evolved a formula, an arithmetical mechanistic formula and they have distributed this money according to this formula. What was the good of spending all this money on this Finance Commission? What was the good having this high-power Finance Commission? In these days of automation, all these data could have been put into a computor and I am sure the computor would have given a better deal than what the Finance Commission has done. It is because the Finance Commission has been, I think, travelling in the upper strata of air. It has been like Gemini VI or Gemini VII or it has been like some astronauts who travelled so many thousands of miles above the air. That is what they have done. They have taken no account of the special difficulties, of the special problems, of the special urgencies of the situation.

An hon. Member: It is five o'clock.

Shri D. C. Sharma: Sir, I will conclude tomorrow.

17 hrs.

The Lok Sabha then adjourned till Eleven of the Clock on Wednesday, December 8, 1965/Agrahayana 17, 1887 (Saka).