

Additional grants to States to reduce Budget deficit

*795. SHRI K. MALLANNA: Will the Minister of FINANCE AND REVENUE AND BANKING be pleased to state:

(a) whether the State Governments have approached the Central Government for additional grants to reduce the budget deficit and to meet their Plan expenditure; and

(b) if so, the details thereof and to what extent additional grant, if any, is proposed to be given by the Central Government to the deficit States?

THE MINISTER OF FINANCE AND REVENUE & BANKING (SHRI H. M. PATEL): (a) Yes, Sir.

(b) Assistance from Central Government has been sought on account of deficits in States' resources and overdrafts and to meet expenditure necessitated by natural calamities. We propose to discuss with State Governments ways and means of dealing with the problem of States' overdrafts and the erosion of resources which has taken place on account of tax concessions, benefits to employees and other financial commitments not visualised while finalising the Plan for 1977-78.

SHRI K. MALLANNA: The hon. Minister has stated in his answer that assistance from the Central Government has been sought on account of deficits in States' resources and overdrafts and to meet expenditure necessitated by natural calamities. In view of the fact that some States are developed and some States are not developed, may I know from the hon. Minister what is the basis adopted in granting assistance to the States, how are the States facing drought, and floods and having backward areas compared with the others.

SHRI H. M. PATEL: As I have already stated, assistance to States in regard to natural calamities is decided on the basis of a report which is submitted by the Central team which is sent out to concerned State. Formerly, the Central Government used to give more generous assistance but the Sixth Finance Commission, of which the Chairman was Shri Brahmananda Reddy, recommended that the form in which the Central Government was giving assistance was wasteful and, therefore, it should not be given in that way but should be given on the basis of an assessment made by a Central team of the damage caused in the States—and that assistance, too, would be advanced from the Plan allocations. It is in accordance with that that the State of Karnataka, which was mentioned by the hon. Member, was given certain assistance.

SHRI K. MALLANNA: May I know what was the amount of assistance sought by each of the State Governments facing drought, floods, etc. and what was the Central assistance given to each?

SHRI H. M. PATEL: Several States had asked for assistance but Karnataka was the only one which was visited by a Central team. The amount of assistance asked for by Karnataka for natural calamities relief was Rs. 17 crores, against which an advance of Rs. 4.75 crores has been given.

As for the other States which have asked for assistance, no other State has so far been given any assistance because the Central teams have not yet visited those States.

SHRI K. MALLANNA: I wanted to know how much the other States had asked for.

SHRI H. M. PATEL: The State of Gujarat did not quantify any amount but simply asked for natural calamities relief. Madhya Pradesh has asked for assistance for meeting scarcity relief expenditure but, again, it has not quantified its demand; it merely said that assistance may be given. Tripura has asked for natural calamities relief of Rs. 25 lakhs.

SHRI K. MALLANNA: How much has been given to it?

SHRI H. M. PATEL: As I have said, this will have to be recommended by a Central team which will visit the State.

SHRI CHITTA BASU: May I know from the hon. Minister whether, in view of the fact that the Gadgil formula has not been found satisfactory by various States of our country (as was stated in answer to an earlier question) and also in view of the fact that the States are raising their demands for Central grant from year to year, he considers it feasible and desirable to refix the criteria and modalities of granting financial assistance to the States?

Secondly, may I also know whether he contemplates bringing about an amendment to Art. 275 of the Constitution of our country which deals with the matter of financial allocation between the States and the Centre?

SHRI H. M. PATEL: There is no question of any amendment to the Constitution: the Seventh Finance Commission has already been appointed and it will go into the question of the States resources and what assistance should be given from the Centre. So far as the first question is concerned, as I said before, the Gadgil formula was considered by the

National Development Council in September, 1970. Certainly, this matter will be considered again in the National Development Council, which will be fairly in the near future.

SHRI GHITTA BASU: Will the Gadgil formula be revised in the National Development Council?

SHRI H. M. PATEL: I cannot give an assurance on that account. I can only say that the matter will be considered.

श्री रामदास सिंह : बिहार में बाढ़ से बहुत भारी क्षति हुई है। गंगा की बाढ़ से वहाँ बहुत से एरिया का कटाव हुआ है। मैं जानना चाहता हूँ कि क्या बिहार सरकार ने सेंटर से इस बाढ़ से बचाव के लिए या सूखे से प्रभावित क्षेत्रों में राहत कार्य सुलभ करने के लिए कुछ अनुदान की मांग की है या नहीं की है ?

SHRI H. M. PATEL: The Bihar Government has requested for general assistance from the Central resources without referring to this particular kind of assistance.

श्री राज भूषण तिवारी : उन राज्यों के बारे में जिन की सरकारों ने पिछली एमरजेंसी के दौरान अपने साधनों का दुरुपयोग किया और जिस के कारण उन पर शोकर ड्राफ्ट हो गया, सारे साधन नष्ट झप्ट हो गए उनके डिफिसिट को तथा उनके साधनों को पूरा करने के लिए क्या आप सहायता देंगे ? क्या उत्तर प्रदेश की सरकार ने ऐसा कोई आवेदन केन्द्र के पास भेजा है और यदि भेजा है तो उस पर क्या कार्रवाई की गई है ?

SHRI H. M. PATEL: The Uttar Pradesh Government has asked for financial assistance because of the large gap in its resources. As I said at the outset, I shall be discussing with each State Chief Minister and the Government how exactly they propose to raise more resources and in what way the Centre can come to their rescue. Undoubtedly, we cannot permit continuous over-drafts because it is one form of deficit financing.

SHRI S. NANJESHA GOWDA: Whenever the States ask for assistance for drought affected areas, the Central team visits and assesses their requirements and some assistance is given. As has been said by many hon. Members, in many

cases the money has gone down the drain. I would like to know whether the Central Government will send a central team and find out whether the money given is spent properly or not in respect of the various States, particularly Karnataka. And all those Ministers who have looked have now been upgraded as Cabinet Ministers.

SHRI H. M. PATEL: The hon. Member has not fully understood what I said earlier. It is only in regard to natural calamities and damage resulting from natural calamities that a central team is sent out....

MR. SPLAKER: Not otherwise.

SHRI H. M. PATEL: So far as other things are concerned, it is discussed with the State Governments.

Violation of foreign exchange regulations by "Balayogi"

*796. **SHRI C. K. CHANDRAPPAN:** Will the Minister of FINANCE AND REVENUE AND BANKING be pleased to state:

(a) whether there were certain cases pending against "Balayogi", a self-proclaimed child-god, who came to India from United States a few years ago in a chartered flight with lot of money and other valuables along with plane load of disciples;

(b) the details and nature of those cases pending against him for violation of FERA and Customs Act etc.; and

(c) what action Government have taken against this person ?

THE MINISTER OF FINANCE & REVENUE AND BANKING (SHRI H. M. PATEL): (a) to (c). Shri Prem Pal Singh Rawat alias Balvogeshwar arrived by a chartered flight at Palam Airport on 7-11-1972 accompanied by his disciples. Foreign currency, jewellery and watches worth Rs. 2.85 lakhs were found in excess in the personal baggage of Balyogeshwar, Behari Singh, his secretary and Miss Joan Apter, one of Balyogeshwar's disciples. Foreign currency, jewellery and watches were absolutely confiscated and a penalty of Rs. 10,000/- each was imposed on Shri Prem Pal Singh Rawat alias Balyogeshwar and Behari Singh. Shri Balyogeshwar and Behari Singh have preferred appeals to the Central Board of Excise and Customs against the adjudication order, which is pending.

Shri Behari Singh was also found guilty of violations of certain provisions of the Foreign Exchange Regulation Act and