

SHRI PRANAB MUKHERJEE :
These are good suggestions.

Abolition of Sales Tax

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*85. **SHRI ATAL BIHARI
VAJPAYEE ;
SHRI SURAJ BHAN :**

Will the Minister of FINANCE be pleased to lay a statement showing :

(a) the suggestions placed by the Central Government in the Chief Ministers' Conference on November 2, 1983 for abolition of sales tax;

(b) progress in this regard in each State since then; and

(c) the hurdles reported by various States and Government's suggestions thereon ?

**THE MINISTER OF STATE IN
THE MINISTRY OF FINANCE (SHRI
S. M. KRISANA) :** (a) to (c) A statement is laid on the Table of the House.

Statement

There has been a long-standing demand by the trade, industry and general public for basic reform in the sales tax structure in the country. As sales tax is a state subject of taxation, any reform in the Sales tax system can be undertaken only in consultation with and with the cooperation of the States. A Conference of Chief Ministers was, therefore, convened in October, 1980 to consider the matter in all its aspects and as a follow-up, another Conference of Chief Ministers in February, 1981 was convened to consider the matter. In terms of the resolution adopted in the latter Conference, an Expert Committee was appointed to study the financial implications of the proposal for inclusion in the list of declared goods and for levy of additional excise duty in lieu of sales tax on vanaspati, drugs and medicines, cement, paper and

paper board and petroleum products and the manner in which the financial interests of the States could be safeguarded. The proposal was thus for replacement of sales tax by additional excise duty and not for abolition of sales tax on the five commodities. A Committee appointed under the Chairmanship of Shri Kamalapati Tripathi, Member of Parliament to go into the matter, submitted its Report on 29th January, 1983 which was placed on the Tables of both the Houses of Parliament on 29th April, 1983. In its reports, the Committee had determined a formula for the distribution of additional excise duty on the five commodities amongst the States so that they did not suffer any losses and their resource mobilisation was not hampered. In terms of the resolution of the Conference of Chief Ministers held in February, 1981, the report of the Export Committee was placed before a Conference of Chief Ministers held on 2nd November, 1983. In the Conference held in November, 1983 a large number of Chief Ministers indicated their acceptance of the scheme suggested by the Tripathi Committee for introduction of additional excise duty in lieu of sales tax in principle. Some of the Chief Ministers, however, indicated that they were not in a position to accept the scheme recommended by the Tripathi Committee. While thanking the Union Finance Minister for implementing the resolution adopted by them in February, 1981 the Chief Ministers resolved that efforts should be continued to bring about consensus among State Governments on these issues. The resolution adopted at the Chief Ministers Conference held in November, 1983 has been noted for suitable action.

श्री अटल बिहारी वाजपेयी : अध्यक्ष महोदय, 1980 के चुनाव में सरकारी पार्टी ने बिक्री कर को हटाने का वादा किया था। चार साल बीत गए, उस वादे पर अमल नहीं हुआ। बिक्री कर हटाना तो अलग रहा, जिन पांच चीजों के बारे

में जिनमें वनस्पति, दवाएं, सीमेंट, कागज और पेट्रोलियम प्रोडक्ट्स शामिल हैं, यह फैसला हुआ था कि विक्री कर हटा कर ऐडीशनल एक्साइज ड्यूटी लगायी जाएगी, उस पर भी अभी तक अमल नहीं हुआ। मैं मानता हूँ कि इस पर मुख्य मंत्रियों में मतभेद है। तो क्या चुनाव से पहले वित्त मंत्री महोदय मुख्य मंत्रियों की एक और बैठक बुलाएंगे और उसमें कोई अन्तिम फैसला करेंगे ?

THE MINISTER OF FINANCE (SHRI PRANAB MUKHERJEE) : Sir, I am prepared to convene the Conference of the Chief Ministers at the earliest possible time. Only I would request Shri Vajpayee to exercise his good influence at least over one Chief Minister so that he can support me. And upon whom he can exercise his influence he knows and I do not want to tell him.

SHRI ATAL BIHARI VAJPAYEE : What about the Congress Chief Ministers ?

SHRI PRANAB MUKHERJEE : I will take care of them. You at least ensure the support of one Chief Minister, whom you know you can influence and I will take care of the rest.

SHRI ATAL BIHARI VAJPAYEE : Sir, I know many Chief Ministers.

MR. SPEAKER : I think you know all of them.

SHRI PRANAB MUKHERJEE : Sir, one meeting I am having, as the Hon. Member is aware of. We decided in the last conference itself that we should have a meeting in regard to the consignment tax. That meeting I have already fixed on 24th of the current month. Because I was busy with the Budget and other Chief Ministers were

also busy in the opening of their Sessions; we are convening the meeting on 24th of this month. In the earlier meeting held on 2nd November we decided that I will have another round of informal discussions among the Chief Ministers before we call them in a formal conference and I have already started that informal discussion so that the proposal of Kamalapati Tripathi Committee can be endorsed by them. As I mentioned in the Conference that I would not like to take the decision unilaterally, I would like to take most of the Chief Ministers, if not all, with that decision and I am still trying to persuade them.

SHRI ATAL BIHARI VAJPAYEE : Is it not a fact that some of the Chief Ministers are opposed to the replacement of sales-tax because they think that their financial interests will be jeopardised ? I would like to know whether the Hon. Finance Minister has been in a position to evolve a formula which will guarantee that States' interests will not be allowed to suffer adversely while the Sales-tax will be replaced by some other taxation measures ?

SHRI PRANAB MUKHERJEE : In fact, I told them when I had discussion with them formally and informally also that I would like to work out that mechanism. Sometimes their complaint, I would say, is not rational. They would say that their Sales-tax income has increased fifty times from 1950. My point is yes, it has increased fifty, forty or thirty times. But similarly, the excise duty has also increased one hundred times. I gave the figure to you also the other day that from Rs. 100 crores in 1953-54, it is now Rs. 10,000 crores.

And another point to be kept in mind is that in early 1950-51 or 1956-57, when these three items—tobacco, textile and sugar—were brought in, the base was narrow i.e. there were a limited number of items on which Sales tax was imposed. Now, the number

of items has increased. And if you just want to make a comparison between the net realisation on sales-tax in 1956-57 and net realisation today, it will not be a comparison between two comparables. So, what I wanted to point out was that I would like to work out a mechanism; and in order to establish the credibility that the Government of India means business, this time the Hon. Members have noticed that in three major items I have given relief all along the line in textiles. But in two areas where the State Governments are complaining that the additional excise duty in lieu of Sales-tax, we are not imposing duties, I have imposed duty. And the only item on textiles, where I had imposed duty in the last Budget is meant for the States. On cigarettes, the Hon. Members are a little unhappy with me, before I came to the final proposal. There also I am transferring the revenue from basic excise duty to additional excise duty so that we can keep our commitment of reaching the target of 8.5 per cent, which my predecessor committed to the Conference of the State Chief Ministers sometime, in 1980. Keeping that in view, we have changed these measures. We can work out certain mechanism which will ensure that the elasticity of revenue would not be reduced and that their interests will be protected. Obviously, if they expect that from four per cent they will have 20%, i.e. five times that may not be ensured. But the reasonable growth at the level of eight to ten per cent annually can be ensured.

श्री सूरज भान : अध्यक्ष महोदय, इस सवाल के तीन भाग हैं, तीनों में से किसी भाग का भी मन्त्री जी ने उत्तर नहीं दिया है। पहले पोर्शन का आधा जवाब दिया है और (बी) और (सी) का बिल्कुल कोई जवाब नहीं दिया है। मैं आपकी प्रोटेक्शन चाहता हूँ, पहले मन्त्री जी जवाब दे दें ताकि मैं सप्लीमेंटरी पूछूँ। पहले पोर्शन में कहा गया था कि क्या सजेशन है।

एडिशनल एक्साइज की बात के अलावा और कोई सजेशन भी थी। प्रश्न के दूसरे भाग में स्टेटवाइज प्रोग्रेस के बारे में पूछा गया है, इस बारे में भी कुछ नहीं बताया गया है। हर्डल्स के बारे में भी कुछ नहीं बताया है। कुछ तो बताइए ?

अध्यक्ष महोदय : बता दो दिया है, यदि आप न समझें तो क्या किया जाए।

श्री सूरज भान : दोनों में कुछ नहीं बताया है।

अध्यक्ष महोदय : आप सवाल पूछ लीजिए।

श्री सूरज भान : आपने कहा है कि "Some of the Chief Ministers, however, indicated that they were not in a position to accept the scheme recommended by the Tripathi Committee."

कौन-कौन से चीफ मिनिस्टर्स हैं, इतना तो बता दीजिए।

अध्यक्ष महोदय : यह पहले भी आ गया है, बताना ठीक नहीं लगता है। पिछले सेशन में भी इस पर काफी डिस्कशन किया था।

श्री सूरज भान : एक चीफ मिनिस्टर वाजपेयी जी ने कहा है, ऐसे कौन-कौन से चीफ मिनिस्टर्स हैं ?

अध्यक्ष महोदय : इसका फायदा क्या होगा ?

श्री सूरज भान : उन स्टेट्स में और प्रेशर डालेंगे। बताइए कौन-कौन से ऐसे चीफ मिनिस्टर्स हैं ?

SHRI PRANAB MUKHERJEE : Sir, when we have the Conference of

the Chief Ministers, normally we do not give this information. This question was discussed. I hope the Hon. Member would keep track of the record. In the December Session the whole question was discussed thread-bare and Mr. Vajpayee also participated in it. In the background of Kamalapati Tirpathi Committee, the Report of which has been laid on the Table of the House, the Hon. Member should know what are the suggestions. In the context of that a Conference of the Chief Ministers was convened. I assured the House that I am not going to take a unilateral decision....

MR. SPEAKER : You are right.

SHRI PRANAB MUKHERJEE : ...I will convince the Chief Ministers and try to carry them with me. In pursuance of that, we are trying to do this.

MR. SPEAKER : Question No. 86—Shri Subhash Yadav—Absent. Shri Ram Vilas Paswan.

SHRI HARIKESH BAHADUR : Sir, I wanted to ask a very important question on this. Tripathi Committee's recommendations are being kept in the cold storage. That is the problem.

MR. SPEAKER : No, no, I have called Mr. Ram Vilas Paswan.

Loss to Cotton Corporation of
India by Import of Cotton

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*86. SHRI RAM VILAS
PASWAN :

SHRI SUBHASH YADAV :

Will the Minister of COMMERCE be pleased to state :

(a) whether Government are aware that there had been loss of more than Rs. 17 crores in the import of cotton by the Cotton Corporation of India during the year 1977 ;

(b) if so, the causes of such heavy losses ; and

(c) whether Government have made any inquiry into the causes and if so, the results thereof ?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND IN THE DEPARTMENT OF SUPPLY (SHRI NIHAR RANJAN LASKAR) : (a) to (c) A statement is laid on the Table of the House.

Statement

(a) Yes, Sir.

(b) In the wake of acute shortage of cotton in the country and steep rise in cotton prices during 1976-77, the Government directed Cotton Corporation of India to import cotton, in order to ensure adequate availability of cotton to the textiles mills and to check the rising trend in cotton prices. With the arrival of imported cotton and a better crop during the following year i.e. 1977-78, the prices in the domestic market registered a sharp decline. As a result, cotton had to be carried by the Cotton Corporation of India at heavy carrying costs which contributed to a great extent towards the loss.

While disposing of the imported cotton in the domestic market the prices fetched were lower due to the fall in the prices. A part of the imported cotton had also to be exported at the then prevailing international prices, which were comparatively low.

(c) The Government looked into the matter carefully and came to the conclusion that the losses were caused to the Cotton Corporation of India for reasons beyond the control of the Corporation.

श्री राम विलास पासवान : अध्यक्ष महोदय, जैसा कि मन्त्री महोदय ने बताया है कि 1976-77 में काफी शार्टेज था।