

should be the Prime Minister of India. I have no doubt if he would have been alive today he would have said that the Governor of the Reserve Bank should be a cultivator's son. Because, every credit squeeze which the Reserve Bank enforces in the name of fighting inflation affects only the public sector bodies and cooperative institutions of the cultivators and practically leaves untouched the private trade, black-moneyed people and hoarders. Recently the Maharashtra Government imposed monopoly trade in cotton from this season. The Reserve Bank of India under the thumb-rule of credit squeeze have denied credit for the procurement of cotton forgetting that guaranteed price is twenty per cent less than the market price last year and that out of the guaranteed price only eighty per cent is paid in advance and fifty per cent of the total price is apportioned towards payment of dues. (*Interruption*).

MR. SPEAKER: I am asking you not to make a speech.

SHRI SHIVAJI RAO S. DESMUKH: Is it or is it not a fact that the credit squeeze of the Reserve Bank invariably and only applies to the cooperative institutions of cultivators?

SHRI PILOO MODY: He is a cultivator's son and so, you should reply properly.

SHRI YESHWANTRAO CHAVAN: I do not think that such a categorical conclusion can be drawn from what the hon. Member has said. I have no information on that.

SHRI B. V. NAIK: The hon. Minister has given figures about the money supply. It is conceded that there has been an increase in the money supply. The money supply at any particular point of time is also affected equally by the velocity of the money that is in the money market. May I know—the money supply has been conceded to have been increased—what steps are taken by Government to curb the velocity of money in this country?

SHRI YESHWANTRAO CHAVAN: Both these things are really so inter-linked that the velocity of the money and shortages of commodity also force the pace of velocity of money. Naturally, both these things have to be taken together.

#### Implementation of Recommendations of Raj Committee by States

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\*89. SHRI MADHAVRAO SCINDIA:

SHRI M. C. DAGA:

Will the Minister of FINANCE be pleased to state:

(a) whether he had recently written to the State Governments that the recommendations made by the Raj Committee regarding 'Tax on agricultural holdings' should be implemented within specified period; and

(b) if so, the main features thereof and the reactions of State Governments thereto?

THE MINISTER OF FINANCE (SHRI YESHWANTRAO CHAVAN):

(a) The State Governments have been advised to raise additional resources from the agricultural sector through imposition of an Agricultural Holdings Tax as recommended by the Raj Committee or through a mix of other measures like withdrawal of concessions on land revenue, levy of progressive surcharges on land revenue, betterment levy, cess on commercial crops, revision of water rates etc.

(b) Haryana and Himachal Pradesh Governments have decided to implement modified versions of the holdings tax suggested by the Raj Committee. Other State Governments have the matter under consideration.

SHRI MADHAVRAO SCINDIA: It has been reported in the press that the Madhya Pradesh Government, in reply to the Finance Minister's letter, in mid-May, has expressed its inability to

implement the Raj Committee proposals due to political reasons. Governments' silence in this regard seems to imply that it has accepted the stand of the M P Government. I would like to know how this is compatible with the statement made by the Prime Minister yesterday in reply to the No-confidence Motion when she said that her Government would not hesitate to implement the measures beneficial to the country even at the risk of unpopularity.

**SHRI YESHWANTRAO CHAVAN**  
I do not know why these two things have been linked up together. The question of implementing the recommendations of the Raj Committee is before the State Governments for a long time. So much so, I do not think any State Government has said that there is any political difficulty about it. But I find that many State Governments have pleaded about the complexity of the scheme of holdings tax that comes in the way. Even then many of the State Governments have not given their final view about it. We did not stop at that. We said that if it is not possible for them to implement this particular scheme of holdings tax as such they can possibly think of having some other resource mobilisation effort in the agricultural sector by increasing the rates of water cess, electricity or some sort of a surcharge on the commercial crops and so on and so forth. The State Governments including the Madhya Pradesh Government have made some efforts in this direction. So what the Prime Minister said yesterday is exactly what is being done in the State Governments.

**SHRI MADHAVRAO SCINDIA** The honble Minister has just said that thought has been given to raising other additional resources so as to cover the budgetary deficits of the States. I would like to know that if the States do succeed in covering a major portion of their budgetary deficit is the Government thinking of completely abandoning the recommendations made by the Raj Committee and completely

abandoning their attempts to implement these recommendations?

**SHRI YESHWANTRAO CHAVAN**  
The idea of Raj Committee arose out of certain discussions held by the Central Government with State Governments with a view that some major effort be made to raise resources in the agricultural sector. It is on that basis that the terms of reference of the Raj Committee were formulated and the Raj Committee made recommendations. Some of the recommendations of the Raj Committee have been accepted by the Government. As for the other matters are concerned some of the State Governments with little modification have accepted the scheme. As such there is no question of rejecting the Raj Committee report. It is before the State Governments and they are still considering it.

**SHRI MADHAVRAO SCINDIA**, I think the majority of the State Governments have already rejected these proposals. I think that is what the Pres. reported in the month of June.

**SHRI YESHWANTRAO CHAVAN**  
It is true most of the State Governments have pondered over the complexity of the scheme and, as such, they have not implemented.

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