

Reimbursement to States which have abolished octroi

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*183. SHRI NATVARLAL B. PARMAR:

SHRI JANARDHANA POOJARY:

Will the Minister of FINANCE be pleased to state:

(a) the names of States which have abolished octroi;

(b) whether the Central Government have offered reimbursement to these States:

(c) if so, the details thereof; and

(d) whether the Centre have evolved any policy to be enforced universally among all the States for abolition of octroi and if so, its details?

THE MINISTER OF FINANCE (SHRI H. M. PATEL): (a) Andhra Pradesh, Assam, Bihar, Kerala, Meghalaya, Nagaland, Sikkim, Tamil Nadu and Tripura are not levying octroi. Madhya Pradesh abolished octroi w.e.f. 1st May, 1976 and in its place imposed an Entry Tax and raised the rates of turnover tax.

(b) to (d). It was stated in the Budget Speech for 1973-79, that the removal of octroi would be widely welcomed since its abolition would assist the orderly and the healthy growth of transport system in the country and would considerably reduce freights cost; and, that the Central Government proposed to request the State Governments to introduce suitable Legislation for removal of octroi. It was also stated that the State Governments would claim some compensation for the loss of revenues to the Local authorities on account of abolition of octroi and that the Central Government would hold discussions with the State Governments for finding a satisfactory solution. Discussions have been held with practically all the State Governments concerned. During these discussions matters relating to the adoption of suitable al-

ternative measures such as those suggested by the Indirect Taxation Enquiry Committee to recoup the loss of revenue and assistance to States during the transitional period were considered. This reform has to be with the full co-operation and understanding on the part of the States concerned. Having regard to these discussions, the Union Government is now considering how best the States can recoup the loss in revenue arising out of abolition of octroi.

SHRI NATVARLAL B. PARMAR: I would like to know whether the Central Government would recommend compensation of the loss incurred by the local self-governing bodies such as Municipal Corporations, after the abolition of octroi duty.

SHRI H. M. PATEL: So far there has been no question of suggesting full compensation. What has been discussed in the course of the discussion is that it has been put to the State Governments and some of the Municipal Corporations, whose representatives met me, that some compensation would be made available, but they will have to try to recoup the balance of the loss through other taxes.

SHRI NATVARLAL B. PARMAR: Has any proposal or formula been suggested by the Government of Gujarat in this regard? If yes, is the Government going to consider it, and if not, the reasons therefor.

SHRI H. M. PATEL: The Gujarat Government suggested a formula which proposes 100 per cent compensation. This, of course, cannot be agreed to by the Central Government at the moment. But it is my intention to meet all the States Governments once again, probably jointly, all together—hitherto my discussions have been individually with individual States—and, at such a meeting, to see if we can evolve some formula or method which would persuade them to accept abolition of octroi.

SHRI B. RACHHAIAH: Sir, I would like to know from the hon. Minister the total loss if all the States are going to abolish the octroi. Whether those States which have already abolished octroi duties have been fully compensated? Is it not going to affect the State's resources if the Central Government is not going to fully compensate the total loss due to abolition of octroi duties?

SHRI H. M. PATEL: Sir, the total loss to all the States and the two Union Territories comes to about Rs. 269 crores. There is no State which has abolished octroi since this Government came into being. So, there can be no question of compensation being made available to those States which have not levied octroi or abolished it before 1977.

SHRI N. K. SHEJWALKAR: May I know from the Hon'ble Minister whether he is aware that in the year 1975 when there was a meeting with the Chief Ministers, an assurance was given that 50 per cent of the loss would be met by the Central Government? If so, now what is the intention of the Government? As already stated the Madhya Pradesh Government has already abolished the octroi for the last two years. Now, if any new steps are to be taken wherefrom and from what date the compensation will be paid? Whether it will be retrospective?

SHRI H. M. PATEL: There is no question of retrospective payment. But apart from that, the Madhya Pradesh Government seems to have acted in haste. This is a matter in which all the State Governments should have to act simultaneously. So that effective measures can be taken to compensate them as well as discover alternative measures of raising taxes.

SHRI BEDABRATA BARUA: This matter of abolition of octroi has been hanging fire for the last so many years. I am surprised that the Minister has taken umbrage at the Madhya Pradesh Government's abolishing octroi duties. I think the

Central Government itself wanted the State Governments to abolish this octroi duty. I am surprised that some State Governments have refused to accommodate this and had asked for full compensation. I do not think that the full compensation should be allowed. My own State, Assam, for example had never imposed the octroi duties. For that, they should not be penalised. I would like to know what is the policy of the Government. If they want to give certain compensation they should decide that amount and say that the Centre would pay the amount and ask the State Governments to fall in line. Why should they allow the continuance of a duty which is so harassing to the public, which is unconstitutional, which is undemocratic and which is also very troublesome if it is imposed on some State Governments selectively?

SHRI H. M. PATEL: I think I have already made clear what the policy of this Government is. It is that piece-meal approach to this problem would not be desirable and if one State goes ahead of the others it does not make it easy for the Central Government to find a way of meeting the whole situation. If I were to agree now, take for instance, Madhya Pradesh, for the sake of argument, if it is 50 per cent, though they acted hastily, why should they have come on the scene and without consulting anybody? But if that was so, and the other State Governments thereafter say "we won't agree unless you give us 60 per cent unless you given this. . ." it takes away such flexible approach as might otherwise be available to the Central Government to get the best possible arrangement from everybody's point of view.

की राखबन्नी : मंत्री जी बता रहे हैं कि मध्य प्रदेश सरकार ने जल्दबाजी में यह कदम उठाया है। वास्तव में मध्य प्रदेश सरकार ने केंद्रीय सरकार की नीति के अनुसार यह कदम उठाया है और उनकी प्रशंसा करनी चाहिये की कि मध्य प्रदेश ने इस मामले में जल्दबाजी की है। तो मैं मंत्री महोदय से जानना चाहता हूँ कि मध्य

राज्य सरकारों की इसकी समायोजन करे इसके बिना प्रोत्साहन देने के बिना मध्य प्रदेश सरकार को क्या आप अनुदान देंगे? और जब से उन्होंने इसकी समायोजन किया है तब से 50 प्रतिशत के हिसाब से कितना बनता है और कब तक देंगे? इस बात का यदि आप आश्वासन दें तो और राज्य सरकारों की इसकी समायोजन कर सकती है।

SHRI H. M. PATEL: The Madhya Pradesh Government, I think, has certainly acted, in one sense, in a praiseworthy manner; but to act without even indication from the Central Government that they are compensating, would it be all right for them to do so. It is not proper. I do not know whether in the previous Government the Minister had suggested to the State Government to go ahead with it individually and not jointly.

Increase in Air Fare between Bombay and Ratnagiri

*184. **SHRI BAPUSAHEB PARULEKAR:** Will the Minister of TOURISM AND CIVIL AVIATION be pleased to state:

(a) whether the Golden Sun Aviation Company has increased the fare from Rs. 150 to 175 for Bombay-Ratnagiri flight;

(b) reasons for this increase and whether Government have permitted this increase;

(c) what is the air distance between Bombay-Ratnagiri and what is the fare charged usually for the flight to cover this distance; and

(d) conditions under which permission was granted to Golden Sun Aviation Company to operate these flights?

THE MINISTER OF TOURISM AND CIVIL AVIATION (SHRI PURUSHOTTAM KAUSHIK): (a) Yes, Sir. With effect from 10th November, 1978.

(b) The Company has indicated that because of increase in price of oil from Rs. 7.35 per litre to Rs. 12.48 per litre from 9th October, 1978 it has

become necessary to increase the fare from Rs. 155 to Rs. 175. Permission of the Government is not necessary in such cases in terms of the non-scheduled permit under which they operate air services between points not served by Indian Airlines.

(c) Air distance between Bombay and Ratnagiri is 130 Nautical Miles, and the fare charged for this distance depends on the type of aircraft and the operating costs of the operation, which can vary from operator to operator. However, Indian Airlines fare for the comparable distance would be about Rs. 94.

(d) Keeping in view the persistent public demand permission to operate non-scheduled flights has been granted to Golden Sun Aviation in accordance with sub-rule (3) of rule 134 of the Aircraft Rules, 1937.

SHRI BAPUSAHEB PARULEKAR: The air distance between Bombay and Ratnagiri is 130 Nautical Miles. The Indian Airlines fare for the comparable distance is about Rs. 94. The Company when started operating its flight in last November was charging Rs. 155 and now it has been increased by Rs. 2, that is to say, the fare is about Rs. 81 more than the fare charged by the Indian Airlines. The answer further mentions that in terms of non-scheduled permit, the permit is not necessary. I would, therefore, like to know from the hon. Minister what are the terms under which this non-scheduled permit is granted to the Company; (b) whether Government would not interfere even if the fare is increased to any extent by the Company; and (c) whether the reasons suggested, namely, price hike is commensurate with the increase in the fare.

SHRI PURUSHOTTAM KAUSHIK: So far as conditions for non-scheduled permit granted by the DGCA are concerned, these are lengthy ones. I will just quote only the relevant portion. "These passenger fare and freight rates proposed by the operator as published or advertised or otherwise announced