

the work. It would contribute towards strong data and retrieval for economic analysis.

Abolition of Sales Tax

*106. SHRI NAVIN RAVANI : Will the Minister of FINANCE be pleased to state :

(a) whether there is a great demand from all sections of the society to abolish Sales Tax in the country and replace it by excise duty, etc. ;

(b) whether any study has been made in this respect and, if so, the findings ; and

(c) Government policy in regard to abolition of Sales Tax systems in the country ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY) : (a) There has been a demand from certain sections for abolition of sales-tax and its replacement by additional excise duties.

(b) In terms of the Resolution adopted in the Conference of Chief Ministers held in February, 1981, an Expert Committee was set up to study the financial implications of the extension of the scheme of additional excise duties in lieu of sales tax on five commodities and the manner in which the financial interests of the States could be safeguarded. The Expert Committee under the Chairmanship of Shri Kamalapati Tripathi, MP, submitted its report on 29-1-1983 which was placed on the Table of both the Houses of Parliament on 29-4-1983.

(c) As sales tax is mainly a State subject of taxation, any reform in the sales tax system can be undertaken only in consultation with and cooperation of the States.

SHRI NAVIN RAVANI : An expert Committee has been appointed under the

Chairmanship of Shri Kamalapati Tripathi. I would like to know whether any State has consulted the Centre for implementation of the recommendation of the Kamalapati Tripathi Committee. If not, why ?

SHRI JANARDHANA POOJARY : While many Chief Ministers welcomed the recommendation and also the proposal, the Chief Ministers of West Bengal, Karnataka, Andhra Pradesh, Tamil Nadu, Bihar and UP did not agree with the recommendation and some of the Chief Ministers wanted to place this recommendation before the Sarkaria Commission.

As I stated in my main reply, it is a State subject and the Centre cannot impose the will over the States.

SHRI NAVIN RAVANI : I would like to know whether after receiving the report, has any State Government consulted the Centre over the recommendation made ?

SHRI JANARDHANA POOJARY : There was a Conference of the Chief Ministers on 2.11.1983 and the recommendations were placed before the Chief Ministers and that was the suggestion given by the Chief Ministers. As I have stated, it cannot be imposed. The solution should be found out in consultation with the States and also with the cooperation of the States.

SHRI NAVIN RAVANI : What is the main recommendation of the Committee and what are the reactions of the States regarding the recommendations of the Committee ?

SHRI JANARDHANA POOJARY : As I said earlier, it was placed before both the Houses of Parliament. It should be looked into.

SHRI D. B. PATIL : The sales tax by itself is regressive in nature. It needs abolition. What is the opinion of the Central Government about this ?

SHRI JANARDHANA POOJARY : I made it very clear that the opinion of the State Government is there. Some of the State Chief Ministers from Opposition parties suggested that this proposal should go before the Sarkaria Commission. But the stand of the Central Government is that the Sarkaria Commission is going into the Centre-State relations and that it need not go before the Sarkaria Commission as the scope is a very limited one.

SHRI DINESH SINGH : It appears from the answer given that some States have agreed with the recommendations made by the Commission and some States have not. Are those States that have agreed going to implement the recommendations of the Commission? And what is the assistance that the Centre is going to give? In view of the implementation by some States, would it be possible to persuade the other States also to fall in line?

SHRI JANARDHANA POOJARY : As I stated earlier, we are trying, we are making efforts, to arrive at a consensus among all the States. It cannot be done in one State or another. As I have stated, we are alive to the need, we are alive to the problem.

[*Translation*]

SHRIMATI KRISHNA SAHI : Mr. Speaker, Sir, hon. Minister has stated that any reform in the sales tax system can be undertaken only in consultation with the States. I want to know whether Government of India had a few months ago convened a conference in which Chief Ministers and Finance Ministers of the States had participated? In this context, I also want to know whether any conclusions were arrived at in the conference and if so, the follow up action taken by the Government in this regard?

[*English*]

SHRI JANARDHANA POOJARY : I have already stated.

Mass Banking Loan Scheme

*107. **SHRIMATI KISHORI SINHA :** Will the Minister of FINANCE be pleased to state :

(a) the number of persons given loans upto December 31, 1984 under the Mass Banking Loan Scheme ;

(b) the criteria for the grant of those loans ; and

(c) whether Government have any report about the specific uses to which these loans are put ?

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

Statement

Public sector banks are not implementing any scheme titled 'Mass Banking Loan Scheme'. The banks are, however, extending credit assistance to people belonging to weaker sections after proper scrutiny of viability of the proposals and in accordance with norms laid down by Reserve Bank of India. Broadly, the purpose for which credit assistance is used fall in the category of activities included in the priority sector. As at the end of December 1983, public sector banks had outstanding priority sector advances of Rs. 14057 crores. Credit outstanding against weaker sections accounted for Rs. 2824 crores involving 114 lakh borrowal accounts.

SHRIMATI KISHORI SINHA : I am sorry, part (c) of the Question has not been answered. I want to know whether there is any arrangement to ensure that the credit given for a purpose is utilised for that purpose.

SHRI JANARDHANA POOJARY : There is a system. There is a District Consultative Committee at the district level