

[16 MAY, 2000]

RAJYA SABHA

following message received from the Lok Sabha, signed by the Secretary-General of the Lok Sabha :

"I am directed to inform you that Lok Sabha, at its sitting held on the 15th May, 2000, has adopted the following motion further extending the time for presentation of the Report of the Joint Committee of the Houses on the Central Vigilance Commission Bill, 1999:-

### **MOTION**

"That this House do further extend the time for presentation of the Report of the Joint Committee on the Central Vigilance Commission Bill, 1999 upto the last day of the Monsoon Session 2000."

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### **THE CONSTITUTION (EIGHTY-NINTH AMENDMENT) BILL, 2000 - contd.**

SHRI S. RAMACHANDRAN PILLAI (Kerala): Mr. Chairman, Sir, I rise to support this Bill. This Bill deals with an important aspect of the federal polity of our country, the Centre-States financial relations. While supporting the Bill, I want to point out that the Bill has many imperfections and infirmities. I support this Bill because it takes care of one of the inherent constitutional weaknesses in the financial arrangement between the Centre and the States. One of the consistent complaints from the States is that the States have to discharge a number of responsibilities with regard to development, administration and social welfare activities. But the Centre has taken most of the elastic resources of revenue and the States are prevented from having buoyancy in the economy.

Certainly, the present Bill brings all the taxable revenues of the Centre into the Divisible Pool. It is a welcome step, if the Bill is genuinely implemented. Why use the words "genuinely implemented?" Because of some of the recent actions of the Central Government, I have doubts. Sir, this decision was taken. The Tenth Finance Commission made this recommendation. This was discussed in the Inter-State Council. On January 15, 1997, it was agreed in the Inter-State Council that 29 per cent of the gross receipts of the Centre should be transferred to the States. Now, the Central Government has changed "gross" to "net" in the present Bill. So, this will cause a loss of more than Rs.2,000 crores to all the States in the

country. The Central Government is coming forward with 29 per cent of the net receipts collected by the Centre. When this was discussed in the Inter-State Council, many of the State Governments raised this issue. Even now many of the State Governments are receiving about 29 per cent of all the taxes put together.

[THE DEPUTY CHAIRMAN in the Chair]

The present dispensation is not adding anything more. So, they have demanded that it should be 33-1/3 per cent of the gross receipts and that it should be progressively raised to 50 per cent. Some of the State Governments have asked for 40 per cent of the tax revenue collected by the Central Government. Because of this change, the State Governments are losing. So, how is the Central Government coming forward to compensate the loss to the State Governments for making this change from "gross" to "net"?

Second, recently, the Central Government has issued new guidelines to the Eleventh Finance Commission for fixing the revenue deficit grants under article 275. This is a way of usurping the rights of the State Governments. The Central Government is trying to force the State Governments to agree to some conditions. Of course, we know the source of these conditions. The source is the IMF, the World Bank and the WTO. Through these instructions, it seems that the Central Government is trying to impose some conditions on the States.

I also want to know from the hon. Finance Minister the attitude of the Finance Ministry in regard to the resources collected under the Voluntary Disclosure Scheme. Are you putting the resources collected by the Centre into the Divisible Pool because this Scheme was introduced in view of the failure of the Government to collect revenue?

If those revenues are collected, that will definitely come into the divisible pool. So, it should be put into the divisible pool. What is the Government going to do with regard to the VDIS and the revenue collected under article 271.

SHRI YASHWANT SINHA: Mr. Pillai, do you want the VDIS to be included or excluded?

SHRI S. RAMACHANDRAN PILLAI: The resources should be included in the divisible pool. It should not be kept apart for the Centre

alone because, here, you have generated some revenue. Therefore, you should put that in the divisible pool.

Madam, the revenue collected under article 271 is also excluded from the purview of the present set up. If you look at the terms of reference of the Eleventh Finance Commission, we can see the biased attitude of the Central Government. In the terms of reference of the Eleventh Finance Commission, if you look at para 5, sub-para 5 and 6, they refer to the State Governments. The Centre is asking sound fiscal management from the State Governments. The Centre is also emphasising the need for ensuring reasonable returns on investments by the States in irrigation projects, power projects, transport undertakings, commercial undertakings, public sector enterprises, etc., etc. I don't have any dispute with regard to these. But why are you not extending these to the Centre? Why are you taking up a position that the Centre is always infallible, that the Centre is the repository of all virtues? You are putting the entire blame on the States. So, this biased attitude is there at the Centre.

THE DEPUTY CHAIRMAN: We are trying to negotiate as to when we can have the voting on this Bill so that Members can be aware of it. That is what the Minister was asking me.

SHRI S. RAMACHANDRAN PILLAI: My other criticism is, this Bill takes care of only one area. But the Centre-State financial arrangements cover a wide spectrum of areas. The area of operation of the Finance Commission. The area of operation of the Planning Commission. The area of discretionary transfers, exercising the executive authority of the Government. Of course, we all know that Chapter I and II of part XII, articles 264 to 293, deal with these aspects. There are other areas of flow of resources. With regard to these articles, with regard to all these areas, this present Bill is addressing only one area, the area of operation of the Finance Commission. It has not taken into consideration the area of operation of the Planning Commission, the area of operation of the discretionary transfers of the Ministry. There is a long-standing criticism about this sort of division. This is causing a divided approach, a partitioned approach. This is causing a lack of macro perspective. There is also no effective check on expenditure. So, I would like to know from the hon. Minister whether under the present arrangements of Central grants under article 275 for Non-Plan purposes, and under article 282, grants for Plan purposes and Centrally-sponsored

schemes, could some of these components be included in the overall tax-sharing arrangement. That will take care of some of the problems that we face in the Centre-State financial arrangements.

Madam, if you look at the whole gamut, the whole area, we see this centralization. This centralization has been noted even by the Sarkaria Commission. I would like to read out one important passage from the Sarkaria Commission about the over-centralisation. This is at page 543 of the Sarkaria Commission report in paragraph 22-2-07.

SHRI N.K.P. SALVE (Maharashtra): Madam Deputy Chairman, I would not like to interrupt such a good speech. I just want to know this. Unofficially, we have been told that the voting on the Constitution (Eighty-Ninth) Amendment Bill will be held at 4 o'clock and the next ones at 5.30 p.m. and 6 p.m. If it can be announced officially, Madam, we will be grateful.

THE DEPUTY CHAIRMAN: That is what I was thinking. When I was talking to the Minister for Parliamentary Affairs, I was trying to find out how we will adjourn the House for lunch and resume the discussion and then, after that, we will announce it, if everybody agrees for 4 o'clock. Then, we have the first voting at 4 o'clock and the second voting later.

SHRI SANGH PRIYA GAUTAM (Uttar Pradesh): Kindly see the number of speakers. If it is less, the voting can be at 3.30 p.m. or 3 p.m. or earlier.

THE DEPUTY CHAIRMAN: Unfortunately, political parties do not give the names at the same time, knowing very well that we have this discussion. The list comes in bits and pieces. I am quite sure that within 15 minutes, I will have my whole paper full of speakers. Just now, I have eight. He is the third speaker.

SHRI SANGH PRIYA GAUTAM: Let it be at 4 o'clock.

THE DEPUTY CHAIRMAN: Others will come. We will adjourn for lunch. Let him finish his speech. We will adjourn for lunch. We will have the voting at 4 o'clock, if the House so agrees. Agreed. Okay.

SHRI S. RAMACHANDRAN PILLAI: Madam, I quote from paragraph 22-2-07 at page 543 of the report of the Sarkaria Commission. "Since for reasons explained elsewhere in this report, there is a general tendency towards greater centralization of powers, there is a special need in a country like India for a conscious and purposive effort to counter it all the

time. There is considerable truth in the saying that undue centralization leads to blood pressure at the Centre and anaemia at the peripheries. The inevitable result is morbidity and inefficiency. Indeed, centralization does not solve but aggravates the problems of the people."

Madam, the present Bill only takes care of one area. I do agree that it takes care of one area. But my argument is, it should be expanded to other areas. Madam, there are other financial flows. The flows of the Central sector institutions, the IDBI, the IFCI, the ICICI, the LIC, the UTI, the NABARD, the PFC, the REC and many such institutions are there. If you look at the trend of the flow from the Central sector institutions to the States, there is a bias towards the richer States. My friend who spoke earlier pointed out this defect. This biased flow is there. So, this will cause unevenness in growth. This will accentuate the present trend of unevenness in growth.

**1.00 P.M.**

SHRI T.N. CHATURVEDI (Uttar Pradesh): Which are those richer States? Are you referring to the State of West Bengal?

SHRI S. RAMACHANDRAN PILLAI: No, no. I am not referring to West Bengal. I am referring to the richer States like Maharashtra and some other States. (*Interruptions*) That sort of flow is not there in the State of West Bengal. The second aspect is the externally-aided projects. Of course, we all know that the sponsors have their choice. But still it is not decided on the basis of any norms. But the guiding element is also there, because actually, the external flows are part of the national debt. The Centre should ensure transparency in the process of selection and also equitable flow of the externally-aided resources to the States. Then the other issue is with regard to the small saving loans which the States are considering as a budgetary source. If you look at the present trend, the outflow is larger than the inflow. I am subject to correction, but the recent decision of the Central Government reducing the interest on the small saving loans is putting an additional constraint on the resources of the States. The Centre should see how to compensate this loss because the Opposition leaders have spoken about the growing debts of the States. That is a very serious matter, and most of the States are finding it extremely difficult to make investments in developmental activities.

The other area is the Centrally-sponsored schemes. There is a consistent criticism from the States on this count also because the States are not adequately involved in the formulation of the policy, and the matching provision is also creating a problem for the States. The poor States are forced to change their priorities. The Centrally-sponsored schemes should be transferred to the States and the States should be allowed to take into consideration the peculiar situation existing in those States. All these areas should be taken into consideration. My earlier speaker has also referred to the 73rd and 74th amendments to the Constitution. This decentralisation is not there in all the States. It starts from the Centre to the States and then below. So, adequate resources should be transferred to the panchayati raj institutions. Here, the approach of the Tenth Finance Commission was not at all helpful. Their approach was the resource-supplementary approach. My argument is that this should be replaced by the resource-sharing approach from the side of the Central Government. That will take care of the needs of the panchayati raj institutions.

There is another change happening in the overall situation. The new set of economic policy which has been initiated since 1991 is making a lot of changes in the overall situation. What is its impact on the resources of the States and what is its impact on the regional imbalances existing in our country? Certain studies reveal that if you look at the flow of resources, there is relatively a high flow to the already better off States.

If we look at the domestic as well as the foreign flow of resources, we see this bias. This will certainly aggravate the present unevenness in growth. We see not only this flow of resources, but also the flow of skilled and trained labour, the flow of management personnel and the flow of low-cost unskilled labour from the poorer States to the richer States. So, all these, definitely, contribute to a great unevenness in growth. That will put additional strain on the federal polity of the country. The question is how to address those issues. Already, the Leader of the Opposition has mooted an idea. When the Eleventh Finance Commission submits its report, the Finance Ministry should take the initiative to call all political parties and all State Governments for finding a solution to the problems that we face in India, and also for finding a solution to the problem of growing indebtedness of the States. This way, the Central Government should take the initiative and try to expand the approach that it had made in regard to this Bill, to other areas of resource allocations. With these words, I conclude.

[16 MAY, 2000]

RAJYA SABHA

THE DEPUTY CHAIRMAN: Now we have to adjourn for lunch, but I think we can finish one more speech. So, I will adjourn the House for lunch at 1.15 P.M.

SHRI SOLIPETA RAMACHANDRA REDDY (Andhra Pradesh): I thank you, Madam Deputy Chairman, for giving me this opportunity to participate in the discussion on the Constitution (Eighty-ninth Amendment) Bill, 2000. I rise to support the Constitution (Eighty-ninth Amendment) Bill, 2000 which seeks to amend Articles 269, 270 and 272, so as to bring several taxes and duties like corporation tax and customs duty within the divisible pool, which were hitherto outside the pool.

The Tenth Finance Commission submitted its Report on 26th November, 1994, and it was laid on the Table of the House on 14th March, 1995. Now, the Finance Commission is being honoured by bringing this Bill for passing, after about five-and-a-half years! Though this Government alone is not responsible for all this delay, I feel, it indicates a mother-in-law's attitude of the Union Government towards the States, whichever party or front is in power.

SHRI T.N. CHATURVEDI: Madam, this is very unfair.  
...(Interruptions)...

SHRI V.P. DURAISAMY: Madam, it is highly damaging; a mother-in-law's attitude.

THE DEPUTY CHAIRMAN: Why should we have a gender bias?

SHRI SOLIPETA RAMACHANDRA REDDY: I am sorry if ladies take it otherwise, but it is the practice, since ages, in villages that the attitude of the mothers-in-law will be entirely different towards their daughters-in-law. ...*(Interruptions)*...

THE DEPUTY CHAIRMAN: Mr. Ramachandra Reddy, I think, in the light of the fact that we are all against gender bias, you must find another example!

SHRI SOLIPETA RAMACHANDRA REDDY: Yes; of course. I do not have any gender bias. I am just mentioning it.....*(Interruptions)*.....

THE DEPUTY CHAIRMAN: You may use the words "father-in-law"! I have no objection. ...*(Interruptions)*...

AN HON. MEMBER: It is a step-motherly treatment!

THE DEPUTY CHAIRMAN: No mothers are mentioned in the House. ...*(Interruptions)*...

SHRI SOLIPETA RAMACHANDRA REDDY: What I wanted to say, Madam, is that, this is the attitude of the Union Government, whichever party or front is in power. This is the attitude of the Central Government towards the States. This is what I want to emphasise.

Anyhow, I compliment Shri Yashwant Sinha for moving the Bill for passing today, and also for bringing this Bill into force with effect from 1.4.1996. The States are facing a lot of financial difficulties. Their gross fiscal deficit is increasing enormously every year. The State Governments are unable to satisfy the people, at least, to some extent, in implementing the development and welfare programmes. Some States are unable to pay even the salaries regularly. Mass agitations are being held for development and welfare programmes. In view of this, the sharing of finances between the Centre and the States requires a drastic overhaul.

The recommendations of 10th Finance Commission are a landmark in the direction of genuine federalism of our country. The hon. Finance Minister has stated that the Government has decided to change the basis of sharing from "Gross proceeds" as recommended by the 10th Finance Commission, to "Net proceeds", in order to maintain consistency between articles 270, 279 and 280 of the Constitution.

Madam, the hon. Minister has stated that this will not result in any consequent loss to the States. At the same time, he also stated that the Government has decided to compensate the States, which are at a loss, by suitably enhancing the percentage share beyond 29 per cent, if necessary. In other words, he is admitting the fact that the States will be put to a loss. Anyhow, we are amending certain articles. Therefore, I appeal to the Finance Minister to consider to amend "Net proceeds" to "Gross Proceeds" in articles 270, 279 and 280 of the Constitution, so as to avoid inconsistency.

The Hon'ble Minister was kind enough to include corporation tax and customs duty in the divisible pool. But due to the open door policy of the Government, excise duty has been drastically cut down. Hence, this will not help the States much.

Another modification is regarding the 15-year freeze. In regard to



the sharing of finances with States, the Government has given scope for review by successive Finance Commissions. I hope this modification is to further strengthen the States, financially.

The States have a heavy responsibility involving heavy financial commitments. I would reiterate that only strong States can make a strong Centre.

Hence, Madam Deputy Chairman, through you, I appeal to the hon. Minister that all central taxes should be pooled for devolution to the States, including surcharge, as recommended by the 10th Finance Commission.

I also reiterate the stand of our Chief Minister, Shri N. Chandrababu Naidu, that, ultimately, 50 per cent of the total divisible pool should devolve to the States.

Finally, I also urge upon the hon. Minister to have a consensus among all the Chief Ministers before finalising the guidelines to the Finance Commission. With these words, I support the Bill. Thank you, Madam.

THE DEPUTY CHAIRMAN: I adjourn the House for one hour now. I adjourn the House till 2.15 p.m.

The House then adjourned for lunch at twelve minutes past one of the clock.

The House reassembled after lunch at seventeen minutes past two of the clock, THE VICE-CHAIRMAN, SHRI ADHIK SHIRODKAR, in the Chair.

THE VICE-CHAIRMAN (SHRI ADHIKAR): Now, we will continue with the discussion on the Constitution (Eighty-ninth Amendment) Bill, 2000. Shri S.B. Chavan.

SHRI S.B. CHAVAN (Maharashtra): Mr. Vice-Chairman, Sir, I support this Constitution (Eighty-ninth Amendment) Bill. The idea is quite laudable that the Government has taken a decision to amend the Constitution to see that the devolution of all resources is being done through a Constitutional amendment. I believe the hon. Finance Minister must have taken into account the implications of not leaving any kind of flexibility to the Finance Commission to decide what the percentage of the resources

should be. Though they have been devolved to the State Governments, the allocations need to be decided by it. Unless you have this in mind, at least, I don't think that such resources, which, in fact, need to be devolved to the State Governments, will be regulated according to the financial conditions obtaining at a particular time, when the Finance Commission makes an assessment about the financial condition of the entire country. This kind of a flexibility will not be there, unless such kind of a clause is being introduced. I don't propose any kind of amendment to this Bill. But this is my apprehension about the kind of problem that you are going to face. Thereafter also it is going to be a much more difficult political problem.

After having given all the resources to the State Governments, if you try to regulate the resources by reducing it or applying cuts, that only so much is going to be available and not more, I think, it might be creating some political problem. Of course, it is for you to take the decision. Rajya Sabha being the Council of States, I cannot possibly say that if the State Governments are getting the resources, I should oppose the same. There is hardly any justification for the same. But at the same time, I cannot also be oblivious to the responsibility, to the future of the country as a whole. That is why we will have to consider it very seriously, looking to the commitments which you have already made, both internally as well as externally. So much of commitment is there. From the picture which the Leader of the Opposition Dr. Manmohan Singh had depicted, as he has said, you can see that the situation is really very grim. Unless we make a concerted effort to find a solution to the problem, it is going to present quite a difficult proposition. Sir, I think it is time when I should remind the House about the 73rd and 74th Constitution amendments. These amendments were undertaken at the instance of the then Prime Minister, Shri Rajiv Gandhi, after he visited a village, saw the conditions prevailing in that area. He got convinced that out of one rupee, hardly fifteen paise was reaching the targeted group. Therefore, we need to adopt a holistic approach now. Merely transferring the resources to the State Governments is not enough. They will, in turn, have to transfer the resources to the Panchayati Raj Institutions also. In Maharashtra, I happened to be there, when the then Deputy Prime Minister or the Defence Minister, Shri Y.B. Chavan, and Shri Vasant Rao Naik appointed a committee. That committee went thoroughly into the entire question. The committee took a conscious decision to create a second line of leadership, who, in fact, would be able to handle the

responsibility with full confidence. I can say, on the basis of my experience, that Panchayati Raj Institutions worked extremely well for three terms. Thereafter, politics came in. The resources which, in fact, were 49% of the entire resources of the State Government, dwindled down to 30-35%. There too, cuts were applied. And the whole exercise of creating powerful Panchayati Raj Institutions became nullified. After that, a stage came when their term was also reduced from five years to one year. During the first six months, receptions were to be given, and in another six months, farewell parties. So, it was only reception and farewell function that they could do. Hardly any time was left to take up any kind of developmental work. This was the situation in which we found ourselves. I am sure, the situation which was created in Maharashtra, atleast, for some time, would not have been repeated in other States. That is why it becomes absolutely necessary. Then, the 73rd Constitutional amendment was brought in by which, according to me, some powers were given to the Governor. The Governor was supposed to constitute the Finance Commission for the State as also to devolve the resources to the PRIs. I quote "The Governor of a State shall, as soon as possible, may be within one year from the commencement of the Constitutional 73rd amendment, 1992, and, thereafter, at the expiration of every fifth year, constitute a Finance Commission to review the financial position of the Panchayats and to make recommendations to the Governor as to the principles which should govern..." All other details have been given.

I do not want to go into all the details. But the fact remains that either the Finance Commissions were not constituted at all or if they were constituted, they submitted their reports which were, practically, lying without being attended to. Everybody was very keen that the resources should be devolved to the State Governments. But what happened thereafter? If the real work is going to be done in districts, it is not that we are going to work from Delhi. I am going to suggest some remedies. At least, I feel that there is a great lacuna. It was the constitutional responsibility of the Governor which the Governor did not perform. It becomes the responsibility of the Governor to submit his report along with action taken, to the Legislature. Since these Commissions were not constituted at all or if they were constituted, no report was placed on the Table of the House. This also happened in the case of Maharashtra. We were also surprised to see that the Constitutional responsibility was not performed squarely by the Governors who were supposed to address these

issues. I don't want to go into further details. I fully agree with Dr. Manmohan Singh when he said, "When the Eleventh Finance Commission submits its report, we should call a meeting where the Prime Minister himself should be present and all the political parties should come together and try to find out how we can salvage the situation in which we are; otherwise, the situation is going to be totally out of control." Our assessment is, the situation is very grim. You cannot take a very lenient view of the entire thing. The present picture as if everything is all right and nothing has to be done, in fact, is not a correct picture. We will have to prepare ourselves to take very drastic measures if we are really serious about salvaging the situation as it is prevailing. I do not know how this kind of a political will is going to be there. You may discuss things and ask for everybody's opinion but, thereafter, you may not have the political will to implement the same. If that is going to happen, at least, I have my own doubts that in the present situation any Prime Minister or for that matter any Minister will have the courage to face the facts and suggest some kind of a remedy. I would like to make two or three suggestions. The major thing which we have to do is, we have to take a conscious decision in the case of service departments, i.e. the Irrigation Department. They do not have the resources even for maintenance of canals. The best thing would be that no populist measure should be allowed in the case of service departments. If you are taking canal water, you have to pay for the same and no amount of pressure for populist measure should be allowed in this case. In the case of electricity there is hardly any option. In spite of the authorities that you have set up, we find that everybody is carrying on with what he wants. If you are going to do the same, there is hardly any purpose in calling a meeting of all political parties and discussing these matters with them. The second very important decision that we have to take is that if you borrow money it should not be used for revenue purposes. If you are going to utilize that money for revenue purposes, you will not be in a position to pay it back from whom you have taken the loan. Domestically and internationally, you have taken so much loan that even for repayment of loan also you have to take another loan and see to it that you are able to pay it back. If you want to avoid this kind of a situation, I am sure, you will have to take a conscious decision.

And, Pay Commissions are appointed. Now you want to be very generous with some sections and try to exceed even what has been

recommended by the Pay Commission in order to please certain sections. I feel that the Pay Commissions, in fact, have destroyed the economic viability of all the State Governments. A particular State Government cannot make any distinction. Whether it likes or not, it will have to see to it that the emoluments of the Central Government and the State Government servants are the same. In the city of Mumbai, for example, if the Central Government people are getting all the Pay Commission allowances, there is hardly any reason how the State Government can resist itself from giving the same to its employees. Willingly or unwillingly, they have to follow suit. And, year after year, we find that the States which were considered in the first category, are being shifted to the second and third categories. So, ultimately, some of the State Governments which do not have the potential to raise resources have gone into these categories. I wonder what is the justification for almost a parallel establishment which, in fact, is the responsibility, primary responsibility, of the State Governments? For other reasons they may be in the Concurrent List. Take this simple instance. Whenever I happened to go out in the afternoon, I would see a number of people just playing cards. This is the kind of situation which we see. Thousands of people do not have enough work. Sir, I do not know whether time would permit me, but I would like to give my example when I was the Chief Minister. I was faced with a situation where a union of workers faced me and said, "Within eight days, you will have to give us the result of the negotiations." I said, "If you want my own decision, one week for a new man will be totally inadequate. You allow me some time." But they thought that I was bound to yield if they applied some pressure. I simply resisted. And for 62 days, the strike was on. Then, we worked with just 10 per cent of the staff. That gave me the realisation that 90 per cent of the staff is superfluous; ten per cent of the staff is only working and 90 per cent of the staff, in fact, is superfluous. You have to calculate these things and apply the same thing in the case of all the establishments at the Centre. Agriculture has no relation whatsoever; education has no relation whatsoever. These things have to be implemented not by the State Government but they have to be implemented at the district level. So, it is at the Panchayati Raj level that these things are to be done. We have huge establishments. Year after year the number of establishments is increasing. And everybody would like to please his own colleagues.

There is one more thing which I would mention and with that I

have done. And that is about WTO. All kinds of tariff and non-tariff barriers were put against the developing countries in the Seattle where we had the Summit. In fact, in spite of the presence of President Clinton, ultimately, the entire thing was a fiasco. And all the developing countries revolted against the whole thing. In spite of this, efforts are on, and they will try to see to it that so far as the developing countries are concerned, -- in their own countries, in the U.S. and all over Europe, they are prepared to give a huge amount of subsidy for agriculture - there is no question of any subsidy on fertilisers or even on foodgrains. The off-take of foodgrains has gone down because of the fact that you have increased the prices beyond a particular limit. So, this is the situation in which we are on, and if we have to face this problem squarely, we will have to, at least, take a very drastic measure. I have my own doubts about how far you are going to succeed. But I don't want to be sounding pessimistic on such occasions when I am welcoming the Bill. Why should I unnecessarily give a note of pessimism?

But you cannot also be complacent about the whole thing. The situation is very grim and knowing that, if the hon. Finance Minister were to apply his mind to some of the suggestions I have made, I am sure, given the political will, we will be able to find solutions to these problems. I have no doubt about that.

SHRI PREM CHAND GUPTA (Bihar): Mr. Vice-Chairman, Sir, the Tenth Finance Commission submitted its report in November 1994, suggesting a new revenue-sharing formula between the Centre and the States. Dr. Manmohan Singh, as the Finance Minister, in his speech of February, 1995, accepted the recommendations. Sir, for five years, nothing was done about that, although we had two Governments supported by us. But I am not bringing in party-politics in this. That is why I am pointing out what has been the state of affairs during the last few years. Because of the Fifth Pay Commission, all the States have a very heavy burden on their finances. Most of the States are in a financial crunch today. Because of this delay, Mr. Vice-Chairman, a lot of damage has been done. Various projects could not be completed. The situation today is such that unless something is done immediately, the process of development in the States would come to a standstill. The Finance Minister has suggested that the issue of gross and net receipts would be solved through a separate legislation. The Finance Commission has suggested that the sharing of revenues should be on the basis of 29 per cent of the gross receipts, whereas, the present Bill has

suggested that it should be on the basis of the net receipts. I have read a news item somewhere that Shri Pramod Mahajan and also the Finance Minister have suggested that the States should be compensated for this. I would request the Finance Minister to find a way so that this loss is compensated and it is guaranteed through some constitutional amendment. I don't know how he can ensure this.

Secondly, Mr. Vice-Chairman, there is a move to divide certain States in the country. Over a period of time, certain developments have taken place in certain parts of those particular States. Take, for example, the State of Bihar. Fortunately, the hon. Finance Minister also comes from that State. Over a period of time, industrial development in South Bihar has taken place because of the mining activity and so on. Now, that part is likely to be converted into a new State. So, when this revenue-sharing formula on the basis of 29% is put into effect, for North and Central Bihar it becomes very difficult to have enough revenue for sustaining themselves and also for creating additional infrastructure. I would request the hon. Finance Minister to find a solution to this problem so that the States which are likely to be divided today or in the near future, will have some way of survival.

There is a long-pending request from the State of Bihar regarding the royalty on mining. Today, the royalty is paid on tonnage basis, irrespective of the quality of the produce. Will the hon. Finance Minister look into this matter and tries to solve this long-pending issue, we request him that these two issues be taken into account. We support the Bill.

SHRI KA. RA. SUBBIAN (Tamil Nadu): Thank you, Mr. Vice-Chairman, Sir, for giving me this opportunity to express my views on this Bill. This Bill has been introduced by our hon. Finance Minister to substitute some provisions in articles 269 and 270 and to delete article 272, on the basis of the Finance Commission's Recommendations made on 26.11.1994. I could see that though the Tenth Finance Commission's recommendations were made on 26.11.1994, nearly for the past six years, no substantive steps were taken to implement the recommendations. We could see from the papers that during the previous Government, headed by hon. Prime Minister, Shri Vajpayeeji, a Bill was brought but due to the dismissal of the Government, now the Bill has been brought forward again.

The sole object and reason for bringing forward this Bill, as can be

seen, is to give effect to the recommendation that 29% of the gross proceeds of the Central Government should devolve to all the State Governments. The Commission is very clear and emphatic that 29% of the gross proceeds should devolve to the States and the finances be distributed to all the States. From the reply made by our hon. Finance Minister in Lok Sabha, we see that the words, 'gross proceeds' are not enshrined in any of the provisions of the Constitution. They have stated that on some items, only net proceeds should be given to the States instead of devolving 29% out of the gross proceeds, 26% of the net proceeds and 3% by way of tax on income. For that they say, 'to maintain the consistency between articles 270, 272 and 278, we have no other go but to bring in the proposed amendments in sub-clauses in article 269 and 270, whereby, instead of paying the gross proceeds, only the net proceeds of 29% would devolve to the States.'

My respectful submission to this august House is that after the submission of the recommendations by the Tenth Finance Commission, the Inter-State Council in its meeting held on 17.7.1997 unanimously passed a resolution to the effect that 29 per cent out of the total net proceeds should be distributed to the States and devolution should take place. Sir, this resolution was passed and accepted on 17.7.1997. But, now what appears is that the Government is proposing some modifications to the provisions contemplated in the Constitution so that consistency in the provisions of articles 270, 274 and 278 is maintained. In view of these modifications that have been proposed by the Government, whereby it proposes to allot 29 per cent out of the net proceeds, all the States in India are losing about Rs.2,000 crores. They are losing because of these modifications that are being proposed by the Government. Sir, as has been submitted by my hon. colleague, our Finance Minister has stated to the Press and it has been reported that Finance Minister Yashwant Sinha assured the House in reply to the discussion that the Centre was committed to giving States their due share of taxes even if it meant more giving more than 29 per cent of the net proceeds. The Finance Minister has stated this and it has been reported in the Press. He also said, "Why do you bother? Why should all the States have any apprehension in their mind?" He has given an assurance with regard to this 29 per cent share out of the net proceeds by saying, "You need not have any apprehension. We are here to safeguard and protect." The Prime Minister has also stated that when the need is there, they will allot Rs.5,000 crores to the States. My submission to the House is that no



guarantee has been given in this regard. For example, when the next Prime Minister comes, I do not know whether he will keep up this assurance, "You need not bother for that and whatever loss is incurred by you, I am here to make up." This assurance should be brought in the statute by making suitable amendments, if necessary, to articles 270, 274 and 278 and by incorporating the recommendations made by the Tenth Finance Commission in them that out of the gross proceeds 29 per cent shall be devolved on the States. Sir, our great leader Arignar adorned this House in the year 1962 and in his maiden speech he said, "Our party is for separation and not for partition. We are not in any way inferior to anybody."

When the Chinese aggression took place, to strengthen the hands of our late Prime Minister, Shri Jawahar Lal Nehru, and also to maintain the solidarity and integrity of this country, we had no other go but to give up our separation policy. Even then, he stated, "Though I give up the separation policy, I am here for the State autonomy - more powers to the States. Now, we could see, practically, a coalition Government at the Centre, though the federalism is not in its full spirit. Now, the powers are not at all given fully to the States. We are fighting for the States' autonomy. As far as our Chief Minister is concerned, he has stated categorically, "With the proclamation of our unshakeable conviction in the blossoming of State autonomy through the devolution of powers concentrated in the States, all the national languages obtaining the status of an official language of the Union, and for the Tamil language to get the status in the first instance..." By saying these words, he presented the Budget to the State Legislature. As far as the question of devolution of powers is concerned, he has not only written a letter to the hon. Prime Minister but also drawn his attention as well as the attention of the hon. Finance Minister to the Resolution passed in the Inter-State Council on 17th July, 1997, where it was agreed that it has to be taken into account the 29 per cent out of gross proceeds but not the net proceeds. He has clearly stated that, on any account, the net proceeds should not be taken into account. Basing on that, he has clearly stated and I quote, "When the Union Government recently announced that 29 per cent of its net tax revenue will be devolved to the States instead of gross tax revenue, I requested the Prime Minister and the Union Finance Minister to reconsider the decision. They have assured me that the percentage of the devolution will suitably revised upwards to compensate for the loss to the States while adopting the net tax revenue as the basis for such calculation."

Now, as far as the Government of Tamil Nadu is concerned, ever since our Chief Minister assumed the office in 1969, several developmental schemes have been introduced to improve the socio-economic conditions of the poor people, downtrodden, weaker sections of the society, women and all other sections of the society. As mentioned by the hon. Members in this House, the States have to bear so many burdens - not only paying salaries and emoluments to the Government servants on par with the Central

### 3.00 PM

Government employees but also several other schemes. Leaving that apart, our Chief Minister, among all the leaders in India, has been pioneering and pleading about the devolution of funds to the States. The States, which are progressing rapidly like Tamil Nadu, have been successfully implementing the various schemes for economic development and poverty alleviation. We have urged the 11th Finance Commission and the Planning Commission that the Union Government should, instead of reducing allocation for various schemes to the States, provide additional resources. In this connection, as far as the poverty alleviation programmes are concerned, our Government has succeeded in eradicating poverty, and the allotment made by the Central Government in the year 1987, to the State was 7.062 per cent of the total allocation.

In 1987, 7.062 per cent allotment was made by the Central Government for poverty alleviation. Since we have eradicated poverty, the Central Government has reduced the funds from 7.062 per cent to 1.987 per cent; whereby the State Government is losing to the tune of Rs. 277 crores. We have not committed any sin; we have worked to eradicate poverty. So, we should not be punished by reducing our funds. We should be encouraged. More funds should be allotted to our State. Further, as our learned senior friends have made their submission, even the Reserve Bank of India has observed that as far as the States' financial position is concerned, there is a gross fiscal deficit in all the States. The RBI has observed that in 1998, the gross fiscal deficit of the States had increased from Rs. 59,776 crores to Rs. 78,000 crores. So, the States have to shoulder the burden and the responsibility to meet the deficit, and also the development activities in all the States. So, we were pleading that our State should be encouraged. The hon. Finance Minister had also said, "As and when there is any

necessity, there is any commitment, I am here to safeguard you and also to pass suitable orders to allot more funds to the State." As we requested the hon. Finance Minister and the Hon. Prime Minister, when we met them, I request, through you, Sir, that the Central Government should come forward to increase the percentage of devolution of funds from 29 per cent to, at least, 40 per cent so that we could make tremendous progress in our State and improve our status to one of the best administered and leading States in all aspects. Also, that should be given to all the States so that the burden of the State Governments could be reduced. In all the States, as observed by the Reserve Bank of India, there is a fiscal deficit of Rs. 78,000 crores. So, how can they make up? There is no other go, but to depend on the Central Government. The hon. Finance Minister said, "We are here to adopt cooperative federalism." He had used the word 'cooperative federalism'. We are pleading, we are fighting that the cooperative federalism should be adopted in all the States in full swing. He has come very close to us, and by moving this Bill, by devolving the funds of the States, actually the spirit of cooperative federalism has been taken into account. Our dream, our aim, our sole motto, is that there should be State autonomy. It should be enshrined in the provisions of the Constitution. It will help in fulfilling our dreams. So, Sir, I support the proposed amendments, sought by our hon. Finance Minister, in articles 269 and 270, and also to delete some of the provisions from article 272. With these words, I thank you, Mr. Vice-Chairman, Sir, for giving me this opportunity to make my submission in this august House.

श्री अनन्तराय देवशंकर दवे (गुजरात): उपसभाध्यक्ष महोदय, मैं इस बिल का समर्थन कर रहा हूँ। महोदय, आज विभिन्न राज्यों के बीच बड़ी स्पर्धा चल रही है। महोदय, माननीय वित्त मंत्री जी आज राज्यों का हिस्सा 26 प्रतिशत से बढ़ाकर 29 प्रतिशत कर रहे हैं, यह अच्छी बात है लेकिन एक बात हमें यह भी देखनी पड़ेगी और सोचनी पड़ेगी कि कुल मिलाकर आज हर राज्य का वेज बिल कितना बढ़ता जा रहा है। हमें किसी राज्य को कम देना है, किसी राज्य को ज्यादा देना है, वह बात मैं नहीं कर रहा हूँ। सभी राज्य अच्छे चलते हैं। मेरे कहने का मतलब यह नहीं है कि कोई राज्य अच्छा नहीं चल रहा है। मैं पार्टी से ऊपर उठकर बात करना चाहता हूँ। हर राज्य सरकार अपनी ओर से अच्छी तरह से अपना कामकाज करती है, कारोबार करती है। लेकिन मैं एक बात की ओर माननीय मंत्री जी का ध्यान आकर्षित करना चाहता हूँ कि यहीं संसद में कुछ साल पहले दोनों सदनों में प्रोहिबिशन होना चाहिए, ऐसा एक

रेज़ोल्यूशन पारित किया गया था। वह रेज़ोल्यूशन संसद में पारित हुआ था। महोदय, गुजरात गांधीजी की मातृभूमि है। बापूजी-ने गुजरात में यही बात आज़ादी से पहले उठाई थी। महोदय, आज पूरी गुजरात स्टेट में कई सालों से प्रोहिबिशन है और वह एक ड्राई स्टेट है। मेरे कहने का मतलब यह है कि जो ड्राई स्टेट्स नहीं हैं और जहां प्रोहिबिशन नहीं है, उन राज्यों को ऐक्साईज़ की आमदनी हो रही है और गुजरात स्टेट को इस मामले में नुकसान हो रहा है क्योंकि प्रोहिबिशन होने की वजह से उनको ऐक्साईज़ नहीं मिल रही है। एक ओर प्रोहिबिशन होने की वजह से उनको पुलिस रखनी पड़ती है, कोई कानून भंग न करे, इसकी देखभाल करनी पड़ती है और दूसरी ओर उन्हें रेवेन्यू लॉस भी हो रहा है।

महोदय, हमारी राज्य सरकार ने विभिन्न केन्द्र सरकारों के वित्त मंत्रियों के पास, पहले भी जो सरकारें थीं, उनके पास अपना केस बनाकर भेजा है लेकिन कोई सुनवाई नहीं हुई। मुझे दूसरे राज्यों से ईर्ष्या नहीं है कि वहां प्रोहिबिशन क्यों नहीं है। लेकिन अब जब एन.डी.ए. की सरकार आ गई है और वित्त मंत्री जी राज्यों को और पैसा देने जा रहे हैं, उस पैसे में से ज्यादा पैसे सोशल जस्टिस में यूज़ होंगे। हमें लोगों को काम देना है, सड़कें बनानी हैं, पीने के पानी की व्यवस्था करनी है लेकिन गुजरात की ऐसी दशा है कि हमारे यहां मानसून ही नहीं है। विंटर, समर और साईक्लोन, ये तीन ही सीज़न हैं। हर साल साईक्लोन आता है, दो साल लगातार साईक्लोन आया, पिछले साल भी साईक्लोन आया था, इस साल भी आया और करोड़ों रुपए का नुकसान हुआ। मेरे कहने का मतलब यह नहीं है कि केन्द्र सरकार ने हमारी मदद नहीं की। केन्द्र सरकार ने हमारी बहुत मदद की है लेकिन जो लॉस हो रहा है गुजरात को, उसको ध्यान में रखना चाहिए।

महोदय, अभी थोड़े दिन पहले वित्त मंत्री जी ने क्वश्चिन-ऑवर में बताया था कि कांस्टीट्यूशन के मुताबिक जो फाइनेंस कमीशन बनेगा, उसके जो टर्म्स ऐंड कंडीशंस होंगे, उसके मुताबिक हर राज्य को मिलेगा लेकिन जब आप नए प्रावधान कर रहे हैं तो मेरी एक रिक्वैस्ट है कि कुछ राज्यों जैसे नॉर्थ-ईस्ट के राज्यों की ज्यादा मदद करनी चाहिए। मैं मानता हूँ बहुत कुछ मदद करनी चाहिए। लेकिन एक सारे देश में माना जाता है कि गुजरात पैसे वाला स्टेट है उसको मदद की क्या जरूरत है? वहां व्यापार, धंधा सब कुछ अच्छा चल रहा है, गुजरात में व्यापारी लोग हैं उनको कोई पैसे की जरूरत नहीं है। लेकिन मान्यवर, इस साल में जब सूखा पड़ा है, मैं बात दोहराऊंगा नहीं, सूखे की वजह से गुजरात को भारी नुकसान हुआ है। इतना नुकसान सौ साल में भी नहीं हुआ है यह ऐसा सूखा है। वहां पीने के पानी की समस्या है। यहां से भी हमें बहुत कुछ मदद

मिली है, जो एन.जी.ओ.ज. हैं वे भी बहुत कुछ काम कर रहे हैं हर जगह पर। लेकिन मेरा कहने का मतलब इतना ही है कि राज्यों और राज्यों के बीच यह लड़ाने-झगड़ाने का सवाल कोई है नहीं। लेकिन जो इंकम है, मान लीजिए यू.पी. की जो इंकम 228231 है जिसमें एक्सपेंडिचर 29761 है। एम.पी. की इंकम 14521 है उनके सामने एक्सपेंडिचर 15597 है। कुल मिलाकर वेज बिल पहले 14950 था और आज 1998-99 में 32122 है। हमारे सामने जो गुजरात की परिस्थिति है उस हिसाब से हमारी एक्सपेंडिचर जितनी है फिर भी हमने कभी ओवर ड्राफ्ट से काम नहीं किया है। लेकिन कई स्टेट आज ओवर ड्राफ्ट से भी चलते हैं। लेकिन जो स्टेट ओवर ड्राफ्ट पर चल रहे हैं उसकी चर्चा करने का मेरा कोई मतलब नहीं है। लेकिन गुजरात वहां अपना कारोबार संभाल-संभाल कर चला रहा है। इसका मतलब यह नहीं है कि उनके लिए कम दो। मैं नहीं मानता हूं कि इस बिल के मुताबिक किसी को कुछ कम मिलता है, ऐसा मेरा मानना नहीं है। लेकिन उनको ज्यादा देना चाहिए। अब वहां यूनिवर्सिटी भी आ रही है। वहां कोस्टल एरिया भी है, वहां डवलप होने की पूरी गुंजायश है और नई-नई योजनाएं बनकर वह भी डवलप होती रहती हैं। लेकिन उनको कुदरती मिला हुआ कोस्टल एरिया है, व्यापारी लोग हैं इसलिए चलता है। इस वजह से आज जब हमारी सरकार ऐसा महत्वपूर्ण कंस्टीट्यूशनल अमेंडमेंट यहां लाई है तो मेरी एक ही रिक्वेस्ट है कि आप जब अच्छे से अच्छा सोशल जस्टिस करने के नाते जा रहे हैं, जब आप सभी स्टेटों को दें तो गुजरात का भी ध्यान रखें। कल एक बहुत अच्छी खबर आई है कि गुजरात में एक नया गैस फील्ड मिला है हजीरा के पास जो सूरत के करीब है। साईंटिस्टों का कहना है कि बड़ी मात्रा में वहां गैस का भंडार है। दो जगहों पर ड्रिलिंग चल रही है और वहां गैस और ऑयल निकलने की संभावना है। मैं सरकार का ध्यान खींचना चाहता हूं कि जब से नेचुरल ऑयल गैस का एक्ट बना है उस एक्ट में एक प्रावधान है टेक्सेशन और दूसरे चार्जेज वसूल करने का, लेकिन रॉयल्टी का कोई प्रावधान नहीं है। मैं उनका रूल्स बूक रहा हूं। रूल्स में शायद रॉयल्टी का प्रावधान हो। लेकिन जब से गुजरात में तेल और गैस निकला आठ दिन तक तो कहीं दो सौ रुपए बढ़ा दिया, कहीं पचास रुपए बढ़ा दिया। वह आठ दिन तक एडहोक चलता रहा है। कभी हम पूछते हैं तो जवाब मिलता है कि सी.ए.जी. रिपोर्ट का ऑडिट हो जाने के दो साल में करना चाहिए, लेकिन वह पैसे तय नहीं होते। तो मेरा आज वित्त मंत्री जी से कहना है कि उनका फार्मूला तय कर दीजिए कि कितने साल बाद आप इसमें कितनी बढ़ोतरी करेंगे और हर साल उसकी रॉयल्टी गुजरात को मिले। गुजरात की भूमि में से निकले हैं, नौरथ ईस्ट में निकले तो वहां भी मिले, यह गुजरात का अधिकार है और सरकार दे रही है। आज गुजरात को पैसे की बहुत जरूरत है। इस

बिल के साथ जुड़ी हुई बात नहीं है लेकिन यह पैसे वाला मामला है और वित्त मंत्री जी यहां बैठे हैं, तो यह भी तय हो जाए, पैट्रोलियम मिनिस्टर तय करेंगे, पर एक दूसरे की मिनिस्ट्री पर न डालकर साथ बैठकर यह तय हो जाए कि गुजरात की रॉयल्टी कई सालों से जो बाकी पड़ी है वह भी मिल जाए। जब हम यह बात अभी कर रहे हैं तो जल्दी से जल्दी गुजरात को यह पैसा मिले। जब हम यह बात कर रहे हैं तो जल्दी से जल्दी गुजरात को यह पैसा मिलना चाहिए। यह जो बिल आया है इसका मैं समर्थन करता हूं। ज्यादा से ज्यादा पैसा हर राज्य को मिले और हर राज्य, डेवलप हो, ऐसा अच्छा बिल लाने के लिए मैं माननीय वित्त मंत्री जी को बहुत-बहुत धन्यवाद देता हूं। यह सरकार, वाजपेयी की सरकार जो हिम्मत से कदम उठा रही है, उनको भी मैं धन्यवाद देता हूं।

THE VICE-CHAIRMAN (SHRI ADHIK SHIRODKAR): Mr. Rajeev Shukla. Do you want to speak from this seat?

SHRI RAJEEV SHUKLA (Uttar Pradesh): Yes, Sir.

THE VICE-CHAIRMAN (SHRI ADHIK SHIRODKAR): Then, you have to seek my permission.

SHRI RAJEEV SHUKLA: I seek your permission.

THE VICE-CHAIRMAN (SHRI ADHIK SHIRODKAR): Permission is granted.

**श्री राजीव शुक्ला** (उत्तर प्रदेश): उपसभाध्यक्ष महोदय, मैं माननीय वित्त मंत्री जी द्वारा पेश किए गए संविधान संशोधन विधेयक का समर्थन करते हुए अपनी बात रखना चाहता हूं। हमारा जो संवैधानिक ढांचा है उसमें राज्यों का बहुत बड़ा महत्व है। लेकिन पता नहीं राज्यों की जो वित्तीय स्थिति है उसकी गंभीरता का अंदाजा लोगों को है कि नहीं है। आज आप किसी भी मुख्य मंत्री से बात करिए वह आपको रोते हुए मिलेगा। आप राज्यों में जाकर राज्य की किसी भी राजधानी में बैठ जाइये, इतनी बुरी हालत है कि अंदाजा नहीं, मैं तो कहता हूं कि अगले पांच साल के बाद कोई सड़क बन पायेगी कि नहीं बन पायेगी, स्कूल बन पायेंगे कि नहीं बन पायेंगे, हँड पम्प लग पायेंगे कि नहीं लग पायेंगे, क्या होगा, किसी को अंदाजा नहीं है, इतनी ज्यादा राज्यों की हालत खराब है। अगर आप थोड़ी सी तस्वीर मंगाकर देखें, जो टोटल आउटले है उसका 85 प्रतिशत से कम कहीं भी सैलरीज मतलब वेज बिल से नीचे नहीं जा रहा है। कई राज्यों की हालत है कि वे 115 प्रतिशत सैलरीज पर खर्च कर रहे हैं, तो वे डेवलपमेंट के लिए कहां से पैसा लायेंगे, पता नहीं बाकी काम के लिए कहां से पैसा आयेगा और इस तरफ कोई ध्यान नहीं दे रहा है।

यह सब क्यों हुआ? थोड़ी-सी कड़वी बात है, लेकिन मैं इसको सदन में रखना चाहूंगा। यह सब हुआ एक बिल्कुल गैर-जिम्मेदार सरकार के चलते और उस सरकार का नाम था गुजराल सरकार, जिसने बिना सोचे-समझे, बिना इस पर ध्यान दिए कि इसका क्या फाल आउट होगा। इसका क्या रिपरकेशन होगा। बिना राज्यों से विचार-विमर्श किए हुए यह किया, जब कि इसकी एक मूलभूत शर्त थी, सारे मुख्य मंत्रियों ने मांग की थी कि राज्यों से सलाह करने के बाद पे-कमीशन लागू किया जाना चाहिए। बिना राज्यों की सलाह से, बिना किसी की सलाह से, पता नहीं किसका दबाव था, कुछ लोग कहते हैं कि हमारे भाइयों का दबाव था लेफ्ट फ्रंट वालों का, वामपंथियों का दबाव था यह मुझे पता नहीं है। लेकिन सरकार के फैसले दबाव में नहीं होने चाहिए। उस समय के वित्त मंत्री को आप पूछिए तो वे कहते हैं कि इसने यह कहा, उसने यह कहा। लेकिन जिस तरह से पे-कमीशन लागू किया गया, मेरे ख्याल से सबसे बड़ी जड़ थी राज्यों की अर्थ-व्यवस्था को ध्वस्त करने की। केन्द्र की अर्थ-व्यवस्था भी डाँवाडोल हो रही है, वह भी सही हालत में नहीं है, लेकिन राज्यों की वित्तीय हालत तो एकदम चरमरा गई है। अगर आप भारत सरकार के पे-अलाउन्स और पेंशन को देखें तो यह 33 हजार करोड़ रुपये का था और वह बढ़कर 73 हजार करोड़ रुपये से ऊपर चला गया, इसमें राज्यों का शामिल नहीं है। राज्यों का अनाप-शनाप खर्चा भी बढ़ा है। चलिए साहब अगर पे-कमीशन लागू करना था, तो सब तैयार थे उसको लागू करने के लिए क्योंकि वह कर्मचारियों के हित में था तो भी उसको जस का तस लागू कर देते लेकिन वह भी लागू नहीं हुआ। उसमें जो एरियर्स दे दिए गए हैं उसकी कहानी तो सबको पता है कि किस तरह से एरियर्स को बांटा गया है। प्रधान मंत्री जी को शायद अमेरिका जाना था तो जल्दबाजी में कमेटी का फैसला कराकर एरियर्स अनाउन्स कर दिए गए और 8 या 9 हजार करोड़ रुपये का भार भारत सरकार पर पड़ा। पे कमीशन की रिकमण्डेशन थी कि 33 परसेंट गवर्नमेंट को डाउन साइज करो, उसमें भी किसी ने कोई सहमति नहीं दी। यहां तक कि राजीव गांधी की सरकार ने पांच दिन का हफ्ता कर दिया था, लोग पांच दिन काम करेंगे और दो दिन छुट्टी रहेगी। उन्होंने सोचा होगा कि जो पश्चिमी देश हैं वहां पर लोग पांच दिन बहुत जमकर मेहनत करते हैं और फिर उनको दो दिन की छुट्टी चाहिए और यहां भी दो दिन की छुट्टी कर दी गई शनिवार और रविवार की, लेकिन मेहनत के नाम पर अभी चव्वाण साहब कह रहे थे कि वे जब कार लेकर जाते हैं तो देखते हैं कि किस तरह लोग पार्कों में और दफ्तरों के बाहर ताश खेलते हैं। यहां के लोगों के ऊपर कुछ फर्क नहीं पड़ा। पे-कमीशन ने रिकमण्डेशन की थी कि सिक्स डेज का वीक होगा, वह नहीं मानी गई। चार दिन की होलीडेज कम कर दी गई थीं। काम के घंटे उन्होंने साढ़े नौ से 6 बजे तक किए थे, वह

कुछ नहीं माना गया। जहां-जहां जिम्मेदारियां आयत की गयी थीं, वह कुछ नहीं माना गया लेकिन जहां-जहां देना था, वह सब कुछ मान लिया गया। यह सबसे बड़ी गलती इस पे कमीशन की रिपोर्ट को लागू करते वक्त हुई। इसमें मेरे कुछ सुझाव हैं जो मैं आपके माध्यम से सरकार के सामने रखना चाहूंगा और मैं समझता हूँ कि इनसे कुछ राहत मिल सकती है। अगर यूजर्स चार्जिज़ बढ़ाए जाएं - क्योंकि आज भी अगर कोई अधिकारी है तो उसे दो सौ रुपये में पूरे महीने के लिए सरकारी कार घर के लिए इस्तेमाल करने के लिए मिलती है। इस रकम को दो सौ से बढ़ाकर दो हजार क्यों नहीं करते? जब तनख्वाहें उसी रेशियो से बढ़ गयी हैं तो उस कार को यूज़ करने के लिए भी दो सौ रुपये से बढ़ाकर दो हजार रुपये होने चाहिए। इसी तरह से मकान का मैं बताता हूँ। हाउस अलाउंस पहले टैन परसेंट ऑफ बेसिक सैलरी था, अब उन्होंने फिक्स रेट कर दिये हैं। महोदय, ऐसे-ऐसे मकान हैं, ऐसे-ऐसे बंगले हैं जिनकी मार्किट वैल्यू दो लाख रुपये महीना किराए की है और वह सिर्फ दो सौ रुपये में मिलते हैं। आप बेसिक सैलरी का बीस परसेंट मत कीजिए, दस परसेंट ही रहने दीजिए। इसी तरह से इलेक्ट्रीसिटी का है। आप सौ, दो सौ रुपये कटवाकर आराम से महीने भर बिजली जलाइए। इसी प्रकार पेट्रोल कंज़मेशन का है, वॉटर का है, मैडीकल चार्जिज़ हैं, टेलीफोन है, सर्वैट्स हैं। अगर ये सब यूज़र चार्जिज़ उसी रेशियो से बढ़ाए जाएं जिस रेशियो से पे कमीशन में सैलरीज़ बंदी हैं तो सरकार को और स्टेट गवर्नमेंट्स को भी काफी राहत मिल सकती है। इसलिए महोदय, मेरी आपके माध्यम से सरकार से यह मांग है कि यूजर्स चार्जिज़ बढ़ाने पर खास तौर से ध्यान दिया जाए। या फिर जिन राज्यों में बहुत ज्यादा मुश्किल है, वहां नया कर्मचारी वेलफेयर फंड बनाना चाहिए और उन्हीं के पैसे में से कुछ कटौती करके - उसका इंटरेस्ट बाद में दिया जाए - रिटायरमेंट के बाद वह उनको दे दिया जाए यानी सेविंग बेस्ड इकॉनमि जिस पर प्रणब बाबू का शुरू से बहुत जोर रहा है, यह उनका मॉडल था - अगर सेविंग बेस इकॉनमि पर जोर नहीं दिया गया तो और भी मुश्किलें आने वाली हैं। महोदय, इसमें राज्यों की गलतियां भी मैं मानता हूँ। यह अच्छा है कि जिस तरह से संविधान संशोधन में प्रस्ताव है, इससे राज्यों को मदद होगी। लेकिन राज्यों की हालत को भी अगर देख लिया जाए तो आज वह भी कोई दूध के धुले नहीं हैं। राज्य सरकारों में रिसोर्स मोबलाइजेशन के नाम पर कुछ भी प्रयास नहीं होता, कुछ ऐफर्ट नहीं होते। राज्य सरकारें सिर्फ भारत सरकार का मुंह देखती रहती हैं। अब स्टेट गवर्नमेंट्स का नो टैक्स बजट देने का एक फैशन सा बन गया है। हर चीफ मिनिस्टर इसमें बड़ा खुश होता है कि बिना कर का बजट उसने पेश किया है। सारी चीजें वह भारत सरकार से चाहता है लेकिन भारत सरकार कहां तक देगी, भारत सरकार की खुद अपनी कुछ मुश्किलें हैं। एक



खैरात बांटने का भी बड़ा रिवाज़ है जैसे कि डॉक्टर मनमोहन सिंह ने कहा था - फ्री चावल, फ्री इलेक्ट्रीसिटी, फ्री घोती - इस तरह से जितनी चीज़ें हैं ...**(व्यवधान)**... फ्री चप्पल कहां बटीं, मुझे नहीं पता है। वोट के बदले में पैसा बांटना - वोट लेने के तमाम दूसरे तरीके हो सकते हैं लेकिन वोट के लिए पूरी स्टेट को बेचना कोई अच्छी बात नहीं है। मेरे ख्याल से इसको डिसकरेज करना चाहिए और जो मैसिव इवेशन सेल्स टैक्स का, ट्रेड टैक्स का राज्यों में है, उसके नियंत्रण की कोई व्यवस्था नहीं है। इसलिए राज्य सरकारों को सबसे पहले अपने आप फिस्कल डिसप्लिन, फाइनेंशियल डिसप्लिन, पॉवर रिफॉर्म, टैक्स रिफॉर्म - यह सब कदम उनको पहले खुद उठाने पड़ेंगे। भारत सरकार कहां तक पैसा देगी? जिस तरह से यहां पर बोझ पड़ रहा है - मैं नहीं समझता कि तीन साल बाद यशवंत सिन्हा जी कोई पैसा दे पाने की हालत में होंगे। महोदय, एक और नया विवाद बराबर चल रहा है कि 29 परसेंट ऑफ ग्रॉस टैक्स रैवेन्यू है- या नेट टैक्स रैवेन्यू है। इसका भी हल निकालना चाहिए। कॉन्स्टीट्यूशन में नेट में 29 परसेंट देने का है। पता नहीं पे कमीशन की टर्म्स ऑफ रैफरेंस में कैसे हो गया कि ग्रॉस पर चला गया। इसमें कम से कम दो हजार करोड़ का फर्क आता है। अब यह दो हजार करोड़ कहां से देंगे? जैसा कि मेरे ख्याल से वित्त मंत्री जी ने आश्वासन दिया कि इधर-उधर से पूरा करके देंगे लेकिन यह जो लिखा हुआ है, इस शब्द को मत बदलिए। लेकिन महोदय, इससे राज्यों में बहुत परेशानी होगी। इसका एक साल्यूशन मेरे ख्याल से राज्यों को और भारत सरकार को बैठकर निकालना पड़ेगा। क्योंकि भारत सरकार कहां तक देगी? मुझे यह बड़ा मुश्किल लगता है। थोड़ी सी बात मैं लोकल बॉडीज़ के बारे में रखना चाहता था। जैसा कि चव्हाण साहब ने कहा, अमैडमेंट की बात थी...जो स्टेट फाइनेंस कमीशन हैं, उनकी रिकमंडेशन्स के बिना लोकल बॉडीज़ को सीधे पैसा ट्रांसफर करने की इजाज़त होनी चाहिए। मेरे ख्याल से यह बहुत अच्छा है। जितनी जल्दी लोकल बॉडीज़ को पैसा पहुंचेगा...वही पैसा है जो परकोलेट डाउन करता है, भले ही पूरी तरह से न करता हो, हरदम कुछ न कुछ शिकायतें रहती हैं लेकिन नीचे तक वह पैसा पहुंचता है। तो यह बहुत इम्पोर्टेंट बात है और इसकी तरफ ध्यान देने की ज़रूरत है।

आखिर में एक चीज़ और कहना चाहूंगा कि ऑस्टेरिटी मीज़र्स की बात हुई थी 1992 में। 1993 तक वह चली और उसके बाद लोग भूल गए। आज किसी भी लेवल पर चाहे स्टेट गवर्नमेंट हो चाहे गवर्नमेंट ऑफ इंडिया हो, ऑस्टेरिटी मीज़र्स नाम की कोई चीज़ नहीं है। कैसे खर्च में कटौती हों सरकार के, इसकी तरफ किसी का कोई ध्यान नहीं है। जमकर दुरुपयोग हो रहा है पैसे का। हमारा जो पेट्रोल बिल है, हमारा पेट्रोलियम का जो कंज़मेशन है, उसका 60 परसेंट गवर्नमेंट सेक्टर में है। जब तक ऑस्टेरिटी मीज़र्स का

पूरा प्लान नहीं बनेगा, जब धीरे-धीरे छोटा करके हर तरफ से दो परसेंट इधर या तीन परसेंट उधर लगाएंगे तभी यह जो पे कमीशन की मुसीबत खड़ी हुई है, इससे हम निजात पा सकेंगे वरना यह बड़ा मुश्किल होगा। मैं अपनी बात यहीं समाप्त करता हूँ और इस संविधान संशोधन विधेयक का समर्थन करता हूँ।

**उपसभाध्यक्ष (श्री अधिक शिरोडकर):** धन्यवाद शुक्ल जी। श्री द्रुपद बरगोहाइ।

**SHRI DRUPAD BORGOHAIN (Assam):** Mr. Vice-Chairman, Sir, I thank you for giving me this opportunity to speak on this subject. I rise to support ..(*Interruptions*).....Why do you disturb me? I rise to support the Constitution (Eighty-ninth Amendment) Bill, 2000, that has been brought before this House by the hon. Finance Minister. But I have certain general remarks. Sir, I feel that this Amendment will help the States in getting their proper share in the revenues. It is a hard fact that many States are in a difficult financial situation, particularly the poorer States. So far as the financial position of the North-Eastern States is concerned, they are in much difficulty. Except Assam, the financial position of the other States in the region is very poor. So far as the question of revenue collection is concerned, the quantum of revenue collection is very little. So, for all this, they have to depend on the Centre. The financial position of Assam is also not very good. It has also to depend on the Centre for help and the State has been repeatedly requesting the Centre for financial help. That is the position. On the other hand, there are certain other States where a major portion of the Budget has to be spent on the salaries of Government employees, and only 15 per cent or 20 per cent of the funds allotted is left for the developmental activities. So, it is very difficult for the departments like Agriculture, Irrigation, Poverty Alleviation and some other departments which are starving for want of funds, to carry on their activities. These are public utility departments. If these departments are not provided with adequate funds, they will not be able to carry on various developmental activities. Moreover, the fiscal deficit in different States is also creating a problem. It has now become a chronic problem. So, this disease should be cured. I request the Finance Minister to look into the matter. The problem of unemployment is a very serious problem in this country. Crores of youth have become unemployed. In such a situation, the Central Government has to make the States to sign a memorandum of understanding.

As regards the employment situation in the States is concerned, this

Memorandum of Understanding creates difficulties. So, our States are in trouble.

On the other hand, I want to draw the attention of our hon. Finance Minister to the condition of the methylene-producing petro-chemical industry. In our country there are six industries. One is in Assam and the other five are in other parts. Two are in the State sector, two are in the Central sector and two are in the private sector. These methylene-producing industries are facing some difficulty due to the invasion of their market by methylene importers. The managements of these industries are saying that they are losing their methylene market. On the other hand, our Finance Ministry thinks that this is not true. The managements say that they cannot compete with the imported methylene because it is cheaper. They have to produce it at a big cost. In Assam, the petro-chemical complex, the APL, is about to shut down. So, I request the Finance Minister to look into the matter to save this industry from shutting down because he knows, and everybody else knows, that Assam is a very backward State, as far as industrial development is concerned. If one industry dies, that also creates a great difficulty there. I request the hon. Finance Minister to look into this matter.

Lastly, I think that the devolution of power is more important. That is one point. Centralisation is another important point. As regards financial support, it remains at the conception level. The people at the lower level should get a major share. That is my final point.

With these words, I conclude my speech, and I support the Amendment.

SHRI RAVI SHANKAR PRASAD (Bihar): Sir, I am grateful to you for entertaining my request to share my views. Sir, at the very outset, I support this Amendment because, for the first time, the Government has thought that it is high time to rationalise the revenue sharing, and the most important aspect is that the dichotomy which is in existence in various States, as far as revenue distribution is concerned, was a cause of serious grievance among the people, as well as among the consumers. Now it is very clear that the revenue shall be distributed on the basis of 71 per cent for the Union and 29 per cent for the States. This is a wonderful suggestion, Sir, and if it is given Constitutional sanction, this would lead to uniform sharing of revenues all over the country.

There is another aspect which I would like to emphasise--one of the previous speakers also touched upon that--namely, while implementing this formula, the local bodies and the gram panchayats are required to be given more on an institutional basis. Sir, you might recall that now there is a change in the Constitution whereby all the local bodies and the gram panchayats have been given a clear Constitutional sanction, including the financial arrangement, under which they have to work. But, without seeking to create any disturbances, I would certainly like to highlight that there have been local bodies which have been completely starved of funds over the years. I would like to particularly highlight the case of my State, Bihar, where no elections have been held for the last so many years, whatever be the reason. Today the local bodies, whether municipalities or corporations or gram panchayats, are completely starved of funds and they do not work at all.

I wish to highlight that after the amendment, some follow-up action should be taken, which allows the local bodies to come into action. It should allow them to play a real, meaningful role of an institution of development. In this regard, an amendment in the Constitution was earlier made, giving them constitutional sanction.

Lastly, I would also like to highlight one more point and that also pertains to my State. As you are aware, Sir, today, the Cabinet has given approval for the creation of the new State of Jharkhand. I welcome that. Some special arrangement has to be made by the Government to ensure that the State of Bihar does not become financially handicapped, in terms of development. Therefore, I would certainly highlight that, at least, for the State of Bihar, some special arrangement, some kind of a financial package, and some kind of a revenue-sharing arrangement is also required to be made. Again, I repeat that I welcome the creation of the State of Jharkhand. But because of this, the other State will become resource-starved. The Finance Minister also belongs to my State of Bihar and he is very generous also. But, certainly, today, the time has come to consider about the revenue-sharing measures. With these words, I wholeheartedly support the Bill.

THE VICE CHAIRMAN (SHRI ADHIK SHIRODKAR): It seems you are striking a sentimental chord with the Finance Minister. Shri Pranab Mukherjee, will you please conclude the debate now?

[16 MAY, 2000]

RAJYA SABHA

SHRI PRANAB MUKHERJEE (West Bengal): Before making my observations, I looked at my watch because we have decided to have voting at around 4.15 p.m. The Finance Minister will also take some time to respond to the various points which the hon. Members have referred to. Sir, at the very beginning, I would like to make it quite clear that, perhaps, my observations may not be very popular with my colleagues sitting on both the sides; either this side or that side.

I had decided to take part in the debate, and while I was going through one of the classics of Prof. Gibbon, "The decline of the Roman Empire", I found out that one of the major reasons for the decline of the Roman Empire was the extremely fragile federal finances. A similar story came to my mind and it is known to historians that when the Harappa and Mohenjodaro civilization collapsed, it was mainly because -- of course, it had a unitary administration -- of the weakening finances.

I welcome this Bill. I support the Bill and there are no two opinions about that. As the Finance Minister has decided to substitute article 270 with the new article which will put into effect the alternative devolution formula of the 10th Finance Commission, it should be accepted, and that is why, we have assembled here to put a final seal of approval on this piece of legislation. But, in this connection, I would like the hon. Finance Minister, and the Government as a whole, to consider certain aspects. For quite some time, Mr. Vice Chairman, Sir, we have lived in some sort of a make-believe world. And whoever sits in the Finance Minister's office, whether it is Mr. Jaswant Singh, or, Dr. Manmohan Singh, or, my colleague, Mr. Y.B. Chavan, or, myself, it is said, 'You people are depriving the States. All the creamy items of taxation are with the Centre and the Centre is suffering.' Here, I would like to draw the attention to one of the important observations of the Sarkaria Commission.

[THE DEPUTY CHAIRMAN in the Chair]

From 1951 to 1984, they made a study about the compound rate of growth of State taxes and Central taxes. And they came to the conclusion, before devolution -- I mean, devolution from the Central taxes to the State taxes -- the compound rate of growth of the aggregate taxes on the State list and on the Union List was almost equivalent, i.e., it was between 16.4 per cent and 17 per cent.

I will just give you two examples from the Sarkaria Commission of what has evolved over the years and the type of distortions which have taken place. In 1951 when we began the First Five-Year Plan the contribution to the State exchequer was 27 per cent from the taxes on land. This was at the beginning of the First Plan. When we started the Sixth Five-Year Plan in 1980 that contribution came down from 27 per cent to 2 per cent. Therefore, it would be wrong to presume that the yield of the State revenues are much less compared to that of the Centre and that presumption, perhaps, is not borne out by the facts. What has been the outcome? The Finance Minister has implemented the Interim Report of the Eleventh Finance Commission. He has taken into account what the liability would be. He has provided it in the Budget. The Eleventh Finance Commission will give its report. The First Finance Commission was headed by K.C. Niyogi. From the Niyogi Commission to the Khusro Commission the Reports were coming.

I will give you another example of how much distortion has taken place and, perhaps, it has been institutionalised through a series of recommendations of the various Finance Commissions. There is a provision in the Constitution, article 275, under which the Parliament can, by law, make arrangements. The Finance Minister has to provide grant-in-aid to the States. Which were the States who were entitled to have grant-in-aid as a consequence of the recommendations of the Niyogi Commission in 1951 for the period 1952-57? There were only three States, West Bengal, Assam and Punjab. Two States were partitioned and the first one also had to bear the burden of partition. They were entitled to have grant-in-aid under article 275. Today, what is the position? Mr. Salve is not here. He presented the Ninth Finance Commission Report. The Tenth Finance Commission recommendations are here. We find that almost half of the 25 States are clamouring for grant-in-aid under article 275. It is a fact that after getting a series of recommendations from the subsequent Finance Commissions, some of the States found that if they maintained the fiscal discipline, if they tried to show the correct fiscal balance in terms of devolution, they would be deprived. So, they also started indulging in creating some sort of vested interests in poverty, in people living below the poverty line, in people living below the cut-off line of the *per capita* income because of the institutional arrangements in terms of reference and financial systems. Therefore, this is one area where we shall have to think very seriously.

I entirely agree with the observations of Dr. Singh that after the recommendations of the Eleventh Finance Commission are being made available, the Government of India should make a serious effort and see how we can provide a viable economic system. Surely, we cannot do it overnight, however good our intentions may be, however pious our wishes may be. It may not be practical to dismantle the administrative structure, to decentralise everything. It will take time. But, at the same time, we must correct the distortions which have taken place. If I remember correctly, 1978-79 was the last year when there was a small revenue surplus. In 1974-75, we had 2 per cent of the GDP as revenue surplus. From 1978-79 onwards the revenue deficit started. But in 1981-82 it was 0.02 per cent of the GDP. From 0.02 per cent of the GDP it went up to 3.5 per cent of the GDP in 1990-91 and in major part of the Nineties it hovered around 3 per cent of the GDP. Now, a simple question comes. The manoeuvrability, the strength, the capacity of the Federal Government to come to the rescue of the State is the same. It would be comparable when it had a small revenue deficit of its own. Now, its own revenue deficit has increased enormously.

Therefore, if the Centre becomes weak, can the States be strong? I know the alternative argument. If the States become weak, the Centre cannot be strong. But it is true. I do agree that there should be an institutional arrangement for royalty. But for God's sake, most of the royalties which you are demanding, the States are demanding, are on raw materials. Look at the growth of royalty, from 1980 to 2000; I am not talking of the period from 1947 or 1950-51 to 1980. Under what carpet will you keep it? Ultimately, it will get reflected in the prices of finished products. There is no way you can by-pass it, or you can transfer it to somewhere else. I do agree. There should be a reasonable rate. There should also be an institutional arrangement for revision. At least, the rate of inflation should get properly reflected. But at the same time, if it becomes an additional way of resource mobilisation, I am afraid, we are not going to serve the economy. Thirdly, I would like to make some observations. I have analysed very critically and clinically the recommendations of every Finance Commission; from the first Finance Commission to the Tenth Finance Commission. Mr. Salve made an attempt by injecting the normative approach and refusing to subsidise 100% the non-plan expenditure of some of the weaker States. But, ultimately, it did not end. What happened? We had to sacrifice at the cost of developmental planning. My colleague, the

Minister for Planning and Programme Implementation, is sitting here. He will bear me out that whatever little bit of success we had achieved during the Eighth Plan, it was, in aggregate, because of the performance of the Central sector. Substantially, in most of the States, we had to keep our eyes closed; you spend in the name of non-plan from the plan outlay which we are giving." But ultimately, whom are we trying to befool? Therefore, this is an area which we shall have to take note of. Why did I say that I may sound a little unpopular? How long would certain sectors of the economy, which are contributing substantially to the economy, remain a holy cow? A substantial part of the GDP is coming from that sector. I am not talking of any particular way of revenue realisation. But what I mean is, if exchequer pays something, it must, in return, get back something. Otherwise, it will be emptied one day. We will not have anything to give, anything to offer. Given the enormity of the expenditure and the liabilities which are coming on the hon. Finance Minister, on the Government of India, in course of time, certainly, we will have to think about it. Somebody suggested putting an artificial barrier or a break by making a law under article 292; put a ceiling on the borrowing power. Yes; we may put a ceiling, but it will be observed more in breach than by compliance because the Finance Minister does not have the manoeuvring space. If there is a cyclone in Orissa; if there is a drought; if there is a flood; if there is a Kargil like situation, this or that, anticipated or unanticipated, it will completely upset the system. Therefore, if we want to institutionalise it, perhaps, the proper time will be when the Eleventh Finance Commission's recommendations will be there. We have a tendency. I am sorry to point it out but we have a tendency to win a point today and forgo the interests of tomorrow. Perhaps, we shall have to come out of this sort of myopic approach. I am not talking of taking a long-term view, but, atleast, a medium-term view should be taken. Very often we have talked of; we are very much fond of slogans like "cooperative federalism" "more power" "more devolution" to States.

We are examining one issue in the Parliamentary Standing Committee. My colleagues will bear me out. It is the responsibility of the State to maintain public order. It is exclusively the responsibility of the State. But whenever there is some disturbance or whenever there are Panchayat elections, what is their requirement? The first requirement is Central paramilitary forces. If there is a major crime, which is the agency which has to be put into service? It is the CBI. We all make such a



demand. The Members of Parliament make such a demand. These are, basically, areas of State operation. Effective implementation of these provisions and effective operationalisation of these institutions would strengthen the autonomy of the State. You are bearing a substantial quantum of money in maintaining the paramilitary forces. It was not contemplated in the Constitution. Protection of borders is our job. One can understand it. If all sorts of forces are to be put into operation for maintaining normal public order, how does it fit in with more and more demand for power and authority in the name of autonomy, in the name of cooperative federalism? That is why I pointed out that I might sound a little unpopular. But it is a fact that federalism was never practised in the Government of India before the introduction of the Constitution. The Government of India was ruled, the Government of India was run by the Act of 1919 which was totally unitary. The Government of India Act, 1935 was put into operation only in the context of the autonomy of the State. That is why, whether we use the word 'Federation' or we use the word 'Union', it was debated by everybody starting from the Drafting Committee to the States. Ultimately, the phrase which found place in the text of the Constitution - lawyers like Shri Jethmalani will explain it; I am not a lawyer - the exact phrase was 'Union of States', not 'Federation of States'. Therefore, we cannot afford to have the luxury of making the Central finances further vulnerable. Yes, the requirement of the States ought to be taken note of. The developmental expenditure ought to be taken note of. That is why it is necessary to have an informed discussion on subsidies. I do agree that 17 or 18 per cent of the GDP, we cannot afford as subsidy. But if you look at the areas starting from irrigation, electricity to a host of other areas, some classification was made that eight per cent of the subsidy is going for merit goods and 11 per cent of the subsidy is going for non-merit goods. These are areas where by taking appropriate steps and evolving a consensus, perhaps, we can help the States in overcoming their problems. We have to identify new areas of revenue realization. But, at the same time, we shall have to bell the cat. Madam, perhaps the time has come to bell the cat. I am sure, this job cannot be left to the Finance Minister alone. Let us do it collectively. Thank you.

THE DEPUTY CHAIRMAN: Now the discussion is over. Mr. Minister, you can start belling the cat.

SHRI YASHWANT SINHA: Madam, I am gratified to note that

happy days are here again. This piece of legislation which I have brought before the House has received unanimous support from the whole House. The tone was set by the Leader of the Opposition, Dr. Manmohan Singh. In fact, I was waiting throughout the Session for his speech on issues concerning the Finance Ministry. He has obliged me today. I must compliment him for having spoken well, for having spoken wisely.

The last speech from the Congress Party, that of Pranabbabu, as usual, was scintillating and even at the risk of courting unpopularity, he has raised issues which are extremely important for our polity, for the future of this country and which, indeed, will have to be grappled with upfront because decisions on them cannot be postponed indefinitely any more.

Madam, Vikram Vermaji, speaking from the Treasury Benches, was quite right in saying that this legislation is coming before this House, before the Parliament, with a certain amount of delay, a point to which references have been made by some of our colleagues in this House. The Tenth Finance Commission was appointed by the then Government in 1992. It submitted its Report in November, 1994. But Governments do take time. That Government was replaced by another Government, before it could put its act together. Then, those two Governments had to go. We came into office in March, 1998. I looked at this whole thing and found that there was the widest possible consensus in this regard. Therefore, I brought this Bill before the other House in July, 1998. It was referred to the Standing Committee of Finance. By the time its Report came to me, unfortunately, the Twelfth Lok Sabha got dissolved. And, therefore, we had to bring this piece of legislation *de novo*, once again. That explains the reasons for the delay. What has happened in the meanwhile is that the four-year period for which the Tenth Finance Commission made its recommendations, that is, 1st January, 1996, to 31st March, 2000, as far as this particular issue is concerned, that period also has elapsed, and, in a way, what we shall be doing here is giving our approval to a piece of legislation which will apply retrospectively and which would automatically come to an end until replaced by another piece of legislation on 31st March, 2000. We already have the Eleventh Finance Commission. It has been working for almost two years. The term of the Eleventh Finance Commission is coming to an end in June. We are expecting a new report, and the five-year period between the 1st of April, 2000, and thereafter will be governed by the recommendations of the Eleventh Finance Commission. Now, the Tenth Finance Commission

was historic in the sense that it did apply its mind to the Centre-State financial relationship and came out with a particularly radical -- if I can use that expression-- suggestion. Madam, we are aware that as far as taxes are concerned, there are some taxes which are assigned completely to the States, 100 per cent. There are some taxes which are shared, and there are some taxes which are not shared at all by the Central Government. What the Tenth Finance Commission has done is that they have pooled all these together and they have laid down a formula that 29 per cent of these will devolve to the States. Now I find that despite the clarifications that I have been offering, which the Government has been offering, many Members in this House still nurse a suspicion or an apprehension that we are somehow trying to do the States out of a certain share they would have been entitled to, by bringing in the concept of 'net' as compared to 'gross'. I referred to the fact, Madam, that it is article 283 of the Constitution which talks about the Finance Commission, and this article clearly says about the responsibility of the Finance Commission which has a mandatory term, which is one of the terms of reference of every Finance Commission."

It says that it will deal with the distribution between the Union and the States of the net proceeds of taxes which are collected by the Central Government. 'Net Proceeds' is a concept which has been accepted by the framers of the Constitution and in every Article of the Constitution which deals with the Centre and the State relationship in financial matters, the term used is 'net proceeds'. The Tenth Finance Commission used the term 'gross proceeds'. I have not been able to find an explanation as to why they thought the term 'gross proceeds' is better than 'net proceeds' and why they departed from the accepted principle of the Constitution, and not only departed from the accepted principle of the Constitution, but also went beyond their terms of reference, which authorised them to distribute the net proceeds, and decided to distribute the Gross Proceeds. So, we have changed. I am aware of the convention that Finance Commissions' recommendations are not changed; Finance Commissions' recommendations are accepted in *toto*. But I am not the only guilty party, Madam. What happened was that when the Tenth Finance Commission's recommendations were received, the Inter-State Council discussed these recommendations. The Tenth Finance Commission had made a package of recommendations. The package was 29%, valid for 15 years. That was the package. What the Inter-State Council did and which the Government of

the day accepted, was that they accepted the 29%, but reduced the period from 15 years to five years so that, now, the Eleventh Finance Commission will again pronounce on this, a question which is very, very important and relevant in the context of the warning issued by Pranab Babu on how famous empires have collapsed in the past. So, we reduced the period to five years and still maintained 29%. Now, we looked at it. In fact, this was not in the first Bill; I accept. I accept that the Bill which I introduced in the Lok Sabha in July 1998, did not contain this distinction. But we got a second opportunity and had a second look. Then we found that this was in violation of the spirit of the Constitution. It was in violation of the terms of reference of the Finance Commission itself. So, we reverted to the concept of 'net' instead of 'gross'. At the same time, because it is not our intention to deprive the States of any of their share, from day one, the moment this was accepted by the Cabinet and the Government spokesman made it public, from that day onwards, until the

**4.00 P.M.**

other day when the other House discussed it, I have been at pains to explain that this difference between the 'gross' and 'net', which is about Rs.2,000 crores, will be made good by the Government of India, that even if we have to distribute more than 29%, we will do that and ensure that the States do not loose out on this count. Now, some friends here were raising the issue as to what is the guarantee that the Government will stand by this. The guarantee is the statement that I have made in the other House and the statement that I am making in this House. What is more sacrosanct, what is more pious, what has greater sanctity than a statement made in this House? Can this Government or any Government afford to go back on a statement made in the Houses of Parliament. I think they have the same validity as a Constitution (Amendment) Bill has. This is the importance that we attach to a statement made in this House. Therefore, I have no hesitation in saying that as a result of this difference between the 'gross' and the 'net', if there is any loss to a State, the Government of India will make up that loss.

I will come to the more important points which have been raised by the Leader of the Opposition and Pranab Babu and some other friends a little later. But the other issue which has been raised is what happens to the VDIS. Now, it suits the State Governments to say that VDIS should be kept out of it. And I will tell Mr. Ramachandran Pillai -- that is why I got up and

asked that question -- that it is actually a question, because VDIS has been distributed to the States without losing any time. In fact, if you recall the Interim Budget that I presented in March 1998 in this Parliament, I had distributed the VDIS collections on the basis of the existing formula of 77.5% which is the formula for Income-tax; that money stands distributed.

Now there is no way in which we can accept the responsibility that the VDIS will be kept out of the thing and that it will not form part of the overall pool between 1996 and 31st March, 2000 because that will not be fair to the Central Government. Therefore, I am saying it clearly before the House that I am unable to accept the suggestion. This matter has come up in other forms and we have made our position clear.

The other issue which has been raised by some hon. Members in this House is in regard to why we should not have a larger share for the States than 29%. This is a matter which has already been referred to the Eleventh Finance Commission. We will not take a unilateral decision. We should not, in fact, because, as I said, the Constitutional arrangement is that these matters will be decided by the Finance Commission and, therefore, this stands referred to the Finance Commission. This is one of the terms of reference. We will await the recommendations of the Eleventh Finance Commission and act according to that recommendation. So, at this point of time, there is no question of increasing the share of the States beyond 29%.

The other issue which was raised was in regard to the share of the States in other kitties, like the public financial institutions, banks and other such financial institutions which are distributing money for some purpose or the other. Here, Madam, I would, from my side, raise another important issue. It is true that if you look at the credit-deposit ratio of the banks, if you look at the credit-deposit ratio and disbursement by the financial institutions, you will find that they are skewed in favour of a few States which are generally regarded as more progressive and more prosperous. The so-called less progressive or backward States are not getting their fair share of this particular pool. But the important issue is that if you look at the history of the liberalisation years, for the last decade, you will find increasingly that the quality of governance at the State-level is becoming more and more important. In a liberalised atmosphere, in a liberalised economy, where you have to go out and get and where you have to go out and demand, those States which are going out and demanding are getting.

Those States which are lagging behind, are not able to partake of the cake. This is a problem that we, in this House, the Council of States, have to apply our mind to. How do we improve the quality of governance throughout the country in a way in which the so-called backward States will also be able to partake of the entire developmental process so that they will not be left behind? Fortunately or unfortunately, there will be differences in the levels of governance in those States. This is an issue which has to be tackled and, I am sure, the democratic process of this country will be able to tackle this issue.

Madam, it was to be expected that when we are discussing the allocation of resources between the Centre and the States, this will trigger a general debate also in regard to the overall state of affairs of the economy. I am grateful to Dr. Manmohan Singh for having drawn the attention of the Government, of this House, of the people of this country, to certain very important issues, particularly the issue of fiscal deficit. We have gone through the debate in this House on the Appropriation Bill in this Session; we have gone through the debate on the Finance Bill. Members, who participated in those debates, cutting across party-lines, have raised this issue and I have made the position of the Government quite clear in this regard.

But I would like to say that ever since I have taken over this responsibility, Madam, I have been talking loudly about this problem myself because I am acutely aware of the danger that lies ahead. In fact, in this year's Budget Speech itself I have said that if we do not attend to the problem of the fiscal deficit, then we will not be able to do any of those things which we are setting out today. And everything will be jeopardised and everything will be thrown out of gear if this one problem is not got the better of. I am glad that cutting across party lines we are addressing this national problem, a chronic problem, as I referred to in this House, because we have lived with fiscal deficit in this country for almost two decades and the things are getting from bad to worse. I had mentioned the figures in this House when I was replying to the Finance Bill that when the Congress Party left Government in 1995-96, the fiscal deficit was around Rs.60,000 crores. It is Rs.1,11,000 crores today. Out of this over Rs.40,000 crores is added by interest burden alone. This is the figure which I had given in this House. So, as Pranabbabu was saying the rigidity of the expenditure of the Government of India leaves very little elbowroom for any Finance Minister.

But it is not that we have lost control. This has happened, one, on account of the mounting interest burden, and secondly, as my colleagues have referred to it, particularly Shri Rajeev Shuklaji, because of the adverse impact of the Fifth Pay Commission. I am not going, as he did, to apportion blame, but the fact remains that the Budgets of the Government of India, the Budgets of the State Governments stand destroyed on account of that one single decision and its impact is something that we will take many years to get over. So what is it that we have done? I can take credit and I am indeed grateful to the Leader of the Opposition for having given me this credit that we have done two things in consultation with the States. This has been going on for many years. It was an initiative which was started by Dr. Manmohan Singh when he was the Minister for Finance. We have been able to persuade the States finally to settle for one uniform Sales Tax rates. This is indeed a very major advance that we have been able to make. You might have read in the newspapers that the prices of automobiles in Delhi will go up because the Sales Tax rates have been raised. The Sales Tax rates have been raised because the Sales Tax rates are being brought in tandem in all the States. It is not all increases. There are many items on which the States have agreed to reduce the Sales Tax. We are acting only as a facilitator in the Government of India. This is a decision which has been taken voluntarily by the Chief Ministers and the Finance Ministers of the State Governments. They authorised me to constitute a Standing Committee of State Finance Ministers, which indeed I have done. The Finance Minister of West Bengal is the convenor of that Committee. They are meeting from time to time. In fact, the next meeting is scheduled for 19th of this month. When there will be a meeting and a review of the implementation of not only the uniform floor rate, but also the preparation that we are making for introducing value-added tax from 1st April, 2001. It is also where everyone agrees that we will do away with the Sales Tax concessions for industrialisation of the States. We know that the rate war, the incentive war, raced to the bottom. Everyone was hurtling towards the bottom. But by this one decision now the States have been able to take control of the situation. The revenues of the States and the financial position of the States will improve. Now, the other thing that we have done, and again pointed out by Dr. Manmohan Singh, is the system of entering into memorandum of understanding with the State Governments. When we met in the National Development Council in 1999, in the beginning of 1999, I think, in

February, - the Prime Minister had called a meeting - the Chief Ministers complained about the fiscal problem of their States. The Prime Minister asked me to take a meeting with a few Chief Ministers and Finance Ministers which indeed I did immediately after the Budget of 1999, and there we agreed, we came to the conclusion that something will have to be done by us jointly.

It is a joint exercise and that is where I had used the word 'co-operative federalism.' It is a joint exercise which we are doing with the State Governments and the Government of India. In that, we are entering into a Memorandum of Understanding with the State Governments, which are setting not only the goals but also the milestones, the time-schedules within which those goals will have to be achieved. It is not an easy task. Just as it is not an easy task for the Government of India, it is also not an easy task for the State Governments because, in this process, what is involved is a series of unpopular decisions. But, I am here to inform, through you, Madam Deputy Chairperson, the House that, cutting across party lines, the State Governments are taking one unpleasant decision after another. They are facing strikes. They are facing closures. They are facing all kinds of threats. They are facing even political unpopularity, but they are moving ahead because, in this endeavour, we are moving with them, and I have great hope that whether we are able to establish ultimately that national consensus or not between the ruling classes of the State and the Centre, there is no difference in approach and there is a complete unanimity as to the direction in which we should move and that is what we hope to do. I am quite confident that it will be possible for us to tackle this problem of fiscal deficit nationally.

The other thing that I am doing, as I announced in my Budget Speech last year, is that I am trying to put together a Fiscal Responsibility Act. It is not merely article 269, or whatever article of the Constitution, which should put, as Pranabbabu was saying, a ceiling on the Government's borrowing; that itself alone will not do. So, we will have to think of a more comprehensive legislation. And the decade of nineties, internationally, is known for various Governments adopting Fiscal Responsibility Acts and bringing the fiscal situation under control. It hurts me, it hurts my national pride when I find that we are in the company of a few delinquent States which are still living with high fiscal deficit of 9 per cent or 10 per cent of the national GDP. Therefore, it is important that we take a comprehensive



view. That is exactly what I am planning to do. The moment I am ready with the Fiscal Responsibility Bill, I will come before Parliament, I will go to the people of this country, we will debate it and, I am quite sure, just as all of us have spoken very, very responsibly in this House, today, on this issue, the Fiscal Responsibility Bill will be another occasion where we will rise above petty political considerations, the short-term considerations and take a long-term view of things. So, Madam Deputy Chairperson, this is very much on our horizon and very much on our agenda and, I am quite sure, it will be possible for us to take care of this problem. There are other issues which have been raised by some friends. Shri Prem Chand Gupta said that if the new States are formed how are we going to allocate resources. It is not for the first time in our history that one State has split into two. We have precedents to go by and we will follow those precedents and make a fair allocation of resources between the separating States. As far as the question of royalty is concerned, I can do no better than referring to the warning which Pranabbabu has given us that we can go on demanding more and more but, ultimately, we must be able to sell at a price which is acceptable to the market. Therefore, this again is an issue where we will have to proceed cautiously and carefully. Otherwise, we, perhaps, will kill the golden goose.

Madam, another point was raised by Shri Ramachandran Pillai. I told him that it was not correct but even then he was speaking. It was in regard to small savings. Small savings have not gone down as a result of any reduction in the interest rate. It is true that I have reduced the interest rates last year. I have done it again this year. But the figures show that they have gone up. In January, when we reduced the interest rates, they went up by 60 per cent over the last year; in February, for which we have the latest figures, they have gone up by over 44 per cent. So, let us not have any doubt in regard to the galloping small savings that we have noticed in the last few years in this country. You know what I have done. I have reduced the interest rate by 100 basis points for the State Governments also from 13.5 per cent to 12.5 per cent.

Now, I have made available 80 per cent of the small saving loans to the State Governments. So, we are taking care of the problem. Finally, I would only like to say that the States have a problem, but we also have a problem. Three of my distinguished predecessors, in fact, four of my distinguished predecessors, are sitting here. The Government of India

cannot assume the responsibility of the lender of last resort because we do not have resources for our own. I mean, we can't create a situation in this country where everybody will come to me and say, "You give me money." From where will I get the money? I am going to borrow Rs. 1,02,000 crores this year. I will only increase the borrowing, and that is not good for the health of the country, for the health of the economy. So, while we are not the lenders of the last resort, even then I will say that during the last two years, when we have been in office, we had never allowed a situation to arise where payments have been stopped by the RBI for any default on the part of any State Government. We have gone out of our way to help the State Governments. I came to this House for an allocation of Rs.3,000 crores to support the MOU programme. And I am hoping that when the Eleventh Finance Commission's recommendations come, then we will have more light in this regard. I entirely agree with the suggestion - in fact, I welcome the suggestion - of Dr. Manmohan Singh that once we receive the report of the Eleventh Finance Commission, then we will call a meeting of all the political parties and will discuss it separately with the State Chief Ministers. But there is a need to build a consensus in this regard. I think the manner in which various Members have spoken in this House today, gives me hope, gives me confidence, that there is a national will to get over this problem, and it is the national will, not merely the will-power of the Government or the Finance Minister. It is the will- power of the nation which will enable us to get over this very serious problem and chart out a course which will put India on the top of the world. Thank you, Madam Deputy Chairperson.

THE DEPUTY CHAIRMAN: Thank you, Mr. Finance Minister. Now you have let all the cats out of the bag; let everybody go and bell them.

I shall now put the motion for consideration of the Bill to vote. The question is:

*"That the Bill further to amend the Constitution of India, as passed by Lok Sabha, be taken into consideration".*

*The House divided*

THE DEPUTY CHAIRMAN: Ayes ... 170

Noes. ... 0

Ayes ... 170

[16 MAY, 2000]

RAJYA SABHA

Shri Lakkhiram Agarwal  
Shri Ramdas Agarwal  
Shri Parmeshwar Kumar Agarwalla  
Shri S.S. Ahluwalia  
Shri Anil Kumar  
Shri B.P. Apte  
Shri Gandhi Azad  
Shri Ghulam Nabi Azad  
Shri Bachani Lekhraj  
Shri Balkavi Bairagi  
Shri Sikander Bakht  
Shri Bangaru Laxman  
Shrimati Jamana Devi Barupal  
Shri Nilotpal Basu  
Shri Ram Deo Bhandary  
Shri Hansraj Bhardwaj  
Shri Brahmakumar Bhatt  
Shri Jayanta Bhattacharya  
Shri Manoj Bhattacharya  
Shri Jhumuk Lal Bhendia  
Sardar Balwinder Singh Bhundar  
Shri K.G. Bhutia  
Shri Krishna Kumar Birla  
Shri Drupad Borgohain  
Shrimati Chandresh Kumari

Shri T.N. Chaturvedi  
 Chaudhary Chunni Lal  
 Shri Dara Singh Chauhan  
 Shri S.B. Chavan  
 Shri Khagen Das  
 Dr. M.N. Das  
 Shri N.R. Dasari  
 Dr. Biplab Dasgupta  
 Shri Anantray Devshanker Dave  
 Ven'ble Dhammaviriyo  
 Shri Sukh Dev Singh Dhindsa  
 Shri Manohar Kant Dhyani  
 Shrimati Saroj Dubey  
 Shri V.P. Duraisamy  
 Dr. Faguni Ram  
 Shri Eduardo Faleiro  
 Shri Oscar Fernandes  
 Shri Sangh Priya Gautam  
 Shri R. S. Gavai  
 Shri R.P. Goenka  
 Shri Vedprakash P.Goyal  
 Shri Prem Chand Gupta  
 Shri Ramakrishna Hegde  
 Shri Hiphei  
 Shri Arun Jaitley

[16 MAY, 2000]

RAJYA SABHA

Shri C. Apok Jamir

Shri Ram Jethmalani

Shri Kailash Joshi

Shri M.A. Kadar

Shri Suresh Kalmadi

Shri Rama Shanker Kaushik

Shri Suresh A. Keswani

Shri Aimaduddin Ahmad Khan (Durru)

Shri K. Rahman Khan

Shri Mohd. Azam Khan

Shri Yusuf Sarwar Khan alias Dilip Kumar

Shri Ghanshyam Chandra Kharwar

Shri Ramachandra Khuntia

Dr. A.R. Kidwai

Shri Ram Nath Kovind

Shri Lachhman Singh

Prof. A. Lakshmisagar

Shri Sukhdev Singh Libra

Shri Mahendra Prasad

Shri P.K. Maheshwari

Shrimati Sarla Maheshwari

Shri Bhagatram Manhar

Dr. Manmohan Singh

Shri R. Margabandu

Shri Moolchand Meena

Shri Lalitbhai Mehta

Shri Dina Nath Mishra

Shri Ranganath Misra

Shri Dipankar Mukherjee

Shri Pranab Mukherjee

Shri Faqir Chand Mullana

Shri K.B. Krishna Murthy

Shri M. Rajasekara Murthy

Shrimati Jayaprada Nahata

Shri M. Venkaiah Naidu

Shri Pritish Nandy

Shri Kuldip Nayyar

Shri S. Niraikulathan

Shri Sanjay Nirupam

Shri Nagendra Nath Ojha

Shri Suresh Pachouri

Shri Kripal Parmar

Shri Raju Parmar

Dr. A. K. Patel

Shri Ahmed Patel

Shri S. Ramachandran Pillai

Shri C.O. Poulse

Shri Ravi Shankar Prasad

Shri Balbir K. Punj

Shri Abdul Gaiyur Qureshi

[16 MAY, 2000]

RAJYA SABHA

Shrimati Kum Kum Rai

Shri Lajpat Rai

Shrimati Bimba Raikar

Dr. Raja Ramanna

Shri O. Rajagopal

Dr. Alladi P. Rajkumar

Shri C. Ramachandraiah

Dr. Dasari Narayana Rao

Shri K. Kalavenkata Rao

Shri K. Rama Mohana Rao

Mirza Abdul Rashid

Dr. Ramendra Kumar Yadav Ravi

Shri Vayalar Ravi

Prof. (Shrimati) Bharati Ray

Shri Dilip Ray

Miss Mabel Rebello

Shri Nabam Rebia

Dr. C. Narayana Reddy

Shri Solipeta Ramachandra Reddy

Shri Abani Roy

Shri Jibon Roy

Shri Shankar Roy Chowdhury

Shri Ramachandraiah Rumandla

Shri K.M. Saifullah

Shri N.K.P. Salve

Shri M.P.A. Samad Samadani

Shri Manmohan Samal

Prof. M. Sankaralingam

Dr. Arun Kumar Sarma

Shrimati Basanti Sarma

Shri Bratin Sengupta

Shri Ananta Sethi

Shrimati Savita Sharda

Shri Sharief-Ud-Din Shariq

Shri Anil Sharma

Dr. Mahesh Chandra Sharma

Shri Adhik Shirodkar

Shri Arun Shourie

Shri Rajeev Shukla

Shri Arjun Singh

Shri Birabhadra Singh

Shri Devi Prasad Singh

Shri Jaswant Singh

Dr. Karan Singh

Shri Rajnath Singh

Shri Rajiv Ranjan Singh

Shri W. Angou Singh

Shri B.P. Singhal

Dr. L.M. Singhvi

Shri Rama Muni Reddy Sirigireddy



[16 MAY, 2000]

RAJYA SABHA

Shri P. N. Siva

Shri S. Sivasubramanian

Shri Gopalsinh G. Solanki

Shrimati Ambika Soni

Shri P. Soundararajan

Shri Ka. Ra. Subbian

Shri N. Thalavai Sundaram

Shri Rajnath Singh 'Surya'

Shrimati Sushma Swaraj

Shri C.P. Thirunavukkarasu

Sardar Gurcharan Singh Tohra

Miss Frida Topno

Shri Suryabhan Patil Vahadane

Prof. R. B. S. Varma

Shri Vikram Verma

Shri A. Vijaya Raghavan

Shri S. Viduthalai Virumbi

Shri Ranjan Prasad Yadav

Shri Vijay Singh Yadav

Shri Khan Ghufra Zahidi

*The motion was carried by a majority of the total membership of the House and by a majority not less than two-thirds of the Members present and voting.*

THE DEPUTY CHAIRMAN: We shall now take up clause-by-clause consideration of the Bill. The question is:

*That Clause 2 stand part of the Bill.*

*The House divided.*

THE DEPUTY CHAIRMAN :      Ayes      ..      170

   Noes      ..      Nil

Ayes - 170

Shri Lakkhiram Agarwal  
 Shri Ramdas Agarwal  
 Shri Parmeshwar Kumar Agarwalla  
 Shri S.S. Ahluwalia  
 Shri Anil Kumar  
 Shri B.P. Apte  
 Shri Gandhi Azad  
 Shri Ghulam Nabi Azad  
 Shri Bachani Lekhraj  
 Shri Balkavi Bairagi  
 Shri Sikander Bakht  
 Shri Bangaru Laxman  
 Shrimati Jamana Devi Barupal  
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 Shri Brahmakumar Bhatt  
 Shri Jayanta Bhattacharya  
 Shri Manoj Bhattacharya  
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Shri S.B. Chavan  
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Shri Manohar Kant Dhyani  
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Shri R.P. Goenka  
Shri Vedprakash P. Goyal

Shri Prem Chand Gupta  
Shri Ramakrishna Hegde  
Shri Hiphei  
Shri Arun Jaitley  
Shri C. Apok Jamir  
Shri Ram Jethmalani  
Shri Kailash Joshi  
Shri M.A. Kadar  
Shri Suresh Kalmadi  
Shri Rama Shanker Kaushik  
Shri Suresh A. Keswani  
Shri Aimaduddin Ahmad Khan (Durru)  
Shri K. Rahman Khan  
Shri Mohd. Azam Khan  
Shri Yusuf Sarwar Khan *alias* Dilip Kumar  
Shri Ghanshyam Chandra Kharwar  
Shri Ramachandra Khuntia  
Dr. A.R. Kidwai  
Shri Ram Nath Kovind  
Shri Lachhman Singh  
Prof. A. Lakshmisagar  
Shri Sukhdev Singh Libra  
Shri Mahendra Prasad  
Shri P.K. Maheshwari  
Shrimati Sarla Maheshwari

[16 MAY, 2000]

RAJYA SABHA

Shri Bhagatram Manhar  
Dr. Manmohan Singh  
Shri R. Margabandu  
Shri Moolchand Meena  
Shri Lalitbhai Mehta  
Shri Dina Nath Mishra  
Shri Rangnath Misra  
Shri Dipankar Mukherjee  
Shri Pranab Mukherjee  
Shri Faqir Chand Mullana  
Shri K.B. Krishna Murthy  
Shri M. Rajasekara Murthy  
Shrimati Jayaprada Nahata  
Shri M. Venkaiah Naidu  
Shri Pritish Nandy  
Shri Kuldip Nayyar  
Shri S.Niraikulathan  
Shri Sanjay Nirupam  
Shri Nagendra Nath Ojha  
Shri Suresh Pachouri  
Shri Kripal Parmar  
Shri Raju Parmar  
Dr. A. K. Patel  
Shri Ahmed Patel  
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Shri C.O. Poulse

Shri Ravi Shankar Prasad

Shri Balbir K. Punj

Shri Abdul Gaiyur Qureshi

Shrimati Kum Kum Rai

Shri Lajpat Rai

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Shri Nabam Rebia

Dr. C. Narayana Reddy

Shri P. Prabhakar Reddy

Shri Abani Roy

Shri Jibon Roy

[16 MAY, 2000]

RAJYA SABHA

**Shri Shankar Roy Chowdhury**

**Shri Ramachandraiah Rumandla**

**Shri K.M. Saifullah**

**Shri N.K.P. Salve**

**Shri M.P.A. Samad Samadani**

**Shri Manmohan Samal**

**Prof. M. Sankaralingam**

**Dr. Arun Kumar Sarma**

**Shrimati Basanti Sarma**

**Shri Bratin Sengupta**

**Shri Ananta Sethi**

**Shrimati Savita Sharda**

**Shri Sharief-Ud-Din Shariq**

**Shri Anil Sharma**

**Dr. Mahesh Chandra Sharma**

**Shri Adhik Shirodkar**

**Shri Arun Shourie**

**Shri Rajeev Shukla**

**Shri Arjun Singh**

**Shri Birabhadra Singh**

**Shri Devi Prasad Singh**

**Shri Jaswant Singh**

**Dr. Karan Singh**

**Shri Rajnath Singh**

**Shri Rajiv Ranjan Singh**

Shri W. Angou Singh

Shri B.P. Singhal

Dr. L.M. Singhvi

Shri Rama Muni Reddy Sirigireddy

Shri P. N. Siva

Shri S. Sivasubramanian

Shri Gopalsinh G. Solanki

Shrimati Ambika Soni

Shri P. Soundararajan

Shri Ka. Ra. Subbian

Shri N. Thalavai Sundaram

Shri Rajnath Singh 'Surya'

Shrimati Sushma Swaraj

Shri C.P. Thirunavukkarasu

Sardar Gurcharan Singh Tohra

Miss Frida Topno

Shri Suryabhan Patil Vahadane

Prof. R. B. S. Varma

Shri Vikram Verma

Shri A. Vijaya Raghavan

Shri S. Viduthalai Virumbi

Shri Ranjan Prasad Yadav

Shri Vijay Singh Yadav

Shri Khan Ghufraan Zahidi

*The motion was carried by a majority of the total membership of the House and by a majority not less than two-thirds of the Members present and*



[16 MAY, 2000]

RAJYA SABHA

*voting.*

*Clause 2 was added to the Bill.*

THE DEPUTY CHAIRMAN: The question is:

*That Clause 3 stand part of the Bill.*

*The House divided.*

THE DEPUTY CHAIRMAN: Ayes ..... 170

Noes .... 0

Ayes - 170

Shri Lakkhiram Agarwal

Shri Ramdas Agarwal

Shri Parmeshwar Kumar Agarwalla

Shri S.S. Ahluwalia

Shri Anil Kumar

Shri B.P. Apte

Shri Gandhi Azad

Shri Ghulam Nabi Azad

Shri Bachani Lekhraj

Shri Balkavi Bairagi

Shri Sikander Bakht

Shri Bangaru Laxman

Shrimati Jamana Devi Barupal

Shri Nilotpall Basu

Shri Ram Deo Bhandary

Shri Hansraj Bhardwaj

Shri Brahmakumar Bhatt

Shri Jayanta Bhattacharya  
 Shri Manoj Bhattacharya  
 Shri Jhumuk Lal Bhendia  
 Sardar Balwinder Singh Bhundar  
 Shri K.G. Bhutia  
 Shri Krishna Kumar Birla  
 Shri Drupad Borgohain  
 Shrimati Chandresh Kumari  
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 Chaudhary Chunni Lal  
 Shri Dara Singh Chauhan  
 Shri S.B. Chavan  
 Shri Khagen Das  
 Dr. M.N. Das  
 Shri N.R. Dasari  
 Dr. Biplab Dasgupta  
 Shri Anantray Devshanker Dave  
 Ven'ble Dhammaviriyo  
 Shri Sukh Dev Singh Dhindsa  
 Shri Manohar Kant Dhyani  
 Srimati Saroj Dubey  
 Shri V.P. Duraisamy  
 Dr. Faguni Ram  
 Shri Eduardo Faleiro  
 Shri Oscar Fernandes

[16 MAY, 2000]

RAJYA SABHA

Shri Sangh Priya Gautam

Shri R. S. Gavai

Shri R.P. Goenka

Shri Vedprakash P. Goyal

Shri Prem Chand Gupta

Shri Ramakrishna Hegde

Shri Hiphei

Shri Arun Jaitley

Shri C. Apok Jamir

Shri Ram Jethmalani

Shri Kailash Joshi

Shri M.A. Kadar

Shri Suresh Kalmadi

Shri Rama Shanker Kaushik

Shri Suresh A. Keswani

Shri Aimaduddin Ahmad Khan (Durru)

Shri K. Rahman Khan

Shri Mohd. Azam Khan

Shri Yusuf Sarwar Khan *alias* Dilip Kumar

Shri Ghanshyam Chandra Kharwar

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Dr. A.R. Kidwai

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Prof. A. Lakshmisagar

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Shri Mahendra Prasad

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Shri Bhagatram Manhar

Dr. Manmohan Singh

Shri R. Margabandu

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Shri Lalitbhai Mehta

Shri Dina Nath Mishra

Shri Ranganath Misra

Shri Dipankar Mukherjee

Shri Pranab Mukherjee

Shri Faqir Chand Mullana

Shri K.B. Krishna Murthy

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Shri M. Venkaiah Naidu

Shri Pritish Nandy

Shri Kuldip Nayyar

Shri S.Niraikulathan

Shri Sanjay Nirupam

Shri Nagendra Nath Ojha

Shri Suresh Pachouri

Shri Kripal Parmar

[16 MAY, 2000]

RAJYA SABHA

Shri Raju Parmar

Dr. A. K. Patel

Shri Ahmed Patel

Shri S. Ramachandran Pillai

Shri C.O. Poullose

Shri Ravi Shankar Prasad

Shri Balbir K. Punj

Shri Abdul Gaiyur Qureshi

Shrimati Kum Kum Rai

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Shri Vayalar Ravi

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Shri Dilip Ray

Miss Mabel Rebello

Shri Nabam Rebia

Dr. C. Narayana Reddy  
Shri Solipeta Ramachandra Reddy  
Shri Abani Roy  
Shri Jibon Roy  
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Shri Ramachandraiah Rumandla  
Shri K.M. Saifullah  
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Shri Manmohan Samal  
Prof. M. Sankaralingam  
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Dr. Mahesh Chandra Sharma  
Shri Adhik Shirodkar  
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Shri Arjun Singh  
Shri Birabhadra Singh  
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[16 MAY, 2000]

RAJYA SABHA

Shri Jaswant Singh

Dr. Karan Singh

Shri Rajnath Singh

Shri Rajiv Ranjan Singh

Shri W. Angou Singh

Shri B.P. Singhal

Dr. L.M. Singhvi

Shri Rama Muni Reddy Sirigireddy

Shri P. N. Siva

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*The House divided*

THE DEPUTY CHAIRMAN: Ayes .... 170

Noes .... 0

Ayes -- 170

Shri Lakkhiram Agarwal

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Shri Bachani Lekhraj

Shri Balkavi Bairagi

Shri Sikander Bakht

Shri Bangaru Laxman

Shrimati Jamana Devi Barupal



[16 MAY, 2000]

RAJYA SABHA

Shri Nilotpal Basu  
Shri Ram Deo Bhandary  
Shri Hansraj Bhardwaj  
Shri Brahmakumar Bhatt  
Shri Jayanta Bhattacharya  
Shri Manoj Bhattacharya  
Shri Jhumuk Lal Bhendia  
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Shri Anantray Devshanker Dave  
Ven'ble Dhammaviriyo  
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Shri Manohar Kant Dhyani  
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Shri V.P. Duraisamy

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Shri Eduardo Faleiro

Shri Oscar Fernandes

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Shri C:Apok Jamir

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Shri Ghanshyam Chandra Kharwar

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[16 MAY, 2000]

RAJYA SABHA

Dr. A.R. Kidwai  
Shri Ram Nath Kovind  
Shri Lachhman Singh  
Prof. A. Lakshmisagar  
Shri Sukhdev Singh Libra  
Shri Mahendra Prasad  
Shri P.K. Maheshwari  
Shrimati Sarla Maheshwari  
Shri Bhagatram Manhar  
Dr. Manmohan Singh  
Shri R. Margabandu  
Shri Moolchand Meena  
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Shri Dina Nath Mishra  
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Shri Dipankar Mukherjee  
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Shri Faqir Chand Mullana  
Shri K.B. Krishna Murthy  
Shri M. Rajasekara Murthy  
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Shri M. Venkaiah Naidu  
Shri Pritish Nandy  
Shri Kuldip Nayyar  
Shri S.Niraikulathan

Shri Sanjay Nirupam  
 Shri Nagendra Nath Ojha  
 Shri Suresh Pachouri  
 Shri Kripal Parmar  
 Shri Raju Parmar  
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 Dr. Ramendra Kumar Yadav Ravi  
 Shri Vayalar Ravi

[16 MAY, 2000]

RAJYA SABHA

Prof. (Shrimati) Bharati Ray

Shri Dilip Ray

Miss Mabel Rebello

Shri Nabam Rebia

Dr. C. Narayana Reddy

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Shri Abani Roy

Shri Jibon Roy

Shri Shankar Roy Chowdhury

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Shri M.P.A. Samad Samadani

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Dr. Arun Kumar Sarma

Shrimati Basanti Sarma

Shri Bratin Sengupta

Shri Ananta Sethi

Shrimati Savita Sharda

Shri Sharief-Ud-Din Shariq

Shri Anil Sharma

Dr. Mahesh Chandra Sharma

Shri Adhik Shirodkar

Shri Arun Shourie

Shri Rajeev Shukla  
 Shri Arjun Singh  
 Shri Birabhadra Singh  
 Shri Devi Prasad Singh  
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 Dr. Karan Singh  
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 Shri Rama Muni Reddy Sirigireddy  
 Shri P. N. Siva  
 Shri S. Sivasubramanian  
 Shri Gopalsinh G. Solanki  
 Shrimati Ambika Soni  
 Shri P. Soundararajan  
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 Shri N. Thalavai Sundaram  
 Shri Rajnath Singh 'Surya'  
 Shrimati Sushma Swaraj  
 Shri C.P. Thirunavukkarasu  
 Sardar Gurcharan Singh Tohra  
 Miss Frida Topno  
 Shri Suryabhan Patil Vahadane

[16 MAY, 2000]

RAJYA SABHA

Prof. R. B. S. Varma

Shri Vikram Verma

Shri A. Vijaya Raghavan

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Shri Vijay Singh Yadav

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*Clause 4 was added to the Bill.*

THE DEPUTY CHAIRMAN: The question is:

*That Clause 1, the Enacting Formula and the Title stand part of the Bill.*

*The House divided*

THE DEPUTY CHAIRMAN: Ayes .... 170

Noes .... 0

Ayes -- 170

Shri Lakkhiram Agarwal

Shri Ramdas Agarwal

Shri Parmeshwar Kumar Agarwalla

Shri S.S. Ahluwalia

Shri Anil Kumar

Shri B.P. Apte

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Dr. M.N. Das  
Shri N.R. Dasari  
Dr. Biplab Dasgupta  
Shri Anantray Devshanker Dave  
Ven'ble Dhammaviriyo



Shri Sukh Dev Singh Dhindsa

Shri Manohar Kant Dhyani

Shrimati Saroj Dubey

Shri V.P. Duraisamy

Dr. Faguni Ram

Shri Eduardo Faleiro

Shri Oscar Fernandes

Shri Sangh Priya Gautam

Shri R. S. Gavai

Shri R.P. Goenka

Shri Vedprakash P.Goyal

Shri Prem Chand Gupta

Shri Ramakrishna Hegde

Shri Hiphei

Shri Arun Jaitley

Shri C.Apok Jamir

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Shri Kailash Joshi

Shri M.A. Kadar

Shri Suresh Kalmadi

Shri Rama Shanker Kaushik

Shri Suresh A. Keswani

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Dr. Manmohan Singh

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Shri K.B. Krishna Murthy

Shri M. Rajasekara Murthy

Shrimati Jayaprada Nahata

Shri M. Venkaiah Naidu

[16 MAY, 2000]

RAJYA SABHA

Shri Pritish Nandy

Shri Kuldip Nayyar

Shri S. Niraikulathan

Shri Sanjay Nirupam

Shri Nagendra Nath Ojha

Shri Suresh Pachouri

Shri Kripal Parmar

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Shri K. Rama Mohana Rao

Mirza Abdul Rashid  
Dr. Ramendra Kumar Yadav Ravi  
Shri Vayalar Ravi  
Prof. (Shrimati) Bharati Ray  
Shri Dilip Ray  
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Dr. C. Narayana Reddy  
Shri P. Prabhakar Reddy  
Shri Abani Roy  
Shri Jibon Roy  
Shri Shankar Roy Chowdhury  
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Shri K.M. Saifullah  
Shri N.K.P. Salve  
Shri M.P.A. Samad Samadani  
Shri Manmohan Samal  
Prof. M. Sankaralingam  
Dr. Arun Kumar Sarma  
Shrimati Basanti Sarma  
Shri Bratin Sengupta  
Shri Ananta Sethi  
Shrimati Savita Sharda  
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Shri Arun Shourie

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Shri Arjun Singh

Shri Birabhadra Singh

Shri Devi Prasad Singh

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Shri Rajnath Singh

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Shri W. Angou Singh

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*The motion was carried by a majority of the total membership of the House and by a majority of not less than two-thirds of the Members present and voting.*

*Clause 1, the Enacting Formula and the Title were added to the Bill.*

SHRI YASHWANT SINHA: Madam, I move:

*That the Bill be passed.*

THE DEPUTY CHAIRMAN: The question is:

*"That the Bill be passed".*

*The House divided*

THE DEPUTY CHAIRMAN : Ayes ... 170

Noes ... 0

Ayes .... 170

Shri Lakkhiram Agarwal

Shri Ramdas Agarwal

Shri Parmeshwar Kumar Agarwalla

Shri S.S. Ahluwalia

Shri Anil Kumar

[16 MAY, 2000]

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[16 MAY, 2000]

RAJYA SABHA

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Shri N.K.P. Salve

Shri M.P.A. Samad Samadani

Shri Manmohan Samal

Prof. M. Sankaralingam

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 Shri Arjun Singh  
 Shri Birabhadra Singh  
 Shri Devi Prasad Singh  
 Shri Jaswant Singh  
 Dr. Karan Singh  
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 Shri Rajiv Ranjan Singh  
 Shri W. Angou Singh  
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Shri Vijay Singh Yadav

Shri Khan Ghufuran Zahidi

*The motion was carried by a majority of the total membership of the House and by a majority of not less than two-thirds of the Members present and voting.*

THE DEPUTY CHAIRMAN: Now, we will take up the Constitution (Ninetieth Amendment Bill, 2000). *(Interruptions)* Please take your seats. In any case, all those who are going out will have to come back. Smt. Vasundhara Raje.

SHRI M. VENKAIAH NAIDU: Madam, at what time are we going to have voting on this Bill?

THE DEPUTY CHAIRMAN: Two hours have been allocated for this Bill. We are starting it. आप लोग बीच में बोलने लगते हैं, यह अच्छी बात नहीं है। अगर आपको जवाब देना है कि कब वोटिंग हो तो आप तय कर लीजिए मैं एक्सेप्ट कर लूंगी क्योंकि अगर क्वेश्चन पूछा है।

When someone has put a question, I have to answer it. Let us have peace at least till that time. Okay? Thank you.

AN HON. MEMBER: At what time will the voting take place?

THE DEPUTY CHAIRMAN: That is exactly what I am trying to find out. We have two hours. We are starting the discussion at 4.45 P.M. If everybody finishes within his time, at 7.00 P.M. or 7.30 P.M there would be voting.

AN HON. MEMBER: Is it possible before 7.00 P.M.?

THE DEPUTY CHAIRMAN: I don't think that it would take place before 7.00. By 7.30 we should finish the voting.

THE MINISTER OF STATE IN THE MINISTRY OF LAW JUSTICE AND COMPANY AFFAIRS AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (SHRI O. RAJAGOPAL) : Madam, in the other House also, the discussion on the second Bill took a longer time.

THE DEPUTY CHAIRMAN: If it takes a longer time, you cannot let Rajya Sabha function till 9 o' clock without food. Yesterday, a lot of discrimination was done. Mr. Pramod Mahajan who is a Member of this House was not present even for voting. You please get him for his vote.

SHRI O. RAJAGOPAL: He was piloting the Bill, the other day, in the other House.

THE DEPUTY CHAIRMAN: Smt. Vasundhara Raje, please move the motion. Is this your first Constitutional Amendment Bill?

SHRIMATI VASUNDHARA RAJE: Yes, Madam.

THE DEPUTY CHAIRMAN: Congratulations.

### **THE CONSTITUTION (NINETIETH AMENDMENT) BILL, 2000**

THE MINISTER OF STATE OF THE MINISTRY OF SMALL SCALE INDUSTRIES AND AGRO AND RURAL INDUSTRIES, MINISTER OF STATE IN THE DEPARTMENT OF PERSONNEL AND TRAINING, DEPARTMENT OF PENSIONS AND PENSIONERS WELFARE OF THE MINISTRY OF PERSONNEL, PUBLIC GRIEVANCES AND PENSIONS, AND MINISTER OF STATE OF DEPARTMENT OF ATOMIC ENERGY AND DEPARTMENT OF SPACE (SHRIMATI VASUNDHARA RAJE) : Madam Deputy Chairperson, I move: