

RAJYA SABHA

Tuesday, the 9th June, 1998/19 Jyaishta, 1920 (Saka)

The House met at eleven of the clock,
Mr. Chairman in the Chair.

MEMBER SWORN

Shri P. Prabhakar Reddy (Andhra Pradesh)

MR. CHAIRMAN: Now we will take up Questions. Question No. 181, Shri S.S. Ahluwalia, not here. Question No. 182, Shri K.M. Saifullah.

ORAL ANSWERS TO QUESTIONS

*181. *[The Questioner (Shri S.S. Ahluwalia) was absent. For Answer, vide Col. 27 infra.]*

Uniform Rate of Sales Tax

*182. SHRI K.M. SAIFULLAH:
SHRI SANJAY DALMIA:

Will the Minister of FINANCE be pleased to state:

(a) whether there is any proposal under consideration of Government to bring about a uniform rate of sales tax;

(b) if so, the details thereof;

(c) whether there is any relation between this new and the earlier proposal of Government to phase out Central Sales Tax by the year 2000; and

(d) if so, the reaction of different States to these proposals?

THE MINISTER OF STATE IN THE MINISTRY OF PERSONNEL, PUBLIC GRIEVANCES AND PENSIONS AND THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI R. JANARTHANAM): (a) As sales tax is a State subject, it is for the States to take a decision in this regard.

(b) to (d) Do not arise.

SHRI K.M. SAIFULLAH: Sir, I would like an answer from the hon.

Minister on whether the Government would accept the Ninth Plan recommendations on a uniform sales tax for all states to avoid diversion of trade. Another thing is whether the Central Government would advise the State Governments to act according to the recommendations of the Ninth Plan.

SHRI R. JANARTHANAM: Sir, as sales tax is completely under the jurisdiction of the States, the Central Government can only request the States to have a uniform sales tax. The concerned Central Ministers and the State Chief Ministers can come together for a consensus.

A Finance Ministers' committee was convened in May, 1994. In August, 1995 they made some recommendations. Even this committee is for a uniform tax structure and that war of rates should be ended, but they have not come to a consensus. The present position is that we have got four zonal committees in States. The Central Government is still trying to mediate between the States to avoid the war on tax rates among the States. It depends entirely on the consensus of the Chief Ministers of the States. Therefore, the Central Government cannot directly intervene in this matter.

SHRI K.M. SAIFULLAH: Everybody knows that this is a State-subject and there is nothing new about it. What I am asking the Government is whether you have mediated and whether you call for a meeting of all the Chief Ministers and whether you have made some efforts to have a uniform rate of sales tax to avoid horsetrading and black-marketing. In one State there is a 3% tax and in another it is 7%. Goods are bought at 3% tax rate and they are smuggled out to other States. To avoid this, what is your stand?

SHRI R. JANARTHANAM: In the four zonal committees there are State Government officers. There is also a Central Government officer in each Committee. He is persuading the States to avoid the war of rates which is going on between State and State. We are trying to convince them and we are on the

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move but as the Member knows, the Central Government cannot directly intervene in this matter because we have no jurisdiction over sales tax. It is the responsibility of the States to come to a consensus and to avoid the war of rates of tax.

SHRI SANJAY DALMIA: Sir, in view of the introduction of VAT which basically is going to simplify the present situation and also in view of the demand made by various industries, trade representatives and chambers and the Central Government having initiated a move for uniformity of the Sales Tax, I would like to know as to which are the States which are not agreeing to this uniformity and what their objections are.

SHRI R. JANARTHANAM: Sir, the States of Maharashtra and Madhya Pradesh have notified the VAT in a limited way. But, most of the States agree in principle that VAT should come. It is not a question of a particular State agreeing or disagreeing to it. Since the Sales Tax is to be replaced by VAT, all the Chief Ministers should come to a consensus. At present, Maharashtra and Madhya Pradesh are adopting the VAT in a limited way. But, they have their own jurisdiction as to how to adopt the VAT in their respective States.

The Question was actually asked on the floor of the House by **shri K.M. Saifullah**.

श्री राधकृष्ण: सभापति महोदय, माननीय मंत्री जी ने अपने उत्तर में यह कहा है कि सेल टैक्स केंद्र का सबजेक्ट नहीं है, यह राज्यों का विषय है। इसलिए वह इस मामले में कुछ नहीं कह सकते। यह बात ठीक है। पर वित्त मंत्री पूरे भारत के वित्त मंत्री हैं और राज्यों को सलाह देने का काम और दायित्व उनका है। एडीशनल एक्साइज इयूटी लगाकर कई मामलों में बिजनेस कर लगाने से उनको वंचित भी किया गया है और इसके अच्छे परिणाम भी आए हैं। मैं माननीय मंत्री जी से जानना चाहता हूँ कि अभी एडीशनल एक्साइज इयूटी केवल कुछ वस्तुओं पर ही लगी हुई है जब कि अनेक राज्यों की मांग है और खासकर व्यापारियों की मांग है कि इसे अधिकतम वस्तुओं पर लगाया जा सकता है। जो वस्तुयें मिलों में तैयार होती हैं, ऐसी वस्तुओं पर एक्साइज इयूटी

लगाकर बिजनेस कर से उनको बचाया जा सकता है। तो क्या उनकी भावनाओं को ध्यान में रखते हुए आप राज्य के वित्त मंत्रियों को इस बात की सलाह देंगे कि वे ऐसी कुछ वस्तुओं की सूची तैयार करें जिन पर एडीशनल एक्साइज इयूटी लगायी जा सके और बिजनेस कर की जो कठिनाइयाँ हैं उससे व्यापारी बच सकें?

श्री यशवंत सिन्हा: सभापति महोदय, यह जो विषय है यह अत्यन्त ही जटिल है और वर्षों से इस पर काम चल रहा है। जब माननीय नेता विरोधी दल, 1994 में, वित्त मंत्री थे, तो उन्होंने राज्यों के वित्त मंत्रियों का सम्मेलन बुलाया था। राज्य के वित्त मंत्रियों की एक कमेटी भी बनी है जो इस पूरे मामले को देख रही है। कुछ निष्कर्ष भी निकले हैं लेकिन दुर्भाग्य की बात यह है कि उन निष्कर्षों पर चलने का काम राज्यों द्वारा नहीं किया जा सका है। उनकी भी अपनी कठिनाइयाँ हैं। इसलिए इस विषय में धीरे-धीरे ही आगे सहमति के आधार पर बढ़ा जा सकता है। इसमें कोई ऐसी बात नहीं है जिसमें भारत सरकार अपनी बात राज्य सरकारों पर थोप दे। हमारे राज्य वित्त मंत्री महोदय ने बार-बार कहा है कि यह बिल्कुल ही राज्यों का विषय है और हमारा कोई सीधा हस्तक्षेप नहीं हो सकता है। जहाँ तक एडीशनल एक्साइज इयूटी का सवाल है, जब पहली बार राज्यों के वित्त मंत्रियों का सम्मेलन हुआ था, तो उसमें यह तय हुआ था कि हम सब बैट की ओर अग्रसर हों और उस समय यह भी तय हुआ था कि तीन ऐसी वस्तुयें हैं, जिनमें टूबैको, शूगर और टेक्सटाइल हैं, जिसमें हम एडीशनल एक्साइज इयूटी लगाते हैं। अगर हम बैट बना देते हैं उसको हम पूरी तरह से लागू करते हैं। तीन को एडीशनल एक्साइज इयूटी से भी किया जा सकता है और राज्यों को दिया जा सकता है। लेकिन, क्योंकि, सहमति नहीं हो पा रही है इसलिए सारा मामला एक तरह से ठहरा हुआ है। राज्य के वित्त मंत्रियों की कमेटी अभी भी कायम है जो इस पूरे मामले के ऊपर विचार कर रही है।

SHRI M. VENKAIAH NAIDU: Sir, there has been a long-standing demand for abolition of Sales Tax altogether because it has become a form of harassment to the traders at various levels and a lot of corruption is also taking place. Is there any proposal before the Government to do away with the sales tax and then replace it either with excise duty or some other way of tax collection?

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Secondly, as the hon. Minister has rightly said, it is a State Subject. I wanted to know whether this Government will take initiative to re-convene a meeting of the State Chief Ministers or Finance Ministers to discuss this subject afresh and take an early decision in this regard because this sort of variation in taxes is increasing corruption. Sir, in places like Pondicherry and I have experienced in Yanam—it is like a ward in a Municipality—at Kakinada where most of the people go to Yanam and purchase vehicles and other important goods and come back to Andhra Pradesh. Sir, the tax is less in Yanam and more in Andhra Pradesh. There is evasion of tax, there is blackmarketing and corruption is also involved in this. In view of this, will the hon. Minister expedite the process of trying to convince the States either to have a uniform sales tax rate or altogether to do it away.

SHRI R. JANARTHANAM: Sir, the hon. Member, just to prevent corruption, is asking us to do it away with the sales tax. There is corruption everywhere. Even in evasion of excise duty, there is corruption. Therefore, it does not mean that if we abolish sales tax totally, corruption would completely be abolished. Corruption is a separate subject and taxation is a separate subject. Therefore, I would just like to inform the hon. Member that just by avoiding sales tax, we cannot abolish corruption... (*interruptions*)... We have four Zonal Committees... (*interruptions*)... We are encouraging the States to have a uniform tax but since it is a State Subject, it is entirely for the State Government concerned to decide. Sir, in the Chief Ministers meeting, the hon. Finance Minister has said that there is some understanding between the Chief Ministers but I think, they have not yet come to a conclusion. Sir, Shri Rajaji had brought this sales tax in 1936 when I was a student. It was only half-a-paisa per rupee. Now the sales tax has gone to such an extent that it has become a *Kamadhenu* for the Government. Therefore, the States will not abolish sales tax

but we will try to abolish corruption step by step.

Airport infrastructure policy

*183. SHRI S. M. KRISHNA: Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether airport infrastructure policy envisages development of some airports as international hubs; and

(b) if so, the details thereof together with the names of airports being considered for the purpose?

THE MINISTER OF CIVIL AVIATION (SHRI ANANTH KUMAR): (a) and (b) The policy on Airport Infrastructure has recognised that the existing 5 international airports at Delhi, Mumbai, Calcutta, Chennai and Thiruvananthapuram can be classified as international hubs in terms of facilities provided. Bangalore, Hyderabad, Ahmedabad, Amritsar and Guwahati can be added to the list as and when facilities are upgraded to the desired level.

SHRI S. M. KRISHNA: Sir, in November, 1997, the previous Government took a major decision about infrastructure policy for airports. One specific area which causes some security concern for all of us was that 74% foreign equity would be allowed for automatic approval and if it is 100% equity in terms of foreign investment, it would be examined on a case-to-case basis. I would like to know from the hon. Minister as to what the policy of the present Government is, with reference to the foreign private investment in our infrastructure with particular reference to airports.

SHRI ANANTH KUMAR: Sir, already there is an existing policy on the airport infrastructure which clearly notified that 74% foreign equity would be allowed for automatic approval and if it is 100% equity, it would be examined on a case-to-case basis with a special clearance. I think, this continues to be the Government's policy.