

(At this stage, some hon. Members led the Chamber.)

SHRI GURUDAS DAS GUPTA: We want a Committee of the House. He does not agree to this. In protest we walk out. We shall see that Mr. Sontosh Mohan Dev is not able to carry out his programme.

(At the stage some hon. Members left the Chamber.)

SHRI S. JAIPAL REDDY: We shall take it both to courts and to streets.

(At this stage, some hon. Members left the Chamber.)

**I. THE UNION DUTIES OF EXCISE (DISTRIBUTION) AMENDMENT BILL, 1995**

**II. THE ADDITIONAL DUTIES OF EXCISE (GOOD OF SPECIAL IMPORTANCE) AMENDMENT BILL, 1995**

THE VICE-CHAIRMAN (MISS SAROJ KHAPARDE): Now, we take up the Union Duties of Excise (Distribution) Amendment Bill, 1995 and the Additional Duties of Excise (Goods of Special Importance) Amendment Bill, 1995. We are discussing them together.

Shri Pramod Mahajan. Not present.

May I request the hon. Minister, Dr. Manmohan Singh?

THE MINISTER OF FINANCE (SHRI MANMOHAN SINGH): Madam, I beg to move:

"That the Bill further to amend the Union Duties of Excise (Distributin) Act, 1979 as passed by the Lok Sabha, be taken into consideratin."

Madam, I also beg to move:

"That the Bill further to amend the Additional Duties to Excise (Goods of Special Importance) Act, 1957, as passed by the Lok Sabha, be taken into consideration."

Madam, the above two Bills have already been approved by the j,,ok Sabha on 1st August, 1995.

The two Bills which I have moved today, arise out of the recommendations of the Tenth Finance Commission which have been accepted by the Government. The Report of the Commission along with the Explanatory Memorandum as to the action taken thereon by Government, was placed on the Table of the House on 14th March, 1995.

Madam, the first Bill provides for sharing and distribution of basic excise duties. The Tenth Finance Commission has recommended 47.5 per cent of the Union excise duties on all commodities, should be paid to States during the period from 1995 to 2000. 40 per cent are recommended for distribution to all the States while the remaining 7.5 per cent are earmarked for distribution exclusively to the deficit States in proportion to their post devolution deficits as assessed by the Tenth Finance Commission. The estimated transfer on this account to the States during the five years 1995-96 to 1999-2000 is of the order of Rs. 121692 crores.

The second Bill seeks to give effect to the recommendations for the distribution of the net proceeds of the additional duties of excise levied on sugar, tobacco, cotton fabrics, woollen fabrics and man made fabrics. As the House is aware, these duties are being levied from 1957 with the consent of the State Governemnts and are in lieu of the sales tax levied by them on these commodities. The scheme provides for the distribution of the entire collections, other than the portion of the proceeds attributable to Union territories, among the States in accordance with the principles recommended by the Finance Commission. The transfer to States on this account during the five year 1995-96 to 1999-2000 is estimated to be Rs. 19986 crores. The above two Bills were introduced in Lok Sabha on 8.5.1995 and 19.5.1995 respectively.

May I take this opportunity to bring to the kind notice of the Hon'ble Members that the two bills on Union excise duties

and Additional excise duties were referred to the Standing Committee on Finance by the Hon'ble Speaker, Lok Sabha. These two bills were considered by the Standing Committee and approved without any amendments. The reports of the Standing Committee on Union duties of excise and Additional duties of excise were presented to Lok Sabha and copy laid in Rajya Sabha on 31.5.1995 and 1.6.1995 respectively. As the Budget Session ended on 3.6.1995 with the adjournment of the Parliament, these two Bills could not come up for consideration. Hence in view of the urgency of the matter to release the share of States in Union duties of excise and Additional duties of excise, the Hon'ble President promulgated two Ordinances, namely, the Union Duties of Excise (Distribution) Amendment Ordinance, 1995 and the Additional Duties of Excise (Goods of Special Importance) Amendment Ordinance, 1995 on 18.7.1995. A copy each of the statement explaining the circumstances which necessitated the immediate legislation by Ordinances have already been laid on the Table of the House.

In conclusion, may I reiterate that our decision on the recommendations of the Finance Commission reflects the Government's firm commitment to the objective of harmonious federal fiscal relations which is an essential prerequisite for accelerated and balanced economic growth. I, therefore, request that these Bills may be taken up for consideration and return.

(The Vice-Chairman, (Shri V. Narayanasamy) In the Chair.)

SHRI SATISH AGARWAL (RAJASTHAN): Thank you very much, Mr. Vice-Chairman, for the opportunity to initiate a discussion on a very vital subject as this concerns the Centre-State relationship.

The two Bills, which have been introduced by the hon. Minister for

Finance are in pursuance of the recommendations of the Tenth Finance Commission, which was constituted by the President of India under article 280 of the Constitution of India.

Before coming to the other issues, which I shall be raising here and which will not pertain only to my State of Rajasthan, but will be pertaining to other States as well, because this is the Council of States and all the States are represented by various Members from various parties in this House. So, I will try to reflect not only my viewpoint, but will try to blend the ideas practically of all the hon. Members of all States and I seek support from them on this issue.

Firstly, I have one serious objection with regard to the composition and constitution of the Finance Commission. Under article 280, it has been laid down that every five years there shall be a Finance Commission. Now, this Finance Commission is to assess and allocate the resources between the States and the Centre. States are also a major partner in certain Central duties and they would like to have a share of the Central cake, as they have been demanding since long. So, I have a very strong objection to the composition of the Finance Commission where none of the Opposition political parties or Members belonging to Opposition States, be they West Bengal, Rajasthan, Madhya Pradesh, Gujarat or CPI, CPM or BJP are having their points of view. More than 50 per cent of the States in India are ruled by these parties and they do not find a place in the composition of the Finance Commission.

4 P.M.

So, I demand that some sort of statutory provision should be added either in the Constitution or in the Finance Commission Miscellaneous Provisions Act, 1951, Act No. 33 of 1951, Whereby at least one-third members of the Commission should always be from the non-ruling parties, whether we are in power or the Congress party is in power.

Secondly, the Ninth Finance Commission was constituted in 1989 and they submitted their report up to 1994. Now, in this case also see how casually the Government dealt with the Commission. Out of four members, two members have resigned. Dr. C. Rangarajan, Member, resigned on the 21st December, 1992. The Commission was constituted on the 15th June, 1992. He resigned just six months after and his vacancy remained unfilled till 14th October, 1993. Practically for eleven months or ten months this vacancy was not filled up. The Member-Secretary, Shri N.C. Gupta, also resigned on the 31st January, 1994, practically at the fag end. Thereafter somebody else was made in-charge of it because Shri Gupta was appointed as the Chief Secretary of the Haryana Government. What was the necessity to shift him? He was a Member-Secretary of the Commission. Why do you shift people like this? The Commission's work suffered. That was one of the reasons why the Finance Commission sought an extension of time from the President of India for submission of its report. They made a mention about it in their introductory part. That is why they recommended that there should be a permanent Finance Commission Division in the Ministry of Finance, instead of a cell which is working at the moment. So, I strongly feel that a Finance Commission Division should be created in the Ministry of Finance so as to monitor all these things continuously during the five year period. Now, this is with regard to the composition and with regard to the seriousness that should be attached to the working and functioning of the Finance Commission.

Thirdly, there has been an increasing demand from the States for a share from the Central resources. Looking to the federal polity and looking to the challenges that the Indian polity is now facing, I think that the States need a greater share in the Central resources.

Instead of receiving grants from the Centre, the States should have a sense of participation in the governance of this country; and they should be made equal partners in the share of Central tax. The Finance Commission considered this point of view and they an alternative source of devolution. They fixed 29 per cent out of the total Central taxes and this percentage of share should go to the States; and 71 per cent should remain with the Centre. Now, they have given them the time to implement this recommendation after certain Constitutional amendments. This should be implemented from 1.4.96. They have made this recommendation. But I do not know whether the Government is sincere about it. I think that it is a good suggestion. In fact, it could have been implemented right from 1.4.95.

What is the necessity of taking up schemes in the Central sector when these schemes lie exclusively in the domain of the States? For example, rural development, poverty alleviation, employment generation, irrigation, agriculture, animal husbandry, primary education, elementary education and so on and so forth. There are various subjects, which, according to the Constitution, lie in the domain of the States. Now, the Centre is having Centrally-sponsored schemes, providing funds from them from the Central kitty. Instead of doing that, it is better you transfer more resources to the States. According to me the recommendation which the Finance Commission made with regard to the sharing of the Central taxes or more divisive pool from 1.4.1996 should have been implemented from 1.4.1995 itself.

It would have given, I may say, more appreciation for the Finance Minister. Now you are passing the buck on to the next Government. God knows whether you will come to power or we will come to power the next time, but you should have done a good thing right now. So,

this alternative scheme of 29 per cent in the total divisible pool should have been implemented from 1995 itself.

Secondly, the States have been hankering for more share in excise duties, more share in customs duties, corporate tax, income-tax, this tax and that tax. You have accepted the recommendations of the Finance Commission. I have no doubt about it. I think the Government is for accepting the recommendations of the Commission. If, by this alternative scheme, the States could get more shares, the States would have been your real partners in the economic reforms programmes. Now the Centre and the States are not at one wave-length. Their wave-lengths are different. And you are treating them differently. This is another thing.

Thirdly, according to the first bill, Rs. 1,21,692 crores are to be given to the States for these items which have been mentioned here. The total transfer to the States between 1995 and 2000 will be Rs. 1,21,692 crores for the Union excise duties and Rs. 19,986 crores against additional excise duty. This is given in the Finance Commission's report. The Finance Commission estimated the total tax revenue of the Centre for the next five-year period. According to that assessment, I am sorry to find in the Finance Commission's report, for the period 1995—2000, the estimate by the Finance Ministry was Rs. 8,34,400 crores whereas the Finance Commission said, "No, this is wrong". It did not accept your, assessment and evaluation. It said that -the total tax revenue would be Rs. 9,25,040 crores which means that there was a difference in evaluating, in assessing or in estimating the total tax revenues for the next five-year period. The difference was Rs. 90,640 crores. The Finance Ministry's recommendations for five years was Rs. 6,46,517 crores. The Finance Commission said, "No, Rs. 7,16,511 crores." Why should the Finance Ministry which is the grandmother Ministry should try to play deception

even on the Finance Commission? Why should it give wrong estimates? Why should it give wrong figures? If you have to part with more money, let it be more money. It will go to our States. They are our States. They are federating States. They are a part of the Union. The Finance Commission declined to accept

this sort of deception played on it by giving wrong estimates. It gave its own assessment and evaluation so far as the devolution of taxes was concerned. So far as the Centre-State treaty is concerned, I think it was not fair on the part of the Finance Ministry to have behaved like this.

Fourthly, we have amended the law. WC have amended the Constitution. Article 280 also has been amended. A provision has been made to bring 'measures needed to augment the Consolidated Fund of the State to supplement the resources of the panchayats in the State on the basis of the recommendations made by the Finance Commission of the State'. Nothing has been provided to the States for augmenting the resources of the State so as to part with the money for the local institutions like panchayats and municipalities. They are not going to get anything out of this particular measure, out of the recommendations of the Finance Commission. I do hope that the Finance Minister will clarify the position in this behalf as to how much is being diverted to the States or to the various panchayat raj institutions, municipal councils and municipal boards. I find practically no provision so far as this particular measure is concerned.

Now, Sir, excise duties are being divided with the States. Previously, probably, before 1979, 20 per cent was the share of the States in excise duties. It was only in 1979—1984, probably when Dr. Manmohan Singhji was looking after the Finance Ministry -if my memory does not go wrong—when the Seventh Finance Commission recommendations

were accepted by him while being in the Finance Ministry, and as Secretary, Economic Affairs, he was very generous to the States that the excise duty share was raised from 20 per cent to 40 per cent. Probably it was during 1978 or 1979. It was doubled practically from 20 per cent to 40 per cent. It was done during the Janata Party regime. I am not taking credit for that. But what I am saying is: "What have you done?" It was raised to 45 per cent. I have got a complete chart of the recommendations of all the Finance Commission, right from the First Finance Commission to the Tenth Finance Commission. But it will take more time for me to read all that. Now, in the Tenth Finance Commission Report, they have recommended that instead of the existing share of 45 per cent, the States should get not only 45 per cent out of the total excise duty, but they should also get 47.5 per cent. But out of 47.5 per cent, the actual share of the States has been fixed at 40 per cent. 7.5 per cent is on other considerations which every State will not get. Practically, we have reduced their share. The States were getting 45 per cent share. Now you have reduced their share to 40 per cent. I have a grouse on that score. You have reduced it. Here you have increased it from 45 per cent to 47.5 per cent. There is an increase of 2½ per cent. There is no doubt about it. But you have decreased the share of the States from 45 per cent to 40 per cent and 7.5 per cent is on other considerations.

So far as income-tax is concerned, you have reduced it from 85 per cent to 77.5 per cent. Here you have reduced it by 7.5 per cent. That is all right. But you have not included the corporation tax for division. You have not included many other things in the Customs pool. Okay, You have not done it this year. You should have done it, according to me, so that the States would get a great benefit out of it. And then one thing more. If the States are partners in the excise duties and as

they are going to be partners in the other Central taxes from next year onwards, as I said earlier, there should be representation on the Finance Commission and if the Constitution is to be amended, you amend it and increase the number of members from five to seven. I don't mind it. Let it be seven members. But they should have equal and proper representation in the Finance Commission.

While I was going through the latest Audit Report of 1995, I was surprised to see that at page 106-Exemptions-under sub-section 1 of the Central excises and Salt Act, 1944, during the years 1992-93 and 1993-94, the exemptions are as under:

I don't want to go into a number of cases. The estimated amount of duty foregone-this is at page 107-under sub-section 1, the total comes to Rs. 21,290.97 crores. I think there is something wrong. Either the figures are wrong in this Audit Report or there is some other defect. It cannot be that much. I was shocked and I am shocked. So, you have to clarify this position, whether Rs. 21,290.97 crores is the correct figure or not.

In another case, under sub-section 2, you gave exemptions for Rs. 4,083.63 crores. You are granting exemption after exemption. You are giving so much relief in the excise duty. Last year, You gave more than Rs. 1,900 crores relief to the consumers but the industry did not pass on that particular relief to the consumers. - The industry was allowed relief last year as well as the year before last also when the question was raised in this House. But the industry is cheating the consumers. You are passing on the benefits to the industry but the industry absorbs it and does not pass it on to the consumers. So, so far as exemptions are concerned, this is the position.

So far as the outstanding demands are concerned, at page 108, the total number of cases as on 31.3.94, mentioned here is 79,543. The amount involved is

Rs. 35,075.85 crores. This is the outstanding demand. This, is mentioned in the Audit Report:

"The amount of excise duties assessed provisionally and pending finalisation and the amount of revenue involved as on 31 March 1993 and 31 March 1994 are indicated below. ..."

I am giving the figures of 1994—

"Pending decision by Courts of Law

Pending decision by Govt. of India or Central Board of Excise & Customs  
Pending adjudication by the department

Pending finalisation of classification lists

Pending finalisation of price lists  
Other reasons

The amount involved is Rs. 77,481 crores, and in respect of pending adjudication by the department alone, the figure is Rs. 74,472 crores."

I do not know whether the figures given in the Audit Report are wrong, if they are wrong, correction slips should be issued to us. These are mind-boggling figures. There are such large amounts outstanding, there are so many abstentions, refunds, short-levies, underassessments. There are other instances also. I do not want to take the time of this hon. House, and I think the hon. Finance Minister has got my point and he will set the House in order because this hon. House, and I think the hon. Finance Minister has got my point and he will set the House in order because this House is constituted of representatives of various States and States are a partner in the share of taxes. So we are worried about it. And we are a partner to the extent of 47.5 per cent. Practically, equal partnership is there. We are equal partners. So, we have an interest in the smooth, efficient and non-corrupt functioning of the Department. Sir, I am not dwelling on

the other points which are contained in the Audit Reports. Only these two or three points I have brought to your notice.

Now, I have got one case here and that is of tax evasion. Evasion of duty has become a common feature, these days, whether it is income tax or corporation tax, whether it is excise duty or customs duty. You have to strengthen your machinery. I am sorry to say, I am only citing one recent press-clipping which has appeared in a newspaper—this is dated 2nd of August, 1995----- SSWhereby the Excise Department has recently acquired powers in the 1995-96 Budget to raise the net excise demand of the Company from Rst 803.78 crores to about Rs. 1,250 crores by charging interest on the outstanding that was not paid by ITC between 1983-84." And it is one company, ITC! Rs. 1,250 crores! I am not referring to other large industrial houses. What do we do about it? Ultimately, you also suffer. The Centre also suffers and the States also suffer. So far as these excise duty evasions or other tax evasions are concerned, I do hope that you will take effective steps for improving the efficiency of the Department.

Sir, one thing more I would like to say here and that is with regard to the performance of the States, the fiscal position of the States. Mr. Minister, you have been now proclaiming from the house-tops regarding the new Economic Reforms Policy. You stand for it. Partially, on certain counts we also supported you when you delicensed, when you decontrolled, when you tried to debureaucratize, which you have not been able to do so far, but, Mr. Finance Minister, what is the position of actual functioning of the Government? I am not joining any issue with you at the moment. Now our economy, is a surplus economy. I quote from the Finance Commission's recommendation itself so as to put the record straight because the general impression is that everything went wrong in 1991. That

is the general impression. I am not joining issues with you on this, but what does it say? Para 2.6: "From a revenue surplus the economy moved into a state of continuous deficit on revenue account in 1982-83. While in 1975-76 there was a revenue surplus of about 2.5 per cent of Gross Domestic Product, 1990-91 revenue deficit reached 3.6 per cent and is estimated to be about 5 per cent of GDP in 1993-94."

"This rise has been even faster than that in the fiscal deficit which increased from 6% in 1974-75 to 12% in 1991. It is estimated to be 11.5% in 1993-94."

It is 11.5% in 1993-94. Nobody has come to know so far from your answer in the House that the fiscal deficit has been 11.5% in 1993-94. There is a graphic presentation.

"The change in the fiscal regime in 1992-83 from revenue surplus to revenue deficit has meant that what was earlier a non-debt creating source of financing has become a source of rising internal indebtedness. In other words, while revenue receipts used to cover a part of the capital expenditure, now an increasing part of the capital receipts are used to finance revenue expenditure."

Is this a healthy state of affairs; No, it is not. The Finance Minister will also agree with me on this count. But, honourable Doctor Sahasrabudhe, my esteemed colleague, may I pose a question to you in this very context? What was the position, the total balance-sheet of the Government of India, in 1977-78? Whatever has been commended by the Finance Commission, I take it a step further. Your public debt has been rising phenomenally, which you have admitted in this House. The borrowings are not being used for creation of capital assets. You are borrowing and borrowing only for consumption. This will be clear from one statistic\* and that is this. According to the assets and liabilities, your total assets

in 1994-95 were Rs. 3,55,000 crores and liabilities were Rs. 5,33,000 crores. Assets Rs. 3,55,000 crores and liabilities Rs. 5,33,000 crores! It meant there was a gap of Rs. 1,78,000 crores. Whatever you have borrowed, during the last four years, from 1991 to 1995, you have consumed more than a hundred thousand crores of rupees for your daily current account expenditure. Is it a healthy state of affairs? So far as the public debt is concerned, in 1978 the internal debt was Rs. 19,000 crores and the external debt was Rs. 9,000 crores. The total debt was Rs. 28,000 crores in 1978 when you were looking after the economic affairs of the Ministry. That has gone up and that will go up to Rs. 6,91,511 crores by March, 1996, as you have stated in an answer to my question dated 8th August. I have got that question and answer with me. This will go up to Rs. 6,91,511 crores from Rs. 28,000 crores over a period of 15 years. It is practically more than 40 times. What have you done? You have borrowed money and used it for your consumption purpose. This is a very unhealthy state. However loud you may cry over the economic reforms, unless you go deep into the micro economic issues, things will not improve. What has been the achievement? Now Mr. Jagdish Desai will be surprised to know what our achievement has been. I don't want to go into the details because my other friends are also going to speak. I am not going to take more time. Your public debt has gone up. Your liabilities are more than your assets.

THE VICE-CHAIRMAN MISS SAROJ KHAPARDE in the chair

The interest equals the total borrowings in a year. Now you are talking of poverty. You have recently submitted Supplementary Demands for Grants to the House for approval and we have passed them under compulsion because the situation has demanded it. Mr. Finance Minister, kindly look at page 4 of the Mid-term Appraisal, which you might not have got by now because you are not

in good terms with the Planning Commission Chairman. What is the figure? Trends and incidence of poverty, 1987-88 to 1994-95—Expert Group Methodology. In 1980-90, the incidence of poverty was 34.3 per cent in 1994-95. This is the position of the last five to six years. The incidence of poverty is rising. People living below the poverty line are increasing. Now you are coming up with so many schemes which were not budgeted for in 1995 Budget. On the even of elections you have announced certain schemes. You have announced these announced certain schemes. You have announced these schemes. You have announced these schemes because you want to win over the electorate which I hope will not be cheated this time because they are being cheated for long. So, the position is not going to improve. I feel that the Central Government should first put its own house in order. Under the Plan for

calamity relief fund, you have only provided Rs. 4,728 crores for five years. In Rajasthan there is so much of flood and the Army has been called in. Two hundred villages have been submerged in water. Now, the Central Government will give Rs. 4,728 crores and the States will contribute Rs. 1, 576 crores. The upgradation grant for five years is only Rs. 2,608 crores and in the National calamity Relief Fund you have provided Rs. 700 crores. What for is this Rs. 700 cores? You are bringing additional schemes which are not budgeted for in the 1995 Budget. You want to win over the people by announcing these schemes. You used to denounce the TDP Government in Andhra Pradesh and other State Governments. You said that these were such popular measures which the country could not afford, which the

economy could not afford. How will the Central Government afford it? This fiscal profligacy is being resorted to in a much

larger manner by the Central Government than by the States. If you look at the figures of the States, their revenue position, their fiscal position, is better than that of the Centre. So, instead of giving more grants, give them more share, make them partners in developmental work, give them their due share and look after the department for realising all these dues. So far as the composition of the Commissions for future is concerned, you give due representation to the States, to the Opposition-ruled States and also the Opposition point of view. The devolvement and devolution of resources should not be one sided so far as the States are concerned. The States are the foundations of our democracy. They have to look after the problems of the people. They have to look after the irrigation problems. They have to look after agriculture. They have to look after the rural development programmes. They have to look after all these things. So far your role is concerned, there is nothing much for you to do here. But, you are unnecessarily having these Centrally-Sponsored Schemes and you are trying to impress upon the people that you are giving money for these schemes. Of course, you are giving money But, why should this segregation be there? So, for God's sake, please be sincere to your job and don't be under compulsions. I know that you don't have a political clout. You are an intelligent person. But, you have to depend upon others and sometimes the feeling is that you are helpless in certain matters.

SHRI ASHOK MITRA (WEST BENGAL): Now he has political power.

SHRI SATISH AGARWAL: No, he does not have political power. I don't agree with you. He is not a political personality. He is not a political creature. He does not have that tendency at all. With these words ....(Interruptions). So far as Dr. Manmohan Singh is concerned, he will not mind it. If he can go to the South-South Commission and present a



report, he can come to the Congress and present another report. After all, he is a technocrat, he is a bureaucrat. He is not a politician of the kind that are generally available here. That is why he is respected the most. When he resigned the whole country shivered, the whole Congress party shivered. If Dr. Manmohan Singh goes on the JPC report .....

SHRI ASHOK MITRA: The Congress party shivered, not the whole country.

SHRI SATISH AGARWAL: Whatever it is. The whole Congress party, the Treasury Bench shivered. Dr. Manmohan Singh, you are just like a मोहम्मद गौरी ने जब हिन्दुस्तान पर हमला किया तो वह गायों को आगे कर देता था। इससे हिन्दू उन पर वह गायों को आगे कर देता था। इससे हिन्दू उन पर हाथ नहीं उठाते थे। इसी तरह कोई झंझट हो, कोई बदमाशी हो, कोई स्कैंडल हो, करप्शन हो, सेक्यूरिटी स्कैम हो, जे० पी० सी० हो, डिस-इन्वेस्टमेंट का मामला हो, कांग्रेस वाल मनमोहन सिंह जी को आगे कर देते हैं। हम कहते हैं कि हमें डाक्टर मनमोहन सिंह की ईमानदारी में कोई शक-शुबहा नहीं है। ....(व्यवधान)....

THE VICE-CHAIRMAN (MISS SAROJ KHAPARDE): Dr. Manmohan Singh is not the regulation. Come to the point.

SHRI SATISH AGARWAL: Madam, what I am saying is that he is being Utilised by the Treasury benches. He is being utilised as a shield to shield the corrupt officers and corrupt bureaucrats in the Government and in the Ministry. He is respected by everybody. Who in this whole House, from the Opposition, can raise a finger against him so far as his personal integrity is concerned? Who can raise a finger against Mr. Antony? There are good people in the Congress party, maybe, one per cent, but there are people who are being used as shields to save the corrupt people. You should not permit them to do it. With these words I thank you for the patient hearing. I do hope the House will support me so far as my views on the Excise Duty are concerned.

SHRI JAGESH DESAI (Maharashtra): Madam, Vice-Chairman, first of all I compliment Shri Satish Agarwal because he has choiced the views of many Members of this House who represent the States. The Tenth Finance Commission has recommended that all the taxes should be pooled together, whether it is corporation tax, excise duty or income-tax, and then the share of the States should be determined. In this way the States can manage their finances and their difficulty can be solved. Madam, Vice-Chairman, Mr. Agarwal talked about the public debt. This is being discussed and our Finance Ministry is seized of the problem. Our Finance Minister has declared that he would bring a White Paper and at that time we would be able to place our views. Madam, the Tenth Finance Commission had done a very very commendable job. they have analysed the debts and they have come to some conclusion. One of the main conclusions that they have come to is on page 10 and that is regarding the expected returns from the State enterprises. Para 3.16 says: "We commissioned a study by the Institute of Public Enterprises, Hyderabad regarding the performance of, and expected rate of return on equity invested in State level public enterprises. The Institute has recommended that the enterprises (including cooperatives) be classified as commercial, commercial-cum-promotional and promotional. We are in agreement with the classification proposed. The Institute has also recommended that a reasonable rate of return on equity for these three categories of SLPEs would be 7.5 per cent, 5 per cent and 2.5 per cent respectively." It is high time that this kind of study is taken up for the Central public enterprises. They should fix the returns so that we actually know whether the public sector is concerned with infrastructure or whether it is a commercial sector and whether they are performing according to the formula or not. Accordingly, corrective measures

should be taken so that we get a reasonable return on the investments made by the Government. We should see that this is done. Madam, with this I would like to place before the august House that the devolution of taxes and the formula which is followed is hurting the States which make all efforts so generate resources by way of excise duty, by way of corporate tax and by way of incometax. I will give the example of Maharashtra. Madam, Maharashtra has provided all the infrastructural facilities to the industries. The industries have been given sites. They have been given the facilities of water supply, electricity, etc. Maharashtra generates 29 per cent of the revenues, on account of Excise, Income Tax and Corporation Tax. But it is getting only 8%. 27% of the total revenue on account of Income Tax revenues is collected from Maharashtra and it is getting back only three per cent. Why is it so? As per the recommendations of the 10th Finance Commission, Maharashtra will be getting Rs. 1,250 crores less on account of Income Tax revenues for five years. What are we doing? Those who have big populations and who have not done anything to curb it are getting more resources. But those States which have done a lot to see to it that their population growth is curbed and is kept under control, are being punished because they are being given less resources. Those States which do not want to spend . on creation of infrastructural facilities for their industries, are being given the benefit of higher share in the resources and the States which are spending a lot of money on infrastructure, are being deprived of their legitimate rights. I request the hon. Finance Minister to kindly look into it. If this formula is not changed, then the States will be discouraged. The formula is that there is a 20 per cent weightage for population and 60% weightage for per capita income. Those who do not have a high per capita income, they will get

60%. Only 5% is given for the infrastructure. They spend the money on power projects. They spend the money on water supply. They have created big industrial estates. All this is being done and the weightage is only 5 per cent. Is this a formula? I think that the Finance Minister should himself look into it. I know that he cannot do anything. That is why I wanted that the Report should have been discussed at that time. We could have given our suggestions so that both the Centre and the States could have benefited. So far, in the last ten years, I have not seen any Finance Commission's Report being discussed. Let us have a discussion at least on the Report of the Tenth Finance Commission. We can all give our considered view and our suggestions. Otherwise, if this kind of a formula is there, then those States that are doing well, will be deprived of their legitimate right. I will also give a few figures here. I was surprised when I saw the report. As regards the share in Income Tax, Andhra Pradesh, which was getting 8.2%, will now be getting 8.4%. Karnataka, which was getting 4.9%, will now be getting 5.3%. So, almost every State is getting more now. But, what has happened in the case of Maharashtra? As per the Report of the Ninth Finance Commission, it was getting 8.1%. Now, it will get 6.1%, which means that it will be losing two per cent of its share, whereas Maharashtra is a State which is collecting 29% on account of Income Tax and it is getting back only 3%. It is the same story in the case of Excise. Andhra Pradesh was getting 7.1% earlier, but it will now be getting 8.4 per cent. There is an increase of 1.3 per cent. Take Bihar. It will now get 12%, whereas it was getting 11% earlier.

Now Maharashtra will get only 5.1% whereas earlier it was getting 6.12%. I don't know whether this is the recommendation of Finance Commission. But, if a State is hurt like this, we should

take some corrective action by way of grants, etc. Madam, certainly, have deficit in the Budget, have your non-Plan expenditure and that will be totally recouped. The States which are making efforts for collecting taxes and trying to curtail their expenditure are being punished. As such, Madam, I would like that this aspect should be reconsidered. I know that the Finance Ministry cannot do anything at present, but if you want that the States should make more efforts for more industrial production so that the prices come down and more revenue from excise duties, corporation tax and incometax is generated, you should have some concessions for the States which are making all these efforts. Madam, Maharashtra will be losing Rs. 1,200 crores by way of income-tax as a result of the recommendation of the Tenth Finance Commission. Repuees 1,200 crores in five years! So, instead of getting more, they are getting less. How are we going to face this kind of a situation? Is Maharashtra to be treated like this? What are you doing by way of special programmes?

Madam, people from the whole country come to Bombay for earning their livelihood. I am of the opinion that nobody can stop anyone from going to any part of our country. It is their right and nobody can curtail it. At the same time, we should keep in mind the problems of Bombay. There we have slums and water problem, they have given only Rs. 50 crores to Bombay for slum improvement. Who are coming up now in these slums? It is those people who have come outside Maharashtra. They have gone there for earning their livelihood. I don't want that they should be thrown away. They should be given some amenities and the State Government cannot spend so much money for this purpose. As such, this Rs. 50 crores is nothing. What have they given for urban areas? It is only Rs. 50 crores. So, these are the problems created by the people who have come

outside Maharashtra, Maharashtra cannot bear these kinds of expenses. We cannot tell them that they should leave Maharashtra, but we should be given some kinds of assistance by the Central Government by any method either by grants-in-aid or by some special schemes. If that is not done, I think, we are not doing our duty towards Bombay and the people of Bombay -wffl- be put to many hardships. I am sure that the hon. Finance Minister would look into this and see that these kinds of things are removed at the earliest.

Madam, now I come to the question of transfer of funds to the States. Madam, as per this formula, those States which have big population and whose per capita income is less are getting a colossal amount. Andhra Pradesh will get Rs. 5,313 crores by way of incometax and Rs. 9,291 by way of basic excise duties. Bihar will get Rs. 8,072 crores by way of incometax and Rs. 13,456 by way of basic excise duties. Madhya Pradesh will get Rs. 5,203 crores by way of income-tax and Rs. 8,495 crores by way of basic excise duties. Uttar Pradesh will get Rs. 11,179 crores by way of income-tax and Rs. 19,139 crores by way of excise duties. What about Maharashtra? Maharashtra will get only Rs. 3,444 crores by way of income-tax and only Rs. 6,277 crores by way of basic excise duties, when Maharashtra contributes about 29% of the revenue. I am sure that these kinds of imbalances and this kind of formula will be changed. I am sure the hon. Finance Minister will look into this. I would also like to compliment the Finance Commission. I don't want to discuss about the financial policy here, but I must say that they have done a commendable work. The Government must examine it and especially regarding devolution of taxes to the States, one criterion should be adopted so that each State is given a particular percentage. I am sure that the injustice done to Maharashtra will be set right. You want to encourage such States which are

having infrastructure. That is our policy. If such States do not get any material support from the Central Government, then which State will go in for creating infrastructure?

I have a last point regarding linkage of excise duty and income-tax. I am sure, the Minister will look into it. He must come up with some drastic action against those who evade excise duty and income tax of which States are deprived and the Central Government is deprived of the corporate tax.- I am sure that he will strengthen the Directorates of Enforcement and Income-Tax as well as Excise so that more revenue is generated and States get a better share. With these words, I support the Bill. I am also sure that the grievances of Maharashtra which I have focussed here by facts and figures will be taken care of and the Finance Minister will, by some other formula, compensate Maharashtra for the reduction in the share of income-tax. If that is done, and if the injustice done to Maharashtra is removed, Maharashtra will always remember the Finance Minister. With these words, Madam, I support the Bill.

THE VICE-CHAIRMAN (MISS SAROJ KHAPARDE): Shri Sanatan Bisi.

SHRI SANATAN BISI (Orissa): Thank you for giving me this opportunity. Madam, first of all, I oppose the Bill on the ground that the

Schedules that have been given in the First Bill and Schedule-II that has been given in the second Bill are not in consonance with the provisions of the respective sections. Secondly, some extraneous facts have been supported in the Schedule. Firstly, I will submit, Madam, about Sections 4. As far as Section 4 is concerned, it has been clearly stated how distribution is to be made. I am referring to the Additional Duties of Excise Bill. For the general knowledge of the House, I am taking a little time. I will read out Section 4: "During each financial year

there shall be paid out of the Consolidated Fund of India, to each State, in accordance with the provisions of certain schedules representing a part of the net proceeds of the additional duties levied and collected during the financial year as are specified in the schedule."

So far as Section 4 is concerned, it is typical of two things. Schedule-I deals with how addition will be made. Schedule-II deals with how the distribution has to be made. Here, I would state about the Schedule: "During each financial years, commencing on and after the 1st April, 1995 there shall be paid to each state as specified in column-1 of the table below, such percentage of the net proceeds...."

My particular reference is to the net proceeds, "...of the additional duties levied and collected during the financial year in respect of the goods described in column-3 of the First Schedule after deducting therefrom a sum equal to 2.203% of the said proceeds as being attributable to the U.T.s and as is set out against in column-2 of the said table." I oppose this thing because of the statement that has been laid in the House and read out by our Finance Minister. He has referred to the distribution as recommended by the Finance Commission. I will come to that later on because several Members have already severely criticised the effect of the report of the Tenth Finance Commission. So far as Section 4 and Schedules-I and II are concerned, there are not in consonance with what the Finance Minister has already stated. He has completely referred to the Tenth Finance Commission. This is a great anomaly that has been created since 1957.

I will find support from the Finance Commission regarding inadequacy in arriving at the net proceeds. The word 'net proceeds' is very much clear. What is to be distributed to the States? From the net proceed. The word 'State' is there. But, in Schedule I have read about the Indian Territory, in the section, the word 'State' is there and the word 'Indian Territory' is

not there. In the Section it is very clearly stated as to how much amount has to be distributed to the states out of the net proceeds. So far as the distribution is concerned, it is made on the basis of the recommendation of the Tenth Finance Commission, which is an external aspect, so far as the Schedule/is concerned.

Shri Manmohan Singh has clearly stated in the statement that the Government has taken the decision. This is completely an executive decision. The hon. President appointed a Commission. The Commission has submitted its report. But, no discussion on the Report has taken place in either of the House. This is a pertinent case on which we can have a discussion. I submit to the hon. Minister that there should be a special discussion on this matter in view of the fact that whatever has been stated in Section 4 is against the Bill because till the time Section 4 is clearly spelt out, the Finance Commission should not have entered into it. Section 4 is very much clear about the distribution. Where is the question of the Finance Commission entering into the statute so far as Section 4 and Schedule 2 are concerned? So, this is the occasion when we should be united and demand that there should be a full discussion, on the Report of the Tenth Finance Commission so that we can know the real things that are taking place. Madam, I was submitting regarding the net proceeds and the manner in which the net proceeds is arrived at. In the report of the commission on page 28 it is stated, in para 6.18:

"We agree with the view of the Ninth Finance Commission that distribution of additional excise duty is not in the nature of devolution for which the population figures of 1971/census should be used as per our terms of reference. Hence, we are using the latest census figures of 1991 which are in annexure 5.1."

Here, I would like to draw your attention to the fact Madam, that the word

'population' is there. But, so far as this Section is concerned, this has not stated the word 'population'. On the same page, it is stated, at para 6.20:

"Successive Commission have faced difficulties in obtaining reliable and comprehensive data on state-wise consumption of three articles viz, sugar, textile and tobacco, which attract additional excise duties. We would like to urge the Government of India to take appropriate steps for the regular collection and maintenance of these requisite data on consumption of these commodities, both household and non-household which would facilitate the task of the future Finance Commissions."

My submission is up till now the Central Government does not have any figures about the net proceeds of sugar, textile and tobacco. How are they going to distribute? It is completely against Section 4.

So, I oppose the Bill tooth and nail. Rather they should have come with a Bill in which they should have clearly stated "Since we are unable to collect the net proceeds, we are referring here in Schedule 2, as far as the Finance Commission is concerned, to population instead of mentioning about net proceeds. The second thing that I would like to submit is with regard to the excise duties. So far as the criteria for distribution are concerned, they are population, distance, investment, poverty and backwardness. I would like to say here that in the Schedule nothing is there. In the Union Excise Duties they have mentioned about the net proceeds. They have mentioned the same thing.

The same thing is there in the financial year commencing on the 1st of April, 1995. And for each of the four succeeding years they shall be paid out of the Consolidated Fund of India to the States equivalent to the distribution of Union Excise Duty Levy. So, my whole submis-

sion would be that so far as the Schedule is concerned and so far as the distribution is concerned, the criteria for distribution are quite contradictory. Another thing I will submit, Madam, as you know is that I am opposing the Bill on two counts. Number one, the Bills are not in consonance with the sections and the Schedules that are mentioned which are is completely on the basis of the Tenth Finance Commission which has got on bearing as far as Section Four is concerned. First, I will submit, Madam, as you know, our State of Orissa is very backward. No doubt, it has got a population of 316.60 lakhs and the literacy rate is about 49.9 per cent and as far as population of rural areas is concerned it is 86.6 per cent and our people below the poverty line is 58 per cent and the population for Scheduled Caste is 22.2 per cent and Scheduled Tribes constitute 16.2 per cent and OBCs constitute 53 per cent. The unfortunate part is that, Madam, there is only 22 per cent irrigated land in Orissa. As you know, Madam, every year we are having drought, floods, cyclones and calamities. So, special consideration should be given. In the Constitution provides for special status should be given for the States of Bihar, Orissa and Madhya Pradesh which are very backward. The other day I was submitting about Centre and State Relations. As you know, in the Union List, in the States List and in the Concurrent List things are completely divided. So far as the Congress Government is concerned, it is taking all the powers. As far as the encroachment of the Centre on the State List is concerned it is not caring for the State List. Agriculture is a State subject agriculture is essentially in the village. But unfortunately, in Delhi is Krishi Bhawan, 29,000 employees are there. Similarly, you can know how the other departments are doing. Yesterday, the Prime Minister stated about the poverty alleviation programmes. But, as far as our economy is concerned<sup>A</sup> now our country is having a loan of 6,91.000

crores and we are spending about 70 per cent on interest. We are spending 70 per cent on interest. So you can very well imagine the actual position and the financial position. Lastly, I will submit that I completely oppose the Bill since wrong things have been done since 1957. I hope the hon. Finance Minister will accede to the amendment I have suggested, have suggested. So, it will be very appropriate in relation to and in consonance with Section 4 without any reference to the Tenth Finance Commissions. An opportunity should be given to the Members for a detailed discussion on the Tenth Finance Commissions Report. With these words, I conclude, Madam, Thank you.

SHRI ASHOK MITRA: Madam, Vice-Chairman, one can take the view that the two routine Bills are intended to convert two routine ordinances into normal legislation. But there are issues involved, issues on which in this House we have no opportunity for any discussion. This is the only occasion, the only opportunity we can create for ourselves to discuss the recommendations and the composition of the Finance Commission. So, I will take whatever little time I may have to go back and discuss some of these issues.

5 P.M.

The first point that I have to make is that we should all be concerned about what the Government, in the course of these years, has done to the Finance Commission. Article 280 is supposed to be one of the major fulcrums of our Constitution. India, the constitution says, is a Union of States. And the moment you say that, the States have to precede the Union. Without the States, there cannot be any Union. Even if you go back to the Quit India Resolution, there is an explicit reference that when the British have been ejected, India will be constituted as a Federation of States where the residual powers will reside with the States. You come to the Election Manifesto of the Congress Party, 1946—a repetition of the same phrase, the States

must precede the Union. Why did they say so? And why did the Constitution-makers lay so much stress on Article 280? This is because you can survive as a Union only if the States survive. You can prosper as a Union only if the States prosper. If the States bicker, then the Union Government will also reflect these bickerings. I was a little bit scared by what I heard of my friend, Mr. Jagesh Desai's statement, how a particular State has defied. Why do this kind of emotions spring up? They spring up because there is not enough going to the kitty of the States and, therefore, whatever little that is there, you try to snatch it from each other; each State wants to grab a little more from that. And this is no way of creating national integration. You are really ensuring this kind of manoeuvres, and there is more of disunity, more of misunderstanding and more of squabbles between the States.

Now, to come back to Article 280, what did it say? India is a Union of States. So, the State is as important as the Union. Therefore, whatever is there in the national exchequer, it should be distributed between the Centre and States. Who would do this distribution? Who would decide how much will the States get and how much the Centre will get? The Finance Commission. The Finance Commission is the arbiter. An arbiter, therefore, has to be - equidistant from the two parties in the dispute or in the decision-making. The Finance Commission must be as far away from the Centre as it should be from the States. But what has happened? The Government has taken advantage of Article 74 which says that all the decisions of the president would be the decisions of the Union Council of Ministers. Therefore, **even** the decisions of what should be the composition of the Finance Commission, what should be the terms of reference for the Finance Commission, have been appropriated by the Union Government, and in this instance, the Ministry of

Finance. So, a party to the dispute appoints a judge, a party to the dispute tells the judge as to what should be the terms or the area within which he should confine his attention. And then we land in a kind of mess that we have landed. This is about the composition. Shall we take a look at the composition of the Tenth Finance Commission? Forget about the chairman. It is now an axiom that a retired or semi-retired or quasi-retired politician belonging to the ruling party must be the Chairman. Fine. But, at least there was a convention that there should be an independent judge attached to the Finance Commission. And this convention had not been breached till now. But the Tenth Finance Commission has broken new grounds. A sitting Member of Parliament, belonging to the ruling party, has supplanted, has taken over the place of the traditional judge in the Finance Commission.

I made a little enquiry to find out as to how this had come about. I know the gentleman. He is a good friend of mine. I know the family. This was because in some ancient time, may be, twenty-twenty-five years ago, he was, for a brief, spell of two years, a member of a High Court, a judge in a High Court. That qualified him — despite his subsequent political career — to claim, or, the Ministry of Finance to claim on his behalf, that he retained a judicial mind, a detached mind. This is a sorry decision. I can only say this. I would say — with all respect to this particular member — it was not his fault; it was the fault of those who decided to put him there.

There has been a convention for the last ten-twelve-fifteen years, at least, that a member of the Planning Commission, an economist-member of the Planning Commission, should be associated with the Finance Commission as a member. This is because, as you know, the Planning Commission has a long-term perspective. It makes recommendations for developmental purposes. On the other

hand, the Finance Commission, roughly, makes recommendations for non-development or current expenses, etc., etc. Therefore, there should be some understanding, some bridge of understanding, between the Planning Commission and the Finance Commission.

Now, the Finance Minister pulled out the economist-member of the Planning Commission and installed him as Governor. Fine. But then, what happened? Mr. Satish Agarwal pointed out about this. There was an interregnum of eight-nine months before a substitute could be found. This • convention of a Planning Commission member occupying the economic slot was given a go-by. The Minister took nine months. The Finance Minister was in search of a substitute. At the end of nine months, he could land an economist who could be considered to be fit.

With a clear conscience, I can say that one is not terribly interested in reading the recommendations of the Finance Commission, for the simple reason that whatever the Finance Commission would be saying would, broadly, reflect the views of the Ministry of Finance. We cannot make a distinction between the Finance Ministry's points of view and that of the Finance Commission. This is what has come about.

The problem is, the Finance Commission decides in Delhi. It takes a compartmentalised view of what is happening. You have too much concentration of money in your hand. AH the money comes to you. This is a fact. We talk about the Finance Commission's transfers. We talk about the Planning Commission's transfers. But if you add the two together, what is the proportion? Roughly, not more than 55 per cent of the total transfers from the Centre to the States would be on account of the Finance Commission's and Planning Commission's transfers. Over a time, the Finance Ministry, on its own, at its dis-

cretion, decides about the balance forty-forty-five per cent. It decides as to how much of it, what proportion of it — this is a very sizeable quantity — should be transferred from the Centre to the State. This is arbitrary. The Finance Ministry makes these decisions, perhaps, in consultation with the Prime Minister, but these are arbitrary.

The other day, I saw the Finance Minister admonishing the poor Karnataka Government because it offered to subsidise the interest charged on small farmers, which was financed by the NABARD. The wretched State Government was told that it has no sense of financial responsibility. But the very next day, the Prime Minister visits a particular State and of his own accord, he writes off! He just says that the State does not have to return the Rs. 8,000-crore loan that it had taken from the Centre. This is nothing but arbitrariness.

This sort of centralisation of resources leads to authoritarianism, and increased authoritarianism. This is what has come about over a time, but by bit. This is because all the money comes to you. The money goes to your head and you think that you have the power. Money is power and you think that you can rule over India in whatever manner you like.

And it is only when the election results go against you that you realize that India consists of a multiplicity of States, India consists of a multiplicity of regions, India consists of a multiplicity of peoples who refuse to think in the manner that you want them to think. But I come back to the issue of finances which is germane to this whole problem of Centre-State relations. What has happened? You look at some of the individual recommendations, or, shall I tell you a story?

This is a true story which is 100 per cent full of facts. About 11 years ago, the eighth Finance Commission made its recommendations. It was the summer time of 1984, and some of the opposition



States were offered some money which was a little liberal and the State I belonged to was offered a certain dispensation. We were happy. Till now it was only gossip, every time I come to Delhi, meet the Union Finance Minister and say, 'What is happening? Why are you holding back the recommendations? We thought we will get some money, our financial position is so bad', etc., etc. He hedges. These are facts which I am placing on record. Then it was the week of the dismissal of Farooq Abdullah. Farooq Abdullah was squeezed out, and why he was squeezed out, God alone knows. But we know the consequences of the original decision of 30th June, what has happened to the country for the last 11 years. But I asked the same question of the Finance Minister, he suddenly turns to me and says, "You do too much of shouting about Farooq's ejection?" I said, "What has this to do with the Finance Commission's recommendations?" I learned within three or four days. There was a meeting of the National Development Council. We who belonged to the opposition parties were having a run at the Government, we opposed and we walked out. And, as a punishment for our walking out, the very next day the recommendation of the eighth Finance Commission appeared with the proviso that for this year, 1984, the money position was tight and no money would be granted to the States. But then, the Finance Minister did not stop there. He then went round and visited all the Congress-ruled States and told them, "You don't worry; we will give you full subsidy in a different way in order that you do not have to suffer; it is only the non-Congress States which will suffer." Now this was the tradition that has been built, unfortunately, by the party, and that tradition has resulted in the kind of anomalies that have arisen. You think, "If I like the face, I will offer more extra money; if I don't like the face, I will starve that." That is what is happening now.

For instance, let us take these additional duties of excise. Way back in 1956 when there were Congress Governments in all the States and a Congress Government at the Centre, if they were to dispute whatever decisions you took in New Delhi, you just abolished the right of the States to collect sales tax on tobacco and tobacco products and sugar, because these were the commodities where the rate of growth of taxation was very high. Sitting in the North Block we thought, after all, let us try to grab as much as we can out of this extra source of income, and that is why we have introduced the concept of additional excise duty. You have the basic excise duty, you have the additional excise duty. You have the capability of raising the basic excise duty, of which you are getting a major share.

About the additional excise duty, you said that you would distribute 100 per cent of the net proceeds to the States, but it was your discretion to raise the rates of the basic excise duty and not to raise the rates of the additional excise duty. The Government of India, the Congress regime had made some commitments, four commitments:

Number one, at no point will the proceeds from the basic duty and the additional duty be allowed to fall below 2:1 ratio. Over the vast majority of years since 1956, that provision has not been honoured, the States have always been at the receiving end. I made some calculations way back in the early 80's and I found that the revenue loss for my State was of a magnitude which was equivalent to the outstanding loans which the State owed to the Union Government. So, if the State were allowed to collect this revenue, it would not have owed money to the Union Government. But, this was the gap.

There are other provisions. For example at any given point, the total yield from additional excise duty will be 10.8 per cent of the net value of clearances.

There was also a third provision that there should be a review committee etc. etc.

But, till very recently, none of these stipulations was observed.

I just had a cursory look at the Report of the Finance Commission. It quotes the point of view of the Ministry of Finance that, in recent years, some of those anomalies have been removed but it does not have the courtesy to quote the views of the State Governments. It was a tax welfare arrangement. It was voluntarily agreed by the States and if the States say, "Thank you very much. We have suffered a lot. Now it is our prerogative to cancel this arrangement", I think, honesty demands that the Union Government should accept this point of view, irrespective of whatever the Finance Commission rubber-stamp might say.

This is the whole gamut of the additional duties of excise.

About excise duty, I think, Mr. Satish Agarwal did make a point that they were distributing 47.5 per cent. They were distributing 40 per cent, and on 7.5 per cent they had some discretionary formula which has been worked out by the Finance Commission. After all, there is haziness and vagueness in this kind of formula.

The issue is not of percentages. I can say, "Add 1 per cent here, 2 per cent here. Give a little bit more to Maharashtra and a little bit less to West Bengal." That is not the issue. The issue should not be to throw West Bengal at Gujarat's throat and Gujarat at West Bengal's throat. That will be the end of India. It should be that all States have reasonable resources at their command to develop and to take care of the immediate needs of the people. What should the poor State Government do? They are at the base. People cannot travel a thousand miles or 1,500 miles or 2,000 miles to shout about their grievances to New Delhi. To them, the tangible government,

the tangible entity which represents the administration is the State Government.

THE VICE-CHAIRMAN (MISS SAROJ KHAPARDE): Dr. Mitra, would you please conclude?

SHRI ASHOK MITRA: If you want, I can sit down straight away.

THE VICE-CHAIRMAN (MISS SAROJ KHAPARDE) : No, I don't want it. Your party has given you 13 minutes. I have given 20 minutes. I will go according to the time given to me.

SHRI ASHOK MITRA: I am quite happy to stop here.

THE VICE-CHAIRMAN (MISS SAROJ KHAPARDE) : You conclude. I am not asking you to sit down. Please try to conclude it. Please go ahead.

SHRI SANGH PRIYA GAUTAM (Uttar Pradesh): Madam, give him five minutes more.

THE VICE-CHAIRMAN (MISS SAROJ KHAPARDE): He is making a very good speech. There is no doubt it. But, there is the time factor also because others have to speak and the Finance Minister has to reply. So, I just request you to try to be brief. ...*(Interruptions)*

The issue is that the people of India residing all over, about 1,500 to 2,000 miles away, are really no different. It is these very people who come to Delhi to work as civil servants. If you are stating that the Union Government is more efficient or is of more integrity than the State Governments, then you are mistaken. It is the same flock of civil servants who serve in Delhi as they serve in, say, West Bengal. It is the same complexion or package of politicians who are here in Delhi as they are in States. So, there is no use in saying that by definition the Centre is more efficient than the State Governments.

Secondly, since the pressure is on the States, you must ensure that the States have resources. There should be checks and balances by which one can ensure

that there is no misuse of resources. For example, if you take the instrument of discretionary finance, then you immediately direct the States that these are the resources and you have to make use of that much only. But the resources that you give are independently determined and distributed by the Finance Commission, which is not an authentic commission.

The third point that I would like to mention is that you should not try to tinker with whatever belongs to the State Governments. Of late, I find a culture has developed that the States owe to the Union Government, say, Rs. 250 crores or Rs. 300 crores. I am not sure that the Constitution would allow you to do that. You can behave unconstitutionally and nobody is going to stop you, because on each occasion one cannot run to the Supreme Court. But, you are holding the money as a trustee of the Constitution and you have no business to interfere with this money and say that you are not going to give it to the State Governments. This you are trying to do of late.

Fourthly, it would be safer sometimes if you heed to some foreign advice. I have read reports in newspapers, paragraphs of which are reproduced sometimes that some World Bank economists have advised the Ministry of Finance that their objective should be to take care of only their finances. Forget about the States. Forget about allowing them generous transfers from the discretionary account or the statutory transfer account. If you really listen to these foreigners, I think you will get some substance.

At the end I would say that this is a country and you are a Government. As a Government you can say you have a mandate for five years and you can chop off the country either at the tail or at the head. What have you done over the past 40 or 50 years? You have chopped off the country at its tail. I would say either you mend yourself or the people will take charge. This is the important differentiat-

ing factor. In the country there is a growing consciousness and this consciousness will swallow whatever authoritarian instinct you may have in your mind.

SHRI V.P. DURAISAMY (Tamil Nadu): I am very much grateful to my party leader, the Chief Minister of Tamil Nadu, Dr. Puratchi Thalaivi for having given me the opportunity to represent on behalf of the people of Tamil Nadu.

We have to consider the distribution of excise duty under the proposed law, against the background of dwindling returns, in the face of reductions that are being perpetually accorded in the scale and incidence of these duties.

The problem is further compounded by reliefs on the income-tax front; and a further attenuation of the States' share in income-tax on the basis of the recommendations of the Tenth Finance Commission. This reduction of the States' share in income-tax and the consequent increase in Central revenues is justified in terms of preserving the interest of the Central Government in collecting the revenue. At the same time, the repeated demands of the hon'ble-Chief Minister of Tamil Nadu for a share in the corporate taxation goes unconceded. In the meeting of the National Development Council held in May, 1992, our honourable Chief Minister had clearly pointed out that the Tenth Finance Commission was a utmost importance to the States.

It has been argued that the reduction of States' share in income-tax would be made good by increase in the share of excise duty from 45 per cent to 47.5 per cent in terms of the Tenth Finance Commission's recommendations. There is little point in arguing that the absolute quantum of States' share of excise duty has been increasing. It necessarily has to. In fact, there can hardly be any instance since the First Finance Commission's deliberation when it ever decreased. What is relevant is, the justice and merit in the schemes of allocation and the availability of varied and due resources, to compen-

sate for vicissitudes, which on source of Revenue can subject a State to an uncertain economic scenario, if reduction of higher percentage of income tax share to the Centre by reducing the States' share to 77.5 per cent is intended. Instead you should enthruse the Centre to collect the tax more purposefully, that stands to reason. Due share to the States on corporate taxation will enthruse the States to go about, with more commitment and alacrity, the process of industrialisation and opening of the economy that are being trotted out as the achievement of the decade. Instead, the States are being called upon to bear infrastructural cost to sustain the new scheme of liberalised industrialisation with no share in the proceeds.

They have been further subjected to a cut in the quantum or proportion under direct tax. A 2.5 per cent increase in the sharable excise revenue is of no moment at all when the indirect taxes are being consistently scaled down in the name of eschewing regression in taxation and in the process of providing a free play for the encouragement of consumption of luxuries. Tamil Nadu is one of these unfortunate States which does not merit a share in the 7.5 per cent of the net proceeds of excise duties in the name of being a non-deficit State. In other words, good conduct, commitment to revenue—raising to the hilt and observance of financial discipline have been denied to the States, a share in the 7.5 per cent of the 47.5 per cent of the Union Excise Duties assigned to the States assessed by the Commission as deficit States. The basis of this assessment is inequitable as is that for the definition of backwardness. States which merit consideration on this account find their hopes and aspirations thwarted and they find that enthroning social justice and financial discipline goes not only without recognition but is also penalised. I understand from the Tenth Finance Commission's report that it is undoubtedly clear, the terms of reference have failed to

recognise the genuine problems as well as the responsibility of the States.

The Sarkaria Commission on Centre-State relations has recommended that though it might become necessary for the Central Government to levy cesses in view of special needs, their application should be for limited durations and for specific purposes only. I expect Dr. Raja Chellaiah Tax Reforms Committee recommendations also to be taken note of.

Continuously, for the past four years, the Central Government is giving prize amounts to the Tamil Nadu Government for reducing the birth rate, but the Tamil Nadu Government is not encouraged by way of increasing the excise duty share as well as corporate tax shares. The Tamil Nadu Chief Minister is repeatedly making a demand to the Central Government in this respect. I request that it might be conceded. We need not accept all the recommendations of the Tenth Finance Commission. It is a fact-finding body and we need not accept all its recommendations. But I do request that the Government of India should increase the share of the States in excise duty and should compensate the loss incurred by them by receiving no share of the corporate taxes. Thank you, Madam.

THE VICE CHAIRMAN (MISS SAROJ KHAPARDE): I thought you would take a little more time, because it was your maiden speech. But you have concluded your speech before the time. Thank you for that.

**श्री जलालुद्दीन अंसारी (बिहारी) :** उपसभाध्यक्ष महोदया, सदन में दो बिल एक साथ पेश किए गए हैं—संघ उत्पाद शुल्क (वितरण) संशोधन विधेयक और दूसरा अतिरिक्त उत्पाद-शुल्क (विशेष महत्व का माल) संशोधन विधेयक)।

हमारे साथियों ने बहुत सारे तथ्यों को देखा है। ये बिल हम लोगों के विचारार्थ है। ये बिल हम लोगों के विचारार्थ है। मैं इन बिलों के माध्यम से कहना चाहता हूँ कि केन्द्र सरकार को राज्यों को अधिक राशि देनी चाहिए उत्पाद शुल्क से। साथ ही जो केन्द्रीय कर है उनका भी समुचित हिस्सा केन्द्र से राज्य सरकारों को दिया जाना

चाहिए। इसलिए भी कि एक समय था जब केन्द्र में भी एक ही दल की सरकारी थी और राज्यों में भी एक ही दल की सरकारें चलती थीं। लेकिन अब केन्द्र में एक दल की सरकार है तो राज्यों में अलग अलग दलों की सरकारें हैं। इसलिए आज यह प्रश्न पूरे देश के सामने और सरकार के सामने भी उठा है कि राज्यों और केन्द्र के संबंध को सही तरीके से आंका जाए और उसका आधार अगर समानता की बुनियाद पर नहीं होगा तो निश्चित तौर पर केन्द्र और राज्यों के संबंधों के सवाल विवाद के रूप में उठ सकते हैं। मेरा सुझाव होगा कि राज्यों और केन्द्र के संबंधों को ध्यान में रखते हुए इन दोनों बिलों में इस बात की व्यवस्था होनी चाहिए कि वित्त आयोग की सिफारिशों का इन बिलों में समावेश किया जाना चाहिए ताकि एक समुचित वितरण के माध्यम से राज्यों को सही हिस्सा इन करों के द्वारा प्राप्त हो सके। इसीलिए मेरा सुझाव है कि राज्यों का हिस्सा बढ़ाया जाना चाहिए। वित्त आयोग ने भी सुझाव दिया है जिसकी चर्चा हमारे माननीय साथी अग्रवाल ने की। हम उसको दोहराना नहीं चाहते हैं। इसको ध्यान में रखते हुए आप समुचित हिस्सा दीजिए। इसलिए भी यह आवश्यकता है कि आप पिछड़े हुए राज्यों को देख लें। 48 साल की आजादी के बाद भी बिहार जैसा राज्य शिक्षा, कृषि उद्योग के मामले में पिछड़ा है। गरीबी रेखा से नीचे सबसे अधिक वहां लोग मिलेंगे। आजादी के समय तीसरा पिछड़ा हुआ राज्य था।

लेकिन इस ढंग से विकास का रास्ता पूर्ववर्ती सरकारों ने चलाया कि बिहार विकास क्या करेगा कि पिछड़ते-पिछड़ते अभी देश का वह 14वां पिछड़ा हुआ राज्य है। लेकिन हमारे माननीय वित्त मंत्री जी तो सभी राज्यों की स्थिति जानते हैं कि कौन पिछड़ेपन की किस अवस्था में हैं। अगर सचमुच राज्यों का विकास करना चाहते हैं और आपका कार्यक्रम भी है तो आवश्यक है कि उनको उनका समुचित हिस्सा दिया जाए ताकि वह इस मामले में विकास के लिए सही तरीके से कदम उठा सके। जहां तक वित्त आयोग की सिफारिशें हैं, उसने जब-जब भी सिफारिश किया उनको सिक हद तक केन्द्र की सरकार ने लागू किया यह तो देखना होगा लेकिन दसवें वित्त आयोग की जो सिफारिशें हैं हमारे माननीय साथियों ने कहा कि उन सिफारिशों पर संसद के दोनों सदनों में विचार होना चाहिए था और उसके आधार पर एक सहमति बनाई जाती। सरकार भी सहमत होती, सभी दलों में भी सहमति होती। उसके आधार पर उन सिफारिशों को लागू करके इस दिशा में एक सही कदम

उठाया जा सकता था। वित्त आयोग को सक्षम बनाने के लिए जरूरी है कि उसका एक-तिहाई हिस्सा ऐसे सदस्यों से पूरा करके किया जाए जो सरकारी पद पर नहीं हों बल्कि वे अर्थशास्त्री हों, समाजशास्त्री हो, जो सही ढंग से चीजों का विश्लेषण करें। आयोग तो हमेशा रहेगा इसलिए ज्यादा इसकी आवश्यकता है समय-समय पर अवस्था के मुताबिक सारी चीजों का विश्लेषण करके नई सिफारिशें करना उस आधार पर सरकार उन सिफारिशों को लागू करके आगे बढ़ेगी तो देश की तरक्की और विकास संभव है। इस तरह से जो हिस्से की सिफारिश की गई है कि राज्यों को दिया जाना चाहिए उनकी सिफारिशों को लागू करते हुए इसमें भी इन बिलों में भी और विधेयक में प्रावधान होना चाहिए। केन्द्रीय करों में जो सिफारिश है कि 29 प्रतिशत राज्यों को हिस्से के रूप में दिया जाए तो हम निवेदन करेंगे कि हमारे विद्वान और माननीय वित्त मंत्री जी इस पर कंसिडर करें। ....(व्यवधान)

**उपसभाध्यक्ष (कुमारी सरोज खापड़) :** अंसारी जी, मेरा निवेदन रहेगा कि आप भी जरा संक्षेप में बोलिए।

**श्री जलालुद्दीन अंसारी :** मैं अब समाप्त कर रहा हूँ। ताकि केन्द्र और राज्यों का संबंध भी बना रहे आज की विशेष परिस्थिति में और राज्यों को उनका समुचित हिस्सा मिलना चाहिए, इसलिए कि विकास को ध्यान में रखते हुए उनकी आवश्यकता भी है।

इन्हीं सुझावों के साथ, मैं अपनी बात समाप्त करता हूँ। धन्यवाद।

### آشرى جلال الدين انصارى

"ہمارا": اپ سبھا ادھیکش مہودے۔ سدن  
میں دو بل ایک ساتھ پیش کئے گئے ہیں۔ "سنگھ  
اتپاد" شلک (وترن) "سنشودھن بل اور دوسرا  
"اتیرکت اتپاد شلک (وشیش مہتوکا  
مال) "سنشودھن بل۔

ہمارے بہت سارے ساتھیوں نے

بہت سارے تہیوں کو رکھا ہے۔ یہ بل ہم  
لوگوں کے

وچارارتہ ہیں۔ میں ان بلوں کے مادھیم سے کہنا چاہتا ہوں کہ کیندر سرکار کو راجیوں کو ادھک راشی دینی چاہئے "اتپاد شک" اور "اتیرکت اتپاد شک" سے ساتھ ہی جو کیندر یہ کرپیں انکا بھی سموچت حصہ کیندر سے راجیہ سرکاروں کو دیا جانا چاہئے۔ اسلئے بھی کہ ایک سمے تہاک جب کیندر میں بھی ایک ہی دل کی حکومت تھی اور راجیوں میں بھی ایک ہی دل کی سرکار چلتی تھی لیکن اب کیندر میں ایک دل کی سرکار ہے تو راجیوں میں الگ الگ دلوں کی سرکاریں ہیں۔ اسلئے آج یہ پرشن پورے دیش کے سامنے اور سرکار کے سامنے بھی اٹھا ہے کہ راجیوں اور کیندر کے سمبندھ کو صحیح طریقہ سے آکا جائے اور اسکا آدھار اگر سمانتا کی بنیاد پر نہیں ہوگا تو نشچت طور پر کیندر اور راجیوں کے سمبندھوں کے سوال وواد کے روپ میں اٹھ سکتے ہیں۔ میرا سچھاؤ ہوگا کہ راجیوں اور کیندر کے سمبندھوں کو دھیان میں رکھتے ہوئے ان دونوں بلوں میں اس بات کی ویوستھا ہونی چاہئے کہ وت آیوگ کی سفارشوں کا ان بلوں میں سماویش کیا جانا چاہئے تاکہ ایک سموچت وترن کے مادھیم سے راجیوں کو

صحیح حصہ ان کروں کے دوارا پراپت ہو سکے۔ اسلئے میرا سچھاؤ ہے کہ راجیوں کا حصہ بڑھا یا جانا چاہئے۔ "وت آیوگ نے بھی سچھاؤ دیا ہے جسکی چرچہ ہمارے مانئے ساتھی اگر وال جی نے کی۔ ہم اسکو دھرانا نہیں چاہتے ہیں تو اسکو دھیان میں رکھتے ہوئے سموچت حصہ دیا جائے۔ اسلئے یہ آوشیک ہے کہ آپ پچھڑے ہوئے راجیوں کو دیکھ لیں۔ ۴۸ سال کی آزادی کے بعد بھی ہمار جیسا راجیہ شکشا کرشی ادیوگ کے معاملے میں پچھڑا ہوا ہے۔ غریبی ریکھا سے نیچے سب سے زیادہ وہاں لوگ ملینگے۔ آزادی کے سمے ہمار تیسرا پچھڑا ہوا راجیہ تھا۔ لیکن اس ڈھنگ سے وکاس کا راستہ پورورقی سرکاروں نے چللیا کہ ہمار وکاس کیا کریگا کہ پچھڑتے پچھڑتے ابھی دیش کا وہ ۱۴ واں پچھڑا ہوا راجیہ ہے۔ لیکن ہمارے مانئے وت منتری جی تو سبھی راجیوں کی استتھی جانتے ہیں کہ کون پچھڑاپن کی اوستھا میں ہے۔ اگر سچ مچ راجیوں کا وکاس کرنا چاہتے ہیں اور آپکا کاریئے کرم بھی ہے تو آوشیک ہے کہ انکو انکا سموچت حصہ دیا جائے تاکہ وہ اس معاملے میں وکاس کیلئے صحیح طریقہ سے قدم اٹھاسکیں۔

جہاں تک وت آئیوگ کی سفارشیں ہیں اس نے جب جب بھی سفارش کیا انکو کسی حد تک کیندر سرکار نے لاگو کیا یہ تو دیکھنا ہوگا لیکن دسویں وت آئیوگ کی جو سفارشیں ہیں ہمارے ماننے ساتھیوں نے کہا کہ ان سفارشوں پر سند کے دونوں سڈنوں میں وچار ہونا چاہئے تھا اور اسکے آدھار پر ایک سہمتی بنائی جائے۔ اس دشا میں ایک صحیح قدم اٹھایا جا سکتا تھا۔ وت آئیوگ کو سکشم بنانے کیلئے ضروری ہے کہ اسکا ایک تمہائی حصہ ایسے سڈیوں سے پورا کر کے کیا جائے جو سرکار پر نہیں ہوں بلکہ وہ ارتہ شاستری ہوں۔ سماج شاستری ہوں۔ جو صحیح ڈھنگ سے چیزوں کا وشلیشن کریں۔ آئیوگ تو ہمیشہ رہیگا اسلئے زیادہ اسکی آرشکتا ہے۔ سمے سمے پر اوستہا کے مطابق ساری چیزوں کا شلیشن کر کے نئی سفارشیں کرنا اس آدھار پر سرکار ان سفارشوں کو لاگوں کر کے آگے بڑھیگی تو دیشی کی ترقی اور وکاس سنمہوو ہے۔ اسطرح سے جو حصے کی سفارش کی گئی ہے کہ راجیوں کو دیا جانا چاہئے۔ انکی سفارشوں کو لاگو کرتے ہوئے اسمیں بھی ان بلرں میں بھی اور ودھے یک میں پراودھان ہونا چاہئے۔ کیندریئے

کروں میں جو سفارش ہے۔ کہ ۲۹ پرتیشٹ راجیوں کو کروں کے روپ میں دیا جائے تو ہم نویدن کرینگے کہ ہمارے ودان اور مانئے وت منتری جی اس پر کنسیڈر کریں ... "مداخلت" ...

**اپ سہا ادھیکش "کماری سروج**

**کھاپڑے":** انصاری جی میرا نویدن رہیگا کہ آپ بھی ذرا سنکشیپ میں بولئے۔

**شری جلال الدین انصاری:** میں

اب سماپت کر رہا ہوں۔ تاکہ کیندر اور راجیوں کا سنمبندھ بھی بنا رہے آج کی وشیش پرستہی میں اور راجیوں کو انکا سموچت حصہ ملنا چاہئے۔ اسلئے کہ وکاس کو دھیان میں رکھتے ہوئے انکی آوشیکتا بھی ہے۔

انہی سجھاؤ کے ساتھ میں اپنی

بات سماپت کرتا ہوں۔

THE VICE-CHAIRMAN (MISS SAROJ KHAPARDE): Now, Shri Manmohan Singh Ji. (Interruptions)

श्री राघवजी (मध्य प्रदेश) : मेरा नाम उसमें हैं ?

उपसभाध्यक्ष (कुमारी सरोज खापर्डे) : आपका नाम तो वहां मेरी लिस्ट में नहीं है।

श्री राघवजी : दो नाम दिए हैं। ... (व्यवधान)

THE VICE-CHAIRMAN (Miss Saroj Khaparde) There is only one name, interruptions)

\* श्री जगदीश प्रसाद माथुर (उत्तर प्रदेश) दो नाम दिए हैं। ... (व्यवधान)

**श्री राघवजी :** टाईम भी बचा है ...**(व्यवधान)**

**उपसभाध्यक्ष (कुमारी सरोज खापर्डे) :** माथुर साहब, मेरे सामने एक ही नाम है ...**(व्यवधान)**

SYED SIBTEY RAJI (Uttar Pradesh): Madam, the Minister should not be stopped like this. The Minister is on his legs. He should not be interrupted like this. **(Interruptions)**

THE VICE-CHAIRMAN Miss Saroj Khaparde: Let the Minister go ahead. Manmohan Singh Ji, you go ahead. **(Interruptions)** This is not fair.

**श्री राघवजी :** मुझे पांच मिनट समय दे दीजिए ...**(व्यवधान)**

**श्री जगदीश प्रसाद माथुर :** मैडम, यह गलती है, पार्टी का समय ही दो नाम दिए गए हैं । ...**(व्यवधान)**

आप ठीक कह रही हैं, लेकिन सेक्रेटेरिएट ऐसा क्यों करता है **(व्यवधान)**

How can they delete my party's name?  
How are they doing it?

**उपसभाध्यक्ष (कुमारी सरोज खापर्डे) :** देखिए, ना सेक्रेटेरिएट के पास आपका नाम है और न मेरी लिस्ट में आपका नाम है । ...**(व्यवधान)**

**श्री जगदीश प्रसाद माथुर :** नाम दिए हैं ...**(व्यवधान)** आप दो नाम दिए हैं ...**(व्यवधान)** आप पर्चा निकालें ।

**उपसभाध्यक्ष (कुमारी सरोज खापर्डे) :** माथुर साहब, एक मिनट, मैं एक बात अर्ज करना चाहती हूँ, जब आप बहुत गुस्से में बोलते हैं, बहुत गुस्से में आते हैं तब सारा मतलब अगर मूड भी हो चेयर का आपकी पार्टी को एलाऊ करना तो भी ...**(व्यवधान)**

**श्री जगदीश प्रसाद माथुर :** यह चेयर का साल नहीं है, यह न्याय का सवाल है, यह ऑफिस का सवाल है । दो नाम दिए थे । मेरी पार्टी का समय बचा हुआ है । उसके बाद भी नाम काट देंगे ?

**उपसभाध्यक्ष (कुमारी सरोज खापर्डे) :** माथुर साहब, अगर आप के मेंबर को बोलना है तो मैं एलाऊ जरूर करूंगी, लेकिन ...**(व्यवधान)**

**श्री जगदीश प्रसाद माथुर :** आप अलाऊ का कहा रही थी ? ...**(व्यवधान)**

THE VICE-CHAIRMAN (Miss Saroj Khaparde): This is very bad ..... **interruptions**). This is very bad.

माथुर जी, आप कह रहे हैं कि अलाऊ कर कहा रही थी, लेकिन आप बोलने ही नहीं देते हैं और अपनी बात बोलते जाते हैं । ...**(व्यवधान)**

**श्री जगदीश प्रसाद माथुर :** आप अलाऊ नहीं कर रही थी, जब मैं वहां गया हूँ ...**(व्यवधान)**

THE VICE CHAIRMAN (Miss Saroj Khaparde): This is not fair. This is not the way to speak.

**श्री जगदीश प्रसाद माथुर :** चलिए छोड़िए ...**(व्यवधान)** नहीं साहब, केजरफुल रहना चाहिए नाम देखने में ।

**उपसभाध्यक्ष (कुमारी सरोज खापर्डे) :** यह बड़ी अजीब बात है आप की ।

**श्री जगदीश प्रसाद माथुर :** अजीब बात मेरी ही नहीं है, इन की भी है और आप की भी है ...**(व्यवधान)**

आप ने तो मिनिस्टर को खड़ा कर दिया था ...**(व्यवधान)**

**उपसभाध्यक्ष (कुमारी सरोज खापर्डे) :** देखिए मैं ने मिनिस्टर को खड़ा किया क्योंकि मेरी लिस्ट के मुताबिक चलूंगी । आप के दो नाम नहीं हैं, न मेरी लिस्ट में नाम है और न सेक्रेटेरिएट की लिस्ट में है । अगर आप उन को बुलवाना चाहते हैं तो मैं उन को जरूर बुलवा सकती हूँ ...**(व्यवधान)** लेकिन एक तरीका होता है बोलने का । आप को इस तरीके से नहीं बोलना चाहिए ।

**श्री जगदीश प्रसाद माथुर :** आप को भी नहीं बोलना चाहिए ।

**उपसभाध्यक्ष (कुमारी सरोज खापर्डे) :** मैं ने कुछ नहीं कहा आप को हर वक्त की लड़ाई ठीक नहीं होती है सदन में । राघवजी बोलिए आप । माथुर साहब को कोई सुबह से लड़ने के लिए नहीं मिला, इसलिए चेयर से लड़ने आ गए ।

**श्री राघवजी :** महोदया, आप का मूड खराब होगा तो मैं क्या बोल पाऊंगा ?

**उपसभाध्यक्ष (कुमारी सरोज खापर्डे) :** कोई बात नहीं । इन्हें मुझसे लड़ने का पूरा अधिकार है और मैं भी इन से लड़ सकती हूँ । आप बोलिए ।



**श्री राघवजी :** महोदया, माननीय वित्त मंत्री जी ने संघ उत्पाद शुल्क वितरण (संशोधन) विधेयक, 1995 प्रस्तुत किया है, उस पर हमारे भूतपूर्व वित्त मंत्री जी ने जो भाषण दिया है, वह न केवल मेरे दल की नीतियों को प्रकट करता है अपितु यहां पर विभिन्न दलों के लोग भी उन के भाषण से संतुष्ट थे और उन की बातों को भी उन्होंने प्रकट किया है। महोदया, इस संबंध में मैं भी अपने कुछ विचार प्रकट करना चाहता हूं।

महोदया, यह बिल देखने में बहुत छोटा है, लेकिन बहुत महत्वपूर्ण है और बहुत महत्वपूर्ण है और महत्वपूर्ण इसलिए है कि यह राज्य — केन्द्र संबंधों को भी तय करता है। महोदया, 5 वर्ष में एक बार फायनेंस कमीशन की रिपोर्ट आती है और उस के आधार पर यह बिल बनता है और यह फायनेंस कमीशन की रिपोर्ट कुछ मायनों में केन्द्र — राज्य संबंधों को अगले 5 वर्षों के लिए तय करती हैं, इसीलिए यह महत्वपूर्ण है। महोदया, अभी तो विधेयक प्रस्तुत किया गया है, इस में एक्साइज ड्यूटी का राज्यों प्रस्तुत किया गया है, इस में एक्साइज ड्यूटी का राज्यों का हिस्सा ढाई प्रतिशत बढ़ाया है, लेकिन इस के पहले इनकम टैक्स का प्रतिशत साढ़े 7 प्रतिशत कम कर दिया गया है। में 45 से बढ़ाकर 47.5 प्रतिशत कर दिया है। तो एक परफ थोड़ा बढ़ाया है और दूसरी तरफ ज्यादा घटा किया है। यह किस तरह से उचित कहा जा सकता है, मैं नहीं समझता ?

दूसरी बात यह है कि किसी समय केन्द्र और राज्यों में एक ही सरकार हुआ करती थी, लेकिन अब स्थिति बदल गयी है। केन्द्र में किसी एक पार्टी की सरकार है तो राज्यों में दूसरी पार्टी की सरकार है। इसलिए लंबे समय से देश के अंदर यह बसह चल रही है कि केन्द्र और राज्यों के संबंध कैसे होने चाहिए ? सौहार्द कैसे स्थापित हो सके, पिछड़े राज्यों का उत्थान कैसे हो सके, के इस बारे में बराबर बहस चल रही है और इस में एक्साइज ड्यूटी के वितरण की एक महत्वपूर्ण भूमिका हुआ करती है। जितना यह वितरण रेशनल होगा, उतना ही राज्यों का विकास संतुलित होगा, लेकिन लगता है कि केन्द्र और फामनेंस कमीशन ने छोटी-मोटी रियायत तो की है, लेकिन जितनी चाहिए उतनी नहीं की है। अगर एक्साइज ड्यूटी का 60 प्रतिशत भी राज्यों को दे दिया जाए तो मैं समझता हूं कि कोई आपत्ति की बात नहीं है क्योंकि केन्द्र के पास और भी साधन है। यह बात ठीक है कि केन्द्र मजबूत होना चाहिए, लेकिन राज्य मजबूत नहीं होंगे तो केन्द्र कैसे मजबूत रहेगा ? राज्यों की सुख

और शांति अगर छीन ली जाएगी तो केन्द्र भी सुख और शांति से नहीं रह पाएगा और फिर केन्द्र के पास तो कस्टम ड्यूटी भी है, केन्द्र के पास कॉर्पोरेशन टैक्स है जिस का बंटवारा नहीं होता है, केन्द्र के पास टैक्स-रेवेन्यू है और नॉन-टैक्स रेवेन्यू भी है। इसी प्रकार बाकी कई साधन केन्द्र के पास हैं जबकि उन के कार्यों के लिए पर्याप्त हो सकती है। इसलिए एक्साइज ड्यूटी का वितरण जो ढाई प्रतिशत बढ़ाया है, मैं उसे संतोषजनक नहीं मानता हूं। दूसरी बात यह है कि ढाई प्रतिशत की वृद्धि तो की, लेकिन 47.5 प्रतिशत का जो बंटवारा राज्यों के बीच में किया गया है, उसमें 40 प्रतिशत का बंटवारा तो सीधा-सीधा किया गया है और साढ़े 7 प्रतिशत का बंटवारा केवल डेटिसिट स्टेट्स को दिया गया है। यह साढ़े 7 प्रतिशत का डेफिसिट स्टेट्स का बंटवारा समाप्त होना चाहिए।

पिछड़ापन, गरीबी, इन सब बातों का विचार करके जो कुछ भी फार्मूला बने उसके अनुसार सीधा सीधा वितरण जैसे 40 प्रतिशत के बंटवारे में किया गया है, वैसा किया जाना चाहिए और यह साढ़े सात प्रतिशत का बंटवारा पृथक से नहीं होना चाहिए। दुर्भाग्य से साढ़े सात प्रतिशत के बंटवारे में मध्य प्रदेश का नाम भी नहीं है।

महोदया, मध्यप्रदेश एक ऐसा राज्य है, जिसके बारे में सभी जानते हैं, माननीय वित्तमंत्री जी भी जाते हैं, कि उसकी कुछ अलग विशेषताएं हैं। मध्य प्रदेश में आदिवासी जनसंख्या हिन्दुस्तान भर में सबसे अधिक है। मध्य प्रदेश क्षेत्रफल में सबसे बड़ा राज्य है, क्षेत्रफल में 13.535 परसेंट मध्य प्रदेश का क्षेत्रफल है। मध्यप्रदेश में प्रति व्यक्ति आय जो है, वह नीचे से छठवें नंबर पर आती है, 3299/- रुपए प्रति व्यक्ति वहां की आय है। इसी प्रकार से जनसंख्या की दृष्टि से भी मध्य प्रदेश जो हैं, कोई पीछे नहीं है, छठवे नंबर पर वह आता है। फिर शिक्षा, सिंचाई और सड़क इन सबके मामले में अगर मध्यप्रदेश का विश्लेषण किया जाए तो नंबर ही आएगा। यह स्थिति है मध्य प्रदेश की और इस नाते से मध्यप्रदेश का नाम उस साढ़े सात परसेंट के वितरण में न आने का मतलब यह है कि यह जो फार्मूला जिस प्रकार से भी बनाया गया है, उचित नहीं है। इसमें मेरा मत यह कि साढ़े 47 परसेंट का सीधे बंटवारा करना चाहिए।

फिर कारपोरेशन टैक्स का वितरण भी नहीं किया जाता है। इस बात पर लंबे समय से चर्चा चल रही है, लंबे समय से इस बात की मांग चल रही है कारपोरेशन

टैक्स के मामले में, कि इसका वितरण होना चाहिए। सरकारिया कमीशन की रिपोर्ट से मैं उद्धरण देना चाहूंगा, जिसमें रिकमण्ड किया गया है कि कारपोरेशन टैक्स का बंटवारा होना चाहिए राज्यों और केन्द्र के बीच में। सरकारिया कमीशन ने अपनी रिपोर्ट में कहा है —

"That by an appropriate amendment of the Constitution, the net proceeds of the Corporation tax be made permissively shareable with the State if and as Parliament may by law so provide. This would have the advantage of enlarging the base of devolution on that in the revenues of the States, there would be greater stability and predictability in future. Further being a static resource, the States would also benefit from the growth."

सरकारिया कमीशन ने बहुत साफ लफ्जों में इस बात को कहा है कि कारपोरेशन टैक्स का भी बंटवारा होना चाहिए और कई अर्थशास्त्रियों ने भी इस बारे में अपने विचार व्यक्त किए हैं कि कारपोरेशन टैक्स का बंटवारा होना चाहिए। जब केन्द्र कभी कभी यह बात कह सकता है कि हमें देश की सुरक्षा के लिए व्यय करना पड़ता है, बाकी दूसरी बातों के लिए व्यय पड़ता है, इसके लिए फंड कहां से आएगा। मैं कहूंगा कि धन के अपव्यय को रोकने की जो गुंजाइश है, उस पर विचार करना चाहिए। जो आपने कर्ज ले रखा है, उस पर आपको ब्याज का भूगतान करना पड़ रहा है, जो हमारे बजट का एक बहुत बड़ा भाग होता है। माननीय जगेश जी देसाई कह रहे थे कि अगर कर्ज नहीं लेंगे तो भाखड़ा, नांगल जैसे बांध नहीं बनेंगे, लेकिन फाइनेन्स कमीशन ने स्वयं क्या कहा है, उस बात को जगेश देसाई जी भी समझ लें और माननीय मंत्री जी भी समझ लें। उसने कहा है —

"It is a burden of interest payments arisen out of the none-oo-prudent use of borrowings that lies at the root of the fiscal malaise."

यानी इसका जो गलत उपयोग हो रहा है, यही जड़ है आर्थिक विकृति की। फाइनेन्स कमीशन ने स्वयं कहा

है और इस मद के ऊपर खर्च कम करने की बहुत कुछ गुंजाइश है।

महोदया, केन्द्र ने अपने पास ज्यादा साधन ले रखे हैं और उसका नतीजा यह होता है कि हमारे प्रधानमंत्री बिल्कुल नवाबों और बादशाहों सरीखा व्यवहार करते हैं और जैसे दरबार में घोषणाएं की जाती थी, वैसे ही जब 15 अगस्त के समय लाल किले से की जाती है, जबकि 15 अगस्त का कोई मतलब नहीं है बजट के साथ। बजट फरवरी में प्रस्तुत होता है, मार्च-अप्रैल में स्वीकृत हो जाता है और इसके बाद भी नई नई घोषणाएं की जाती हैं। जिस वर्ष चुनाव होते हैं, उस वर्ष तो अलग प्रकार की घोषणाएं होती हैं। जैसी इस बार घोषणाएं की गई हैं, वह 15 अगस्त से थोड़ा पहले कर दी गई। वह घोषणाएं कोई प्रधानमंत्री के डिसक्रिप्शनरी फंड में से नहीं है। यह तो वाद में फिर एक एप्रोप्रिएशन बिल आएगा और फिर पार्लियामेंट में मंजूरी ली जाएगी। उनके पास वह फंड उपलब्धि का साधन हैं। इस प्रकार की उपलब्ध केन्द्र के पास रहने के कारण से राज्यों के साथ भेदभाव का व्यवहार होता है, उनके साथ समानता का व्यवहार नहीं होता और इसका नतीजा यह होता है कि जो पिछड़े राज्य हैं वह पिछड़े राज्य ही रहते हैं।

महोदया, मैं पूछता चाहता हूं कि आज एक राज्य में शिक्षा का प्रतिशत तो 95 प्रतिशत है और ऐसे राज्य भी हैं, जहां कि शिक्षा का प्रतिशत 40 है या 30 है, आखिर यह समानता कब आएगी ?

एक राज्य ऐसा है कि जहां पर 100 प्रतिशत गांव विद्युतीकृत है और एक राज्य ऐसा है जहां पर आधे गांव भी विद्युतीकृत नहीं हो पाए। एक राज्य ऐसा है जहां का हर गांव सड़कों से जुड़ा हुआ है और एक राज्य ऐसा भी है जिसके 15 या 20 प्रतिशत गांव भी सड़कों से नहीं जुड़े हुए हैं। यह असमानता, विषमता दूर कैसे होगी ? यह विषमता, असमानता दूर तभी होगी जब कि राज्यों के साथ न्याय किया जाएगा और यह न्याय तब होगा जब कि कारपोरेशन टैक्स का बंटवारा होगा, एक्साइज ड्यूटी का बंटवारा न्यायोचित किया जाएगा।

ऐडिशनल एक्साइज ड्यूटी के बारे में मुझे कुछ बात कहनी है। ऐडिशनल एक्साइज ड्यूटी इस वक्त शकर, तम्बाकू, और कपड़ों पर लगती है। इसके पीछे एक उद्देश्य यह भी था कि सेल्स टैक्स का दायरा कम किया जाए। सभी पार्टियां सिद्धान्त रूप से इस बात को मानती हैं कि इस देश में सेल्स टैक्स समाप्त होना चाहिए।

ऐडिशनल ऐक्साइज ड्यूटी एक ऐसी व्यवस्था है कि जिसके माध्यम से सेल्स टैक्स का बोझ कम किया जा सकता है और वास्तव में तो यह होना चाहिए था कि जो तीन वस्तुएं ऐसी और वस्तुएं जो कि कारखानों में बनती हैं, ऐसी और वस्तुओं का भी इसमें समावेश करके इसका दायरा बढ़ा दिया जाता, लेकिन दुर्भाग्य से इसका दायरा बढ़ाने की कोशिश नहीं की गई और इसको वैसे का वैसा ही रखा गया है। नतीजा यह है कि सेल्स टैक्स को सिद्धान्त रूप से समाप्त करेंगे, यह कांग्रेस ने भी कहा है, अन्य पार्टियों ने भी कहा है लेकिन कोई बात को कर नहीं पा रहा है। इसलिए मेरा निवेदन है कि इस दृष्टि से विचार किया जाए, सभी राज्य सरकारों की और केन्द्र सरकार की इस मामले में मीटिंग हो और उसमें इस दायरे को बढ़ाने की कोशिश की जाए। इसके साथ एक बात और भी है कि जब इन तीन वस्तुओं को शामिल किया गया था तब यह कहा गया था कि विक्रय कर राज्य सरकारें इन वस्तुओं पर नहीं लगाएंगी, लेकिन दुर्भाग्य की बात है कि विक्रय कर का नाम बदलकर दूसरे नामों से राज्य सरकारें इन वस्तुओं पर टैक्स लगा रही हैं। इसको रोकने का प्रयास क्यों नहीं किया जा रहा है? मध्य प्रदेश ने इन तीनों वस्तुओं पर एक प्रतिशत प्रवेश कर दिया गया है। इस पर रोक लगाने का काम केन्द्र सरकार कर सकती है कि चाहे विक्रय कर के नाम

से या उससे मिलते-जुलते अन्य किसी कर के नाम से अगर टैक्स लगाया जाएगा तो उनके हिस्से में से कटौती कर दी जाएगी। अगर ऐसा करेंगे तो यह हरकतें राज्य सरकारें नहीं कर पाएंगी। तो यह मेरा आपसे निवेदन है कि इस बारे में आप विचार करें।

वृत्तिक कर का कानून पास किया गया। इसमें राज्य सरकारों को अधिकार दिया गया है कि वे वृत्तिक कर लगा सकते हैं। मैं माननीय मंत्री जी से जानना चाहता हूँ कि वृत्तिक कर और इन्कम टैक्स में अंतर क्या है? वृत्तिक कर भी आय के ऊपर लगता है और इन्कम टैक्स भी आय के ऊपर लगता है, दोनों का आधार एक है। नौकरी करने वालों के ऊपर भी वृत्तिक कर लगता है, वह प्रोफेशनल वर्क नहीं होता है। ...**(समय की घंटी)**...., मैं दो मिनट और लूंगा।

**उपसभाध्यक्ष (कुमारी सरोज खापर्डे) :** राघव जी, आप जरा मेरी बात सुनेंगे? आपकी पार्टी का पूरा समय 45 मिनट का था। सतीश अग्रवाल जी ने 35 मिनट का टाइम लिया, बाकी बचा हुआ टाइम मैंने आपको पूरा दे

दिया है। अब उससे भी आगे अगर आप बढ़ना चाहेंगे तो हमारा बाकी का बिजनेस हो नहीं जाएगा। इसलिए आप मेहरबानी करके कन्कलूड कीजिए।

**राघवजी :** मैं कन्कलूड कर रहा हूँ।

वृत्ति कर के मामले में मेरा वित्त मंत्री जी से निवेदन है कि के पहले करें और राज्यों का वृत्तिक कर लगाने का अधिकार समाप्त करें। अब राज्य सरकारें ढाई-ढाई हजार रुपए प्रतिवर्ष व्यक्ति पर वृत्ति कर लगा रही हैं, नौकरी पर, तनखाहों पर भी वृत्ति कर लगता है जबकि वह प्रोफेशन की गिनती में नहीं आती लेकिन किसी तरह से भी कानून बनाकर उन पर वृत्तिक कर लगाया जा रहा है।

इसी प्रकार से इस बार फाइनेंस कमीशन की रिपोर्ट आप देख लीजिए और फाइनेंस कमीशन की रिपोर्ट में स्वायत्त संस्थाओं के लिए वर्ष 1995-96 के लिए एक पैसा भी नहीं रखा गया। अभी पंचायत राज का इतना ढिंढोरा पीटा गया — नगर पालिका के चुनाव कराइए, पंचायतों के चुनाव कराइए, राज्यों ने चुनाव कराए लेकिन नतीजा यह है कि केन्द्र से एक पैसा भी वहां 1995-96 में नहीं जा रहा है। फाइनेंस कमीशन की इस रिपोर्ट के बारे में भी केन्द्र सरकार को विचार करना चाहिए और 1995-96 में नतीजा यह है कि 20,000 रुपए भी एक पंचायत के पास खर्च करने के लिए नहीं हैं।

आखिर में एक बात और कहकर मैं अपनी बात समाप्त करूंगा और वह बात माननीय वित्त मंत्री जी के विभागों से संबंधित है कि आप ऐफिशिएंसी लाने की कोशिश करें। माननीय वित्त मंत्री जी स्वयं एक्सपर्ट हैं, प्रशासन में कुशल भी हैं। एक कस्टम का अधिकारी रिटायर हो चुका है, उसको रिवाइड देने की घोषणा तीन वर्ष पहले की गई थी, वह रिवाइड आज तक नहीं मिला, वह रिटायर हो गया। मैंने एक वर्ष पूर्व मंत्री जी को पत्र लिखा था लेकिन आज तक उनको रिवाइड नहीं मिला। इसी तरह से भोपाल की एक चेरिटेबल संस्था है, जो बहुत अच्छा काम कर रही है। उस पर झूठा इन्कम टैक्स लगा, उसने अपील करी, वह छूट गई लेकिन आज तक उसके इन्कम टैक्स पर ब्याज नहीं दिया जा रहा है और मैंने यहां के सेन्ट्रल बोर्ड आफ रिवेन्यू के अध्यक्ष से, उनको लिखने के बाद भी 6 महीने बीत गए, अभी तक वह नहीं मिला है। तो जरा अपने विभाग में सुधार करने की कोशिश करें।

धन्यवाद। इतना ही मुझे कहना था।

उपसभाध्यक्ष (कुमारी सरोज खापर्डे): बहुत बहुत धन्यवाद राघवजी। डा.मनमोहन सिंह।

SHRI MANMOHAN SINGH:

Madam, I am grateful to the hon. Members who have taken part in the debate on these two Bills. It is quite natural that this debate should become an occasion for the general discussion of Centre-State financial relations. Let me state at the outset, Madam, that our Government's views at the Centre and the States are that both are integral and important wings of our system of Government and we need strong States as we also need a strong Centre to achieve our social and economic objectives. Our effort has been to ensure that relations between the Centre and the States are as harmonious as possible and that regardless of the composition of parties which may rule either at the Centre or in the States there should be no occasion to create an atmosphere of confrontation between the Centre and the State. I am sincerely of the view that, that is in the higher interest of Indian polity and that is the spirit which has guided us in approaching the Report of the Tenth Finance Commission. Some hon. Members did raise the issue of the specific composition of the Tenth Finance Commission. I would respectfully submit to them that it is my honest judgement that the Chairman and the Members of the Finance Commission have done a very good job to the best of their ability. These have been known to be men of proven ability and integrity and it would be a sad day if their integrity or competence were to be called in question. But the wider issues that Shri Satish Agarwal and some others have raised is the issue of whether the time has come to have a re-look at the way the Finance Commission is appointed. My own honest feeling is that though this is an issue on which there can be a difference of opinion, the manner in which the Finance Commission has been

appointed under the Constitution has served our country well. We have, for example, another formula in the sphere of plan transfer which was revised in 1967. Despite several changes of Government at the Centre and the States, that particular formula has stood the test of the time and I would like to say that the issue of redistribution between the Centre and the States is always a complex issue and there can always be an honest difference of opinion. Therefore, any hasty attempt to replace the present arrangement, I think, might prove counter-productive. But anyway, I am not going to foreclose the options of the future Government and the National Development Council could take up this issue, the Tenth Finance Commission has itself suggested an alternative scheme of devolution which take into account the need to share all taxed. We have taken a view and this is a matter which requires an amendment to the Constitution. It, therefore, requires a wide separate discussion in the country. Maybe, at some stage, the National Development Council should be brought in because issues of amendment of the Constitution once again would require a broad-based consensus in a body like the National Development Council. We welcome that sort of debate and this matter being discussed at some stage by the National Development Council.

श्री संघ प्रिय (उत्तर प्रदेश) मेडम बडी भारी सख्या मे आज मंत्रीजन उपस्थित है। माजरा क्या है?

उपसभाध्यक्ष (कुमारी सरोज खापर्डे): आपको तकलीफ क्या हो रही है।

SHRI MANOHAN SINGH: I would respectfully submit however, as suggested by Shri Satish Agarwal that it would not have been possible to implement that sort of a scheme from the 1st of April this year because sharing of income-tax is mandatory, sharing of excise duty is permissible as legislated by the Parliament.

6. P.M.

Sharing of Excise Duties is permissible as legislated by Parliament. Sharing of all other taxes requires an amendment to the Constitution. So, by the very nature of things, the alternative devolution formula would not be effective from the 1st of April, 1995. But I do accept that both the Centre and the States need larger resources. Now, it is true that over a period of time, the States' share of Excise Duties has gone up. But, quite honestly, the situation in which the Central Government is placed today with a fiscal deficit as high as it is today, there are no easy ways in which larger resources can be transferred. The only way to do it, as Shri Satish Agarwal has suggested and I agree with him, is that we must plug the loopholes in our tax system, we must improve our tax administration. There is vast scope for improvement in the collection of taxes by looking at the adjudicating mechanism. Large amounts of tax revenues are locked up in adjudication. I have myself been discussing this matter with the hon. Chief Justice of India and I am hopeful that in the coming month, some of these issues, where matters are held up in courts, can be brought to a speedy conclusion for the benefit of the revenues.

Madam, one specific issue, which was raised by Shri Satish Agarwal and Shri Rahgavji, and I believe, by some other Members also, was about allocations for the local bodies. It is not true that the Tenth Finance Commission has made no allocations to meet the requirements of the local bodies, the Panchayats. In fact, the position is that the Tenth Finance Commission has recommended *ad hoc* grants to local bodies amounting to Rs. 5,381 crores for all States to be made available in four equal annual instalments, commencing from 1996-97, as, in the view of the Tenth Finance Commission, the rural and urban local bodies are not likely to be fully functional prior to that date. In arriving at this conclusion,

the Tenth Finance Commission has taken an overall view in respect of the States regarding functionalities of the local bodies and therefore, recommended these grants from the year 1996-97 to 1999-2000. So, there is a provision of Rs. 5,381 crores to augment the resources of the local bodies.

SHRI RAGHAVJI: But it is nil for 1995-96.

DR. MANMOHAN SINGH: Yes it is. But the Commission has given a specific reason why it felt so, and that is, that the Panchayat elections will take place in the course of this year and these bodies will become functional only from 1996-97. That is why the provision that they have made is with effect from 1996-97.

Madam, the issues of Centre-State allocations have also been raised. There is one view that the States which account for a larger amount of total collections, are to get a better deal. There is a counter-view for example, that there are more backward States, States which are less advanced, and unless they are helped through the devolution formula, both by the Tenth Finance commission and the Planning commission, the inter-State disparities and disparities in the levels of development, will grow and that beyond a point the growth of these disparities could also be disruptive of national unity. Now, in so far as the Finance Commissions have dealt with these issues, I think there is no golden rule which can lead to this conclusion. My own feeling is that taking into account all the circumstances of the case, the Tenth Finance Commission seem to have done a reasonably good job.

Shri Satish Agarwal and, I think, one or two other Members have said that where as the Tenth Finance Commission has increased the devolution of Excise Duties from 45% to 47.5%, of this 7.5% will be earmarked for distribution amongst States regarded deficit by the Commission, while this was not the case with the

previous Commission. My information is that that was also the case in the Ninth Finance Commission. In the case of the Ninth Finance commission, 45% of the net receipts of excise duties were to be distributed, but the Ninth Finance Commission also used 5% and 7.4 to 7.57% from this 45% for meeting the needs of deficit based States. So, on that point, I think, the broad approach of the Tenth Finance Commission has been roughly the same as the approach of the Ninth Finance Commission.

As far as the general issues with regard to sharing of corporation tax are concerned, I have already mentioned that the commission itself has come forward with an alternative devolution formula which involves sharing not only of the taxes which are being shared presently but also of Customs duties and corporation tax. It has to be discussed and I do feel that at some stage this is a matter which should be discussed in an august body like the National Development Council before we can think of amending the Constitution.

Madam, with these words, I commend these two Bills to this august House and request that these be returned.

SFIRI JAGESH DESAI: At least no State should get less than the share it is getting now. It cannot be done by this.. (*Interruptions*).

SHRI SANATAN BISI: Madam, I want to put a question.

THE VICE-CHAIRMAN (MISS SAROJ KHAPARDE): I think there is no *gunjais* for that question. Please sit down. Now I shall put to vote the motion moved by Shri Manmohan Singh regarding the Union Duties of Excise (Distribution) Amendment Bill, 1995.

The question is:

"That the Bill further to amend the Union Duties of Excise (Distribution) Act, 1979, as passed by the Lok Sabha, be taken into consideration."

*The motion was adopted.*

THE VICE-CHAIRMAN (MISS

SAROJ KHAPARDE): We shall now take up clause-by-clause consideration of the Bill.

*Clauses 2 to 5 were added to the Bill.*

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

SHRI MANMOHAN SINGH: Madam, I move:

"That the Bill be returned."

*The question was put and the motion was adopted.*

THE VICE-CHAIRMAN (MISS SAROJ KHAPARDE): Now I shall put to vote the motion moved by Shri Manmohan Singh regarding the Additional Duties of Excise (Goods of Special Importance) Amendment Bill, 1995.

The question is:

"That the Bill further to amend the Additional Duties of Excise (Goods of Special Importance) Act, 1957, as passed by the Lok Sabha, be taken into consideration."

*The motion was adopted.*

THE VICE-CHAIRMAN (MISS SAROJ KHAPARDE): We shall now take up clause-by-clause consideration of the Bill.

*Clauses 2 to 4 were added to the Bill.*

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

SHRI MANMOHAN SINGH: Madam, I move:

"That the Bill be returned."

*The question was put and the motion was adopted.*

SHRI SANGH PRIYA GAUTAM: There is no business now. Please adjourn the House.

THE VICE-CHAIRMAN (MISS SAROJ KHAPARDE): I now adjourn the House till 11.00 A.M. tomorrow.

The House then adjourned at the ten minutes past six of the clock till eleven of the clock on Thursday, the 17th August, 1995.