

(b) what steps Government contemplate to reverse the adverse trend and to over-come the deficit?

**THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE, CIVIL SUPPLIES AND COOPERATION (SHRI ARIF BEG):** (a) and (b) A statement is laid on the Table of the House. [See Appendix CVIII, Annexure No. 2].

#### Financial autonomy for the States

\*7. **SHRI BIPINPAL DAS:**  
**SHRI BHIM RAJ:**

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Punjab Government have recently pleaded for financial autonomy for States;

(b) if so, what are the details thereof;

(c) what action the Central Government propose to take in the matter;

(d) whether the Central Government propose to make modifications in the Gadgil formula regarding distribution of Central resources among the States; and

(e) if so, what are the details thereof?

**THE DEPUTY PRIME MINISTER AND THE MINISTER OF FINANCE (SHRI CHARAN SINGH):** (a) The State Government have informed that, in the Memorandum presented by them to the 7th Finance Commission, they had expressed the view that the concept of decentralisation cannot be complete without economic decentralisation and larger financial autonomy to the States.

(b) The details of this concept were laid down in the Chief Minister's speech delivered at the meeting of the National Development Council in March 1978. The State Govt. made

suggestions relating mainly to statutory devolution of resources to the States, enlargement of the divisible pool to include taxes on income in all forms, change in the manner of distribution among States of the net proceeds of excise duties, transfer to the States of entire net realisation of small savings as loans in perpetuity increase in the states' share of market borrowings, loans to the States from the net accretion to special deposits of non-Government provident funds and the deposits of the income tax payers, more liberal pattern of assistance to the States for externally aided projects, need for ensuring a minimum credit-deposit ratio of 60 per cent in each State and a fairly even distribution of resources of the term-financing institutions.

(c) to (e) The main recommendations of the 7th Finance Commission relating to devolution of Central taxes and duties and grants-in-aid have already been accepted by the Union Government. The NDC, which is scheduled to meet on the 24th February 1979, is expected to further discuss the fiscal arrangements having regard to the Constitutional provisions and, *inter-alia*, review the Gadgil Formula and the scope of the Centrally sponsored schemes in the Plan.

#### House building loans to policy holders

by L. I. C.

\*8. **SHRI KALRAJ MISHRA:**  
**SHRIMATI SUSHILA SHANKAR**  
**ADIVAREKAR:**  
**DR. BHAI MAHAVIR:**

Will the Minister of FINANCE be pleased to state:

(a) whether Government's attention has been drawn to the report published in "The Hindustan Times" on the 8th February, 1979 under the caption "The Tortuous Way of Life Insurance Corporation loans to policy holders for Own Your Home Scheme";