

way to take hold of the black money is demonetisation. Why are you avoiding to take this measure again and again?

SHRI AKBAR ALI KHAN : That is your method.

SHRI P. C. SETHI : I have already given the various steps that have been taken in the current year's Budget proposals in order to enhance the rate of taxation as far as the higher income group is concerned, as far as the corporate sector is concerned.

SHRI NIREN GHOSH : India is the lowest taxed country considering the rebates, allowances and all that.

SHRI P. C. SETHI : As far as the various rebates and concessions which were given to the corporate sector are concerned, they have been taken care of, and wherever it was found necessary and feasible they have been reduced. At the same time, as far as the levelling of the income is concerned, various fiscal measures have been taken for that purpose. The Budget proposals have clearly defined them.

KERALA CHIEF MINISTER'S REMARKS AT POLITICAL SCIENCE CONFERENCE

*543. **DR. BHAI MAHAVIR :** Will the PRIME MINISTER be pleased to state :

(a) whether Government's attention has been drawn to the views expressed by the Chief Minister of Kerala at the Political Science Conference held recently at Trivandrum to the effect that there is a "top-sided concentration of economic power with the Central Government far out of proportion to any definition of its legitimate responsibilities" while the economic power of the States "is far too meagre in relation to their clearly defined responsibilities"; and

(b) if so, what are the reaction of the Central Government in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI P. C. SETHI) : (a) Yes, Sir.

(b) Government consider the existing Constitutional provisions governing the financial arrangements between the Centre and the States as by and large adequate.

DR. BHAI MAHAVIR : May I know Sir, if it is a fact that even at the recent

meeting of the National Development Council the major part of the time was taken up by the various States, complaining against and arguing against the special grants of Rs. 175 crores or so which the Centre has kept in its hands for the purpose of special needs of the States? If so, is this not an indication of the fact that the Central Government has so far failed to establish some norms which would be fool-proof, which would be politics-proof, which would not be susceptible to political pressures or group considerations and, if so, whether this particular expression of opinion is not an indication of the feeling of dissatisfaction among the States of how the Central Government is doling out the financial resources which it has for the purpose of giving to the States?

SHRIMATI INDIRA GANDHI : The answer is "No". There was a discussion in the N.D.C. Both opinions were expressed. As I have previously stated many times here, it is not only one State or two States which are dissatisfied. All States are dissatisfied. All Central Ministries are dissatisfied with the resources allocated to them. Now, with regard to the allocation, there was an argument in the N.D.C., but the argument was between the better off States and the poorer States. As was stated, no funds are kept at the sole discretion of the Centre. A request was made to the Finance Ministry by the Planning Commission. It is the Planning Commission which will go into this matter. All the weaker States welcomed this allocation and one of the Chief Ministers who cannot be said to be supporting us even made the comment that he knew that the Planning Commission would not bring in politics. This matter was gone into in great detail. If the hon. Member wishes, we can go into all the matters again here.

DR. BHAI MAHAVIR : Sir, the hon. Prime Minister said that the answer was "No". I do not know if the "No" was related to the first part of my question when I said that the major part of the discussion centred on this.

SHRIMATI INDIRA GANDHI : "No" to both.

DR. BHAI MAHAVIR : It seems all the States are dissatisfied. If we had been able to establish some norms, laid down on the basis of some principle which could be understood by all and

which could be appreciated by all, then in any case there should not be universal dissatisfaction. The second question that I wish to ask is. Is it also not an indication of the same malady that there is a proposal to abolish excise duty on textiles and replace it by sales-tax, because all the States feel that they would get more money although the present position is that the money goes to the Centre and then it is distributed? Now, if the States are unhappy with the process of distribution does the Central Government consider it desirable that there should be a permanent Finance Commission which should continuously keep in view and keep on reviewing the process of distribution of the funds which the Centre collects for and on behalf of the States and, if so, whether there is any likelihood of the Government taking a decision on the proposal for a permanent Finance Commission to this effect?

SHRIMATI INDIRA GANDHI : Sir, when I said "No" earlier, it applied to both parts of the hon. Member's question, not to only one. The States are not dissatisfied with the norms because the norms were decided by the Chief Ministers themselves. There was some misunderstanding about the special accommodation, which was mentioned in the Budget; this formed a part of the discussion, but not the major part of the discussion. The major part of the discussion was, and the dissatisfaction to which I referred was, that each State feels that it should get many more projects, that it should get more public undertakings and it should get more funds. Now with regard to the special accommodation, this matter was gone into in detail. This accommodation is not on the basis of *ad hoc* disbursements. It is as a result of the recommendations of the Finance Commission. I do not know whether any useful purpose will be served by having a permanent Finance Commission because some of these difficulties have arisen because of the award of the Finance Commission. It is by and large because of the shortage of resources that this kind of dissatisfaction arises. As I said earlier, there is on question of any kind of discrimination. It is a way of helping out some of the weaker States which have suffered, I will not use the word "suffered", States which have difficulties because of the award of the Finance Commission. Usually the Report of the Finance Commission comes earlier and Central assistance is decided

upon and announced later so that adjustment can be made. This time it happened the other way round. With regard to excise duties, this is a demand from many Chief Ministers, but no decision has been taken. The matter will be discussed in the Committee of the N.D.C. consisting of all the Chief Ministers.

SHRI C. D. PANDE : In view of the fact that of late there has been some relaxation of the licensing policy in favour of the States *vis-a-vis* the Centre—for example, the permitting of the Uttar Pradesh Government to nationalise the sugar industry and also the Gujarat Government if they choose to nationalise the oil industry—will the Government of India, to remedy the imbalances absolutely to the satisfaction of the States bring legislation to put industrial licensing of all categories in the Concurrent List so that there may not be any objection if the States agree to have even a steel plant in their territory? For instance, Andhra wants a steel plant and Tamil Nadu wants a steel plant. There should be no Central licensing and the States should have the concurrent power to issue licence for any industry they like.

SHRIMATI INDIRA GANDHI : This would lead to lop-sided development. The whole point is that we must try to help some of the States which cannot fend for themselves.

SHRI B. V. ABDULLA KOYA : I understand that recently the Chief Minister of Kerala has written a letter to the Deputy Chairman of the Planning Commission substantiating the argument that the States are not treated well. May I know from the Prime Minister whether she has seen that letter? If so, what are her reactions?

SHRIMATI INDIRA GANDHI : Sir, the Chief Minister sent a longish note—I think that is the one that is being referred to by the hon. Member—which was circulated at the N.D.C. I think it would take quite some time if I were to go into all the points made there. I do not know whether one should discuss this letter here.

SHRI G. A. APPAN : May I know from the hon. Prime Minister whether she is aware of the fact that many of the States are saying that the Central Government borrows money from other countries at a cheaper rate and lends it to the States at a higher rate of interest? Further

is it not a fact that the Central Government borrows money on a deferred payment basis from other countries, but wants immediate payment from the States to whom it lends this money at a higher rate of interest? Also may I know from her whether it will not be possible for her to allow a moratorium for payment of these debts rather than compel the States to pay interest periodically, which is a very high amount and which tells upon their meagre resources?

SHRIMATI INDIRA GANDHI : We fully sympathise with the difficulties of the States and we try to accommodate them to the extent possible. We try to help them in every possible way. But if debts are not repaid, then we shall also be in a very difficult situation at the Centre. So we will have to evolve some kind of balance.

SHRI HAMID ALI SCHAMNAD : Since the *per capita* income of Kerala is much lower than the All India average of *per capita* income, will the Government of India consider giving special aid to Kerala which is admittedly a backward area?

SHRI P. C. SETHI : Sir, the requirements of each State will be gone into by the Planning Commission. As far as the special assistance is concerned, the Planning Commission and the Fifth Finance Commission both together have taken care of the requirements of each State.

SHRI PRANAB KUMAR MUKHERJEE : Sir, the Prime Minister in her reply has stated that one or two States are dissatisfied with the recommendation of the Finance Commission. May I know whether West Bengal is one of them? Secondly, may I know from the Prime Minister what measures the Government of India suggests to meet the non-Plan financial requirements of the States? This is very important so far as West Bengal is concerned because additional taxation is mostly spent out. So I would like to know what measures the Government of India suggests to meet the non-Plan financial requirements of the States.

SHRI P. C. SETHI : Sir, as far as sharing of the taxes and the statutory transfers are concerned, they are in accordance with the Finance Commission's Report. As far as the other requirements are concerned, the Planning Commission will go into it in consultation

with each State and they will be taken care of. As far as the raising of resources by the States themselves is concerned, the Finance Commission has observed that the raising of resources is not commensurate with the needs and that the State Governments are feeling shy in raising their resources to the extent required.

SHRI PHOOL SINGH : Is the Government aware that some newspapers have described the proceedings of the NDC as a scramble for more money on the part of the State Government?

SHRI P. C. SETHI : Sir, it is not a scramble. Each State Government looks to the requirements of its Plan and I think from that point of view it has come to discuss in a very friendly and mutual way.

SHRI CHITTA BASU : In view of the fact that many of the State Governments in our country have expressed their opinion that our Constitution should be amended in order to have a re-adjustment in the matter of devolution of Central assistance to the States, does the Government propose to undertake an amendment to the Constitution of that nature and, if not, will the Government state its point of view as to why it should not be done?

SHRI P. C. SETHI : I have already said in the main body of my answer that the present constitutional arrangements for the devolution of funds between the Centre and the States are, by and large, satisfactory and, therefore, the Government would not envisage any such amendment.

SHRI CHITTA BASU : No, you said by and large . . .

MR. CHAIRMAN : No more please. The answer has come. Now Mr. B.K.P. Sinha.

SHRI B. K. P. SINHA : Sir, my question has been answered by him.

MR. CHAIRMAN : Mr. Parthasarathy, last question.

SHRI R. T. PARTHASARATHY : May I know from the Prime Minister whether she feels as the head of the Government . . . (Interruptions) . . . that there is necessity for having concentration of economic power in the hands of the Central Government if only with a view to promoting planned national economy?

Secondly, may I know whether it was a fact that at the recent NDC meeting the Chief Minister of Tamil Nadu vehemently opposed the concentration of economic power in the hands of the Union Government and, if so, what was the reaction of the Prime Minister to the statement of the Chief Minister of Tamil Nadu?

SHRI C. D. PANDE : I think he did very well.

SHRI P. C. SETHI : There is no concentration of economic power in the hands of the Centre. It is all done according to the constitutional procedure, and there is an equitable distribution and devolution between the Centre and the States in terms of the requirements of the Constitution. It is not the Central Government which decides on an *ad hoc* basis the devolution of these funds. They are carefully gone into by the Finance Commissions, and the respective Finance Commissions take into account the needs of the various State Governments and then they distribute the funds. And, by and large, the responsibility of the Central Government as far as defence, national highways, transport and communications, post and telegraphs, etc. is concerned, is quite big, and looking to that an equitable and fair distribution does take place between the Centre and the States.

*544. [Transferred to the 26th March, 1970.]

OIL FROM GUJARAT REFINERY AND PETRO-CHEMICAL COMPLEX NEAR BARODA

*545. SHRI SITARAM JAIPURIA : Will the Minister of PETROLEUM AND CHEMICALS AND MINES AND METALS be pleased to state :

(a) whether it is a fact that the plan for the expansion of the Gujarat Refinery and development of the Petro-chemical Complex near Baroda have been seriously upset by the uncertainties of getting adequate crude from Gujarat oil wells in 1970; and

(b) if so, what steps are being taken by the Central Government to meet the situation?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND CHEMICALS AND MINES AND METALS (SHRI D. R. CHAVAN) :

(a) and (b) No, Sir. However, a study

Group is examining in detail, the question of expansion of Gujarat Refinery, in the light of availability of crude oil from Gujarat oilfields and other techno-economic aspects connected therewith.

SHRI SITARAM JAIPURIA : Sir, the answer of the honourable Minister is very evasive. Planning in this Ministry is done in such a manner that it takes such a long time to take a decision that the whole thing becomes unplanned. May I ask the honourable Minister to give a clear and categorical answer to my question? May I know what quantities of crude would be available from Ankleshwar and Kalol and Nawagaum in the coming ten years and whether it could be adequate to meet the requirements of the Koyali Refinery which is proposed to be expanded to 5.5 million tons? If not, may I know on what basis that decision was taken to expand the capacity to 5.5 million tons? May I also know whether there is any difference in the quality of crude from Ankleshwar, and that from North Gujarat? If so what are its effects on the yield pattern?

SHRI D. R. CHAVAN : The honourable Member has raised three important questions . . .

SOME HON. MEMBERS : Please speak a little louder.

DR. B. N. ANTANI : Is it because that the question relates to Gujarat that you are not loud enough?

SHRI D. R. CHAVAN : The honourable Member has raised three important questions. The first question is with regard to the availability of crude from the Ankleshwar Oilfields and the North Gujarat Oilfields in the coming ten years. I may submit that the Ankleshwar Oilfields will be producing in the next four to five years at the rate of 3.03 million tons while the North Gujarat Oilfields will start production at the rate of 0.37 million tons and step up to 1.47 million tons in the year 1975 and gradually drop down to about 0.45 million tons in the year 1980. So far as the Ankleshwar Oilfields are concerned, the production there is also likely to go down gradually sometime from year 1976. There the production rate would be 2.97 million tons and would gradually go down to 1.41 million tons in 1978. (Interruptions) That is with regard to the production of oil. As regards the quality of the crude I said that there