

## RAJYA SABHA

Tuesday, the 12th December, 1969/A« nth  
Agrahay, na, 1891 (Saka)

The House met at eleven of the clock, MR.  
CHAIRMAN in the Chair.

### ORAL ANSWERS TO QUESTIONS

पांचवें वित्त आयोग की सिफारिशों पर  
अनुवर्ती कार्यवाही

\*326. श्री सुन्दर सिंह भंडारी :

श्री पीताम्बर दास :

श्री मा० कृ० शेजवलकर :

क्या प्रधान मंत्री यह बताने की कृपा करेंगी  
कि :

(क) क्या पांचवें वित्त आयोग की  
सिफारिशों को देखते हुए सरकार आवकारी  
पर अतिरिक्त कर लगाने का अधिकार राज्य  
सरकारों को सौंपने का विचार रखती है ;  
और

(ख) यदि हाँ, तो ऋणों के भुगतान  
और पूंजी खाते के ऋणों की वापसी के पुनः  
अवधि निर्धारण के सम्बन्ध में सरकार ने क्या  
नीति पुनर्निर्धारित की है ?

### J [FOLLOW-UP ACTION ON FIFTH FINANCE COMMISSIONS RECOMMENDATIONS

\*326. SHRI SUNDAR SINGH  
BHAMDARI :

SHRI PITAMBER DAS:

SHRI N. K. SHEJWALKAR :

Will the PRIME MINISTER be pleased to  
state

(a) whether Government propose to  
transfer the powers to levy additional taxes on  
excise to the State Governments in view of the  
recommendations of the Fifth Finance  
Commission; and

(b) if so, what are the details of the  
reoriented policy of Government in regard to  
the repayment of loans and to rescheduling of  
loans on capital account ?]

■]The question was actually asked on the floor of the House by Shri Sunda Singh  
Bhandari

वित्त मंत्रालय में राज्यमंत्री (श्री प्रकाश  
चन्द सेठी) : (क) इस बारे में अभी कोई  
निर्णय नहीं किया गया है। वित्त आयोग की  
सिफारिश के अनुसार, इस मामले में राज्य-  
सरकारों से बातचीत की जानी है। यह बात-  
चीत राष्ट्रीय विकास परिषद की बैठक में की  
जायगी और उसके बाद ही कोई निर्णय किया  
जायगा।

(ख) राज्यों द्वारा केन्द्र को की जाने वाली  
वापस अदायगियों के बारे में आयोग ने कोई  
सिफारिश नहीं की है। हाँ, किसी राज्य  
विशेष को सहायता देने के प्रश्न पर, योजना  
आयोग द्वारा राज्यों के साधनों के किये जा  
रहे पुनर्निर्धारण को ध्यान में रखकर, विचार  
किया जायगा।

J [THE MINISTER OF STATE IN THE  
MINISTRY OF FINANCE (SHRI P.G.  
SETHI) : (a) As recommended by the Finance  
Commission, the matter is to be discussed  
with the State Governments. This will be done  
at a meeting of the National Development  
Council and a decision taken thereafter.

(b) The Commission's recommendations do  
not cover the States' repayment liabilities to  
the Centre. The question of providing relief in  
individual cases is, however, proposed to be  
examined in the light of the Statewise  
reassessment of resources now being made by  
the Planning Commission.]

श्री सुन्दर सिंह भंडारी : पांचवें वित्त  
आयोग की सिफारिशें प्राप्त हुए काफी समय  
हो गया है और पहले भी जब जब इस प्रकार  
के प्रश्न उठे थे तो यह बात पांचवें वित्त आयोग  
के नाम पर टाल दी गई थी। क्या यह बात  
सच नहीं है कि राज्यों की आर्थिक व्यवस्थाओं  
में बढ़ते हुए उन्नति के खर्चों को दृष्टिगत  
रखते हुए लगभग सभी राज्यों ने सारी आर्थिक  
समायोजनाओं की व्यवस्थाओं के पुनर्निर्धा-  
रण की मांग की थी और उसी आधार पर  
पांचवें वित्त आयोग को इस सारे प्रश्न पर

+ [ ] English translation. 1—

विचार करना पड़ा। और काफी सोच समझकर उन्होंने एक आधार निर्धारित किया है। तो इस तरह से कुछ ऐसे मामलों में देरी करने से राज्यों की आर्थिक विषमताओं को हल बढ़ा रहे हैं, उनकी कठिनाइयां बढ़ रही हैं और इसी वजह से कई राज्यों में प्रारम्भ किये गये कामों के भी अग्ररे रहने की सम्भावना खड़ी हो गई है। तो मैं यह जानना चाहता हूँ कि सरकार इस सवाल पर कब तक फैसला करेगी तथा इन सवालों को तय करने के पहले कब तक भुगतान के जो नियम बने हुए थे, जिसके अनुसार भुगतान करना जरूरी हो जाता है क्या उनकी तबतक के लिए स्थगित रखेगी?

SHRI P. C. SETHI : Sir, as far as the recommendations of the Finance Commission relating to additional excise duty are concerned, I have stated in the main body of the answer that they will be placed before the National Development Council and a decision will be taken thereafter. But I would like to state that the aggregate, transfers an account of the various recommendations of this Finance Commission would be much more as compared to the previous recommendations. And I have also stated that individual States' difficulties will be examined while considering their ways and means position.

**श्री सुन्दर सिंह भंडारी :** पांचवें वित्त आयोग की सिफारिशों के संबंध में कुछ राज्यों की विपरीत प्रतिक्रियाएं भी मिली हैं और उन प्रतिक्रियाओं का मुख्य आधार ऐसे राज्यों के कुछ हिस्सों की विशेष पिछड़ेपन की स्थिति है। जो एलोकेशन हुए हैं वह उनके अधिक बैकवर्ड एरियाज ध्यान में रखकर नहीं किये गये हैं। उसी के साथ ही साथ कुछ राज्यों ने यह भी मांग की है कि इस एलोकेशन के अतिरिक्त कुछ ऐसी योजनाएं भी हों जो अकेले राज्यों की शक्ति के अन्दर नहीं है, और इसीलिए उन्होंने मांग की है कि सेक्टर इन योजनाओं को स्पान्सर करे इस एलोकेशन के बाहर। तो क्या सरकार उन राज्यों के संबंध में जो पिछड़े हुए हैं और जो अपनी स्कीमों को पूरा नहीं कर सकती हैं उनकी सीधी जिम्मेदारी लेने के बारे में इस नेशनल डेवलपमेंट काँसिल

की मीटिंग में विचार रखकर उस जिम्मेदारी को अपने ऊपर लेना चाहेगी ?

SHRI P. C. SETHI : Sir, I would like to draw the attention of the hon. House to the main recommendations of the Fifth Finance Commission relating to additional excise duties. First, they have said that it would not be desirable to maintain the existing arrangements until the Government, after discussing the matter further with the State Governments, arrive at a general agreement over the continuance of the present arrangement with suitable modifications. Now, I have stated that with regard to this particular recommendation, the matter would be placed before the National Development Council and a decision would be taken later on. Then, Sir, their second main recommendation is that the rates of duties should be changed to *ad valorem* basis. As far as this recommendation is concerned, it has been given effect to in most of the cases, especially in the case of sugar, tobacco other than unmanufactured tobacco, woollen fabrics and costlier cotton fabrics. The other main recommendation is that as long as the existing arrangements continue, the net proceeds from the above duties should be distributed in accordance with the percentages indicated by the Commission. Now that would be done.

SHRI K. P. MALLIKARJUNUDU : May I know, Sir, whether any criteria were laid down by the Fifth Finance Commission in regard to the sharing of taxes and the giving of grants-in-aid to the States and, if so, what those criteria are and whether they were accepted by the Government? And according to those criteria, what is the share of the Andhra Pradesh Government in the matter of grants-in-aid and share in taxes?

SHRI P. C. SETHI : Sir, as far as the criteria of distribution are concerned, these have been considered and have been recommended by the Fifth Finance Commission. And it is known, Sir, to the hon. House that the recommendations of the Fifth Finance Commission have been accepted by us as a sort of award and, therefore, the criteria that they have fixed have been accepted by us.

DR. DEBI PRASAD CHATTOPADHYAYA : Sir, I hope the Union Government is quite aware of the continuous and heavy deficit financing at the State level-I emphasise, at the State level. Now having that in view, would the hon. Minister

be pleased to state whether the Government propose to take any measures for discouraging the ivy deficit financing at the State level? Secondly, if the State Governments persist, as some of them do, in incurring ur authorised overdrafts, is it the Central Government's policy to clear them indefinitely as they have been doing in the last few years, and against which the Finance Commission has expressed a rather strong opinion? I think this is a very crucial issue and I wish the Government . make their stand pretty clear on the point.

SHRI P. C. SETHI : Sir, as far as the first part of the question is concerned, the Finance Commission has certainly ' suggested that the resources position of the States can be improved and has suggested certain measures. Now it would depend upon each individual State to take these into consideration and arrive at a satisfactory solution. As far as the overdrafts position is concerned, the States transactions take place at the various branches of the Reserve and State banks, and the Reserve Bank comes to know about the situation only after the consolidated position is known to it. But the situation changes from time to time, and after three weeks elapse, the Reserve Bank generally gives them notice. Therefore, there is no question of our coming into the picture. The Reserve Bank is siezed of the matter.

SHRI ARJX N ARORA : Sir, the main recommendations of the Finance Commission are to enable the State Governments to augment their resources, and if the Government of India cannot take a decision on the recommendations which will enable the States to increase their resources, at least, during the pendency of the decision, repayment of loans should be stopped. May I know what objection do the Government have in stopping the repayment of Loans, because the State Governments re solvent parties and they will not run away with the money?

SHRI P. C. SETHI : Sir, as far as the repayment of loans is concerned, we have always taken a position that whenever any individual State has ways and means difficulties, then we do take into consideration their difficulties and give them, wb\*re necessary, advances for the repayment of the loans. And we have already stated that each individual case would be coi sidered on merits. But it would not be possible to have a sort of uniform decis on at the moment.

SHRIM. K. MOHTA : May I know from the honourable Minister whether, in view of the urgent necessity today to enforce financial discipline not only at the Centre but also in the States, the Government would make sure that at least the overdrafts of the States do not increase from now on? The question of repayment of the earlier overdrafts can be taken up according to the financial position of each individual State. But at least it should be ensured that no further overdrafts will be taken by the States from now on. Would the Government assure that?

SHRI P. C. SETHI : Certainly, Sir, we would be very happy if that situation arises. As a matter of fact, there are limitations as far as overdrafts are concerned according to the requirement of the deposits of each State with the Reserve Bank. As I have stated, the factual position about overdrafts is known to the Reserve Bank after a consolidated statement is prepared after knowing about the withdrawals from the various branches in the States and, therefore, that matter is before the Reserve Bank. And whenever there is a continuous overdraft a notice is generally issued and the position is tried to be settled. Certainly the Reserve Bank is concerned with the matter, as I have stated.

SHRI A. G. KULKARNI : As has been made out by the Finance Commission-it is also being discussed in the National Development Council—that for the backward areas in the States a special allocation has to be made from the Central Government, may I know from the Prime Minister whether she is aware that in Maharashtra there is a great agitation going on for the lack of development of Konkan as they call it? Only two days ago a Conference was held in Bombay highlighting the difficulties and resentment at callous negligence by Government of the Konkan people. Will the Prime Minister assure that at least this relief of 10 per cent will be immediately effected to augment the development in the Konkan area?

SHRIMATI INDIRA GANDHI : Sir, I am aware of the difficulties of the people of the Konkan area. They have approached me. I have also sent a message to the seminar about which the honourable Member has mentioned just now. But the question of each backward area, and what should be done for that, has been left to the States themselves by an agreement

of the Chief Ministers in the NDC. I certainly hope that everything that is possible will be done for Konkan.

SHRI N. SRI RAMA REDDY : Arising out of the recommendations of the Fifth Finance Commission a lot of disgruntlement is heard from every State. In view of the fact that most of the States are not satisfied with the recommendations of the Fifth Finance Commission, would the honourable Prime Minister summon all the Chief Ministers and reconsider the recommendations of the Fifth Finance Commission taking into consideration the backwardness of each State and the needs of each State for development in the Fourth Five Year Plan ?

SHRI P. C. SETHI : I have already stated that as far as the Finance Commission's report is concerned, we have considered it as a report *in toto* and we have taken it as an award. I have already stated that wherever the State Governments—I am quite sure the honourable Member has the Mysore State in view—bring their position before us, then, certainly their position would be considered, and that is what we are going to do.

MR. CHAIRMAN : Last question, Mr. Chatterjee.

SHRI A. P. CHATTERJEE : Sir, the honourable Minister's answer to a question is disquieting, and in view of that I am just asking this question. It is quite clear that the Fifth Finance Commission has recommended that the powers to levy taxes should be transferred to the State Governments on various sectors. Now, that has not yet been considered as the honourable Minister just now said. Pending consideration of the Finance Commission's recommendation to transfer the powers to levy certain taxes to the States, will the honourable Minister assure the House that the Government will not stand in the way of overdrafts being drawn on the Reserve Bank by those States which are in great shortage of funds for development and other purposes?

SHRI P. C. SETHI : Sir, so far I was being pressed for an assurance that overdrafts will not be taken by the States *{interruptiori}*. Now here is another question where the honourable Member has tried to press for an assurance that we see that overdrafts are allowed. . .

SHRI A. P. CHATTERJEE : Pending consideration of the recommendations. |

SHRI P. C. SETHI : I have already stated that each State's case would be considered on merits as far as its resources position is concerned. Even with regard to repayment I have already stated that whenever requests come from the States, we have considered them and I think West Bengal is also there.

#### REDUCTION OF U. S. FUNDS IN INDIA

◆327. SHRI A. G. KULKARNI: Will the PRIME MINISTER be pleased to state :

(a) whether there is a proposal by the Government of the U. S. A. to reduce U. S. funds in this country;

(b) if so, what is the scale of the reduction proposed; and

(c) what impact it will make on our internal currency position and on the prices of commodities ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI P. C. SETHI) : (a) and (b) There is no specific proposal from the Government of the U. S. A. for an overall reduction in U. S. funds. However, various ideas are exchanged from time to time in regard to utilisation of accumulated PL-480 funds on mutually acceptable economic development projects, particularly those in agriculture and rural development.

(c) The expenditure from PL-480 funds is fully reflected in the Budget and its impact on the economy is controlled through normal budgetary policy.

SHRI A. G. KULKARNI: May I know from the Government whether it is a fact that the PL-480 accumulations with the Reserve Bank on account of the U. S. Embassy have amounted to about 25 per cent of the money circulation in this country? If so, does not the Government take a very serious view of these accumulations in this country at the credit of the U. S. Embassy? Secondly, it has been rightly pointed out by the Khusro Committee that these funds must be frozen, and you are now reducing the food imports. So, as you have already promised by 1972-73 you will be doing away with the food imports. And if that day arrives, the impact of these funds will definitely be inflationary, as has been pointed out by the Khusro Committee. I want to know categorically from you that either you will freeze these funds from that time