

PASSAGE OF LEGISLATION FOR TAXING
CENTRAL GOVERNMENT PROPERTIES
SITUATED IN STATES

*277. SHRI N. R. MALKANI: Will the Minister of FINANCE be pleased to state:

(a) whether Government propose to bring forward any legislation for permitting taxation on the Central Government properties situated within State territories; and

(b) whether there is a demand by the State Governments for the speedy passage of such legislation?

THE DEPUTY MINISTER OF FINANCE (SHRI B. R. BHAGAT): (a) The matter is under consideration.

(b) Some State Governments have suggested the enactment of such a legislation.

SHRI N. R. MALKANI: May I know whether it is not a fact that the Bombay State made this suggestion as early as in 1951 and it was informed in 1957 that it was yet under consideration? What is meant by 'under consideration'?

SHRI B. R. BHAGAT: The whole matter was referred to the Taxation Enquiry Commission and they have also made some suggestion and therefore that suggestion along with the views of other State Governments are all under examination. Very soon we will take some decision.

SHRI N. R. MALKANI: May I know whether the Council for Local Self-Government has made recommendations definitely in favour of this and yet the matter is under consideration?

SHRI B. R. BHAGAT: That is true.

SHRI N. R. MALKANI: Is it proposed to give some immediate concession or relief before a comprehensive piece of legislation starts?

SHRI B. R. BHAGAT: No.

SHRI M. VALIULLA: Is there any law preventing the State Governments from taxing these properties in the States?

SHRI B. R. BHAGAT: The whole thing is regulated by article 285 of the Constitution.

*278. [The questioner (Shri Jugat Kishore) was absent. For answer, vide col. 1387....infra.]

DIRECTIVE ISSUED TO SCHEDULED BANKS
BY RESERVE BANK TO LIMIT ADVANCES
AGAINST WHEAT

*279. SHRI M. VALIULLA: Will the Minister of FINANCE be pleased to state to what extent the Reserve Bank directive to all the Scheduled Banks in the country to limit their advances against wheat has helped in checking the rising prices of foodgrains?

THE DEPUTY MINISTER OF FINANCE (SHRI B. R. BHAGAT): Restrictions on advances by scheduled banks against the security of wheat and other cereals have been in force since September, 1956. Restrictions in respect of advances against paddy and rice have been in force from May, 1956, with a brief interruption between November, 1956 and February, 1957. The level of advances during 1958 has been appreciably lower than in the preceding year, and it is believed that this has had on the whole a moderating influence on the course of prices.

SHRI M. VALIULLA: May I know to what extent the price has come down and whether it is 5 per cent. or 6 per cent. or 10 per cent?

SHRI B. R. BHAGAT: I can give the price of the year before and leave the Member to make his own guess. The index number of the price of cereal in October 1957, for example, was 102 and later on it went up as high as 116 and now it has come down again to 111. I may add that these restrictions on advance reinforce the

general policy or the depositive measures taken by the Food and Agriculture Ministry like licensing of food-grain dealers or having other quantitative controls over supplies and demand of foodgrains. They cannot by themselves be a substitute for that.

DR. P. C. MITRA: May I know whether such restrictions are for rice, wheat and oil seeds also?

SHRI B. R. BHAGAT: It is for rice, not for oil seeds.

DR. P. C. MITRA: Only for wheat?

SHRI B. R. BHAGAT: Rice, wheat, paddy—everything.

DR. P. C. MITRA: Oil seeds too?

SHRI B. R. BHAGAT: They don't come under this scheme. They come under a different scheme.

SHRI Z. A. AHMAD: What is the measure of limitation that has been actually enforced as compared to 1956?

SHRI B. R. BHAGAT: The restrictions have been modified from time to time but the existing restriction as regards wheat, for example, is that a minimum of 40 per cent. is to be maintained in respect of advances other than advances to flour mills and secondly, there is an aggregate limit that not more than two-thirds of the advances of the previous year are to be made. The level also has been reduced by one-third in respect of the previous year and also the maximum advance is not in excess of Rs. 50,000. Similarly, in regard to rice and paddy in surplus States of Andhra Pradesh and Madhya Pradesh the restriction is up to 60 per cent. of the previous year, that is in 1957, but in other States 75 per cent. of the average level of the corresponding months of 1955, 1956 and 1957.

SHRI Z. A. AHMAD: What is the actual over-all restriction as compared to 1956?

SHRI B. R. BHAGAT: I can give the figures to compare. During the peak period—April 1957—it was Rs. 31 crores, that is the volume of advance against foodgrains. For April 1958 it was Rs. 23 crores. Similarly in May 1957 it was Rs. 40 crores and it has come down in 1958 to Rs. 26 crores. Recently the volume has come down very much.

SHRI M. VALIULLA: I wanted to know whether there was any adverse effect upon the earnings of the Bank?

SHRI B. R. BHAGAT: No.

PRODUCTION OF LUBRICATING OILS

*280. SHRI M. VALIULLA: Will the Minister of STEEL, MINES AND FUEL be pleased to state:

(a) whether any steps have been taken during the last and current years to produce lubricating oils in India; and

(b) if so, at which places the oils will be produced and what will be their quantity?

THE MINISTER OF MINES AND OIL (SHRI K. D. MALAVIYA): (a) and (b). The proposal to establish a lubricating oil plant in the public sector is under consideration; subject to technical and economic feasibilities, the Barauni Refinery is expected to produce about 60,000 tons of lubricants annually.

SHRI M. VALIULLA: May I know whether what we produce at Digboi is enough to meet our demand in this country?

SHRI K. D. MALAVIYA: The Digboi production is about 7 per cent. of the total consumption in our country.

SHRI M. VALIULLA: What will be the capacity after production at Barauni starts?