

UNION DUTIES OF EXCISE (DISTRIBUTION) AMENDMENT BILL

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI P. C. SETHI) : Sir, I beg to move:\*

"That the Bill further to amend the Union Duties of Excise (Distribution) Act, 1962, be taken into consideration." and

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

The House will recall that the final report of the Fifth Finance Commission along with an Explanatory Memorandum on the action taken by Government thereon, was laid on the Table of the House on the 26th August, 1969. The Finance Commission was *inter alia* required to make recommendations to the President as to the distribution between the Union and the States of the net proceeds of taxes which are to be or may be divided between them and the allocation between the States of the respective shares of such proceeds. Union Duties of Excise which are levied and collected by the Government of India under Article. 272 of the Constitution fall in the category of taxes which "may be" distributed between the Centre and the States in accordance with the law made by Parliament after taking into account the recommendations of the Finance Commission.

14.58 hrs.

[ SHRI K.N. TIWARY *In the Chair* ]

The first Bill seeks to give effect to the recommendations of the Fifth Finance Commission in regard to the distribution of the net proceeds of Union Duties of Excise between the Centre and the States on the one hand and between the different States on the other.

Successive Finance Commissions have been increasing the size of devolution under Union Excise Duties by extending the sharing scheme to more and more commo-

dities. The First Finance Commission made the beginning by recommending the distribution among the States of 40 per cent of the duties on three items; at present 20 per cent of the duties on all the commodities is distributed to the States. In addition the Fifth Finance Commission has recommended the sharing with the States, in the years 1972-73 and 1973-74 also of the special excise duties, which are not being shared now. The Commission has retained the existing principle of distribution of the States share based 80 per cent on population and 20 per cent on relative social and economic backwardness. However, out of 20 per cent allocation to backwardness, two thirds are to be distributed amongst the States whose *per capita* income is below the all-States' average in proportion to the shortfall of the States' *per capita* income from all States' average multiplied by the population of the State. The remaining one-third is to be distributed amongst all the States according to an integrated index of backwardness.

The second Bill, *viz.*, The Additional Duties of Excise (Goods of Special Importance) Amendment Bill seeks to give effect to the recommendations of the Fifth Finance Commission regarding distribution between the States of the net proceeds of Additional Duties of Excise levied on sugar, tobacco and textiles. Hon'ble Members are aware that these duties were levied with the agreement of the State Governments in 1957 in replacement of States' sales tax on these articles. The net proceeds of these duties, other than those attributable to Union Territories, accrue to the States.

15 hrs.

In addition to making recommendations on principles governing the distribution of net proceeds of these duties, the Fifth Finance Commission was also required to examine the desirability or otherwise of maintaining the existing arrangements and the scope for extending such arrangements to other items or commodities. According to the commission, the rationale of the present scheme and the advantages which it was expected to bring when it was introduced hold good even now. However, in view of the general

\* Moved with the Recommendation of the President.

[Shri P. C. Sethi]

opposition of the States, the Commission has recommended that it would not be desirable to continue the scheme unless the Government of India, after discussing the matter with the State Governments can arrive at a general agreement for the continuance of the present scheme with suitable modifications. Pending final decision, the commission recommended that the distribution of the balance after payment of guaranteed amount should be made 50 per cent on the basis of population and 50 per cent on the basis of sales-tax collections excluding Central sales tax.

**सभापति महोदय :** मुझे एक बात कहनी है, मिनिस्टर साहब इस समय दो बिल एक साथ भूव कर रहे हैं—वे दोनों बिलों के सम्बन्ध में एक ही स्पीच दे रहे हैं। हम समझते हैं कि हाउस इससे एग्री करेगा और पास करते समय एक के बाद दूसरे को टेक-अप किया जायगा।

**SOME HON. MEMBERS :** Yes.

**श्री श्रीचन्द्र गोयल (चण्डीगढ़) :** यह कैसे हो सकता है। दोनों विधेयक अलग अलग हैं, अमेन्डमेन्ट्स अलग अलग हैं। पहले एक को लीजिये, उसकी धाराओं को पास करने के बाद दूसरे को लीजिये।

**SHRI LOBO PRABHU (Udipi) :** I do not think that it is correct.

There is no provision for two Bills being moved together, however similar they may be. You have to take them up separately. We shall expedite them.

**सभापति महोदय :** हम चाहते थे कि दोनों बिल एक ही मर्तवा ले लिया जाय, जिस पर आप लोगों ने एग्री भी किया है। दोनों के टाइटम को मिला कर डिवाइड किया जा सकता है, जिससे दोनों पर बोलने का आपको मौका मिल जायगा।

**SHRI LOBO PRABHU :** There is going to be much confusion, if we have the two Bills together. Let him move one Bill after the other.

**श्री रणधीर सिंह (रोहतक) :** इसमें क्या नुकसान है। अदालत में भी दो केसेज़ को एक साथ प्रार्थ्य करते रहे हैं।

**श्री श्रीचन्द्र गोयल :** यह अदालत की बात नहीं है।

**श्री रणधीर सिंह :** गोयल साहब, हर बात में मदाखलत करते हैं।

**श्री श्रीचन्द्र गोयल :** ये अलग अलग बिल हैं, आप क्या बात करते हैं।

**SHRI DATTATRAYA KUNTE (Kolaba) :** Let us know what has been decided. Are the two Bills to be taken up separately or jointly ?

**MR. CHAIRMAN :** The House agreed first to the two Bills being taken up together. If the House sticks to that, than he can make the speech on both the Bills together. Otherwise, if there is any objection, then we shall take them up separately. It is for the House to decide, and say whether it agrees or not.

**SHRI DATTATRAYA KUNTE :** Even if there is no objection, even if the House consents, it cannot be done because it is against the rules.

**MR. CHAIRMAN :** In that case, let him move only one Bill now.

**SHRI P. C. SETHI :** Then, I have already covered the points with regard to the Bill further to amend the Union Duties of Excise (Distribution) Act. I move that the Bill be taken into consideration.

**MR. CHAIRMAN :** Motion moved :

“That the Bill further to amend the Union Duties of Excise (Distribution) Amendment Act, 1962, be taken into consideration.”

**SHRI SHIVA CHANDRA JHA (Madhubani) :** I beg to move :

“That the Bill be circulated for the purpose of eliciting opinion on the con by the 30th April, 1970.”

MR. CHAIRMAN : The amendment is now before the House.

इसमें दो घन्टे का समय है ।

SHRI SRADHAKAR SUPAKAR (Sambalpur) : This Bill has come like the cart before the horse, because the proper course should have been to have the report of the Fifth Finance Commission considered by this House and then to have introduced these two Bills which are based on that report. The Finance Commission is properly entrusted with the task of apportioning these excise duties to the extent of 20 per cent amongst the different States. It would have been better if the representatives of the different States who are present in this House and who represent the people had been asked to express their opinion thereon. But when it comes in the shape of a Bill, we feel certain difficulties because the whole thing comes as a package programme and one has either to accept the whole of it or reject the whole of it; and further, there is no time also to consider the whole thing properly. For, we are having only a period of two hours now to consider the claims of the different States of India to their legitimate share in 20 per cent of the union excise duties. If you look at the table at the end of clause 4 of the Bill and compare it with section 3 of the original act of 1962, you will find that it does not help in removing the regional disparity between the more forward States and the backward States. Let me make a comparison between the percentage of distribution which was prevalent before the Fifth Finance Commission submitted their report and before this Bill was introduced in the House. You will find that in the case of Andhra Pradesh, Assam, Gujarat, Maharashtra, Mysore, Nagaland, Tamil Nadu and West Bengal, the percentage has been reduced. But the percentage in respect of Bihar, Kerala, Madhya Pradesh, Rajasthan, and U. P. has been increased. UP has gained from 14.98 to 18.82, and Bihar has gained from 10.03 to 13.81. In this connection, I shall make a reference to the observation of the Fifth Finance Commission, to which reference was also made by the Finance hon. Minister. At page 36 of the report, this is what we find :

"Having regard to these considerations, we are of opinion that the States' share

of Union excise duties should be distributed among them on the following basis :—

- (1) 80 per cent on the basis of population of respective States;
- (2) Out of the remaining 20 per cent--
  - (a) 2/3rd should be distributed among States whose *per capita* income is below the average *per capita* income of all States in proportion to the shortfall of the State's *per capita* income from all States' average, multiplied by the population of the State. For this purpose, Nagaland, for which the requisite *per capita* income statistics are not available, should be equated with Assam.
  - (b) 1/3rd should be distributed according to the integrated index of backwardness on the basis of the following six criteria, viz :--
    - (i) Scheduled tribes population;
    - (ii) Number of factory workers per lakh population;
    - (iii) Net irrigated area per cultivator;
    - (iv) Length of railways and surfaced roads per 100 square kilometres;
    - (v) Shortfall in number of school-going children as compared to those of school-going age;
    - (vi) Number of hospital-beds per 1000 population."

In this connection, it is profitable to compare the recommendations of the Planning Commission on the question of equitable distribution amongst the different claimants. The NDC has fixed quite a different and more equitable criteria for distribution amongst the different States. This is what the Fourth Plan document says :

"It was decided that after providing for the requirements of the States of Assam, Nagaland and Jammu and Kashmir, the Central assistance to the

[Shri Sradhakar Supakar]

remaining States for the Fourth Plan be distributed to the extent of 60 per cent on the basis of their population, 10 per cent on their *per capita* income if below the national average, and 10 per cent on the basis of tax effort in relation to *per capita* income and that another 10 per cent be allotted in proportion to the commitments in respect of major continuing irrigation and power projects."

I think so much emphasis should not have been laid on population; sufficient consideration has not been given to economic disparity between the advanced and backward States. If so much emphasis is sought to be laid on population, the family planning drive has no meaning and there will be a competition amongst the different States to increase their population as best and as fast as possible.

Therefore, the criteria for allocation of percentage have not been very satisfactory. These have operated to the detriment of backward States like Orissa, Assam, Andhra Pradesh and so on. Hence I hope Government will think fit to revise this and not accept the recommendations of the Fifth Finance Commission in toto.

After the submission of the Report of the Fifth Finance Commission, objections had been raised by different States on the equitableness of the several recommendations not merely in respect of these two Bills, the Union Duties of Excise (Distribution) Amendment Bill and the Additional Duties of Excise (Goods Special Importance Amendment) Bill I think the last is less pernicious than the present one.

I feel that before bringing this Bill forward before the House, an opportunity should have been given for the consideration of the Fifth Finance Commission's Report. Also only two hours have been allotted to this Bill. I do not think we shall be in a position to do full justice to the Bill because though the body of the Bill covers only a page and a half, its recommendations are far-reaching having a bearing on the regional imbalance among different States. Therefore, I think we are not in a position to accept the recommendations of

the Fifth Finance Commission as embodied in this Bill.

SHRI S. R. DAMANI (Sholapur) : At present, excise duty forms a major part of the revenue of Government. It was introduced in 1950-51. At that time, the collection was only Rs. 67.5 crores. Since then many items have been included and at present the collection by way of excise duty, additional excise duty, etc. comes to over Rs. 1,500 crores. This increased collection is due not only to the enhancement of the rate but also to the effective collection and increase in the production of items.

This is the only tax where the collection charges are very low. According to my estimate, the collection charges on excise duty are only about one per cent. The evasion of tax in excise duty is also very remote. I think that Government should consider amalgamating sales tax with excise duty as mentioned by them some time back because sales tax is causing a lot of evasion and leading to restriction of business and trade and also restriction in production of many items. Some years back, as the hon. Minister has just mentioned, on two items the sales tax was merged with the excise duty and today we see the result that the trade and the production in those items have increased. I know that the States have objections to this merger, that they are not agreeable, but it is for the Government to persuade them, to satisfy them, so that they will agree to the merger, so that there may be expansion of business and increase in production and many small people who are unemployed can start their own business, can get self-employment in small towns and big cities. For employment purposes I think it is very essential that sales tax should be merged with excise duty.

This legislation was enacted long ago and there are many clauses in it. It requires some kind of modification according to present trends.

In the last few years a novel practice has been introduced of having two rates, the effective rate and the approved rate. The effective rate is lower and the rate mentioned in the Finance Bill is higher.

This leads to litigation, harassment and so many other difficulties and no purpose is being served. There are hundreds of thousands of items under excise where excise duty is payable. If there is any item which is not classified, what will the official do? To safeguard his position and to be on the safe side, he will not charge effective rate and then the litigation starts. In many cases, I have seen that the rate charged was 100 per cent or more than 150 per cent of effective rate and the party had to go to the court and get a refund. This practice of classified rate and effective rate should be abolished and if one rate is introduced it will be better and everybody will know what rate they have to pay. The uncertainty will disappear I think the hon. Minister will consider this. This is only excise duty, not tax. This was introduced for some reason but it has not served the purpose. He should bring uniformity in the excise duty rate.

I shall conclude with two more suggestions.

**SHRI P. C. SETHI** : May I respectfully submit that we are dealing with a limited subject, division and not the ways and means position or the collection of excise duties? I think it could be part of the hon. Member's budget speech.

**SHRI S. R. DAMANI** : After all it is revenue and we collect excise duty and then only distribute it. I am going to support the Bill and before doing so I shall explain some difficulties which may be considered by the hon. Minister.

Excises are on quantity, not on value. For instance, a particular type of cloth which costs Rs.2 per meter is charged excise duty at the rate of eightannas; then another type of cloth costing 5 per meter is charged the same rate. In another words a person who consumes a low priced cloth has to pay the same excise duty as a person who consumes highly priced cloth. It is my contention that this is not justifiable. I do not mean to say that the Government should lose revenue; All that I say is: please

change the basis from quantity to ad valorem. That will be moer equitable. I understand that Government are thinking of introducing legislation to remedy this situation but that requires to be done quickly so that the consumers may be benefited.

Now, about the collection of about Rs. 1,500 crores by way of excise revenue. After all, some portion of it should be reserved to be advanced to the manufacturers so that they can produce more, modernise their ways of production and thus increase production and help the industry in general to grow rapidly and in order also that the consumers can get the benefit and more people can get employment. So, my submission is that the Government should keep a certain percentage of the revenue reserved for giving loans to these persons who are contributing to the exchequer about Rs. 1,500 crores by way of excise duties, so that the amount can be utilised for development purpose, and the industry can develop and greater production may be attained and better quality goods can be manufactured in the interests of the consumers also.

With these words, I support the Bill.

**\*\*SHRI TENNETI VISHWANATHAM** (Visakhapatnam) : Mr Chairman, Sir, the Excise Duty collected by the Central Government is required to be distributed among the States of the Union according to the percentages recommended by the Fifth Finance Commission. My criticism is not in respect of the percentages etc. The excise duty causes a lot of hardship to the people especially to the lower income groups. As Mr. Damani has stated the excise duty which was of the order of Rs. 69 crores in 1951 has gone up to Rs. 1500 crores now. A consequence of this increase in revenue is that there is a tendency to wasteful expenditure and also to increase the staff in Government offices because they are in a position to spend more money on this.

Due to the increase of dealings between the manufacturers and the Government officers, the scope for indulging in corrupt practices on the part of assesses and officers has also increased. If the Govern-

\*\*The original speech was delivered in Telugu.

ment are really interested in having a clean and honest administration, they will have to overhaul completely the entire system of tax collection. Now, the procedure is that the officers go to the manufacturing units and calculate the actual production and the tax to be levied thereon. Last year assurances were given that the system of collecting taxes would be simplified. But instead, the system has become more complicated. The small-scale producers working with a capital of about a lakh or two have to maintain various kinds of accounts as are required to be maintained by big industrialists who work with a capital of two crores or so. The excise staff have made it a point to visit and check the accounts of the small scale industrialists every week or month. If they are not treated by the industrialists in their way they would like to be treated, the officers straightway disbelieve the accounts. In our democracy the excise and income tax officials seem to wield more powers than a military dictator. If the accounts are not accepted by even the lowest official in the Government department, the small-scale industrialists are doomed. Whatever report this official makes will be upheld by the senior officers of the department and even by the Minister himself. On the other hand, big industrial magnets do not perhaps have any difficulty on this account because they can settle their affairs at a higher level. So the situation boils down to this that it is only the small industrialists who are the actual sufferers and victims of this tax collection system. Unless the number of forms which these people have to fill up is reduced to the minimum, undue hardship for the small-scale producers will continue unabated. There is already discontentment among these people. If the Government do not take prompt action to remove the defects in the system, these people who generally support the Government will be fed up to such an extent that they might join the ranks of the Opposition. There is a limit to their capacity to satisfy the whims and caprices of Government officials. They are seething with discontent. The excise officials openly dictate their terms to these producers and if their terms are not promptly fulfilled they do not accept the accounts maintained by the producers. If the tax collection system is not simplified by bringing down the plethora of forms to the minimum, the working

of these small-scale industries would be seriously hampered. I would suggest that the excise duty should be related to the installed capacity of an industrial unit; if this is done, it would be a great relief to the small-scale industrialists. Mr. Damani had pleaded the cause of the big industrialists and I am now describing the plight of the small industrialists. As the margin of profit is limited in the case of small industries, the burden of tax is naturally heavier in their case than in the case of the big industries which can afford to pay the duty without difficulty from their disproportionately large profits. The States may be happy that they are getting crores of rupees from the Central Government on account of this duty. Whether it is the Central Government or the State Government which collect the excise duty, the fact remains that the burden is heavier on the small producers compared to the big producers. Increasing the duty at the time of the Budget in some form or the other has become an annual feature. Because of the higher taxation the cost of living goes up. With one hand dearness allowance and other allowances for the Government servants are raised and with the other hand excise duties are increased to find ways and means to pay the enhanced allowances. This process of neutralising the cost of living but neutralising the dearness allowance for the staff by enhancing excise duty would some time lead to "minus balances" with the Government. In giving relief to the staff and the same time enhancing taxes on the people to find funds for giving the aforesaid relief, the Finance Minister would appear to be taking away with one hand what he has given with the other. My submission is that the policy of depending upon these excise duties is not correct. The high incidence of the indirect taxes can be appreciated from the fact that as against a total tax revenue of less than Rs. 4000 crores the excise duty alone accounts for more than Rs 1500 crores. The economic condition of the people has become so bad because of the high taxation that a large number of them are compelled by circumstances to live on the left-overs of the rich. The excise policy of the Government is only increasing the burden on the common man and subjecting him to great misery. I hope the Finance Minister would keep this in view while finalising the Budget proposals. Unless

it is done, in a country where the major portion of revenue is from excise duty, the Government would face great difficulties in future. I do not have any objection to this Bill or to the percentages that have been recommended by the Finance Commission.

**SHRI CHINTAMANI PANIGRAHI**

(Bhubaneswar) : Sir, while speaking on this Bill. I would like to seek certain clarifications from the minister with regard to the basis on which the percentages have been worked out by the Finance Commission. The main basis for their consideration is that they will look to the growth of the different States in the past five years and also to the increase in the earnings of the Government through excise duties in the years to come and then to see that the earnings of the Government of India through these collections are distributed in such a manner that from year to year, the regional disparities which the Government is committed to remove are actually removed. I have gone through the recommendations of the Finance Commission in detail. They have examined the various interests including the State Governments but you will find that the basis remains the same, namely, averages. I do not know how they can rectify the position by means of averages. This reminds me of a story of two school teachers, who were both mathematicians, who wanted to cross a river from opposite directions late in the evening when the boatman was not there. They felt the depth of the river at various points and arrived at the average and decided that that average depth is the actual depth of the river and so they could safely cross the river. But when they started crossing the river they found to their dismay that the depth was much more and both were drowned.

What I want to point out is that you cannot always go by the averages. It is a well-known fact that there is regional disparity and States like Uttar Pradesh, Bihar, Assam and Orissa are backward. There are areas which need special attention. When I look at the percentage of allotment to those States I find that the percentage is such that the position is not likely to improve in the coming five years. Those States will continue to remain backward. There is need for greater vision on

the part of the Finance Commission. It is not enough for them to say that last year they gave seven per cent, this year they will give three more per cent and make it ten per cent. This is not the way to remove imbalances and develop backward areas.

This is the reason why there is agitation in various parts of the country for removal of regional imbalances. Whenever there is any such agitation you say : all right, we will give you Rs. 45 crores; be satisfied. Then the agitation starts in another area and you do the same thing. This is not the way to deal with the finances of a country which is a union of States where all States have to be equal and, at the same time, India becomes a strong and prosperous nation.

I know that the hon. Minister cannot do any thing because he is only implementing the recommendations of the Finance Commission. What we can do is to ensure that in future we examine the problem in depth so that there will not be any more discontentment on the part of the States in regard to distribution revenues by the Union.

Here I would like to have two or three clarifications in regard to twenty per cent special duties of excise suggested by the Finance Commission. They have stated that during the years 1972-73 and 1973-74, besides 20 per cent of the net proceeds of the Union Duties of Excise levied and collected in those years (other than special excises, regulatory duties and earmarked duties and cesses), the net proceeds of Special Duties of Excise levied under the Finance Acts of those years should also be distributed among the States.

I would like to know from the hon. Minister whether for these years the Finance Act has come in so far as these revenues are concerned. What is the basis ? Is the basis only 20 per cent or should it be more ? If it only comes to 20 per cent, as recommended by the Finance Commission and covers all these years and revenues which are earned specially, that is going to be an injustice on the part of Government, If the Finance Commission has set

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20 per cent for these years and for ordinary duties--not special duties--I can agree to that; but what about the percentage of special duties, excess duties and other cesses which are being collected through the instrument of the Finance Act? I hope the percentage for that would be more judicious and would be more in conformity with the backwardness and regional disparity of those backward areas. I hope the hon. Minister will take these things into consideration.

SHRI LOBO PRABHU (Udipi) : Sir, I have to agree with Shri Supkar that this is a backdoor attempt to approve the Fifth Finance Commission report. This is not only unfair to that report-it should be discussed properly--but it is unfair to the various States concerned, their finances and their plans, that in the course of only one or two of their allocations the whole of this report should be approved.

I would like to place a few basic facts before this House. In the first place, there was no necessity to appoint this Finance Commission before the period of five years from the previous Finance Commission had expired. The reason given that the Fourth Plan was delayed and, therefore, the Fifth Finance Commission should follow, is repudiated by the Fifth Finance Commission itself. It has ignored the Fourth Plan and it says, "We are not concerned." It was possible that there was an attempt to provide a high appointment to a political refugee or there might have been some other motive which is for the Minister to reveal; but, otherwise, it was disrespect to the Fourth Finance Commission that its full period of five years was not allowed to elapse.

Secondly, by this curtailment of the period you have seriously upset the calculations of the various States. This is in spite of the fact that the Fourth Finance Commission had said that the principles for allocation should not be changed from commission to commission. The Fifth Finance Commission notes this but says, "We must have a right to change these principles" and have changed these principles in respect of every one of their allocations. The result is that they have increased the central contribution by nearly

Rs. 1,300 crores--from Rs. 2,888 crores to Rs. 3,226 crores. The non-Plan expenditure for the States is going to be increased by Rs. 1,300 crores. It is a very substantial sum which we have to find for the States. We should expect that this sum should be distributed equitably but it is found that this sum is distributed most erratically and almost irrationally. I have to take all the allocations into consideration because if we take only excise we miss the principles used in the other allocations.

One principle used throughout is population. I am very glad that my hon. friend pointed out that in the Fifth Finance Commission's report we have the first taste of family planning. Now onwards whatever the Ministry of Health may say about family planning we have the Ministry of Finance saying, "Increase your population", because that is the only way to get a higher contribution. In respect of Income-tax devolution the previous proportion for population was 80 per cent. That has been raised to 90 per cent and only the balance of 10 per cent is based on the actual contribution of the States.

You ignore the fact that the distribution is of tax collected from those States and, according to the general principles of the Constitution, the tax should be assigned to those States subject to the principles which Government may evolve. It does not mean that you could evolve the principles which go against the basic requirement of the Constitution that the amount collected should be assigned to those States.

What has happened on the basis of population is this. I am speaking of the total amounts. It is very difficult for me to talk about each tax in the limited time at my disposal. The position is that contribution to Assam has been increased by 40 per cent and contribution to Bihar has been increased by 106 per cent of what was given by the Fourth Finance Commission. On the other hand, in the case of Mysore, the contribution has been reduced by 8.6 per cent. The contribution to Orissa has also been reduced by 8 per cent. I do not know whether the two hon. Members from Orissa who spoke before me made a point of it. I know that contribution to Kerala has also been reduced. This is unfair. On the one hand, you are increasing

contribution by 106 per cent and, on the other hand, you are reducing contribution by 8.6 per cent.

SHRI SEZHIYAN (Kumbakonam) : Tamil Nadu also.

SHRI LOBO PRABHU : I am sure the hon. Member from Tamil Nadu will contribute his figures. These are very glaring percentages which the hon. Minister has to explain. All the States had proceeded on the assumption that the percentage of the contribution given before by the Fourth Finance Commission will be respected and they based their plans accordingly.

I would just take the case of Mysore. This House should know how the finances under the Plan of that State have been upset. The Mysore State showed a revenue gap of Rs. 274 crores on the basis of the plan of Rs. 425 crores. Now, the result is that the plan is reduced to Rs. 324 crores. By some magic, I should say—I cannot call it anything else—instead of revenue gap, a revenue surplus of Rs. 205 crores is shown. The magic, of course, is the figures used which are on the basis of population only.

Coming to excise duties, there are two excise duties. First is the general excise duty on which the principle followed is: 80 per cent on the basis of population and 20 per cent on what is described as social and economic backwardness. Out of that 20 per cent, two-thirds is given for the *per capita* Income of the State. Now, the *per capita* income of a State which is over-populated is the lowest. So, the net result is that something like 93 per cent of the excise duties are simply allotted to a State on their capacity to increase population. I may compliment Bihar and U. P. on their performance in this direction. But it is not fair that the people who are more prudent and who have smaller families should be penalised like this.

SHRI YOGENDRA SHARMA (Begusarai) : What about the income which generates in Bihar but is taxed in Bombay? Because the Tatas have a central office in Bombay, Bihar is deprived of that share.

SHRI LOBO PRABHU : My hon. friend will have an opportunity to have his

say. We are not concerned with Tatas. We are simply concerned with what they have got the basis of their capacity to increase population.

Here, we have got this position in respect of excise duties. These States have been favoured.

Coming to the Mysore State, their plan is completely shattered. I cannot go into all the details of it. The Mysore State has allotted Rs. 10 crores for roads. Just imagine a State of that size spending Rs. 10 crores out of which Rs. 8 crores are already committed to existing roads and Rs. 20 crores are left for new roads for a period of five years according to the revelation made by the Finance Commission. If a village cannot have roads, it cannot have access to markets. It cannot have access to educational institutions. It cannot have access to what you have been pressing all the time, the sense of socialism. Can you not think of some means of providing at least roads to the villages? The only means available for you is to increase the grants under Art. 275. There is a little award. Out of Rs. 6025 crores which is allotted under grants, a little attempt is made to give Rs. 17 crores to Mysore State. I will request you to give Rs. 100 crores because that will cover part of their gap particularly if you reschedule the repayments. If you do not do it, that State will be faced with utter bankruptcy, not only financial but also bankruptcy of policy. I am not asking you to reduce what you give to Bihar and U. P. My suggestion is: give Rs. 100 crores more to Mysore State to make up for the deficit arising from its over-obsession, over-enthusiasm with population with the Fifth Finance Commission had.

I would like to add this If you fail to do this and if you say, 'We will not compensate you on non-plan expenditure but we will give you compensation on-plan expenditure', you are likely to add political strings. This allocation under Art. 275. is a statutory allocation to which a State has right. What you give as plan expenditure is something you give out of the kitty to such States as are obedient, or very socialistic or whatever ground there may be. Mysore

[Shri Lobo Prabhu]

State would like to have its allocation raised. Therefore, I would request you that under Art. 275 you make this allocation. More than that, about the special excise duty, I am glad that my friend, Mr. Vishwanatham, has already raised this question as to how excise duties are a source of great harassment and considerable corruption in the States. I would like to add that if you follow the principle recommended by the Fifth Finance Commission and substitute sales-tax which was replaced by excise duties, the position will be worse. It is true that the excise duty on these commodities has not been raised sufficiently. It has risen only by about 52 % as against other taxes which have gone up by 70%. By all means raise it to the extent you want. If you have made the excise duty *ad valorem*, the return may be bigger but don't let that be a ground to hand over these items back to the sales tax of the State. It will lead to more dissipation. It will lead to more corruption. Therefore, in all I would like you to consider this report of the Fifth Finance Commission with the resulting conditions of the States. It is a report which is almost immature. It is a report which has not taken note of facts. It is a report which has introduced new principles. Government need not accept it because it is only a recommendation. It is the fault of the Government if you accept this report and ignore the rights of the States and the rights of the people.

**श्री रणधीर सिंह (रोहतक) :** चेयरमैन महोदय, यह एक्साइज् टैक्स, यह सैल टैक्स, यह धौर कोई टैक्स, इस तरह यह टैक्स लेने का ज़माना है और लोग तंग प्रा गए इन टैक्सेज् । पैदाइश से लेकर यानी जब भ्रादमी पैदा होता है धौर जब बुड्ढा होकर चिता में जाता है उस समय तक टैक्स ही टैक्स । शायद एक वक्त भ्रब बल्दी ही भ्राने वाला है कि बच्चा पैदा होने से पहले कहा जायगा कि पहले टैक्स दो तब बच्चा पैदा होगा, स्कूल जाने से पहले कहा जायगा कि पहले टैक्स दो तब बच्चा स्कूल में दाखिल होगा । बहू भ्राने से पहले कहा जायगा कि पहले टैक्स दो तब घर में बहू प्राएगी। पहले टैक्स दो तब ससुराल में जाकर ससुराल की मिठाई खाओ धौर जब वह चिता में पहुँचेगा तो पहले

उसे रोक लिया जायगा जैसे हरिश्चन्द्र के वक्त में था कि पहले टैक्स दो तब फूकेंगे वही हालत होने वाली है क्योंकि इतने टैक्सेज् भ्राप लगा रहे हैं । धौर भ्रब फिर बंटवारा हो गया कि यह स्टेट का टैक्स है यह सेंटर का टैक्स है । भ्रब दोनों के भ्रलग भ्रलग टैक्स होंगे । गवर्नमेंट को हम डाकू तो नहीं कहना चाहते लेकिन इनके द्वारा यह टैक्सों की लूट मचने वाली है । धौर फिर हर एक के भ्रलग भ्रलग इन्सपेक्टर्स धौर उनकी वसूली एक करप्शन का भ्रड्डा । भ्राप जी. टी. रोड पर चले जाइए जगह जगह यह करप्शन के भ्रड्डे भ्राप को मिलेंगे, यह सैल्स टैक्स के इंसपेक्टर हैं, यह किसी धौर के इंसपेक्टर है, हमें तो याद ही नहीं कितने टैक्सेज् है धौर काहे काहे के इंसपेक्टर्स मुकरंर कर रहे हैं । तो मुझे तो एक बात यही कहनी है कि इस्लाक गिरा दिया सारे कौम का, सारे शुल्क के भ्रादमियों का । उनकी ईमानदारी जाती रही । बड़े बड़े बढ़िया भ्रादमी भी भ्रब डबल रजिस्टर रखने लगे । क्या करें ? इन टैक्सेज् के कारण भ्रादमी का करेक्टर जाता है, भ्रादमी की मोरैलिटी जाती है । निहायत भ्रच्छा यह देश मशहूर था लेकिन इन टैक्सेज् ने सबकी मोरैलिटी धौर ईमानदारी को खत्म कर दिया । बड़े बड़े सेठों के घर जाइए, वहां भ्राप को डबल रजिस्टर मिलेंगे, यहां तक कि बाबुओं धौर बकीलों के घर जाइए, उन्होंने भी रजिस्टर बनाने शुरू कर दिए इनकम टैक्स से बचने के लिए । तो इन टैक्सेज् ने सारे देश का खाना खराब कर दिया । धौर भ्रब एक नहीं दो हो गए । स्टेट गवर्नमेंट भ्रलग टैक्स लेगी धौर भ्राप भ्रलग लेंगे तो खुदा पनाह है क्या होगा कह नहीं सकते । खूब गुजरेगी जब मिल बंटेंगे दीवाने दो । मैं एक तो यह बार्निंग देना चाहता हूँ ।

दूसरी चीज मैं टोबंको के सम्बन्ध में कहना चाहता हूँ । टोबंकों के इन्सपेक्टर्स ने गजब मचा रखी है देहूतों के भ्रन्दर । मैं गरीब भ्रादमियों की बात कहता हूँ, वह तम्बाकू पीते हैं यह ठीक बात है । तम्बाकू पीना ठीक है या गलत मैं इसमें नहीं जाता । मैं पूछना चाहता

हूँ गांवों में तम्बाकू के भ्रलावा और कोई रिट्रिब्यूशन है क्या ? वहाँ क्या टेलीविजन है या रेडियो और सिनेमा है ? थोड़ी देर के लिए तम्बाकू पीकर वह अपने दुख को भुला लेते हैं। उसके ऊपर मैं सच कहता हूँ इन लोगों ने गजब मचा रखी है। इस में जिक्र है तम्बाकू का इसलिए मैं कहता हूँ और तम्बाकू और शुगर इन दोनों चीजों पर ही मैं बोलना चाहता हूँ। तम्बाकू वालों ने वहाँ कहर डाल रखा है। घर पर जाकर बंठ जाते हैं। गांव का भ्रादमी ही उन्हें बता देता है कि यह भ्रादमी पैसा तब देगा जब एक बीघे के बजाय तुम पूरे पांच एकड़ क्षेत्र उस के इसमें लिख लो। वह लिख लेते हैं। एक बिस्वा भी नहीं है और पूरे पांच एकड़ लिख दिया। फिर उससे पूछते हैं बोलो, तुम क्या दोगे ? इतना दो तो तुमको माफ कर दिया जाय। यह हाल इन इन्स्पेक्टरों का है। पुलिस या थानेदार से गांव के लोगों को वैसे ही डर लगता है, उन्होंने ने भी कुछ अपनी वर्दी बँसी बना रखी है और उन्हीं की तरह यह भी कन्धे पर कुछ लगाए हुए होते हैं। तो मैं भगवान के लिए कहता हूँ कि इन पर कुछ रहम खाओ। तम्बाकू के इन्स्पेक्टरों ने जो उनके साथ गजब मचा रखा है उससे उनको बचाओ। गरीब किसान और बैंकवर्ड लोगों को खा लिया इन्होंने। मैं मिनिस्टर साहब से इसलिए कहना चाहता हूँ कि वह जवान हैं, देवत के भी हैं और उनके साथ इनकी हमदर्दी भी है इसलिए कम से कम इस करप्शन से जो इस टैक्स के नाते टोबैको इन्स्पेक्टरों ने मचा रखी है, उनको बचाइए, उसके ऊपर ध्यान दीजिए। गवर्नमेंट को तो उसमें कुछ मिलता नहीं वह तो सब और ही खा जाते हैं। अगर आपको मिलता होता तो हम दे देते। मगर वहाँ तो एक से एक बढ़ कर हैं। लंका में सब 52 गज के हैं। इस हमाम में तो सारे ही नंगे हैं नीचे से लेकर ऊपर तक। बाकायदे माहवार बंधी हुई है। जाने की जरूरत नहीं है। पूछ कर देखिए तनस्वाह कितनी है ? सौ रुपये। और रहते हैं कैसे है जैसे कोई 3 हजार तनस्वाह वाला रहे। बीबी साहिबा की कार भ्रलग है, सड़के का स्कूटर भ्रलग है, दूसरे लड़के

का स्कूटर भ्रलग है, लड़की के लिए भ्रलग इन्त-जाम है बैठने के लिए नवाब तकिया पड़ा हुआ है जैसे बड़े भारी किसी सेठ के दामाद हों। तो मैं कहता हूँ जो लोगों पर टैक्स लगाते हैं उन पर भी तो टैक्स लगा कर तो देखिए। मैं पूरी जिम्मेदारी से कहना चाहता हूँ किसी से पूछ कर देखिए। पूछो तनस्वाह कितनी है, बोलेंगे पांच सौ रुपये। पांच सौ रुपये ? तो कहेंगे हाँ, सौ रुपये तनस्वाह और बाकी बालाई भ्रामदनी। यह हालत है। तो यह जो करप्शन तम्बाकू से चलता है उसके ऊपर आप ध्यान दीजिए।

16 hrs.

दूसरी बात मैं शुगर के बारे में कहना चाहता हूँ। शुगर में भी यही गड़बड़ है। किसान ने क्या गसती की है ? आप कहते हैं कि जमीन की जो पैदावार होगी, उस पर टैक्स नहीं लगायेंगे, लेकिन कौन सी चीज आपने छोड़ी है, जूट पर लगाया है, ब्राउण्ड-नट पर लगाया है, कोटन पर लगाया है, चिलीज पर लगाया है, तम्बाकू पर टैक्स है, शुगर पर टैक्स है, बीन सी चीज आपने किसान की छोड़ी है जिस पर आपने टैक्स नहीं लगाया है—एक तरह से कांस्टीट्यूशन वो रेप किया जा रहा है।

मैं आप से कहना चाहता हूँ कि या तो सीधा टैक्स लगाइए, अमीर किसान पर लगाइए, लेकिन यहाँ तो उनका नाम लेकर गरीबों को मारा जा रहा है और अब तो सैन्टर और स्टेट दोनों मिल गये हैं। मैं कहूँगा कि टैक्स लगाइये, लेकिन वाजिब लगाइये और ठीक भ्रादमियों पर लगाइये और जो पैसा टैक्स से आये वह सीधे गवर्नमेंट के खजाने में जाये और डवलपमेंट के कामों पर खर्च हो, लेकिन यहाँ तो पूरा टैक्स आपके पास आता ही नहीं, मिडिलमैन उसको बीच में खा जाता है। आपने मिडिलमैन को एलिमिनेट किया है, लेकिन आपके ये इन्स्पेक्टरों मिडिलमैन बन गये हैं, इससे गरीबों को कोई फायदा नहीं पहुँचता है। मैं आपके नोटिस में यह बात लाना चाहता हूँ कि आप थोड़ा सा विजिलेंट हों, खासतौर से करप्शन के जो

[श्री रणवीर सिंह]

भड़के हैं उनको हटाइये। भ्राज होता क्या है—आप की गाड़ी जा रही है, किसी भाइ.सी.एस. आफिसर की गाड़ी को दा एम. पी. या एम. एल० ए० की गाड़ी को रोक कर खड़ा कर लेंगे, दिखाइये आपके पास क्या है। हमें क्या देखते हो, हमें पता है, तुम भी इसमें बंधे हुए हो। यह सब करण के भड़के हैं। आप अपने प्रोसीजर को सिम्पलीफाई कीजिये ताकि ये करण के भड़के कम हों।

दूसरे देशों में भी टैक्स लगते हैं और भ्रादरों खुद आकर अपने हिस्से के टैक्स को जमा करा जाता है। लेकिन यहाँ आपके इंसपेक्टर राज ने दुनिया भर का कन्स्यूजन पैदा कर दिया है—यहाँ यह हमारा टैक्स है, वह स्टेट का टैक्स है, यह दोनों का टैक्स है—इस तरह का कन्स्यूजन पैदा कर दिया गया है जो मेरी समझ में नहीं आता है। कुछ जनता का भी ख्याल कीजिये। मैं यह नहीं कहता कि टैक्स न लगाये जाय, टैक्स जरूर लगाना चाहिये, लेकिन वह आपके पास पहुँच नहीं पाता, दूसरी जगह चला जाता है। मुझे उम्मीद है आप मेरी बातों पर गौर करेंगे। यह बिल तो पास होगा ही।

सभापति महोदय : श्री कुण्डू :

श्री रामावतार शास्त्री (पटना) : सभापति महोदय, आपका अब तक यह कायदा रहा है कि पार्टीवाइज बुलाते हैं।

सभापति महोदय : हमारे पास जो नाम आयेंगे उसके अनुसार बुलाऊंगा।

श्री रामावतार शास्त्री : आप जब बेयर पर आते हैं, अपना अलग कायदा बना लेते हैं। अभी तक यह रहा है कि जैसे जैसे पार्टीज के स्ट्रेंथ है, उसके अनुसार बुलाया जाता जा रहा है और उसी के अनुसार होना चाहिये।

श्री हुकम चन्द कछवाय : (उज्जैन) : सभापति महोदय, सदन में कोरम नहीं है।

MR. CHAIRMAN : The bell is being rung—now there is quorum. Shri Kundu.

SHRI S. KUNDU : (Balasore) : This distribution of all sorts of excise duties has really become a vexed problem between the Centre and the States which has not yet really and properly been solved.

This Bill which is before us comes after a lot of discussion and a lot of anguish that was expressed by different States about the method of calculation and distribution of this additional excise duty. By the collection of this additional excise duty the States were precluded from levying sales tax on certain items. Having done that, the Government of India has increased from time to time the excise duty on basic items and also levied special excise duty, but has not correspondingly increased the additional excise duty during the last so many years, and therefore has put artificially a check on the power of mobilising resources of the States. This created a peculiar situation in which many states, I am told more than half a dozen States, objected to the method of levying and collecting additional excise duties and the method of distribution.

I doubt whether the method which has been brought forward here in this Bill as a compromise formula will be able to serve the interests of the States, particularly of the backward States. I strongly disapprove of the method of distribution enunciated here and enunciated by the Fifth Finance Commission.

The first formula which they have mentioned here is that every State must be allowed the actual sales tax collection which they had in the year 1965-66, if I am correct. In certain States there have been a shift for the better in the possibility or potential of such taxes during these years. I think this method of keeping the possible or actual collection of 1965-66 goes against the interests of some States, particularly the backward States, because this gives weightage to the States which are much more developed. The developed States had greater potentiality of raising resources because of greater economic activities and trade. So, if you equate the possibility of raising resources of Bihar or

Assam with Maharashtra or Punjab as in 1965-66, naturally, as a consequence, you will be giving more money out of the collection of this additional excise duty to those more developed States. Therefore, all the talk that has been going on now that you are going to help the more backward or less developed states will only remain a talk and will never be translated into reality.

For the distribution of the balance money among the different States, weightage is given to population as the criterion by the Fifth Finance Commission.

There should be a rider that a certain percentage to the states where the Harijan and Adivasi population is a substantial part. If you do not do so and if you put in that the criteria of devolution should be based on eighty per cent of the population, you will make the fate of the poor people worse; they will be suffering more. It is most shocking to see the other part. For the 20 per cent devolution you have completely given a go by to the financial weakness of the concerned State. Certain States are placed in such a position where they just cannot raise resources. For instance, Orissa is so under-developed. It surprises me some times to know that the capacity of Orissa to raise resources from its own tax is about Rs. 48 crores and expenditure on revenue is about Rs. 68 crores. It is a colossal expenditure on administration and they are eating on the poor tax payer's money. It becomes inevitable that due to various plan implementations etc. it has to incur that expenditure. If that is so, backward States will remain backward for ever. The last time the Finance commission said, without looking to the relative weakness of the States to mobilise resources, that two-thirds of the twenty per cent should be given on certain criteria as the per capita income which was less than the national average and only one third will go on the criteria of less hospitals, schools, roads, etc. The entire purpose of equitable distribution to the States giving weightage to the backward, states, will never be realised if those were the criteria.

I should take this opportunity to tell the Minister that it is time we seriously considered whether a separate Finance commission should not be constituted to go into

the financial difficulties faced by the backward States. We must have a close look into that. Otherwise, we shall have two Indias, an India of Punjab and Maharashtra some what resembling Shouthern Europe and an India of Orissa, Bihar, Assam and Madhya Pradesh etc. which will be perpetually backward States. To eliminate this difference and the growing gap of economic difference among the States, we must have a close look at the problem facing them and this can be done only by the Government of India of a separate Finance Commission goes into the causes and difficulties of resource mobilisation in backward States.

It has come to my notice that during the plan period there will be some surplus on account of non-expenditure on non-plan items. It appears it would amount to Rs. 1300 crores. This surplus in certain states should not be utilised in those states, particularly the surplus in the developed states should be taken out and equitably distributed among the backward States. Unless that is done, this formula would not help. The biggest problem facing the country is the growing disparity among the States.

I fear that it will cut at the root of your democracy and our democratic system.

श्री वेणी शंकर शर्मा (बांका) : सभापति महोदय, यूँ तो यह एक बहुत छोटा सा बिल है लेकिन इसकी प्रतिक्रिया बहुत दूरगामी होने वाली है—विशेषकर धाज के वातावरण में जब कि राज्यों के सम्बन्ध केन्द्र के साथ अच्छे नहीं हैं। मैं बहुत से राज्यों के बारे में कहता हूँ, उनमें बंगाल है और तमिलनाडू है। मैं देखता हूँ कि इन्हीं दो राज्यों के सम्बन्ध में उनको जो हिस्सा मिलने वाला था। उसमें बहुत कमी आई है। पहले के फाइनेन्स कमीशन की रिपोर्ट के मुताबिक मद्रास की (जोकि उस समय तमिलनाडू नहीं था) 7.18 परसेन्ट मिलता था लेकिन अब इस नये कातून के मुताबिक 6.50 परसेन्ट ही मिलेगा। वेस्ट बंगाल को जहाँ पहले 7.51 परसेन्ट मिलता था, अब 6.84 मिलेगा। इसी प्रकार से महाराष्ट्र को 8.23 परसेन्ट मिलता था लेकिन अब 7.93 परसेन्ट ही मिलेगा।

[श्री वेणुशंकर शर्मा]

समापति महोदय, जैसा कि सुपाकर जी ने कहा है, मैं उनका समर्थन करता हूँ कि पहले हमें फाइनेंस कमीशन की रिपोर्ट पर विचार करना चाहिए था। फिफ्थ फाइनेंस कमीशन ने अपनी रिपोर्ट के पेज 36 पर अपने विचार प्रकट करते हुए कहा है :

"We are of the opinion that the State's share of Union excise duty should be distributed among them on the following basis :

(1) 80 per cent on the basis of the population of the respective States ; (2) out of the remaining 20 per cent, (a) two-thirds to be distributed among the States whose per capita income is below the average per capita income of all the States;

(b) one-third should be distributed according to the integrated index at backwardness on the following six criteria:-namely, the Scheduled Tribes population; the number of factory workers per lakh of population; the net irrigated area per cultivator, etc.."

उन्होंने कुछ आइटेरिया बतलायें हैं। उसमें और बहुत सी बातें जोड़ी जा सकती हैं। उदाहरण—स्वरूप पश्चिम बंगाल की समस्या को लीजिए। पश्चिम बंगाल में कलकत्ता सबसे बड़ा शहर है। एक प्रकार से कलकत्ता समूचे भारतवर्ष का है, पश्चिम बंगाल का ही नहीं है। वहाँ की अलग समस्यायें हैं। कलकत्ते के लिए जो कुछ खर्च होता है उसके लिए पश्चिम बंगाल सरकार का कहना है कि उसका एक बड़ा भाग केन्द्र के ऊपर पड़ना चाहिए। इस देश के जो तीन बड़े शहर हैं बम्बई, मद्रास और कलकत्ता, इन्हीं तीन नगरों में से संबंधित राज्यों को एक्साइज ड्यूटी का जो भंश दिया जा रहा है वह कम होता जा रहा है। इसलिए मेरा कहना है कि मन्त्री महोदय इस बिल को पास कराने में जल्दबाजी नहीं करें क्योंकि इसका असर बहुत दूर तक होने वाला है। यूँ भी बंगाल और तमिलनाडू में केन्द्र के प्रति असंतोष है और उनका कहना है कि केन्द्र हमारे साथ सीतेली माँ का सा व्यवहार कर रहा

है। इसलिए जैसा मैंने कहा यद्यपि यह बिल बहुत छोटा है लेकिन इस बिल में कर बांटने की जो नीति निर्धारित की गई है वह गलत है। उस पर फिर से विचार होना चाहिए ताकि राज्यों को किसी प्रकार का कोई असंतोष न हो। यहाँ प्रश्न ध्राय के वितरण का आ रहा है लेकिन सवाल यह है कि ध्राया हमें अपनी पूरी आय वसूल कर पाते भी हैं या नहीं यद्यपि हमारी ध्राय के स्रोत बहुत हैं लेकिन साथ साथ लीकेज भी बहुत हैं। एक्साइज ड्यूटी को ही लीजिए। मैं मन्त्री जी से दावे के साथ कह सकता हूँ कि क्या जितनी एक्साइज ड्यूटी भ्रदा करनी चाहिए वह भ्रदा कर रहे हैं? एक्साइज ड्यूटी में बहुत जगह चोरी होती है। बहुत जगह हमारी सरकारी भ्रक्षरान और इन्स्पेक्टर्स मिल करके चोरी में सहायता करते हैं। उन लूपहोल्स को बन्द करना चाहिए और आज जितनी आय होती है उसको बढ़ाना चाहिए जिससे राज्यों का भाग भी बढ़े। उसके लिए हमें यह भी देखना है कि एक्साइज ड्यूटी के निर्धारण की प्रक्रिया की भी हम जितना सरल कर सकें करें।

16.20 hrs.

सेल्स टैक्स के सम्बन्ध में अभी हमारे मित्रों ने कहा है कि सन् 1957 में यह बहुत अच्छा किया गया था कि कपड़े चीनी इत्यादि पर सेल्स टैक्स हटा कर ऐडीशनल एक्साइज ड्यूटी के रूप में उसे परिणित कर दिया गया। उस से एक तो कर को निश्चित रूप से अदा करने की प्रक्रिया शुरू हुई, साथ ही साथ व्यापारियों के बर्ग को भी बड़ी सहूलियत हुई। जब पांचवे फाइनेंस कमीशन में इस बात की चर्चा की गई है और कई राज्यों का कहना है कि सेल्स टैक्स को वन-प्वाइंट न लगा कर फिर मल्टी प्वाइंट पर लगाया जाना चाहिये इससे व्यापारियों में तहलका सा मच गया किन्तु इस से करप्शन और ज्यादा बढ़ेगा और जो राज्यों की आय है वह और कम होगी।

राज्यों को भी ऐडीशनल एक्साइज ड्यूटी के सम्बन्ध में शिकायत है कि चूँकि ऐडीशनल

एक्साइज ड्यूटी लगाने का अधिकार केन्द्र को है, वह उसको उस अनुपात में नहीं लगा रहा है जिस उसे लगाना चाहिये। राज्यों को इस शिकायत पर केन्द्र को विचार करना चाहिये और कम से कम जैसे और कर राज्य की आवश्यकता को देख कर बढ़ाये जा रहे हैं उसी तरह से सेल्स टैक्स के बदले में जो ऐडीशनल एक्साइज ड्यूटी रखी जा रही है उस को भी बढ़ाया जाना चाहिये।

हम देख रहे हैं कि आज राज्यों के बजट घाटे के हो रहे हैं, और उन के लिये यह एक बहुत बड़ी समस्या है कि इस घाटे को कैसे पूरा किया जाये। अभी हमने पश्चिम बंगाल के बजट को देखा। उस में करीब 40 करोड़ ६० का घाटा चल रहा है। उस को पूरा करने के लिये उन्होंने कोई नया कर भी नहीं लगाया क्योंकि स्थिति ऐसी है कि अगर कर लगाये भी तो किन चीजों पर लगायें। इसलिये मैं पश्चिम बंगाल के लिये विशेष रूप से माननीय मंत्री जी से प्रार्थना करना चाहता हूँ कि वे कम से कम संविधान की 275 धारा के अन्तर्गत उस को विशेष अनुदान देने की कृपा करें, क्योंकि बंगाल की समस्या एक अलग समस्या है। उस में कलकत्ता शहर है। कलकत्ता एक कास्मापोलिटन टाउन है। वह सिर्फ बंगाल का ही नहीं है, वह सम्पूर्ण भारत का है। अगर आप कलकत्ता की यातायात की समस्या को देखें तो कलेजा मुंह को आता है। किस तरह से लोग बसों और ट्रेनों में चलते हैं? जो धादमी सवेरे घर से निकलता है वह नहीं जानता कि वह सायंकाल घर वापस आ भी जायेगा या नहीं।

इसलिये मैं कहूंगा कि जो भी एक्साइज ड्यूटी की बंटवारे की व्यवस्था की गई है वह गलत है। उस में कम से कम जिन राज्यों में बड़े बड़े शहर हैं उनके लिये दूसरा क्राइटीरिया निर्दिष्ट कर लेना चाहिये। मैं मंत्री महोदय से कहूंगा कि वे इस बिल को पास कराने में जल्दबाजी न करें। इस सम्बन्ध में फाइनेन्स

कमिशन ने कर के बंटवारे के जो सिद्धांत स्थिर किये हैं उन पर पहले विचार होना चाहिये। उसके अनुसार हम कमी देशी कर सकते हैं या रद्दो बदल कर सकते हैं जिस से हर एक राज्य को संतोष हो।

SHRI SEZHIYAN (Kumbakonam) ; Sir, I agree with Mr. Supakar and Mr. Lobo Prabhu that we should have a full dress discussion on the entire constitutional provisions relating to the Centre-State financial relations instead of having a short one on a Bill like this. The question of Centre-State financial relations requires urgent attention inasmuch as instead of a unitary and monolithic structure of the Centre and the States being ruled by a single party, different parties have come to power in different States and there are vociferous protests against the present arrangements for distribution of funds which are partly discretionary and partly statutory, the States being asked to come with a begging bowl to the Centre; whether it is the Planning Commission or the Finance Commission it is immaterial. In a federal structure, unless the Centre and the States are so situated and the scheme of things is such as not to subordinate one to the other but to coordinate with each other, a happy relation will not be found I will now quote what the Chairman of the Fourth Finance Commission himself has said on this point :

"In respect of such an important matter as the determination of the resources which will be available to each State as a result of a scheme of devolution, there should not be a gamble on the personal views of five persons, or a majority of them. I say this without intending any disparagement of the eminence, equipment and impartiality of the Members of the Commissions."

If the Chairman of a Finance Commission himself felt that many of the things have been left to the discretion of the gamble on the personal views of five or three members, it does not represent a satisfactory state of affairs.

There is wide gap between the finances that have been allotted to the States and the enormous duties that they have to perform; there is an imbalance between the

[Shri Sezhiyan]

schemes they have to implement and the resources placed at the disposal of the State, because at the time the Constitution was written there was no Planning Commission and the enormity of the Planning Commission was not visualized when the founding fathers drafted our Constitution.

From year to year, from Plan to Plan, as one Finance Commission succeeded another, the magnitude of the dependence of the States on the Centre went on increasing at an alarming rate. While the incomes of the States are very inelastic or very rigid, their expenses go on galloping with the result that the States are made to go to the Centre for every small scheme, whether inside the Plan or outside the Plan.

In the Report of the Study Team on Centre-State relations, set up by the Administrative Reforms Commission, which was headed by the eminent jurist, Shri Setalvad, there is a very pertinent reference to this state of affairs. He says :

"In the States, excessive dependence on the Centre tends to produce irresponsibility and operational inefficiency. At the Centre, dominant financial power in relation to the States gives central authorities exaggerated notions of their importance and knowledge and does not allow sufficient place to the points of view of the States. It is important, therefore, that the degree of financial dependence of the States on the Centre should be reduced to the minimum, because that minimum would be adequate from the point of view of giving the Centre controlling powers in the context of ensuring national integration."

While there can be no two opinions on the importance of the Centre having a hold over the States and the Centre having enough resources to ensure national integration and solidarity, e. g. defence matters, we should at the same time see that the States are also placed on a sound financial position. Because, we see before every Finance Commission petitions and memoranda coming from the various States, asking for more resources, more relaxation in their tax-gathering powers.

If we see the total expenditure of the States from the First Plan to the Third Plan—the Fourth Plan is still in the doldrums and is in the making—it has been steadily going up. During the First Plan out of Rs. 3,359 crores of total expenditure of the States for both plan and non-plan as much as Rs. 1,413 crores came from the Centre, which represents 42 per cent. In the Second Plan, out of Rs. 5,885 crores of total expenditure of the States, Rs 2,868 crores or 49 per cent came from the Centre. In the Third Plan out of Rs. 10,833 crores or 52 per cent came from the Centre. This shows that the States have become more and more dependent on the Centre for their resources.

Therefore, instead of treating the symptoms we should go into the serious malady of the inadequacy of the resources of the States to implement the various schemes and duties and functions that are given to them. The Constitution has earmarked the functions of the States but the resources given to them are not compatible with their functions and hence these difficulties.

Coming to the report of the present Finance Commission, even here the devolution is not satisfactory. New factors have been brought in, as pointed out by Shri Lobo Prabhu, because of which some of the States have to lose very heavily.

From 7.5 it comes down to 6.8. Even backwardness and other things, which should have found a real place in the Planning Commission's considerations, have been brought in here and the entire picture has been distorted. Suppose this goes on from commission to commission, in course of time the entire picture may be distorted.

I may add here that the Finance Commission deals only with the non-Plan needs of the States. The Plan needs of the States come out of purely discretionary funds under article 282. Unless we have got an integrated picture of both the Plan and the Finance Commission's allocations, it becomes very difficult for a State to adjust and implement the Plan itself.

It should be our endeavour to make a review of the entire structure of the Finance and the Planning Commissions. How far this could be done has been pointed out by

the Chairman of the Fourth Finance Commission. He demanded that there should be a review of resources on a constant basis. He also pointed out how this could be done under the existing provisions of the Constitution.

I would like to add one more thing. Even the devolution of funds made on the Finance Commission's report have not been satisfactory. Not only have the States been very much adversely affected by this but, as the Fourth Finance Commission Chairman said, it seems to be a gamble on the personal view of the members there. Even a member, of the Finance Commission, has pointed out very clearly in his minute attached to this Commission's report :-

"It will be seen from paragraph 6.49 of our Report that the scheme of devolutions recommended by us will substantially add to the surpluses of the advanced States with relatively high *per capita* income. This would have the effect of widening the disparity between them and the other States. The question arises whether there is no remedy for this state of affairs. It may be noted that the Fourth Finance Commission's award was expected to result in surpluses to certain States of the magnitude indicated below :-

Then he mentions the States of Bihar, Gujarat, Maharashtra, Punjab, Uttar Pradesh and West Bengal. He further says :-

"We have followed more or less the line of approach adopted by the Fourth Finance Commission but with modifications in certain directions which have the effect of securing a larger devolution to States with lower *per capita* income. The Strikingly increased surpluses now expected to arise . . . indicate that modification in the devolution scheme made by us do not go far in the direction of reducing disparities."

Even that has not fulfilled its work. Therefore I would request the hon. Finance Minister and the Government to appoint a commission of experts to go into the entire question of the Centre-State financial relations. Unless the States are put on a firm financial resources position, it will be

very difficult to maintain a coordinated and friendly federal structure. It is not charity that we want from the Centre. We do not come here with a begging bowl but we want it as a matter of the States' right in a federal structure. Of course, we want the unity of India to be maintained but, at the same time, in a federal structure the coordinated aspect should also be not lost sight of. It is as a federal right that the States want more resources to be raised by themselves and not be at the mercy or the gamble of a few persons sitting here.

श्री सरजू पाण्डेय (गाजीपुर) : सभापति महोदय, मन्त्री ने कहा है कि यह जो बिल सदन के सामने लाया गया है इसको इसलिए लाया गया है कि फाइनेंस कमिशन ने एक्साइज ड्यूटी का जो बंटवारा विभिन्न राज्यों के लिए किया है उसे सदन की मान्यता प्राप्त हो सके। परन्तु जैसा कि कई माननीय सदस्यों ने कहा है कि यह जो बंटवारा फाइनेंस कमिशन ने राज्यों को एक्साइज ड्यूटी का किया है, यह हमारे क्वाल से नियमित नहीं है। ऐसा इसलिए कहा गया है कि राज्यों का विकास बहुत ही ना-बराबर हुआ है। बहुत से राज्य काफी तरक्की कर गए हैं और बहुत से ऐसे भी हैं जो बहुत पिछड़े हुए रह गए हैं। इस सम्बन्ध में कुछ माननीय सदस्यों ने उत्तर प्रदेश और बिहार का प्रश्न भी उठाया है और कहा है कि और राज्यों के मुकाबले में इनको एक्साइज ड्यूटी ज्यादा दी है। लेकिन मैं समझता हूँ कि सरकार स्वाम स्वाह के जाल में फंसती है। फाइनेंस कमिशन बना। अब एक्साइज ड्यूटी का बंटवारा कैसे किया जाय उसके लिए एक नियम बना कि आवादी को एक्साइज ड्यूटी जितनी वसूल होती है उससे भाग देकर जो बचे उसका बंटवारा किया जाए। इस तरह का सिद्धान्त बनाया गया। लेकिन मैं समझता हूँ कि यह चीज जो कुछ है यह बेसिकली गलत है। आप सनाजवादी समाज का नारा लगाते हैं। लेकिन उसके लिए आपको नियम भी ऐसे बनाने होंगे जो आसानी से लोगों की समझ में आ सके और जनता को फायदा पहुँच सके, पिछड़े हुए लोगों को फायदा पहुँच

[श्री सरजू पाण्डेय]

सके ! लेकिन यहां तो हालत यह है कि हमारी सरकार स्वयं कुछ न कुछ मकड़ी की तरह से जाल बनाती है और बाद में खुद ही उसमें फंस जाती है। श्री पाणिग्रही ने कहा है कि औसत वाली बात गलत है। एक आदमी मान लो पांच सौ गज कपड़ा पहनता है और दूसरा दो गज कपड़ा। तो दोनों मिलाकर 502 गज कपड़ा पहनते हैं। अब अगर इसका औसत निकाला जाय तो 251 गज निकलता है। यह कमाल का हिसाब लगाया जाता है। यह अजीब तर्क है। इस तरह के तर्कों से काम नहीं चल सकता है। यह कहा जाता है कि अंग्रेजों के जमाने में एक हिन्दुस्तानी तरह गज कपड़ा पहनता था और आजकल वह पन्द्रह गज पहन रहा है इस वास्ते इससे साबित होता है कि मुल्क तरक्की कर रहा है। मैं नहीं समझता हूँ कि यह कुछ तरक्की है। चन्द आदमियों ने ही तरक्की की है। इस सम्बन्ध में मेरा कहना है कि फाइनेंस कमिशन की सिफारिशों को आप ला कर हाउस के सामने रख दें और चाहें कि इनको मान्यता प्रदान दी जाय तो इससे काम नहीं चलने वाला नहीं है। यह तो आपने मकड़ी का जाल खड़ा कर दिया और उसमें फंसने वाली बात है। सही मानों में देखा जाय तो एक्साइज ड्यूटी का जो तरीका है, जो कर वसूल करने का तरीका है वह गलत है। कर सीधे तरीके से होना चाहिए ताकि आदमी को कम से कम चोरी करने का अवसर मिले। टैक्स आप ऐसा बनायें, कानून आप ऐसा बनायें ताकि कोई न बच सके, कर की चोरी न हो सके। अब आप ही बतायें कि जो साधारण आदमी है वह बिक्री कर का कैसे हिसाब रखे ? उसकी समझ में यह चीज आती ही नहीं है। इसका नतीजा यह होता है कि जो छोटे छोटे गरीब दूकानदार होते हैं वे लुट जाते हैं। वे बिक्री कर का हिसाब रख नहीं पाते हैं। नतीजा यह होता है कि उनको इन्स्पेक्टर को घूस देने पर मजबूर होना पड़ता है। अपनी बिक्री को छिपाते हैं। टैक्सों के जो नियम हैं वे ऐसे होने चाहिये कि वे आम आदमी की समझ में आसानी से आ जायें।

इसके साथ साथ एक यह भी नियम होना चाहिये कि जो राज्य पिछड़े हुए हैं उनको ज्यादा से ज्यादा धन प्राप्त हो। उनके रिसो-सिस में केन्द्र की सहायता भी अधिक हो। वे खुद भी पैदा करें और केन्द्र भी उस में अधिक सहयोग करे। लेकिन यहां तो बहुत से फंसले राजनीतिक तौर पर होते हैं। जिन राज्यों को हमारी सरकार पसन्द करती है उनको तो अधिक सहायता देती और जिनको पसन्द नहीं करती है कम सहायता देती है। जो राज्य इनकी पसन्द के हैं उनको तो सहायता दी गई है और जो पसन्द के नहीं हैं, उनको नहीं दी गई है या बहुत ही कम दी गई है। यह चीज नहीं होनी चाहिये।

जहां तक इस बिल का सम्बन्ध है, मैं समझता हूँ कि बुनियादी तौर से यह चीज गलत है। हम नियम बनायें, कानून बनायें जिससे पिछड़े हुए राज्यों को ज्यादा सहायता मिल सके। बिहार और उत्तर प्रदेश का नाम लिया गया है। यह कहा गया है कि उत्तर प्रदेश को तो 18 प्रतिशत और बिहार को 13 प्रतिशत दिया गया है। बिहार और उत्तर प्रदेश भी एडवांस्ड राज्यों में नहीं है। आज भी देश के विभिन्न राज्यों को देखा जाय तो पता चलेगा कि बिहार और उत्तर प्रदेश बहुत पिछड़े हुए राज्य हैं। वहां पर बिजली की खपत, उद्योग धन्धों, नौकरी चाकरी, खेती-वाड़ी, सिंचाई आदि सभी क्षेत्रों में वे राज्य पिछड़े हुए हैं। उनकी शिकायत यह रही है कि उनकी तरफ पर्याप्त ध्यान नहीं दिया गया है। इस वास्ते मेरा निवेदन यह है कि नियम आप इस तरह के बनायें जो साधारण आदमी की समझ में आसानी से आ सकें। साथ ही साथ जो पिछड़े हुए राज्य हैं उनकी अधिक सहायता हो। तमाम दुनिया भर का तमाशा खड़ा करना और लोगों को टैक्सों की चोरी करने का मौका देना उचित नहीं है। अब तो कुछ नहीं हो सकता है। लेकिन भविष्य के लिए आप ऐसी व्यवस्था करें ताकि पिछड़े हुए राज्य जो हैं और जिन के रिसोसिस कम हैं, जो ज्यादा

पैसा जमा नहीं कर सकते हैं, उनकी अधिक सहायता हो सके।

अभी अंदाजमान और निकोबार की बात सामने आई थी। पता यह चला कि वहाँ के लोगों को राशन भी सरकार पहुँचाती है। खुद वहाँ इतना बड़ा जंगल है लेकिन उससे भी भागदानी नहीं हो पाती है, प्राफिट नहीं हो पाता है। इसका परिणाम यह होता है कि वहाँ की जनता पिछड़ी हुई रह जाती है। इस तरह के हमारे देश में बहुत से इलाके हैं जो बहुत ही पिछड़े हुए हैं। मैं चाहता हूँ कि आगे के लिए मन्त्री महोदय इस तरह का नियम बनायें ताकि जो पिछड़े हुए राज्य हैं उनको केन्द्र से अधिक सहायता मिल सके। एक्साइज ड्यूटी या कोई दूसरी ड्यूटी हो उसको आप सीधे तौर पर लगायें ताकि उसको आसानी से वसूल किया जा सके और चोरी करने की सम्भावना न रहे। साथ ही साथ नए सिरे से टैक्सों की व्यवस्था की जाए ताकि सही मानों में समाजवाद की ओर हम बढ़ सकें। केवल मात्र नारे लगाने से समाजवाद नहीं आएगा। चर्चा भी इसकी बहुत होती है और वहस के दौरान रोजाना समाजवाद का नाम लिया जाता है तथा दूसरी बातें कही जाती हैं। मैं कहना चाहता हूँ कि अगर समाजवाद लाना हो तो उसका एक ही रास्ता है जो जाना माना है, जिसको दुनिया जानती है और उसको लाने का और कोई नया रास्ता नहीं हो सकता है। यह जो जाल आपने बना रखा है टैक्सों का इसमें जो बड़े लोग हैं उनको चोरी करने का मौका मिलता है, साधारण आदमी तो अपना टैक्स अदा कर देता है। बड़े आदमी फर्जी रजिस्टर बना कर टैक्सों की चोरी करते हैं और इंस्पेक्टरों का पैसा बन्धा रहता है। वे पैसा ले लेते हैं और लिख देते हैं कि टैक्स से छुट दे दी जाए। इस तरह से सरकार को पैसा नहीं मिलता है या कम मिलता है।

अन्त में मैं कहना चाहता हूँ कि समाजवाद लाना है तो जिसने सारी सम्पत्ति को

हड़पा हुआ है उसे आप काटिये और जाल बट्टे का रास्ता छोड़कर सीधे रास्ते पर आइये ताकि देश सही मानों में प्रोग्रेस कर सके और पिछड़े हुए राज्यों को भी सहायता मिल सके।

श्री शिव चन्द्र झा (मधुबनी) : सभापति महोदय, मन्त्री महोदय इस बिल के द्वारा फिफथ फिनांस कमीशन की सिफारिशों को कार्यान्वित करना चाहते हैं। लेकिन इस तरह की सिफारिशों से विभिन्न राज्यों में जो असंतोष पैदा होगा, उसका परिचय अभी माननीय सदस्यों के भाषणों से मिल गया है। उड़ीसा को जो परसेंटज दिया जायगा, उसके बारे में अभी उड़ीसाके माननीय सदस्य ने जो असंतोष व्यक्त किया है, वह बिल्कुल दुस्त है। यही स्थिति आन्ध्र प्रदेश, आसाम, गुजरात और तामिलनाडू आदि की है।

फिफथ फिनांस कमीशन ने यह सिफारिश की है कि 1969-70, 1970-71 और 1971-72 में यूनिनियन एक्साइज ड्यूटी का 20 परसेंट राज्यों में बांट दिया जायेगा। मैं समझता हूँ कि यह जस्ट नहीं है। इस बारे में नेशनल डेवलपमेंट कौंसिल और विभिन्न राज्यों की सलाह लेनी चाहिये। फिनांस कमीशन ने वितरण की जो व्यवस्था की है, क्या उसके सम्बन्ध में राज्यों की राय ली गई है, क्या इस बात का पता लगाया गया है कि उनका रीएक्शन क्या है, क्या वे सन्तुष्ट हैं? वे बिल्कुल सन्तुष्ट नहीं हैं। अगर सरकार फिनांस कमीशन की सिफारिशों को कार्यान्वित करना चाहती है, तो वह नेशनल डेवलपमेंट कौंसिल और सब राज्यों की राय ले लेती और वितरण का एक ऐसा माप निकालती, जो राज्यों के लिए सन्तोषजनक होता। लेकिन सरकार ने ऐसा नहीं किया और वह इन सिफारिशों को कार्यान्वित करने की तरफ आगे बढ़ रही है।

केन्द्र और राज्यों के बीच में वित्त संबंधी मामलों का निराकरण करने के लिए हर पांच साल के बाद एक फिनांस कमीशन मुकर्रर

[श्री शिवचन्द्र भा]

किया जाता है और उसकी सिफारिशों के मुताबिक राज्यों में बंटवारा किया जाता है। मैं कहना चाहता हूँ कि यह तरीका गलत है और आज के समय में वह उपयुक्त नहीं है। मन्त्री महोदय कहेंगे कि संविधान के अनुच्छेद 280 के मुताबिक ऐसा किया जाता है, लेकिन मैं कहना चाहता हूँ कि इस सम्बन्ध में बुनियादी परिवर्तन लाने की जरूरत है। समय बहुत तेजी से आगे बढ़ रहा है और जो राज्य बरसों से अविकसित रहे हैं, उनको बहुत तेज रफ्तार से आगे ले जाना है।

श्री लोबो प्रभु ने कहा है कि बिहार का परसेंटेज उसकी पापुलेशन के आधार पर तय किया गया है। लेकिन उन्होंने इस बात पर गौर नहीं किया है कि यद्यपि बिहार लोहे, कोयले और अन्य दृष्टियों से एक दौलतमन्द राज्य है, लेकिन उसके लोहे, कोयले तथा अन्य साधनों का फायदा दूसरे राज्यों को हुआ है, जबकि बिहार को कोई फायदा नहीं पहुँच सका है। न तो उसकी पर कैपिटा इनकम में कोई वृद्धि हुई है और न ही उसका औद्योगिक विकास हुआ है। अब समय आ गया है कि बिहार जैसे अविकसित राज्यों की तरफ ध्यान दिया जाय और उन्हें केन्द्र की तरफ से ज्यादा परसेंटेज दिया जाये। इसमें पापुलेशन की बात नहीं है, बल्कि इन्साफ का तकाजा ही यही है। ऐसा करने से ही उड़ीसा और बिहार जैसे अविकसित राज्य प्रगति कर पायेंगे और रिजनल इम्बैलेंस दूर होगा।

इसके लिए यह जरूरी है कि हर साल का हिसाब निकाला जाय और हर साल केन्द्र और राज्यों के बीच में वित्त का बंटवारा किया जाये। इस उद्देश्य की पूर्ति के लिए हर साल फिनांस कमीशन नियुक्त किया जाना चाहिये। इस का मतलब यह है कि संविधान के अनुच्छेद 280 में संशोधन करके पांच सालों के बाद फिनांस कमीशन नियुक्त करने के बजाय हर साल फिनांस कमीशन नियुक्त करने की

व्यवस्था की जाय। इसके अलावा राज्यों के बीच बंटवारे का एक नया माप बनाया जाये। अविकसित राज्यों को ज्यादा दिया जाये और विकसित राज्यों को अपेक्षित कम दिया जाये। इस तरह देश में रिजनल इम्बैलेंस खत्म होगा और प्रगति की गाड़ी आगे बढ़ेगी।

जहाँ तक टैक्सों का सवाल है, जहाँ ज्यादा दौलत है, राज्य सरकारें या केन्द्रीय सरकार उनके माध्यम से समाज के इस्तेमाल के लिए वहाँ से पैसा वसूल करती है। लेकिन बुनियादी बात यह है कि दौलत का बंटवारा गैरबराबरी के आधार पर क्यों हुआ। इसका कारण यह है कि आजादी के बाद से देश में जो व्यवस्था चली, वह एक पूंजीवाद व्यवस्था रही है। सोशलिस्टिक पैटर्न आफ सोसायटी के साइनबोर्ड और दूसरे नारों के बावजूद हकीकत में हिन्दुस्तान में आजादी के बाद पूंजीवाद बढ़ा। यदि हम ईमानदारी से देश को आगे ले जाना चाहते हैं, तो समय का तकाजा है कि हम इस व्यवस्था को खत्म करे, लेकिन जहाँ तक सरकार की ईमानदारी का सवाल है, हम देखते हैं कि बैंकों का राष्ट्रीयकरण करते हुए उसने केवल चौदह बैंकों का राष्ट्रीयकरण किया। सुप्रीम कोर्ट ने इस बारे में जो फैसला दिया है, सरकार उसी पर लीपापोती कर रही है, उसको पालिश कर रही है। यदि सरकार चाहती है कि दौलत का सही मानों में विकास के लिए इस्तेमाल हो, तो समय का तकाजा है कि विदेशी बैंकों सहित तमाम बैंकों का राष्ट्रीयकरण कर दिया जाये।

जहाँ तक मुद्रावजा देने का सम्बन्ध है, मैं समझता हूँ कि कोई मुद्रावजा देने की जरूरत नहीं है। गांधी जी ने कहा था कि यदि पीटर को लूट कर पाल को देना है, तो मैं इस किस्म के मुद्रावजे को पसन्द नहीं करता हूँ। लेकिन यह सरकार समाजवाद का साइनबोर्ड लगाकर भी धाम जनता को लूट कर

बड़े बड़े बैंकों को मुद्रावजा देने की बात करती है। इस सरकार को बुनियादी नीति ही गलत है। यदि वित्त के मामले में उसकी बुनियादी नीति ठीक रहेगी, तो इस प्रकार का भ्रमेला नहीं होगा और कोई कमिशन आदि बनाने की भी जरूरत नहीं पड़ेगी। तमाम रीसोसिज पर सरकार का कब्जा होगा और टैक्स के बारे में सब घाघलियां खत्म हो जायेंगी।

मैं चाहता हूँ कि इस बिल को सकुंलेट किया जाय, नेशनल डेवलपमेंट काँसिल की बैठक में इस पर विचार किया जाय और तमाम राज्यों की सहमति से एक नई वितरण व्यवस्था निकाली जाय। यह सेशन तीन महीने तक चलेगा। अप्रैल के आखिर तक इस बिल के बारे में राय ले ली जाये और उसके बाद 20 मई तक इसको पास करवाया जा सकता है। अगर संविधान के अनुच्छेद 280 में संशोधन करके हर साल फिनांस कमिशन मुकर्रर किया जाए, राज्यों के बीच बंटवारा एक नये आधार पर किया जाये, तो केन्द्र और राज्यों के मध्य वित्तीय मामलों के बारे में अधिक स्पष्ट सम्बन्ध स्थापित हो जायेंगे।

सभापति महोदय : श्री रामजी राम। माननीय सदस्य सदन में नहीं हैं। मिनिस्टर महोदय।

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI P. C. SETHI) : Sir the hon. Member, Shri Sezhiyan, to start has particularly raised this point that the Special Finance Commission should go into the State-Central financial relationship matters. I would like to point out that the Administrative Reforms Commission has gone into this matter and they came to this conclusion that the existing constitutional provisions are sufficiently flexible to cover the needs of the present structure and that the Finance Commission and the Planning Commission together cover the needs. Having said this, I would like to point out that the Finance Commission generally deals with the devolution of funds which accrue from three or four things.

I would particularly draw attention to this point. We are not touching income-tax here. One is the devolution of income from income-tax excluding corporation tax. As far as income-tax is concerned, 75 per cent of the revenue therefrom goes to the States. There is another aspect of the same devolution. This is the distribution of the amount as between different States. The Finance Commission has also worked out a scheme where they say what percentage should be allocated to each State. This is the second part of the recommendation.

Secondly, there is the division of the net proceeds of excise duties. Excise duties are of three types. One is the basic excise duties, of which previously about 40 per cent on three items, tobacco, sugar and cloth, was going to the States. Later on, it was changed. It was not limited to only three commodities, but an overall percentage of the basic excise duties on all commodities, 20 per cent, has been transferred to the States. I would come to that figure and point out how the basic excise duties have increased and after the increase what greater proportion of that account is going to the States. I would come to that point.

Then there is the additional excise duties of which the entire amount, deducting the amount for the Union Territories and the cost of collection, goes to the States. Then there is the special excise duty which has been reserved for the Centre with nothing from it going to the States as yet.

Then there is the question of estate duty and grants in aid.

From time to time, various Finance Commissions have been appointed. They have gone into the question of devolution of taxes between the Centre and the States and also *inter se* between the States, as to what percentage should be allocated and on what basis.

As far as the Finance Commission is concerned, it is a very high-powered body. It makes its recommendations after a comprehensive examination of the various points of view expressed by the States and going into various facets and aspects of the problem. We cannot isolate its recomm-

[Shri P. C. Sethi]

endations with regard to excise duties alone. There is a comprehensive recommendation giving an overall picture of the requirements of the Centre and the States. Taking into account the needs of the States, the backwardness of the State, taking all these things into account and doing very detailed work, they come to certain conclusions. So if we isolate only the devolution of the excise duty while not taking into consideration division of the other things, estate duty, grants in aid and so on or the various other problems which are posed and thrown to them, it would not be justified. Therefore, it has been the practice, not only with regard to the Fifth Finance Commission but even with regard to the earlier Commissions, that whatever recommendations were made by them were carefully examined and accepted almost as an award.

**SHRIMATI ILA PALCHOU DHURY** (Krishnagar) : Why should it be sacrosanct ? It could be reviewed.

**SHRI P. C. SETHI** : That is a different matter. I am simply giving the background, the historical position.

Therefore, we are not here entering into the merits or demerits or questioning or challenging the award of the Commission.

**SHRI RANDHIR SINGH** : Are Government accepting the awards of all Commissions ? They did not accept the Shah Commission's award.

**SHRI P. C. SETHI** : Which Commission ?

**SHRI RANDHIR SINGH** : The Shah Commission. You did not accept its recommendation for giving Chandigarh to Haryana.

**SHRI P. C. SETHI** : I know Chaudhury would bring Chandigarh into all Bills.

Therefore, the purpose of this Bill is very limited. It is limited in the sense that the Fifth Finance Commission has recommended that 70 per cent of the net revenue from excise duties which was being distributed to the States earlier should be continued as before. And besides this, they have also

recommended that for the two years 1972-73 and 1973-74, 20 per cent of the special excise duty, which was being reserved for the Centre, should also be diverted to the States. This is one part of the recommendation. The second part of the recommendation is about the percentage of devolution among the States, and therefore the purpose of the Bill is very much limited.

From this point of view, I would also like to point out how much the position has changed. In the year 1961-62, for example, the basic duty was Rs. 450 crores and additional duty was Rs. 39 crores. In 1969-70 the income from the basic duty is Rs. 1376 crores and from the additional duty is Rs. 62 crores. As far as the additional duty is concerned, the entire proceeds go to the States. As far as the basic duty is concerned, previously 20 per cent of Rs. 450 crores was going, now 20 per cent of Rs. 1376 crores will go to the States. Therefore, the devolution of funds is much more favourable to the States.

It may be true that some of the States have been adversely hit according to what they claim should have been their position, but taking an overall view of the situation almost all the States have benefited not only in the division of the excise duty but the ways and means position of all the States will also improve. Previously the advance income tax collection that we were making was shared with the States, but only on completion of regular assessment the advance tax collection will now also form part of divisible pool in the year of collection. So, it is not only in the devolution of the present excise duties or income tax or other duties that the States have benefited, but their ways and means position has substantially changed and the ways and means position of the Central Government has been substantially thrown back on account of this recommendation. So, it is a major recommendation which has improved the ways and means position of the States. It is true that for some of the States the percentage share of devolution has gone down. That is why wherever the question of non plan development is concerned, it has been said that the difficulties that are being faced by the States would be discussed by the Planning Commission and in the National Development Council and the question.

of assistance according to the requirements of the States could be considered, but at present I would only say that as far as the recommendations of the Fifth Finance Commission are concerned, the Government have treated them almost as an award and this Bill is a very simple one seeking to say that as long as there is no change in the situation, the present arrangement of giving 20 per cent of the basic excise duty to the States should continue and for giving effect to the other recommendations of the Fifth Finance Commission of giving 20 per cent of the special excise duty to the States for the years 1972-73 and 1973-74.

SHRI S. KANDAPPAN (Mettur) : You are not accepting it.

SHRI P. C. SETHI : Secondly, with regard to the devolution of funds among the States *inter se* that recommendation has also to be accepted. This is a very simple proposition before the House and I am quite sure that the House would appreciate that in the present circumstances we have no alternative but to accept the recommendations of the Commission.

17 hrs.

SHRI SEZHIAN : One clarification. In the beginning of his speech the hon. Minister referred to my remark regarding the constitution of the Central State Financial Committee. The Administrative Reforms Commission had already gone into this question and for his benefit I can read out what they say even in the opening page of their report :

"We have however made recommendations to delegate more financial and administrative functions and powers to the States with the twin objectives of making the relation between the Centre and the States smoother and introducing efficiency and economy in the administration of the Union and the State Government."

In another place, they say :

"Informal conferences of Chief Minister and other Ministers have not been able to deal with the controversies that have arisen in the areas of Centre-State

relationship with speed and effectiveness. We have therefore recommended the Constitution of inter-State Councils. To begin with it may be set up for a period of two years."

These are categorical recommendations of the Commission and I hope the hon. Minister will go through them and implement them wherever necessary.

SHRI P. C. SETHI : May I respectfully submit that the recommendation is about the appointment of inter-State Councils and we are here considering the question of financial relationship between the States and the Centre. Inter-State relationship is a vast subject and the hon. Member is extending the arena of discussion.

MR. CHAIRMAN : I shall now put amendment No. 3 to vote. The question is :

"That the Bill be circulated for the purpose of eliciting opinion thereon by the 30th April, 1970." (3)

*The motion was negatived.*

MR. CHAIRMAN : The question is : "That the Bill further to amend the Union Duties of Excise (Distribution) Act, 1962, be taken into consideration."

*The motion was adopted.*

MR. CHAIRMAN : There are no amendments to clauses 2 and 3. The question is :

"That clauses 2 and 3 stand part of the Bill."

*The motion was adopted.*

*Clauses 2 and 3 were added to the Bill.  
 Clause 4 was added to the Bill.*

*Clause 1—(Short title)*

*Amendment made :*

Page, 1 line 4,-

for "1969" substitute "1970" (2)

(Shri P.C. Sethi)

MR. CHAIRMAN : The question is :

[Mr. Chairman]

"That Clause 1, as amended, stand part of the Bill."

*The motion was adopted.*

*Clause 1, as amended was taken to the Bill.*

Enacting Formula

*Amendment made :*

Page 1, line 1,-

for "Twentieth" substitute "Twenty-first" (1)

(*Shri P.C. Sethi*)

MR. CHAIRMAN : The question is :

"That the Enacting Formula, as amended, stand part of the Bill."

*The motion was adopted.*

*The Enacting Formula, as amended, was added to the Bill.*

*The Title was added to the Bill.*

SHRI P.C. SETHI : Sir, I move :

"That the Bill, as amended, be passed".

MR. CHAIRMAN : The question is :

"That the Bill, as amended, be passed."

*The motion was adopted.*

17.06 hrs.

ADDITIONAL DUTIES OF EXCISE  
(GOODS OF SPECIAL IMPORTANCE)  
AMENDMENT BILL.

THE MINISTER OF STATE IN THE  
MINISTRY OF FINANCE (SHRI P.C.  
SETHI) : Sir, I had already moved\* earlier  
that this Bill be taken into consideration.

Sir this is an amending Bill on additional  
duties of excise in respect of goods of

special importance. It seeks to give effect to the recommendations of the Fifth Finance Commission regarding distribution between the States of the proceeds of additional duties of excise levied on sugar, tobacco and textiles. Hon. Members are aware that these duties were levied with the agreement of the State Governments in 1957 in replacement of States' sales tax on these articles. The net proceeds of these duties, other than those attributable to the Union territories, accrue to the States.

In addition to making recommendations on principles governing the distribution of net proceeds of these duties, the Fifth Finance Commission was also required to examine the desirability or otherwise of maintaining the existing arrangements and the scope of or extending such arrangements to other items or commodities. According to the Commission, the rationale of the present scheme and the advantages, which it was expected to bring, when it was introduced, hold good even now. However in view of the general opposition of the States, the Commission has recommended that it would not be desirable to continue the scheme unless the Government of India after discussing the matter with the State Governments, can arrive at a general agreement for the continuance of the present scheme with suitable modifications. Pending final decision, the Commission recommended that the distribution of the balance after payment of guaranteed amounts should be made 50 per cent on the basis of population and 50 per cent on the basis of sales tax collections (excluding Central sales tax).

As already indicated in the Explanatory Memorandum on the action taken by the Government on the Commission's recommendations, the matter regarding the desirability of continuing the present arrangements regarding additional excise duties would be placed before the National Development Council as early as possible, for their consideration.

The other recommendations on the Commission relating to the sharing of

\*Moved with the recommendation of the President.