

an>

Title: Introduction of the Constitution (One Hundred and Twenty-Second Amendment) Bill, 2014.

HON. DEPUTY-SPEAKER: The House will now take up Item No. 22(a).

Shri Arun Jaitley

THE MINISTER OF FINANCE, MINISTER OF CORPORATE AFFAIRS AND MINISTER OF INFORMATION AND BROADCASTING (SHRI ARUN JAITLEY): Sir, I beg to move for leave to introduce a Bill further to amend the Constitution of India.

HON. DEPUTY-SPEAKER: Motion moved:

"That leave be granted to introduce a Bill further to amend the Constitution of India."

PROF. SAUGATA ROY (DUM DUM): Sir, I have given a notice under Rule 72(i) to oppose the introduction of the Constitution Amendment Bill. This Bill, as far as I know relates to the Goods and Services Tax which the Government wants to introduce.

SHRI S.S. AHLUWALIA (DARJEELING): Are you opposed to GST?

PROF. SAUGATA ROY : We have said that we are not opposed to GST.

SHRI N.K. PREMACHANDRAN (KOLLAM): We have not seen it.

PROF. SAUGATA ROY : The Constitution Amendment Bill has been circulated to us this morning. The only thing why I am opposing the introduction is that there was an Empowered Committee of State Finance Ministers formed to finalise the Bill. The Empowered Committee met. The State of West Bengal in particular said that we have to be compensated for past Central Sales Tax dues to the tune of Rs. 4000 crore before an agreement could be reached. After that there was no meeting of the Empowered Committee of Ministers. The Finance Minister was made the Chairman of the Empowered Committee. The Finance Ministers of Gujarat and Punjab were the members of the Committee. The Bill was then taken to the Cabinet. The Cabinet approved the Bill and as a result of that it has been circulated today. If without achieving a consensus among all the States, then it will be an attack on the federal principles. I have mentioned this in the morning in the presence of the hon. Prime Minister. In the Rajya Sabha also he has replied to this. Nobody is opposed to the fact that with the passing of this Bill the tax regime would be simpler. But the concerns of the State have to be addressed and the State has to be adequately compensated for the loss they are suffering. Yesterday the hon. Finance Minister of West Bengal had written to the Chairman of the Empowered Committee saying that these are his objections. They have not been addressed yet.

So, on behalf of our Party, we are opposing this Constitution (Amendment) Bill. Before it is pushed further, I think, the hon. Minister should clarify the position.

SHRI N.K. PREMACHANDRAN : Sir, I am also objecting the Bill because of two reasons under rule 72 as well as Direction 19(b) of the Speaker of this honourable House.

The main point to be considered is that this is a Constitutional Amendment which is affecting the Centre-State relationship. It is a very important Bill which is amending the Constitution. I have received a copy of the Bill this morning at 9.30. So, the right of the Member to object the constitutional validity as well as the legislative competence of the Bill in the House is being denied by way of presenting this Bill by means of a Supplementary List of Business. It is a very important Bill amending the Constitution. We are all for the goods and services tax. The State Government of Kerala is also supporting it. Our only condition is that the State should be adequately compensated. We hope that it will be there in the Bill.

Definitely, we will support the contents of the Bill but the way in which it is brought to the House is objectionable. This is the objection which I would like to raise.

SHRI MOHAMMAD SALIM (RAIGANJ): Sir, I am on a totally different point. Besides what the previous Members have said, how is the Government treating the Parliament and Lok Sabha? A Constitution (Amendment) Bill is being introduced. Normally, the Government comes out saying that these are the Government Bills pending and that they intend to introduce them. It is not so in this case. Only yesterday, we met in the BAC. The Government did not say that they are coming up with the Bill. How is the Government functioning? Ad-hocism is there. This is how the Parliament is taken for granted. Even the Minister for Parliamentary Affairs was not in a position to say in the morning that this Bill is going to be circulated after it will be introduced. If you treat a Constitution (Amendment) Bill in such a manner, I think, difficult days are to come for parliamentary democracy and moreover, this Bill is particularly concerning the Centre-State relations.

SHRI BHARTRUHARI MAHTAB (CUTTACK): Sir, this is a Constitution (Amendment) Bill. The Goods and Services Tax Bill was introduced in the 15th Lok Sabha by the UPA Government. It was referred to the Standing Committee on Finance. The Standing Committee on Finance deliberated on that issue and also gave its Report to the House.

Subsequently, with the wisdom of the UPA Government, they had formed a Ministerial Empowered Committee under the Chairmanship of the then Finance Minister of West Bengal, Shri Asim Dasgupta. Then, when the Government went out, another Finance Minister of Bihar, Shri Sushil Kumar Modi, became the Chairman of that Committee. Today, the Finance Minister of Jammu and Kashmir is the Chairman of that Ministerial Empowered Committee. As election is going on in Jammu and Kashmir, there is a possibility that the result will have a different impact on this Committee.

My concern here is, invariably, all the political parties cutting across the country support and are in favour of GST Bill. We are not opposed to the GST Bill. We are only seeking certain clarifications. This will be a new Bill. It is not the same Bill which was introduced in the last Lok Sabha. New suggestions have come from the Ministerial Empowered Committee. More interactions have taken place with the concerned Ministries of the concerned State Governments. Will the Government send this Bill again to the concerned Committee or not? Is it under consideration or are we going to discuss this Bill on Monday and Tuesday? It is because this was not discussed in the Business Advisory Committee.

DR. P. VENUGOPAL (TIRUVALLUR): Sir, this is a very important Bill. There are some lacunae and irregularities in it. The sentiments of the Members should be incorporated in the Bill. We oppose this Bill.

SHRI MALLIKARJUN KHARGE (GULBARGA): As the hon. Members, Shri Mahtab, Shri Saugata Roy, Shri Premachandran said, this should have been brought in the Business Advisory Committee. There, they did not present it. At the same time, as per the rules, as Shri Premachandran has pointed out, it should have been informed to the Speaker at least seven days before. Only this morning, it has come up and you are introducing it now.

We have to see what are the minus points and what are the plus points in this. Why every Bill is being brought forward in such a hurry like this? I am not able to understand this.

HON. DEPUTY-SPEAKER: It is only introduction of the Bill.

Mr. Minister please.

SHRI MALLIKARJUN KHARGE : On the justification of introduction, can anything, like the Supplementary Demands for Grants, be brought before the House? ...(*Interruptions*)

HON. DEPUTY-SPEAKER: Let the Minister explain that.

...(*Interruptions*)

SHRI MALLIKARJUN KHARGE : I am very sorry. Despite hearing us, if you support him, I cannot say anything. ...(*Interruptions*)

HON. DEPUTY-SPEAKER: I am not supporting. I am sorry. You cannot cast any aspersion on the Chair. The hon. Minister has sought leave to introduce the Bill. You have made your comments on that. Let him answer. Then you decide about that. Why are you telling that I am supporting him? I am not supporting him. I am sorry for that.

...(*Interruptions*)

HON. DEPUTY-SPEAKER: I am not taking any decisions. It is the House which has to take a decision. Let the Minister reply. You have raised your points. You have explained that. Let the Minister reply. Then, take a decision. I have no objection.

...(*Interruptions*)

HON. DEPUTY-SPEAKER: Let the Minister explain it to you.

...(*Interruptions*)

SHRI ARUN JAITLEY: There are two important points which I want to make in response to the Members. The first is, the constitutional issue which has been raised and I will respond to it; and the second is regarding the substance, which Prof. Saugata Roy and others have mentioned.

Any Bill can be opposed on two grounds. It can be opposed if it lacks either legislative competence of the Parliament or if it violates the basic structure, fundamental rights in the context of an ordinary legislation and basic structure as far as a constitution amendment is concerned. Now, none of the objections come within that parameter.

In fact, let me remind the hon. Members that this Bill, in the context of how taxation is to be levied, has earlier been introduced. It has been cleared

by the Standing Committee. It has been the good luck of this Parliament and the country that conventionally West Bengal was the greater supporter of this Bill. Therefore, if there is any change in thinking, I do not know. In fact, it was the effort of Shri Asim Das Gupta, who conferred not only with Chief Ministers but also with me on some occasions when I was the Leader of Opposition in order to mobilise support for this Bill.

On substance, I have just two things to say to allay any fear that you have. It was mooted in 2006 by the UPA in its Budget, and was originally conceived by Vajpayee ji. It was pushed by both the UPA Finance Ministers. The object behind the GST is to have a seamless transfer of goods and services across the country. Let there be no tax on tax. So, if you have multiple taxations imposed, the burden and the procedural complications increase. On the destination principle, the tax is at the last stage.

Now, one legitimate fear was there. Therefore, I am not going to rush through with this, as Shri Mahtab ji has said, though the Standing Committee has cleared it, though I have discussed it repeatedly, though Shri Chidambaram has discussed it repeatedly with the Empowered Committee and the State Governments. I have met several Chief Ministers and Finance Ministers, and discussed this issue with them individually also.

We have added several safeguards to this. I called a meeting on the last occasion on Friday. The Finance Ministers expressed some three or four points of concern. Then a smaller group came and met me, which comprised of people from various political parties. But they came really speaking in one voice. On Friday we arrived at a near consensus. But they wanted to see the draft amendment. Somebody had to go back to Kolkata, so he could not join them, which was not a problem that I created, though I read a statement to the contrary. But I do not want to get into that small issue. Then, they came back to me on Monday. Representatives of Tamil Nadu and Karnataka also joined them. Finally the draft Constitution Amendment was shown to this smaller group. These meetings went on for hours together. Thereafter, they wanted some change in the language which was to give more liberal rights to the States. I acknowledged that request. Even now, the intention, Shri Mahtab, is not to push it through. Whether a Standing Committee is again required or not required is a separate issue. But we want this to be debated after it is introduced, after the Draft to be out so that if anybody has any suggestion to offer. I am willing to accept that. We have made sure that no State will lose a rupee of revenue. It will be a win-win situation where they will gain.

Amongst the other factors, I will just give you three factors. Service tax is entirely in the domain of the Centre today. It is going to be shared with States now. Places like Maharashtra, from where one-third of the national service tax comes, will benefit. When we share it with them, it more than takes care of the octroi absorption into the GST. Service tax on Bengaluru in Karnataka takes care more than that. Additionally, we will make sure that for some period, two years, a one percent additional tax is permitted to the States. Even then, the consuming States are all going to benefit. If some producing State, for some period, loses some money, in the Constitution Amendment itself, I have provided that for five years, there is a mechanism. For the first three years, it is there entirely and then it is on tapering basis. The Centre will assure them to compensate them for any loss which has been suffered.

As far as the past is concerned, from 2010 to 2013, the CST compensation which was payable to the States, amongst the various debts which have been left behind on my table by the UPA, this is one of them. They have not paid it. In the discussion on the Demands for Supplementary Grants, I have already said that I intend to honour that commitment which the UPA had made. Therefore, the first instalment in that repayment also, I will try to pay in this financial year itself. So, we will make sure that no State loses. All the States are going to gain more.

As far as our Government is concerned, one of the objects behind replacement of the Planning Commission is that a large number of schemes, which mandatorily go as Central Schemes to the States, should go directly to the States. That is empowering the States. For example, we had taken up the Coal Bill, the Ordinance which you have approved, along with that. The coal-producing States include four States which need help – West Bengal, Odisha, Jharkhand and Chhattisgarh. A large part of what comes from the auction, that revenue will go to the States themselves. We are interested in strengthening the States because then only the national economy will be strengthened. Therefore, when the Bill is taken up for discussion, perhaps in the next Session, we will make sure that the interest of every State is well looked after in this. I will be open to all suggestion till the very last minute.

SHRI MALLIKARJUN KHARGE : Sir, I will take only one minute. I just want to know one thing. This octroi abolition is mostly in Maharashtra or one or two States. All other States have abolished it long back except Maharashtra as also some urban areas like Mumbai. The rest of the country accepted abolition of Octroi. I want to know whether Maharashtra has also accepted this now.

SHRI ARUN JAITLEY: I have had a detailed discussion with the Finance Minister of Maharashtra also. I had earlier discussion with the Chief Minister. I just indicated that I have not the least doubt that Maharashtra would benefit from year one, for the simple reason I will give you the figure. The total Octroi comes to Rs.15,000 crore. The national service tax collection is about Rs.1,75,000 crore, one-third of which comes from Maharashtra. When I start sharing with them, the compensation package to Maharashtra will be more than that. In the initial years, they will get an additional one per cent additional tax. Still, if there is a loss, I will cover up for the five years. Therefore, just as in the case of VAT which was the fear of the unknown that will go down, the Centre benefited, the States benefited. I have not the least doubt that both will benefit even in this case. Once both the Houses of Parliament approve this and this becomes a law, certainly, with the approval of the States, we will address the concerns of each one of those States. This is not a partisan piece of legislation. When the UPA Government brought it in, you have had persons from the CPM, the BJP and the National Conference as Chairpersons. The States are certainly concerned about their rights.

We will ensure that their rights are preserved. No State is a loser.

HON. DEPUTY SPEAKER: The question is:

"That leave be granted to introduce a Bill further to amend the Constitution of India."

*The motion was adopted.*

SHRI ARUN JAITLEY: I introduce the Bill.