

MR. CHAIRMAN: I think, the hon. Minister has nothing to say.

SHRI P. SHIV SHANKAR: I have nothing to say.

MR. CHAIRMAN: The question is:

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

*The motion was adopted.*

16.22 hrs.

[SHRI CHANDRAJIT YADAV *in the Chair*]

CENTRAL EXCISES AND SALT AND  
ADDITIONAL DUTIES OF EXCISE  
(AMENDMENT) BILL

THE MINISTER OF FINANCE AND  
INDUSTRY SHRI R. VENKATARA-  
MAN): Mr. Chairman, Sir, I beg to  
move:

"That the Bill further to amend the Central Excises and Salt Act, 1944, and the Additional Duties of Excise (Goods of Special Importance) Act, 1957, be taken into consideration."

The Bill has been introduced to overcome a difficult situation created by the judgement of the Gujarat High Court relating to assessment of Central Excise duties in respect of the cotton and man-made fabrics. In its judgement, the High Court has set at naught a long-standing practice of levy and collection of Central Excise duty on processed fabrics. According to the existing tariff structure, excise duty is leviable on cotton, woollen and man-made fabrics separately at the grey fabric stage and the processed fabric stage. However, unprocessed woollen fabrics and unprocessed man-made fabrics have been exempted from the levy of excise duty. In respect of these two types of fabrics, excise duty is collected only at the processed fabric stage. In the case of cotton fabrics when unprocessed fabrics are processed, the duty already paid is set off against the duty

leviable on the processed fabrics. This system of levy and collection of duty at the unprocessed and processed stages of fabrics has been built up over a number of years. The system has helped over the years in maintaining a balance between the different sectors of the textile industry, viz., composite mills, independent processors and hand processors, by affording suitable excise duty differentials in the processing stage duties.

The Gujarat High Court, in its judgement dated 24th January, 1979, has questioned this long standing practice of charging duty separately on processed fabrics. It has been held by the Court that the term 'fabric' would refer to something that is woven; hence it can relate only to cloth in the grey stage. Processing of grey cloth does not result in any further manufacture of a woven stuff or a woven substance since, after processing also, the fabric remains a fabric. The Court has, however, observed that processing is an excisable activity covered by the residuary item No. 68 of the Central Excise Tariff and since processed cotton fabrics and processed man-made fabrics were manufactured in the factories of the petitioners, they were liable to pay *ad valorem* duty only in respect of the value added during processing. The Court has directed that excise duty paid by each of the petitioners during the period of three years immediately preceding the institution of each petition before the Court in excess of the duty amount calculated under the residuary Tariff Item 68 should be refunded along with interest at 12 per cent per annum from the date of collection of the said amount till the date of actual repayment.

In sum, the judgment of the High Court has decreed that excise duty having been levied at the grey stage, no further excise duty at the fabric rate is leviable on any type of processing of fabrics carried out after that stage. Excise duty on fabrics being *ad valorem* and the cost of processing being a substantial contributor to the value of finished fabrics, levying of

duty only at the grey stage, besides up-setting the differential duty mechanism being operated over the years to maintain the balance between different sectors of the industry, would adversely affect the revenue interests of the Government.

The judgement of the High Court, apart from affecting the prospective levy and assessment of central excise duty on textiles, also affects assessments made in the earlier years, since the court has ordered refunds of duty collected for a period of three years prior to the date of filing of petitions before it, along with 12 per cent interest. After the pronouncement of the judgement and the order of the Gujarat High Court, a number of writ petitions by the parties agitating the same point have been filed in different High Courts.

More than 130 cases have been filed in the Gujarat High Court itself. The High Court has so far decided about 120 cases filed by independent processors with revenue implications exceeding 30 crores of rupees. A number of other writ petitions have been filed in other High Courts both by independent processors as well as composite mills. If these High Courts too were to deliver similar judgements, following the ratio of the Gujarat judgement, several crores of rupees, may be at stake.

Hon'ble Members are aware of how the system of Central Excise duty operates. Being an indirect tax, it is collected from manufacturers of excisable goods. Manufacturers, in turn, pass on the incidence of the duty to buyers of the goods. The buyers pass it on to retailers. The retailers pass it on in their turn to consumers. In this chain of passing on the burden down the line it is the ultimate consumer who has to bear the burden of any excise levy.

The point I want to place before the hon. Members is that in all these cases that are covered by the Gujarat High Court judgement—the consumer has

already borne the burden of the processing duties. And, payment of duty refunds to the petitioners, as decreed by the Court, would only mean a fortuitous and windfall benefit for such persons, without the possibility of any relief accruing to the consumers who purchased the fabrics. Honourable Members will readily agree with me that Government cannot afford to and should not, put all this money into the pockets of such processors or manufacturers.

This apart, the judgement of the the High Court has created an uncertainty in the scheme of levy of excise duty on cotton, man-made and woollen fabrics. This uncertainty is not good either for the tax Administration or for the manufacturers themselves. It is necessary to settle the issue beyond doubt at the earliest opportunity.

The existing excise duty structure with regard to Textiles has been used as a means to afford, by appropriate excise duty differentials, the required degree of encouragement and protection to the weaker and decentralised sectors of the textile industry in general and to the employment oriented and highly dispersed hand-processing sector in particular.

Sir, it was in these circumstances that the Central Excise and Salt and Additional Duties of Excise (Amendment) Ordinance, 1979 (12 of 1979) was promulgated on 24th November, 1979. The present Bill seeks to replace the aforesaid Ordinance. The validating provisions of the Bill seek to place on a legal footing all levies, assessments and recoveries already made in the past. It is not intended to create any fresh liability in respect of past assessments.

Sir, I move that the Bill be taken into consideration.

MR. CHAIRMAN: Motion moved:

"That the Bill further to amend the Central Excises and Salt Act, 1944, and the Additional Duties of Excise (Goods of Special Impor-

tance) Act, 1957, be taken into consideration."

**SHRI N. G. RANGA (Guntur):** Mr. Chairman, Sir, may I seek a clarification? How do the interest of the handloom weavers are likely to be affected by the changes my hon'ble friend wish to make?

**SHRI R. VENKATARAMAN:** I will reply to all the points at the end.

**MR. CHAIRMAN:** If the Minister has no objection he may give the clarification as Shri Ranga may not be present at that time.

**SHRI R. VENKATARAMAN:** Sir, the excise duty differentials were levied in the past only to protect the handloom interests. Government levied no excise duty on handloom, and lower duty on hand-printing, hand-processing fabrics etc. and higher duty on the machine made and others. This particular Bill only seeks to maintain the original provision. Handloom will not be affected. The original levy has been made in such a way that the hand-processing and labour-oriented sectors get a concession and that is sought to be protected by this legislation. The Gujarat High Court said that fabric means the stage at which the grey fabric is made and whether printing, sanforising, bleaching it is still a fabric and so you cannot levy excise duty. I have an answer to it but as I am not in a court I need not give the answer. The decision is there. We want to get over that decision.

**SHRI KRISHNA CHANDRA HALDER (Durgapur):** Mr. Chairman, Sir, the hon'ble Minister has introduced the Central Excise and Salt and Additional Duties of Excise (Amendment) Bill, 1980. In his statement he has stated that Gujarat High Court turned down the previous Act and 130 cases were filed and naturally approximately Rs. 30 crores have to

be refunded to the parties. So, this ordinance was promulgated and this Bill is introduced and that it will be an Act. But I would like to draw the attention regarding the Central Government's imposition of additional duties and additional excise on different commodities.

Sir, the State governments are not getting their proper share of the Central additional duties and as you know, Sir, all the development works are on the hands of the State governments and, as such, if they do not get the proper share of the Central additional duty and excise taxes then State Governments cannot do their development work properly.

Sir, sales-tax is one of the main source of income of the States. In 1957 additional duty Act was passed and sugar, textile, tobacco and leather were brought out of the purview of the States' sales tax...

The additional excise duty was increased on sugar, textile, tobacco, leather and so on. Later, excise and special excise duty was increased on many commodities. Generally they increased these taxes gradually and now we find that the Central Government, year after year, increases the indirect taxes. And in this way, they try to deprive the State Governments of their legitimate share.

The Development Council decided that all the additional excise duties by the Centre should be distributed among the States. The States are not getting their legitimate share. Already I mentioned that all development works are in the hands of the State Governments. But, for paucity of funds, they are unable to perform their duties or implement their development works properly. The Chief Minister of West Bengal said in the last Development Council Meeting that more money should be allotted to the States and that the Centre-State relation regarding financial matters should be reviewed in view

[Shri Krishna Chandra Halder]

of the changed circumstances. Further, the CM, West Bengal, demanded the abolition of the additional excise duty which has been increased by the Central Government. On sugar, textile, tobacco, leather etc. He demanded that these should be abolished and brought within the purview of the State Sales-tax so that the State Governments can strengthen their financial position and they will be able to discharge their duties regarding financial works properly.

So, I request the Government not to waste their energy in toppling non-Congress (I) State Governments. The Central Government should allocate the legitimate share of these excise duties to the State Governments. In this way they can strengthen the federal structure of our country.

So, I demand that this additional excise duty should be abolished as demanded by the CM of West Bengal. Now, regarding the Centre-State relations, I wish to state that the financial relations between the State and the Centre should be further reviewed.

All the State Governments are agitating and they are demanding that they have to do all the development works; they have to do work relating to drinking water in the rural area, construction of roads, schools, health centres and so on. They do all these development works.

I request the hon. Minister to review the financial relations between the Centre and the States. I would request him to allocate more money to the State Governments, especially to West Bengal because we had to do flood relief work in the last flood and now the State Government of West Bengal is facing acute drought situation. So they have to do the relief work. The Central Government can overcome the deficit by printing more currency notes in Nasik. But the State Government can only take overdraft

from the Reserve Bank of India. But you are not sanctioning sufficient money for the State Government. So I would request you, on behalf of West Bengal, that you should sanction more money to West Bengal Government to undertake various works, so that they can discharge their duties properly. With these observations I conclude my speech. Thank you.

SHRI SATISH AGARWAL (Jaipur): Mr. Chairman, Sir, actually I had no idea of speaking on this Bill. But my colleague, Prof. Dandavate, wanted me to make certain comments. So far as the present Bill is concerned, I am not here to oppose the Minister. On the contrary I support the Bill, because it was during my time, we had introduced this Bill. But it had lapsed on the dissolution of the House. So, he has reintroduced this Bill.

So far as the questions raised by my colleague, Shri Halder during the discussion on the motion for consideration are concerned, I do not want to go into the details of these points. He has pleaded for more financial assistance to the States. There can be no doubt about it. There is no opposition to his suggestion or demand that the non-Congress-I Government in the States should not be toppled in a federal structure that we have. The Central Government should have full respect for the State Governments which are ruled by the Opposition parties. But on this occasion, with your permission, I would like to make certain comments or bring certain points to the notice of the hon. Minister who is in charge of the whole Finance Ministry and also in charge of the Indirect Taxes Wing at the present moment. Now, the thing should be more easy so far as the collection of taxes by the Indirect Taxes Wing is concerned. They constitute practically 75 per cent of the total revenue of the Government of India. Only 25 per cent comes from the Direct Taxes. But unfortunately,

on the Indirect Taxes side the percentage expenditure on the staff or on the administration is hardly 0.8 per cent while on the Direct Taxes side it is 2.5 per cent. So the majority or the major share of the total revenue of the Government of India comes from the Indirect Taxes Wing and therefore there is a need for giving encouragement to the staff of the Indirect Taxes Wing. I am aware of the fact that there is a lot of stagnation amongst the staff on Indirect Taxes side and only 0.8 per cent is being spent on the administration of the Indirect Taxes Wing. So, I would request the hon. Finance Minister to look into the grievances of the staff, particularly with regard to stagnation. The chances of promotion are very meagre and I am aware of cases where persons with 28 years of service have not got even one single chance to get promotion in the whole of their services. The criterion laid down by the Government is that the employees should have at least three chances of promotions during the tenure of office. This is a very acute problem with which he will be faced and I am sure he will look into it. Certainly the problem of constructing buildings for the staff is to be solved because they are doing the work in the sensitive areas on the border. This is also a very acute problem and I hope he would look into it.

Now, the Government of India or any State Government is one of the biggest litigants in the State or in the country. Lakhs of rupees are spent on account of litigation. So far as the Finance Ministry is concerned, I would urge upon the Finance Minister that he should create a separate Prosecution Directorate because the total tax collection for the year 1979-80 was very huge. The total budget estimates for Customs and Excise as well comes to near about Rs. 8282 crores which works out to Rs. 1 crore per hour. With such a huge collection and for defending the cases concerning this wing in

courts, the Government needs a Director of prosecution under the Finance Ministry who will be assisted by experts in Excise duties and Customs Excise. There are a lot of cases in various High Courts and Supreme Court. I can definitely and specifically say that the Law Officers of the Ministry of Law are more conversant with the Constitutional provisions of Law. They are more conversant with the Criminal law or Civil law but they are not so much conversant with the Customs Excise, etc. Once the writ petition is filed in the High Courts or the Supreme Court, the Law Ministry is engaged in the case. They are not experts and they do not take much interest and they do not know the intricacies of the Excise law. So, it is very essential because cases of writs are held up on this account. A large number of big industrial houses have filed such writ petitions in the High Courts and Supreme Court. For example, Tata is very famous in this. They have filed writ petitions. Excise duties worth crores of rupees are pending and no recovery is made. I am happy to say that the outstanding arrears in respect of indirect wing are hardly five per cent of the direct side. The income-tax arrears are running into crores of rupees while on indirect side it would be in thousands only. But I would suggest that we create a separate Directorate of Prosecutions where experts in the excise law or customs law are appointed and they directly supervise this Directorate so that there is a complete follow-up action of the cases in various High Courts and the Supreme Court and all pending cases are disposed of early, particularly those where stay orders have been obtained.

The previous Government had made a commitment on the floor of the House that a comprehensive Excise Bill will be brought forward soon in the Lok Sabha. The previous Government had created a separate cell for this particular purpose where

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the comprehensive Excise Bill was being drafted. A set of officers were deputed for the purpose I am sure, the hon. Minister will look into the matter and during the next Budget Session, March-April-May, the comprehensive Excise Bill will be introduced in this House so as to overcome all such difficulties which have arisen either on account of the various judgements of the High Courts or to give final shape of things to various dispute that arise in the administration of indirect tax law.

Then, there has been a persistent demand from the trade and commerce and the various assesseees that there should be an All-India Classification Tribunal for excise. These classification cases are running in millions. I am not criticising, but am only giving these suggestions. This All-India Classification Tribunal has to be created so as to imbibe a sense of confidence amongst the assesseees and to avoid going to the courts where time taken is much more. As we have the Appellate Tribunal on the Direct Taxes side and that imbibes confidence in the minds of assesseees and litigants, I would request you to have an All-India Classification Tribunal also.

I would request the hon. Minister to expedite decisions on the various matters which are already there on record. Much progress has been made on that; he has simply to put his final seal of approval on those proposals. I am sure, when we meet during the next session, we shall have all these matters decided and we shall have a final comprehensive Bill in this House to debate upon so that all the shortcomings and lacunae in the excise law are plugged. As a matter of fact, as you will find, all the officers and the official machinery, are very excellent, but certain lacunae are there, certain lapses and certain acts of omission and commission are there and they require to be taken care of. If a separate Directorate

of Prosecutions is created and experts in the excise and customs law are appointed and they also represent the Government side in the High Courts, and Supreme Courts such a situation, as has arisen in this particular case will not arise.

So far as this Bill is concerned, there is no other go except to validate it because we cannot permit the assesseees to have refund of excise duties from the public exchequer to the tune of Rs. 30 crores without any relief to the ultimate consumers. According to me, it will run to hundred crores if we take the various decisions of the High Courts together. The assesseees have already realised this tax from the consumers and the refund of this excise duty is not going to give any relief to the ultimate consumers. They are not going to refund it to the consumers. The equity is also in favour of the Government.

I support this Bill and conclude my speech with these observations.

SHRI T. R. SHAMANNA (Bangalore South): I am thankful to you, Sir, for giving me an opportunity to speak on this Bill. Though I am not opposed to the spirit of the Bill, I have to oppose the Bill on two grounds. Firstly, in the case of excise duty and other duties collected by the Government, the Government says on the one hand that they will do their very best to bring down the prices. On the other, they levy higher rates, which will naturally increase the cost of the goods, since ultimately the levy will fall upon the consumer. In this case, an excise duty upto 25 per cent is levied. In addition to the excise duty, they collect Central and State sales tax and octroi. All these put together comes to nearly 30 per cent to 35 per cent of the tax. So, Government must take into consideration the fact that the heavy taxes levied will rise the cost of consumer goods. Therefore, I strongly urge upon the Government, that a policy should be adopted to see that in the case of essential commodities, there should not be very heavy

taxation. Otherwise, the poor consumer will be asked to pay very heavily for the articles of his daily use.

Secondly, as already pointed out by my friend, most of the enactments are brought in hurriedly. Both in the State Assemblies and Parliament, they bring in measures so hastily and in such a haphazard manner that most of these enactments are struck down by either the High Courts or the Supreme Court. Government of India has got a huge band of legal advisors. I do not know why they are not consulting them before bringing in such enactments. Many times it depends on the whims and fancies of the Ministers, and they are brought in overnight. Therefore, I strongly urge upon the Government that all legal points should be examined.

The next point is in respect of giving concessions to handloom and power-loom textiles. This levy was brought into force, after the War, to sell clothes at a cheaper rate. I do not want to elaborate much. But I would say that on khadi, hand-made and hand-woven goods and cotton and woollen cloth, this levy should not be applied.

I am happy that the Minister has clarified that this will not adversely affect the weavers and persons who are in the khadi and village industries, which are being protected by the Government.

Without elaborating further, I just want to say that whenever taxation measures are brought in, they should not unduly tax the consumers. Secondly, before bringing in such important Bills before the House, all implications should be examined in detail; Lastly I would say that the ultimate cost to the consumer should not be excessive, particularly in respect of essential goods. These goods are taxable by the State and Central Governments; in addition, there are heavy profits earned by manufacturers as also wholesalers and retail dealers.

So, I request the Finance Minister to do whatever is in his power and see that unduly heavy taxes are not collected from the consumers.

THE MINISTER OF FINANCE AND INDUSTRY (SHRI R. VENKATARAMAN): I thank the hon. Members for the support they have given to the Bill. Only the last speaker, Mr. Shamanna said he opposed the Bill; but in fact, he did not very much oppose it. The Bill does not impose any new duty. It does not impose any additional tax. It only regularizes a tax which has been levied for several years; and it has been in practice—the validity of which was questioned by the Gujarat High Court. Therefore, it is not a new tax, and no additional burden is imposed. I would, therefore, request Mr. Shamanna not to get unduly worried over it. Not that this legislation is brought forward in a haphazard fashion, because it is a legislation which is absolutely necessary for the purpose of rectifying a distortion which has occurred as a decision....

SHRI T. R. SHAMANNA: Not the present Bill, but the original one.

MR. CHAIRMAN: When it was originally brought forward.

SHRI R. VENKATARAMAN: It would take a long time for me to explain. Even when it was originally brought forward, it was not done in a haphazard fashion, because what the original Bill said was that a cloth which is at a grey stage, that is, when it is first woven, it is called a grey cloth; and at that stage, when it is called a grey cloth, a tax is levied. Then a number of processings take place. Sometimes it is bleached; sometimes it is sanforized. Then it is printed. A number of other things take place. As and when value is added to them, then naturally we would like to tax on the added value of the material which is sold. So, when we finally sell the cloth as processed, a tax is levied, but the original tax on the grey cloth is given set off. Therefore, even at that time, it was not brought forward in a haphazard

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fashion. It was a very well considered and well thought out legislation. But sometimes interpretations differ and therefore when some interpretation is given, we want to rectify the result of a decision.

Now I come to Mr. Halder's very broad issue relating to the Centre-State financial relationship. Well, this is a matter on which continuous debate is going on and it will not be possible to come to any conclusion in the course of a debate on a single Bill. This is a matter which will have to be reviewed continuously with a view to see that the States are not deprived of their legitimate share of their taxes and dues. In fact, the approach of this Government is that the States and the Centre are jointly engaged in an endeavour to promote the welfare of the people of the country. Therefore, both the Centre and the States should be enabled to perform the duties which are assigned to them under the Constitution. I would, therefore, humbly submit to the House that the question of the appropriate and reasonable sharing of the revenue will always receive the utmost consideration from the Government.

There was another point which Mr. Halder raised, namely, the question of levying additional excise duty on selected commodities like sugar, textile, tobacco etc. Now on this matter, there is a difference of opinion. Some people want more commodities to be brought under the additional excise levy; some people do not want the levy to be expanded; some people want that even the existing levy should be removed. On this question, there is no unanimity of opinion, but this will have to be discussed amongst all the people concerned. Therefore, with this assurance that the needs of West Bengal will receive the best consideration from the Government I wish to pass on to the next subject

My esteemed friend Shri Satish Agarwal has made a valuable suggest-

ion as can be expected from him. He was here a few months back and he knows the subject very well. There is only one thing which I want to tell him. I entirely agree with him that the grievances of the staff should be looked into. I would not agree with him that their remuneration should be related to the amount which is collected under the head of revenue. If the remuneration of the people in the excise Department should be related to the excise revenue, then the remuneration of the people in the Income Tax Department should also be related to the people in the Excise Department.

SHRI SATISH AGARWAL: That was not my suggestion. I simply said that only appointed percentage is being spent on the administration of the entire wing. There is stagnation. So, more avenues for promotion should be created. For example, the post of Tax Assistant which was approved by the former Finance Minister unfortunately struck with the Home Minister. You can pursue that matter. It is not difficult for you. You can take up the issue once again so that more posts can be created so that stagnation can be removed.

SHRI R. VENKATARAMAN: Anyway the argument used was not proper. That is all I wanted to say. At the very beginning I said that while I agree with him that the legitimate grievances of the staff should be looked into and their needs should be examined, it should not be related to this, because the argument used was that only a certain percentage of excise collections was spent on them. That argument is not a valid argument.

17 hrs.

The second point he raised was the question of a comprehensive Bill. I know that a Bill is being prepared. I wish to submit to the House that having taken charge of this department now, I should like to give a look myself into that Bill. I will have to examine it thoroughly from several aspects. It will not be possible to bring



it forward in the next session. However, as I said I will give the matter my close consideration and I will examine the Bill perhaps after the Budget had been presented.

The third point was about some buildings for the staff. I entirely agree that this should be done and I shall give my attention to that.

The most important point is about the classification of the excise items. My hon. friend knows that there is an international organisation which classifies the terminology and we ourselves have adopted the international terminology in various things. His suggestion goes a step further; there must be a tribunal which will give interpretation. It is a suggestion for action; it will have to be examined by my department.

SHRI SATISH AGARWAL: You have misunderstood my point. That classification, international tribunal are for customs, that is outside. I am talking about excise appellate tribunal for disputes on classification; it is within this country.

SHRI R. VENKATARAMAN: We have adopted the international terminology. You yourself brought it and I supported you. Why do you deny it? You wanted international classification to be adopted and you brought the Bill.

SHRI SATISH AGARWAL: That is with regard to customs.

SHRI R. VENKATARAMAN: It is being done. I do not say it is not being done. All that I say is that it is being done. He said that legal machinery should be strengthened. I entirely agree that it should be strengthened; we should not lose cases in High Court; whenever we lose we have to pay money and that means loss to the Exchequer. We choose men to the best of our ability. Mr. Agarwal himself has been choosing the best possible men in the department. Whether there should be a separate directorate or not is a matter on which I cannot commit myself at this stage.

It again involves examination of several aspects and I hope that my hon. friend will not expect me to give any categorical answer at this stage. I thank the hon. Members for the general welcome they have given to this and I move that the motion for consideration be adopted.

MR. CHAIRMAN: The question is:

“That the Bill further to amend the Central Excises and Salt Act, 1944, and the Additional Duties of Excise (Goods of Special Importance) Act, 1957, be taken into consideration.”

*The motion was adopted.*

MR. CHAIRMAN: Now we shall take up clauses. There are no amendments to clauses 2 to 6.

Now the question is:

“That clauses 2 to 6 stand part of the Bill.”

*The motion was adopted.*

*Clauses 2 to 6 were added to the Bill.*

*Clause 1 was added to the Bill.*

### ENACTING FORMULA

*Amendment made:*

“Page 1, line 1,—

for “Thirtieth Year” substitute—  
“Thirty-first Year”

(*Shri R. Venkataraman*)

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 R. VENKATARAMAN: I beg to move:

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

MR. CHAIRMAN: The question is:

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

*The motion was adopted.*

SHRI JYOTIRMOY BOSU (Diamond Harbour): It was struck down again because of defective drafting.

MR. CHAIRMAN: Why did you miss your chance to speak.

SHRI R. VENKATARAMAN: You could have said it in the House.

SHRI JYOTIRMOY BOSU: I will write a letter to you. You kindly do the amendment. (*Interruptions*).. in the different manner.

MR. CHAIRMAN: The motion has been adopted and the Bill, as amended, has been passed.

17.07 hrs.

STATUTORY RESOLUTION RE:  
PROCLAMATION IN RELATION TO  
THE STATE OF ASSAM

MR. CHAIRMAN: Giani Zail Singh has written that Shri P. Venkatasubbaiah will move the Statutory Resolution on his behalf.

THE MINISTER OF STATE IN THE MINISTRY OF HOME AFFAIRS AND IN THE DEPARTMENT OF PARLIAMENTARY AFFAIRS (SHRI P. VENKATASUBBAIAH): I beg to move:

"That this House approves the Proclamation issued by the President on the 12th December, 1979 under article 356 of the Constitution in relation to the State of Assam."

Following the resignation of the Janata Ministry headed by Shri Golap Barbor, a Ministry headed by Shri Jogendra Nath Hazarika of the Asom Janata Vidhayan Dal assumed office

on 9th September, 1979. In the wake of the deteriorating law and order situation in Assam, the Congress (U) and CPI withdrew their support and the Hazarika Ministry was reduced to a minority.

In his report to the President, dated the 11th December, 1979, copies of which were laid on the Table of the House on 23rd January, 1980, the Governor recommended issue of a Proclamation under Article 356 of the Constitution. He also recommended that the State Assembly may be kept in suspended animation. Accordingly, the State was placed under President's Rule on the 12th December, 1979.

Possibilities are being explored for having a stable Ministry in the State. It is, however, possible that no Ministry may be able to assume office by the 12th February, 1980 by which time the Present 'Proclamation' will expire unless approved by Resolution of both Houses of Parliament.

I would request the House to grant its approval to the Proclamation issued by the President on 12th December, 1979 in relation to the State of Assam.

In this connection I would like to say the moment the responsible Government is formed there, this Resolution of the House will be revoked.

MR. CHAIRMAN: Resolusion moved:

"That this House approves the Proclamation issued by the President on the 12th December, 1979 under article 356 of the Constitution in relation to the State of Assam."

SHRI SAMAR MUKHERJEE (Howrah): Sir, I am supporting this Proclamation. But in this context, I want to draw your attention to the urgency of the intervention on the part of the Central Government to normalise the situation there on the issues centering which now the agitation and disturbances have developed and see that those are satisfactorily solved.

Sir, I made certain proposals to the Prime Minister and she has agreed to