

LOK SABHA DEBATES

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LOK SABHA

Saturday, December 18, 1971 | Agraphayana
27, 1893 (Saka)

The Lok Sabha met at Fourteen of the Clock

[MR. SPEAKER in the Chair]

RE: PRESENCE OF U.S. SEVENTH FLEET IN BAY OF BENGAL

SHRI JYOTIRMOY BOSU (Diamond Harbour): I have given notice under rule 377 about the presence of the Seventh Fleet. May I say a few words with your permission ?

In a Washington news of the U.S. Defence Department dated 17-12-71 (the time is about 10½ hours behind Indian Standard Time), it has been revealed that the U. S. Navy ships would stay in the Bay of Bengal under the pretext of arranging security for American citizens in Pakistan. With the object of complicating the issue further, the United States Government Pentagon spokesmen has stated that it is too early to draw any conclusions from the unilateral cease-fire ordered by India, and has added that the U.S. Naval task force is continuing its course towards East Pakistan even after the Pakistani surrender to Indian forces. They have summed up by saying that the surrender does not really change a thing and the situation in East Pakistan is still confusing. This they have called a show by U.S. force and the task force is on a political mission. This U.S. design which is revealed further by the utterances of the U.S. Commander in the Pacific, Admiral John S. Cain Jr., who has said that the U.S. Seventh Fleet may play a larger role in the Indian ocean as the Viet Nam war winds down.

This is a very serious matter and we must have a discussion on the floor of the House.

14-02 hrs.

RE : ELECTIONS TO STATE ASSEMBLIES

SHRI P. K. DEO (Kalahandi) : I have given notice under rule 377. We want a categorical answer from the Government as to how the elections to the State Assemblies are going to be held. It was decided in all-party meeting in the Prime Minister's room that the elections to the various Assemblies would be suspended at least till the end of October. And now there is a state of emergency as also the Defence of India Act. The fundamental rights and the right of expression, freedom of speech etc., have been suspended. I learn from the Lok Sabha Secretariat that no notice has been given of a Bill for extending the life of the various Assemblies by one year more. Under the circumstances, I want a definite statement whether the elections are going to be held and how it can be done when the fundamental rights are suspended and there is the Defence of India Act.

RE: DECLARATION OF CEASE- FIRE

PROF. MADHU DANDAVATE (Rajapur) : I would like to know whether the declaration of the "cease-fire" means that we have committed ourselves to the position of the *status quo ante* (Interruption) I have the right to raise the issue, and I will do it in the most dignified manner. Sir, I am raising this issue with your prior permission. Therefore, I would like to know whether after the declaration of "cease-fire", there is commitment to "*status quo ante*" and whether there is an obligation on our part to hand over those Indian territories which were liberated in the course of the recent war back to Pakistan or whether the government intends to keep the liberated territories with us.

14-06 hrs.

UNION TERRITORIES TAXATION LAWS (AMENDMENT) BILL

THE MINISTER OF STATE IN THE
MINISTRY OF HOME AFFAIRS SHRI

K. C. PANT) : Sir, I beg to move* :

"That the Bill further to amend certain taxation laws in the Union territories, be taken into consideration."

This Bill has been brought forward for all the Union territories as part of the national effort to find additional resources for the relief of Bangla Desh refugees. This matter was discussed at a meeting attended by the Governors and Chief Ministers of States in October last and it was agreed that both the Centre and the States should raise additional resources in their respective spheres of taxation for being utilised exclusively for the relief of Bangla Desh refugees.

This House has already passed a number of measures in so far as the decisions related to the Central sphere. Most of the States have also undertaken necessary legislation in regard to matters falling in the State sphere. The present Bill seeks to give effect to the decisions relating to the States in so far as the Union territories are concerned.

This is a comprehensive measure covering all the nine Union territories and follows the line recommended to the States for adoption on a uniform basis. The Governments and Administrations of the Union territories were also consulted before the proposals were finalised.

Before I refer to the details of the Bill, I would like to say a word in so far as the Bill relates to Union territories with legislatures. The members from Goa, Daman and Diu had written to me that the Legislative Assembly of that Union territory should appropriately consider a measure like this. There is no Legislative Assembly in Manipur at present and the functioning of the Legislative Assembly of Tripura has been suspended. So far as these two Union territories are concerned, the legislation has to be passed by Parliament. We were told that the Legislative Assembly of Goa, Daman and Diu was not scheduled to meet before March, 1972 and that the Legislative Assembly of Pondicherry was likely to meet only by the end of January, 1972. We could not wait that long and we thought that a comprehensive Bill covering all the Union territories would be the most

expeditious method of achieving the object. The Governments of both the Union territories have agreed to this. I would also add that the present levies are intended for the purposes of the Union and not for augmenting the revenue of the Union territories. Under article 246 (4) of the Constitution, Parliament has power to make laws for all the Union territories in regard to all matters enumerated in the Seventh Schedule to the Constitution.

The Bill provides for the amendment of the Indian Stamp Act, 1899, as in force in the different Union territories to provide for an additional duty of 10 paise on instruments relating to entry 63 of the State List. A similar levy has already been imposed in respect of instruments relating to entry 91 in Union List.

The other levies proposed in the Bill are as follows :

- (a) a surcharge on payments for admission to entertainment at the rate of 10 paise per ticket or where the entertainment tax is paid in a lump sum at 5 per cent of such tax, in the Union territories of Delhi, Manipur, Tripura, Goa, Daman and Diu and Chandigarh ;
- (b) a surcharge on bets equal to 10 per cent of the basic tax, in the Union territories of Delhi, Manipur and Tripura ;
- (c) a surcharge on the tax on sale of goods including sales of motor spirit and lubricants at 2 per cent of the basic tax, in the Union territories of Delhi, Manipur, Goa, Daman and Diu, Pondicherry and Chandigarh ;
- (d) a surcharge on non-commercial motor vehicles at 10% of the basic tax in Delhi, Manipur, Goa, Daman and Diu and Pondicherry ; and
- (e) a surcharge on bus passenger fares of Rs. 1 and above at 5 per cent of the basic tax in Chandigarh.

These additional levies may bring in extra revenue of the order of about Rs. 75 lakhs in

*Moved with the recommendation of the President.

a whole year. This is not a large amount compared to the size of the resources needed to meet the expenditure on the Bangladesh refugees, but, I hope that this will be looked upon as a humble contribution to the national effort by the people of the Union territories. Sir, I commend the Bill to the House.

MR. SPEAKER : Motion moved :

"That the Bill further to amend certain taxation laws in the Union territories, be taken into consideration."

SHRI BIREN DUTTA (Tripura West) : Sir, the people of India have done a commendable job in the liberation struggle of Bangladesh and we are proud of it. Now the question before us is that of meeting the economic difficulties of India. On that I would like to put a question to the hon. Minister. It has already been ably put by the *Indian Express*, which asks :

"Will the mounting tax arrears be ever recovered or not for ever ? Last year the gross arrears of income-tax and corporate tax amounted to as much as Rs. 841 crores a figure large enough to finance two big steel plants."

Government have just now come to collect some taxes from Union territories which are some of the areas which are so backward and so poor. Why can't government come forward with measures to realise these Rs. 841 crores ? The people of India will be behind the government if they come forward with such a measure in the House to recover those arrears of taxes which have been avoided by the big capitalists for a long period. Is it because of the pressure of big money that they are not doing it ? To bring in new measures for realising taxes from the Union Territories for relief to refugees is not just. Government should not try to impose any more taxes on these backward Union territories. It is much better to try to collect all the tax arrears, especially when the emergency powers are at their disposal. Instead of mopping up the black money you are coming here for taxing the poor people of these backward areas for getting a paltry sum. I do not think this legislation will bring the government much money. On the other hand, it will create more trouble to the people of these areas, particularly in the States of Manipur and

Tripura, where the transport cost of materials is already very high. This Bill will benefit only the business community who will raise the prices, thereby increasing the suffering of the people of Manipur and Tripura.

So, I do not find any reason why at this moment this Bill has to be brought in. I wish the government would withdraw this Bill.

SHRI INDRAJIT GUPTA (Alipore) : Mr. Speaker, it was a bit of a surprise to me to find that when moving this Bill for consideration the Minister has not thought it fit to try to amend this to bring it into line with what the government has already said in the case of similar proposals which were made in the case of West Bengal. In keeping with this meeting of Governors and Chief Ministers of States held in New Delhi on the 12th November 1971, which is being quoted in the Statement of Objects and Reasons in the case of all these new duties and taxes for refugee relief it has been mentioned that certain taxes and duties and surcharges on instruments of mass circulation falling within the field of taxation of the States should be imposed. Following that they have selected certain items on which they want to impose these taxes.

Now, I may inform the House that a few days ago, when the Consultative Committee for West Bengal met on the 2nd and 3rd of this month, a similar structure of proposals was put before the Consultative Committee and Mr. Pant explained that this was a sort of uniform proposal which was being put before all the States in the country and all of us, more or less, agreed to accept it. But when we got down to discussing these specific proposals, a large number of Members, a majority of Members in the Committee, belonging to all parties, including the ruling party pointed out that while they welcome or certainly do not object to extra duties or taxes imposed on things like entertainment or privately-owned vehicles, to a large measure, the opposition was voiced to the proposal of raising the sales tax. The experience has shown that the imposition of additional sales tax invariably leads to a more than proportionate increase in the price of commodities. This has been the common feature throughout, even if the sales tax is increased nominally, that it is always found that the business and the market take advantage of that and raise the

[Shri Indrajit Gupta]

retail selling price much more than what is warranted by the increase in the sales tax. Therefore, all Members had pleaded in that Committee that this particular item should be reconsidered and that should be withdrawn. At present, at any rate, the Government has no machinery that we can think of by which they can prevent this kind of unwarranted price increase being imposed on the community. This particular item is directly related to the living and economic conditions of the people. Everybody had pleaded that this particular item should be left out.

Finally, after consideration, in that Committee where Mr. Pant was present and the Prime minister was also present, they agreed that only no sales tax they are prepared to make a concession. You please find it out. This is the only item on which you agreed. I am really surprised to find that in the case of small union territories, the sales-tax is being proposed again. We wanted such item to be selected which do not directly hit the pocket of the ordinary common man. You want to impose the sales tax on motor vehicles or things like that. We do not object to that. We had even suggested liquor. I do not know why the Government has chosen not to increase the tax on liquor. The sales tax will have directly inflationary effect though there is no justification for it. But if it is found, every time, it leads to an unwarranted rise in retail selling prices. Particularly now, in the new situation that has arisen, we do not expect that this thing will go on for very long, that the Bangla Desh affair will be a long-term one—we do not think so or we do not hope so—and, therefore, at this stage just to impose the sales-tax throughout all these union territories is both unnecessary and inadvisable, and it should be withdrawn.

As regards passenger fares, transport fares, it says here that on all fares of "one rupee and above" the sur-charge will be imposed. It is a question of going into details. As far as union territories comprise a particular town or a particular city only, there, very probably, the maximum bus fare within one town or city would not come within the purview of this. But in the case of those union territories where distances are longer and where the main mode of transport for people is bus, it may be that quite a number of bus fares do exceed one rupee and come into the category

of "one rupee and above". But this also we feel is unnecessary. Why do you unnecessarily tax the travelling public by this increase, for in some of these areas road transportation is the only method of transport available to them. Therefore, I would just like to say—I won't take up more time—that this question of passenger fares on the buses and the question of the sales tax should be reconsidered and these should be withdrawn. The other ones can remain. There is no need to impose fresh burdens now on the common people at this time.

SHRI P. K. DEO (Kalahandi) : I oppose this Bill firstly on the ground that Bangla Desh has become a reality and the refugees should start their trek back homeward. So, on the plea of feeding the Bangla Desh refugees no such impost should be coming before us.

Secondly, I object to this on the ground that it is an indirect tax and will hit the common man, more so, the Union Territories. We know which are the Union Territories. My friend, Mr. Biren Datta, from Tripura has highlighted the problems in Tripura. Tripura's population has been doubled, by the influx of refugees. So, taking into consideration this fresh impost of indirect tax, however small it may be, it will affect the common man. It will have an inflationary effect and on the plea of this sales tax and indirect taxation, the unscrupulous businessmen will naturally take recourse to raise the sale price.

So, I strongly object to this Bill and I think now that all Bills introduced in this House to raise additional resources for the refugees should come to an end.

Thank you, Sir.

SHRI K. C. PANT : I was a little surprised at my hon. friend, Mr. Deo's remarks because I do not really think that there can be any objection to this measure in toto or in principle. He seems to suggest that because the hostilities had ended, therefore, this measure is unnecessary. That is not correct. As I explained in my opening statement, this amount of money which is being raised, is a part of the total national effort to raise resources to look after the refugee. That need still continues. We hope the refugees will go back soon in an orderly manner and even so, there is the expenditure already incurred and

that is by no means covered by the resources already raised. In fact, the Budget provision so far made amounts to Ra. 360 crores and we have to raise as much of resources, new resources, as is humanly possible, to meet this expenditure and the Centre and the States are raising Rs. 35 crores each additionally in a full year. The Centre has done its part and this Parliament has approved all measures under which fresh resources have been raised as part of those taxation measures and many of the States have followed suit. Some States which have not yet brought forward the measures will do so and it is only in respect of Union Territories that we have come now before the House.

I have already indicated that the amount of money being raised is not very much. I would remind Shri Biren Dutta that he was possibly thinking of some of the more remote and not so well-to-do Union Territories. There are other Union Territories like Delhi and Chandigarh which should certainly make their contribution. I don't think that the remoteness of the area or the relative backwardness of the areas has anything to do with this. Everybody, every citizen in this country should contribute, I feel, to this national effort which is a national necessity. Now what he said would amount to denying some people, even some regions the privilege of making their contribution to this effort I don't think there is anyone in this country who would not like to make his due contribution to this effort. He also said this will not bring much money, and that is all the more reason for this, if I may say so. On the one hand we don't want to put too much burden on the people and on the other hand we don't altogether deny them the privilege of making this contribution and therefore we have thought it necessary to bring forward this measure.

Shri Gupta referred to opposition in the Consultative Committee to the proposal for imposing surcharge on sales-tax and also the surcharge on passenger fares. So far as sales-tax is concerned, as I told him, it was certainly opposed, but we have kept it. It has become law and it has not been dropped. On the passenger fare we come to a consensus in the meeting of the Consultative Committee. We had made alteration. In this case there is only one Union Territory, namely, Chandigarh in which a surcharge on passenger fare

of 5% was levied on the basic fare. That is, when the passenger fare is one rupee or more and not otherwise and in no other Union Territory. So, I would like him to understand that this particular measure applies only to Chandigarh, not to others. As he himself said, Chandigarh is a City Union Territory and therefore this one rupee would cover all the fares within the city. As for fares to other parts of Punjab, Haryana and so on, Punjab and Haryana have both accepted this measure. Therefore, even for the sake of uniformity with neighbouring States of Punjab and Haryana and because this would not affect anybody in the Union Territory, I think, this is acceptable, and in fact, this is necessary. I think it would be invidious to leave this out and put something in favour of Chandigarh as against Punjab or Haryana, for instance.

These I think, are the points that were made and I have replied and I hope the House will agree to this measure.

MR. SPEAKER : The question is :

"That the Bill further to amend certain taxation laws in the Union Territories, be taken into consideration."

The motion was adopted.

MR. SPEAKER : There are no amendments. The question is :

"That Clauses 2, and 3, the Schedule, Clause 1, the Enacting Formula and the Title stand part of the Bill."

The motion was adopted

Clause 2, and 3, the Schedule, Clause 1, the Enacting Formula and the Title were added to the Bill

SHRI K. C. PANT : Sir, I beg to move :

"That the Bill be passed."

MR. SPEAKER : The question is

"That the Bill be passed."

The motion was adopted