

AMENDMENTS TO CENTRAL SALES TAX  
RULES etc.

The Deputy Minister in the Ministry of Finance (Shri Rameshwar Sahu): Sir, I beg to lay on the Table a copy each of the following Notifications:—

- (1) GSR 1356 dated the 26th September, 1964, as corrected by GSR 1619 dated the 14th November, 1964, making certain further amendment to the Central Sales Tax (Registration and Turnover) Rules, 1957, under sub-section (2) of section 13 of the Central Sales Tax Act, 1956.
- (2) The Central Excise (Eleventh Amendment) Rules, 1964, published in Notification No. GSR 1616 dated the 14th November, 1964 under section 38 of the Central Excises and Salt Act, 1944.
- (3) GSR 1641 dated the 21st November, 1964, under section 159 of the Customs Act, 1962.

[Placed in Library. See No. LT-3531/64].

12.42 hrs.

MINERAL OILS (ADDITIONAL  
DUTIES OF EXCISE AND CUSTOMS)  
AMENDMENT BILL—contd.

Mr. Speaker: The House will now take up further consideration of the Bill further to amend the Mineral Oils (Additional Duties of Excise and Customs) Act, 1958. Out of one hour allotted, 20 minutes have already been taken.

Shri Narendra Singh Mahida (Anand): Mr. Speaker, yesterday I was referring to motor spirits. I want to bring to the notice of the hon. Minister the tax on petrol which is quite high and severe. The basic cost of petrol with wharfage and commission amounts to .85 rupees per gallon

whereas the duty and sales tax on this one gallon comes to Rs. 2.14. So, the tax on petrol is more than two and a half times the basic cost of petrol. As a consequence of this, India has almost ceased to manufacture petrol engined commercial vehicles altogether. Yesterday I was developing this point about the high rate of taxation on petrol without any corresponding return to the road users.

I was stressing that there are ample examples to show that in our country though the taxation is high, sufficient amount is not spent on roads. Here I would like to refer to the Road Development Fund, with special reference to the State of Gujarat. I have before me an article which mentions that Gujarat has fewer roads than even Assam and Orissa. Assam has reached 35 per cent of the Nagpur Plan target and Orissa 33 per cent. In the case of Gujarat it is only 23 per cent whereas West Bengal has reached 120 per cent. That article which I have mentioned says:

"That the State of Gujarat is badly deficient in the matter of road transport hardly needs any emphasis. With the legacy of deplorable road condition and considerable deficit in road mileage, Gujarat has a heavy task to perform to improve the existing roads as well as to construct new roads. While the country as a whole has exceeded its target of mileage of road laid down under Nagpur Plan by about 14.2 per cent and has embarked upon a new 20-year road plan, Gujarat State, even at the end of the Third Plan is expected to be short by 35 per cent of its Nagpur Plan targets."

This is an article in *Organiser* dated 19-12-1964. Gujarat may be rich in business ideas, but is very poor in the matter of road development. So my plea to the hon. Minister is that more

[Shri Narendra Singh Mahida]

money should be allotted for the development of roads in Gujarat.

I have one more point about road transport in comparison with earnings from railways. The railways are bringing in a contribution of Rs. 31 crores to the exchequer excluding interest on capital. On the other hand, road transport is forced to yield an annual revenue to the exchequer of Rs. 260 crores. This revenue is twice the total expenditure on road construction and maintenance, whereas the yield from railways is barely one-seventh of the annual Government expenditure on the railway system. These figures will show how road transport is being virtually taxed out of existence. Therefore, my plea to the Government is, while Government may recover more money from the foreign concerns engaged in petroleum at the same time, more money should be spent by Government for the development of roads.

**श्री बड़े (खारगोन) :** माननीय अध्यक्ष महोदय, जो बिल इस सदन के सामने लाया गया है, वह बड़ा इन्फ्लेक्शन और निष्पाप दिखाई देता है। मुझे आशा थी कि इस बिल के द्वारा कैरोसीन आयल पर, जो कि गरीब का तेल कहलाता है, टैक्स कम कर दिया जायेगा। अगर कैरोसीन आयल पर टैक्स कम कर दिया जाता, तो अच्छा होता।

आज-कल डीजल आयल गांवों में ट्रैक्टरों में तथा दूसरे कामों में उपयोग किया जाता है। लेकिन वह बहुत महंगा हो गया है और कभी-कभी ब्लैक-मार्केटिंग में बेचा जाता है। इस बिल में लिखा गया है :—

"It is expected that further accumulations of like nature will also accrue to Government. The existing ceiling rates will not enable a quick recovery of these amounts from the distributing companies."

The Bill seeks to enhance the existing ceiling rates adequately in respect of the mineral oil products already covered by the Act; at the same time, provision is also being made for levy of additional duties on certain other petroleum products such as asphalt and bitumen."

इस में कहा गया है कि सीलिंग रेट ऊपर करने से गवर्नमेंट को फायदा होगा।

इसके साथ ही टेबल में आइटम नम्बर 7 पर यह लिखा गया है :

"All products as described in item No. 11A of the First Schedule to the Central Excises and Salt Act, 1944. (Three hundred rupees per metric tonne)."

ये 'आल प्राइवेट्स' पहले टैक्समैन नहीं थे या पहले उन के बारे में शंका थी, इसलिये यह आइटम डाल दिया गया है। पहले टेबल में यह आइटम नहीं था। इस को इस बिल में एड किया गया है। सरकार इस के द्वारा अन्य चीजों पर टैक्स लगा रही है।

सरकार ने वर्मा-शैल और एस्सो कम्पनियों को प्राफिट की गारण्टी दी हुई है। पहले उस ने उन को 1958 में गारण्टी दी थी और उस के बाद 1963 में ज्यादा प्राफिट की गारण्टी दी गई। इन कम्पनियों को आठ नौ परसेंट प्राफिट की गारण्टी दी गई है। लेकिन इन कम्पनियों ने इस देश में बड़ा आपत्तिजनक रवैया अपनाया हुआ है। वे अपने एम्पलाईज को नोटिस दे कर निकाल रही है। वे कहती हैं कि आयल इंडिया से बहुत काम्पिटिशन हम गया है, इस लिये गवर्नमेंट के द्वारा और ज्यादा गारण्टी न दिये जाने से हम आपत्तियों को नहीं रखना चाहते हैं। एम्पलाईज

Amendment Bill

की यूनियन ने एम० पी० को पत्र भेज कर और अखबारों में इस के बारे में प्रचार किया है। शासन को इन कम्पनियों को कहना चाहिये कि जब वे प्राफिट की गारण्टी चाहती हैं, तो उन को अपने हिन्दुस्तानी एम्पलाईज को नहीं निकालना चाहिये।

these prices could be brought down so that the common man in the rural parts also can have the benefit.

Kerosene oil is generally used by the rural masses so far as lighting is concerned. As you know, Sir, electricity has not yet reached the villages and the villagers have to burn only kerosene oil for lighting. Now, due to the shortage of firewood kerosene oil is also used for cooking purposes even in the rural areas. Therefore it is a universal necessity today and it is from the standpoint of all concerned that I request that the price of kerosene oil be reduced.

अगर इस बिल में कैरोसीन आयल को सस्ता करने के विषय में कोई प्राविजन होता, तो उचित होगा। कैरोसीन आयल का रेट आफ एडीशनल ड्यूटी पहले "ट्वेन्टी-सिक्स रुपीज एंड एटी नये पैसे पर किलोलिटर एट फ्रिक्टीन डिग्रिज आफ सेन्टीग्रेट थर्मामीटर" था। अब उस रेट को "एट्टी रुपीज पर किलोलिटर एट फ्रिक्टीन डिग्रिज आफ सेन्टीग्रेट थर्मामीटर" कर दिया गया है। मेरी समझ में नहीं आता कि इस से क्या फर्क पड़ेगा। मेरे पूछने पर एक एक्सपर्ट ने मुझे बताया कि कैरोसीन में कोई फर्क नहीं पड़ता है, लेकिन सरकार की ओर से कहा गया है कि इस में फर्क पड़ेगा। मैं तो एक्सपर्ट नहीं हूँ। मंत्री महोदय के पास बहुत बड़ा सेक्रेटेरियट और एक्सपर्ट हैं। शासन ने जो नया सीलिंग रेट बांध दिया है, इस से जनता को क्या फर्क पड़ने वाला है ?

So also the case with diesel oil. Diesel oil is used by buses. Buses are the only means of transport between the rural areas and the urban areas. Now due to the heavy concentration in urban areas, contact with the rural masses can be done better with better transport.

अन में मैं यह कहना चाहता हूँ कि डीजल आयल और पेट्रोल आदि पर जो एक्साइज ड्यूटी लगाई जाये, वह सब पैसा रीड्ज के डेवलपमेंट के लिए स्टेट्स को दिया जाये।

Of course, in the matter of motor spirits they may say that cars are used by big-moneyed people only and let them be taxed. But in that respect also I do not share that view of the Government. Cars are also being used by the common man in normal life. It is, of course, a very small percentage in which cars are being used for luxury purposes. Taxis, scooters and other things are used by the common man. Therefore in a country like ours, which is not very much developed and which is a vast country, a sub-continent, and the means of communications are not sufficiently developed, it is necessary that the prices for these means of communication are brought down. Though he may not bring about this change which I require in the process of this Bill, however, on this occasion I wish to make the Minister feel the necessity of considering the question of bringing down the prices of these commodities.

**Shri Nambiar (Tiruchirapalli):** Mr. Speaktr, Sir, this measure is to collect the amount from the company and to that extent it is good; but, at the same time, I would point out the fact that the prices of kerosene, motor spirit as well as diesel oil, which have gone up very much ever since the last Budget Session, is playing a lot of havoc with the common man. I would request if the Government of India could find ways and means to see that

**Shri Narain Dandekar (Gonda):** Sir, I want to make only two points. I do

[Shri Narain Dandeker]

not think one can take any objection to this Bill at all. It is merely carrying on the policy already accepted by the House in relation to the principal Act, namely that whenever the prices of these commodities go down the difference is mopped up by Government by way of excise duties and in order to enable them to do so the ceiling is being lifted so that they may not suddenly come up against the existing ceiling. I think, it is perfectly all right, it being accepted for the time being, in view of the financial requirements of Government, that the reduction in price should not go to the benefit of the consumer but should go for the benefit of revenue; nor should it go, of course, to the benefit of the sellers. I think, in general terms that is perfectly sound.

But I have just one point to raise in particular in relation to item 1, motor spirit and item 3, refined diesel oils and vaporizing oil. I do not know whether the Road Fund that used to exist at one time wherein used to be put in a lot of money of various kinds, particularly a part of the excise duties on motor spirits and diesel oil and a part of the motor tax, and so on, the objective being that that money should be used specifically for the development of the roads, exists now. I would like an assurance or an indication of what the policy of the Government is in the matter of utilisation of these extra monies which are fortuitous revenues that fall in the hands of the Government. Is the utilisation of these extra monies, particularly from the items that I have mentioned, specifically for the purposes of road development?

I do not think there can be any doubt, either in the minds of Government and certainly not in the minds of the public, as to the utter inadequacy of the road system. My hon. friend, Shri Mahida, referred to the roads in Gujarat. One could also refer to the state of roads in many other

parts of the country. I do not hold any brief for any particular State or any particular part of the country. I would only say the obvious that there is a tremendous leeway to be made up in the matter of roads and if windfalls of this kind are utilised for this purpose, it would be a good thing.

I imagine, the windfalls which the Government expect are considerable because I see the ceilings are being lifted very considerably. For instance, on motor spirit the present ceiling of Rs. 56/05 per kilolitre is being raised to Rs. 165. In respect of kerosene also it is being raised very high; similarly, refined diesel oil and so on. As I said, the mechanism of mopping up the fall in price so that neither the consumer nor the producer gets it is sound; but what I am concerned with is whether Government accept it as a policy that these additional monies will be used for road development throughout the country.

**Mr. Speaker:** Shri D. C. Sharma had also written to me; but he is not there. The hon. Minister.

**योजना मंत्री (श्री ब० रा० भगत) :**

अध्यक्ष महोदय, यह खुशी की बात है कि सभी माननीय सदस्यों ने इस बिल का समर्थन किया है। दो एक बातें जो माननीय सदस्यों ने कही हैं उनके बारे में मैं मन्त्रालय में कुछ कहना चाहता हूँ।

एक बात तो यह कही गई कि इस में आमदनी के रूप में जो रुपया आये उस को रोड्स के डेवलपमेंट में लगाया जाये, चाहे गुजरात में हो या सारे देश में हो। मुझे ठीक मालूम नहीं है लेकिन मेरा खयाल है कि एक रोड्स फंड है और उस में शायद थोड़ा हिस्सा इस से भी जाता है। मगर इस बिल के मातहत आने वाली सारी रकम को रोड्स डेवलपमेंट में लगा देना ठीक नहीं है, हालांकि मैं मानता हूँ कि अगले सालों में रोड्स के डेवलपमेंट के लिए हमें बहुत

कुछ करना चाहिये। यह सारा रकम तां कंसोलिडेटेड फंड आफ इंडिया में चली जायेगी, चाहे फिर उस से सड़कों का काम हो या दूसरे जरूरी काम हों। सब चीजों में वह खर्च किया जायेगा। मैं यह मानता हूँ कि सड़कों का विकास होना चाहिये और वह हो रहा है। उसके लिये रुपया चाहिये, फिर भी इस तरह से उस के लिये रुपया मुहैया करना कोई जरूरी बात नहीं होगी।

इसके बाद यह कहा गया कि इस में किरासीन के दाम का ढाई गुना टैक्स है। वह तो अलग बात है और टैक्स बढ़ाया गया किरासीन के तेल पर या दूसरी चीजों पर यह बजट की पालिसी है। यह इस चीज को ले कर है कि हम किसी चीज की खपत को कम करें या बढ़ायें, या अगर कोई चीज बाहर से आती है तो हम यहां उसकी खपत को कम करें। इस बिल में तो महज यह था कि कम्पनियों से बहुत बातचीत के बाद जो टैक्स हम लेते हैं या जो दाम कम कर के हमें बचता है उस को हम बिल्कुल उपभोक्ताओं को दे दें या उसका सरकार अपनी रेवेन्यू में ले ले ताकि जो दूसरे जरूरी खर्च हों उन में उस को हम लगा सकें। इस सम्बंध में मैं ने बतलाया कि चूँकि यह बिल्कुल फ्रैक्शनल रेट है इसलिये उसे बहुत हद तक उपभोक्ताओं को नहीं दिया जा सकता। हो सकता है कि कुछ दिनों बाद ऐसी हालत आ जाये और हम समझें कि आर्थिक कारणों से दामों में कुछ कमी होनी चाहिये, तब हम फैसला करें उनको कम करने का। लेकिन अभी तो कम्पनियों से हमें जो मिलता है हम उस को अपने रेवेन्यू में ले लेते हैं, और उसी के लिये यह स्कीम बनाई गई है। टैक्स का जो रेट है चाहे वह कास्ट का ढाई गुना हो या और कुछ, उसका सम्बंध बजट की पालिसी से है। दोनों को मिलाना ठीक नहीं होगा। मैं समझता हूँ जिस तरह से बिल को समर्थन.....

**श्री बड़े :** मेरा प्वाइंट यह है कि जब गवर्नमेंट फायदा उठा रही है तां किरासीन की कीमत कम करने में उस का क्या हर्ज है।

**श्री ब० रा० भगत :** वह तो मैंने बतलाया कि इस बिल के मातहत बिल्कुल फ्रैक्शनल फायदा है जो कि बहुत ही कम है। अब आप चाहते हैं कि चूँकि उस में थोड़ा सा फायदा है इसलिये उसको उपभोक्ताओं को दे दिया जाये। तो यह बजट की पालिसी है कि किरासीन पर क्या टैक्स लगाया जाये। किन्हीं भी कारणों से हो, किरासीन की कीमत को कम किया जाये, यह उससे मेल नहीं खाता।

**Shri Narendra Singh Mahida:** The point is that taxation on Road Transport is about three times that in any western country.

**श्री ब० रा० भगत :** वह बिल से अलग बात है।

**अध्यक्ष महोदय :** ह आगुमेंट्स तां जव बजट आये उस समय लाये जाने चाहियें।

**Shri Bade:** Government can bring another Bill.

**Shri Narendra Singh Mahida:** They can assure us.

**श्री ब० रा० भगत :** बड़े साहब ने एक बात और उठायी थी कि गवर्नमेंट टै. प्रोड 15 का आइटम क्यों है। उसका कारण यह है कि इसका वाल्यूम किल लिटर्स में है, और इसका तापमान घटता बढ़ता रहता है इसलिए इसकी जरूरत पड़ी।

13.00 hrs.

**Shri Narendra Singh Mahida:** On a point of clarification. About the natural gas, will it be included in mineral oil products?

**Shri B. R. Bhagat:** Not natural gas. But all the products of crude petroleum are included.

**Mr. Speaker:** The question is:

"That the Bill further to amend

[Mr. Speaker]

the Mineral Oils (Additional Duties of Excise and Customs) Act, 1958, be taken into consideration."

*The motion was adopted.*

**Mr. Speaker:** The question is:

"That clauses 1 to 5, the Enacting Formula and the Title stand part of the Bill."

*The motion was adopted.*

*Clauses 1 to 5, the Enacting Formula and the Title were added to the Bill.*

**Shri B. E. Bhagat:** I beg to move:

"That the Bill be passed."

**Mr. Speaker:** The question is:

"That the Bill be passed."

*The motion was adopted.*

13.02 hrs.

**FOREIGN EXCHANGE REGULATION (AMENDMENT) BILL, 1964.**

**The Minister of Finance (Shri T. T. Krishnamachari):** Mr. Speaker, Sir, I beg to move\*:

"That the Bill further to amend the Foreign Exchange Regulation Act, 1947, be taken into consideration."

The provisions of the Bill have considerable relevance inasmuch as our foreign exchange situation continues to be difficult. Last time, I came before this House in 1957 to fill up the lacuna we had discovered during the period of 10 years from 1947. On that occasion this law for regulating dealings in foreign exchange was also placed on a permanent footing as the need for regulation of foreign exchange transactions was likely to continue for a considerable time. We have lived with this shortage for quite some years and if the experience of other develop-

ing countries is any guide, we should be prepared for this situation to continue for still some more time to come.

The amendments now proposed aim at plugging some loopholes that have come to our notice and at strengthening the enforcement machinery charged with implementing the law. The experience gained in the implementation of the law is not restricted to Government only. Even the offenders and the people so inclined have shared in this knowledge. It has, therefore, become necessary to make suitable changes to meet the situation that now exists.

Our foreign exchange earnings on invisible account have shown a decline in recent years. People of Indian origin settled abroad have been making substantial remittances to this country but this source of foreign exchange has shown indications of drying up. I might mention for the benefit of the House that in respect of a particular country Malaya we were getting Rs. 18.9 crores in 1956-57; 1957-58—Rs. 17.4 crores; 1958-59—Rs. 12 crores; 1959-60—Rs. 10.6 crores; 1960-61—Rs. 4.7 crores and in 1961-62, for which we have accounts, it is Rs. 3.1 crores. This is indicative of the fact that this source is drying up. While there are various reasons for this, one problem we are concerned with is the racketeering that is going on through illegal channels. It is an offence now, of course, for a dealer not specifically authorised under the provisions of this Act to carry on foreign exchange transactions. But the actual recipient of such illegal remittances is not now liable under the law. It is now proposed through an amendment of subsection (1)(a) of section 5 of the Act to bring such persons within the mischief of law.

Today, no Indian resident can settle property in favour of a non-resident without obtaining the Reserve Bank's permission.

\*Moved with the recommendation of the President.