

year that I came here, I had to continue the Supply of Goods and Prices Act under article 249. Within the earliest possible time, I said, 'No, I am not going before the House even though there will be a little inconvenience to Government'. We cannot use a temporary provision for a contingency for which we have to be prepared all the time and which might overtake us at any time. As a person who has some administrative experience, I say that article 249 will not fill the Bill. That is all I have to say for the present.

Mr. Chairman: Now, as already announced, the debate on this motion regarding the Bill to amend the Constitution is now concluded and I will put it to the vote at the end of the day.

#### STATEMENT RE: INDIAN TARIFF (SECOND AMENDMENT) BILL

The Minister of Finance (Shri C. D. Deshmukh): With your permission, I rise to make a brief statement in regard to certain matters covered by the Bill which is being introduced by my colleague, the Minister of Commerce and Industry, presently. This Bill is a Tariff Bill which contains several items on which duties have been raised, in some cases steeply. Some of the more important items on which duties are being raised are pencils, old newspapers, fermented liquors, woollen fabrics, wines, vacuum flasks, razor blades and playing cards. Apart from the implementation of the recommendations of the Tariff Commission, in certain cases, the immediate need for a review of the duties charged on the goods imported arose from the fact that at the recent inter-session committee of the GATT, we were able to secure certain relaxations in respect of a few items on which we had previously agreed to bind the import duties at a comparatively low rate. The Finance and the Commerce and Industry Ministries have also been constantly examining the question of incidence of duties on imported articles primarily with a view to tapping new sources of revenue. The collection of customs duty during

the last five months amounted approximately to Rs. 60 crores as against our budget estimate of Rs. 177.5 crores for the whole year. Seasonal shipments of commodities like tea will take place only hereafter and there is generally a greater tempo of import and export activity in the later months of the financial year, and it may be expected that duty receipts will be proportionately higher in the coming months. But even after making allowance for this, I feel eventually the actual collection might fall short of our budget estimates.

As the House is aware, we had to reduce export duty on certain commodities like oils and oilseeds, manganese ore, etc. wherever these duties could not be sustained. All this has, therefore, made it necessary for Government continually to explore further sources of revenue.

Another consideration has been that our import policy imposing quantitative restrictions on several commodities by the fixation of small quotas has had the effect of creating artificial scarcity and of needlessly raising the consumer price of such articles. The allotment of small quotas has had the effect of preventing newcomers from coming into the trade, as a result of which those established in the line have managed to gather excessive profits. A policy of restrictionism of this nature can be justified by a chronic position of imbalance in our balance of payments of a kind which no longer obtains. A change in the direction of relaxing some of these restrictions was, therefore, imperative and that is what we are seeking to achieve by this Bill. The umbrella incidentally provided by quantitative control for the products of some of our nascent industries against foreign competition, apart from such cases as go to the Tariff Commission for protection, will now be furnished by the high rates of duty, and at the same time, our import policy would be freed from unduly restrictive quotas. We have given considerable thought to this aspect of the question and it was with a view

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[Shri C. D. Deshmukh]

to relaxing import restrictions over a small sector that in the last budget certain import duties were raised on certain articles. Under the Bill that is being introduced, we have gone one step further in this direction. While the increase in duty will bring in additional revenue, the landed cost of the imported articles as a result of the increased duty will be high enough so as to give protective cover to local industries and operate as a deterrent against undue expansion of consumption in these import trade articles. At the same time, the excessive margin of profit that was available to the middlemen in conditions of scarcity induced by quantitative controls will be mopped up by the Exchequer. The pursuit of this policy in the past has been attended with some success, and, as a sequel to the introduction of this Bill, the import quotas will naturally be liberalised in a great many of the items where duties have been increased.

2 P.M.

The House will certainly expect me to give an idea of the estimated additional revenue that would be derived from the changes that have been outlined above. I expect, it would be in the region of about Rs. 4½ crores. It may be urged that, perhaps, these minor changes could have been deferred either until after the Taxation Enquiry Commission has reported or until the presentation of the Budget. It is unlikely, however, that the Taxation Enquiry Commission's recommendations will have any specific reference to such minor changes as are being proposed. And, in view of the possible gap between the estimates of revenue and the actuals, it seems to me that we should take the earliest opportunity to make such changes as are likely to contribute, even in some small measure, to the strengthening of the revenue position. I, therefore, commend the proposals to the consideration of the House.

INDIAN TARIFF (SECOND AMENDMENT) BILL

The Minister of Commerce and Industry (Shri T. T. Krishnamachari): I beg to move for leave to introduce a Bill further to amend the Indian Tariff Act, 1934.

Mr. Chairman: The question is:

"That leave be granted to introduce a Bill further to amend the Indian Tariff Act, 1934."

The motion was adopted.

Shri T. T. Krishnamachari: I introduce\* the Bill.

MOTION RE: FLOOD SITUATION IN INDIA

The Minister of Planning and Irrigation and Power (Shri Nanda): I beg to move:

"That the flood situation in India be taken into consideration."

Sir, some days ago I presented to the House whatever material was then available about the flood situation in the country and the operations regarding relief that were in progress. I also gave to the House an idea of the nature of the problem and its magnitude. I proceeded further to indicate,—tentatively, of course,—the lines on which the problem should be and could be dealt with. Having done that, I think I need not cover the same ground again, and what remains for me to do at this stage is to acquaint the House with the developments which have occurred regarding floods during the period since the time of my last statement.

I have received this morning a telegram from the Government of Bengal, according to which,—

"Water levels of all rivers are receding. Some areas still submerged in Cooch-Bihar and Malda district. Erosion continues in Torsa and Cooch-Bihar. Heavy

\*Introduced with the recommendation of the President.