

**Shri Kamath :** What about the half-an-hour discussion ?

**Mr. Speaker :** That will be postponed to next session. We cannot go on overworking.

**Shri M. S. Gurupadaswamy :** May I make a submission ?

**Mr. Speaker :** Let us meet at 10 a.m. tomorrow and then carry on till 6 or 6-30. That is enough. We will have 8 or 8½ hours. Let us not overload ourselves by dinner.

**Shri T. B. Vittal Rao (Khammam) :** The discussion which has been raised by me regarding Employees Provident Fund Act, 1952, will be taken up tomorrow.

**Mr. Speaker :** Let us take it up next session.

**Shri T. B. Vittal Rao :** No, no. It was postponed to tomorrow from the 23rd.

**Shri Kamath :** While we are on the subject, may I make a request to you ? You were good enough to assure us the other day that the Second Five Year Plan committees would not meet when the House is sitting. Tomorrow is an important day. Many of us will have to attend the House throughout. Tomorrow the Planning Committee B is to meet, but many of us will not be able to attend it. I request you to see that this meeting is not held.

**Mr. Speaker :** Representation must be made to the Chairman. He will consider this matter.

We are meeting tomorrow at 10 O' Clock in the morning and will carry on till 6 or 6-30 P.M. as the case may be.

**Shri T. B. Vittal Rao :** Half-an-hour discussion.

**Mr. Speaker :** Half an-hour discussion till 7 O' Clock.

**Shri Satya Narayan Sinha :** I suggest that time for the different stages of the Constitution (Tenth Amendment) Bill may be allotted so that the Members may know when the voting will take place on the three stages.

**Mr. Speaker :** Hon. Members on this side along with the hon. Minister of

Parliamentary Affairs will sit together and settle as to what time may be allotted for the several stages of the Bill. As soon as the hon. Finance Minister concludes his remarks on the first stage, I shall announce it to the House so that we may stick to the programme.

## CONSTITUTION (TENTH AMENDMENT) BILL

**The Minister of Finance (Shri C. D. Deshmukh) :** I beg to move :

"That the Bill further to amend the Constitution of India, as reported by the Joint Committee, be taken into consideration."

The Joint Committee has recommended that the Bill as introduced in the Lok Sabha be passed. This conclusion has emerged after a great deal of discussion of all points of view. There are Minutes of Dissent and therefore it is needless to say that there was not complete unanimity in the committee. Particularly, there was a strong volume of opinion in the Joint Committee which was of the view that it would have been very much satisfactory, had the Central Government been able to retain the power to intervene, as it can today, in respect of imposition of sales tax on goods essential to the life of the community, under the Essential Goods Act of 1952, that is to say in regard to the provisions of the Essential Goods Act of 1952 and particularly in respect of what were described as necessities of life. This point has been urged with varying degrees of emphasis by several Members in their notes and Minutes of Dissent. At this stage I consider it necessary to place before the House certain salient points for consideration.

I realise that hon. Members have been exercised as to the possibilities which this Bill opens up for the levy by the States of sales taxes at onerous rates on articles which figure largely in the domestic budget of the common man. This anxiety is readily understandable especially as the House regards itself rightly as the zealous guardian of the fortunes of the common man, and yet in spite of this sentiment, I would like the hon. Members to consider dispassionately what the present position is and how we could change it if in the circumstances a change is called for.

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As the Constitution stands at present, it provides in substance that any law of a State which imposes a tax on goods declared by Parliament to be essential for the life of the community can have effect only when assented to by the President. The important point to remember about this provision, however, is that it does not apply to laws that had already been passed by the time Parliament declared what goods are essential for the life of the community. It is not necessary for my purpose to give a list of the States which had such laws in force then and have them now, the commodities concerned, the rates prescribed, and the character of the taxation, that is to say, whether it is single-point or multi-point. There are about four States which were, under this dispensation, in a position to levy a sales-tax on foodgrains; some others levied on *gur* and so and so forth. Suffice it to say, that this provision of the Constitution has not in fact served to give us complete or even decisive control over the levy of sales-taxes on such commodities, that is to say commodities declared to be essential for the life of the community. Various States had as I said, taxes at various rates and these taxes continue to be unaffected by the constitutional provision. That was the first major weakness of the present situation.

Then, it is often contended with some justification that the list of goods declared by Parliament to be essential for the life of the community includes items which cannot strictly be regarded as essential in common parlance. For instance one could not reasonably hold that dried fruits and hides and skins are essential at least in the same sense as, say, foodgrains are. Then, finally, while the State Governments have been prevented from imposing sales-taxes on goods essential for the life of the community, except in accordance with the provisions of that Act and while the result of applying the essentiality test has placed a statutory bar on any increases in the sales-tax levy, the States have often complained of the fact that the Central Government themselves have levied high taxes in the form of excise or customs duties on some of the goods declared by that Act to be essential to the life of the community, for instance, cloth and petrol. It was apparent therefore that this whole question needed careful examination. And this was pre-

cisely what was carried out in great detail by the Taxation Enquiry Commission. They came to three conclusions, firstly that State Governments should have full powers to tax sale or purchase of goods including goods declared at present to be essential to the life of the community, and secondly that some restrictions may be justified in regard to the taxation of raw materials of special importance by taxing which the State Governments could effect an increase in the cost of manufactured articles whether such manufacture takes place in the State which uses the raw material or in another which imports the material from that State. The Commission were of the view at the same time that such control should be confined to a very small number of well-defined commodities of special significant in inter-State trade. Broadly speaking, no commodity should be selected for control and regulation by the Central legislation as of special importance in inter-State commerce, which is not a raw material or largely in the nature of a raw material, which either as raw material or later as finished goods based on such raw material is not in terms of the volume of inter-State trade of special importance in such trade, and which finally in terms of the country as a whole is not of special importance from the point of view of the consumer or of the industry.

On this basis, six commodities, namely coal, iron and steel, cotton, hides and skins, oilseeds, and jute were selected as being of special importance in inter-State trade. This view of the Taxation Enquiry Commission has found support from the panel of economists nominated to advise the Planning Commission on the formation of the Second Five Year Plan. Their memorandum says:

"We wish to endorse in particular the recommendation of the Taxation Enquiry Commission to the effect that article 286 (3) of the Constitution may be amended to remove the present exemption of articles essential to the life of the community from the scope of State sales taxation."

Government have broadly accepted these recommendations and also the view of the Taxation Enquiry Commission that the sales-tax must essentially continue to be a State tax as a source of revenue and must continue to be levied and administered by State Gov-

ernments. The sphere of power and responsibility of the States may be said to end and those of the Union to begin, when the sales-tax of one State impinges administratively on the dealers, and fiscally, on the consumers of another State. In other words, inter-State sales should be the concern of the Union; so should specific intra-State sales, as for example, when a raw material produced in a State figures significantly as a manufactured article in an inter-State transaction in the manner I have described before. To the extent necessitated by these considerations, and to that extent only, the Taxation Enquiry Commission have recommended the imposition of restrictions on the States and assumption of certain powers of levy and control by the Union. This Bill has been drawn up to implement this scheme of inter-State sales-tax. By the adoption of this scheme of taxation, we shall be able to ensure that at least in regard to the most important raw materials which enter into inter-State trade and commerce, there shall be a uniform burden of tax, and that uniform burden too shall be of a strictly restricted nature, that is, the tax shall be levied only at a single point at the last stage of sale or purchase in so far as the specified goods are concerned.

If to this list, at the proper time, it is possible—as I am advised, it would be possible—to add one or more commodities out of the present list of essential commodities as being of special importance, well then, the interests of the country as a whole might have been further secured; we shall have ensured generally, therefore, that raw materials required for the manufacture of finish goods carry a more or less uniform tax burden throughout the country. That would be a matter for consideration when an actual Bill comes before Parliament, after this constitutional amendment is accepted. In due course, after this has been put through, we shall, therefore, be introducing a Bill to give effect to the detailed recommendations of the Taxation Enquiry Commission. The House would then have to discuss and decide among other things the principles on which commodities are to be declared of special importance in inter-State trade and commerce, and the structure of the tax rates.

There is one basic fact which we must not overlook. A constitutional amendment of this nature calls for the consent of the States and their legisla-

tures, or at least of a majority of them.

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I refer to article 368 of the Constitution. We have been able to secure this informally to the Bill as it stands before the House, and very largely we have been able to do so because it follows scrupulously closely the recommendations of an expert body like the Taxation Inquiry Commission. Therefore, if we attempt to introduce any change or substance in this Bill, then I am afraid it would be incumbent upon us to go back to the States. What the outcome of that reference would be I should not like to foretell, nor is it easy to say how long that process will take. But one thing is certain, that it will take many months before we arrive at reasonably agreed conclusions again.

Therefore, if we are not to deprive the State Governments, and indirectly, therefore of ourselves, upon whom so much burden is cast, of assisting the States in their development plans, of a conceivable considerable amount of revenue—this is the responsibility of this House as also of similar other chambers in the country, that is to say, this task of finding the resources for the plans we have for developing the country's economy—we cannot afford to lose time in this respect. I should like to assure this House, because this point was raised by more than one Member in the Joint Committee, that I shall acquaint all the State Governments with the great anxiety with which many hon. Members have regarded the sales tax on essential goods, and the views that might be expressed on this aspect of the matter in this House during the course of these discussions.

Once hon. Members are clear that as things stand, we do not have anything like an effective control over the sales tax as levied in various States over essential commodities, that it is not possible to expect the States Governments to concur in any constitutional amendment which would enlarge the present powers of the Centre, and that in the context of our increasing development activities and of our anxious search for further resources, then I think they will come to the conclusion that it is unavoidable that some part of this burden will have to be borne by the common man. If hon. Members accept this, I hold that they cannot but agree with these proposals. I am convinced that in taking powers thus to regulate the

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sales tax on transactions in inter-State trade and by taking powers regulating not only the inter-State but also the intra-State level of taxes on important raw materials, Parliament would have taken a very decisive step of great importance.

There is one last point which I should like to make and that is that certain hon. Members feel that the State Governments are being deprived of their present powers of taxing sales and purchases of commodities. So far as inter-State transactions are concerned, under clause (3) of article 286, no law of a State can have effect except to the extent to which it is permitted by an Act of Parliament. That is equivalent, at the moment, to raising a bar, but that is not equivalent, I should like to point out, to actually levying sales tax on inter-State transactions at uniform rates. In other words, it is open to States to abstain from any advantage of competence by the removal of the bar by Parliament, should we proceed to pass a law under clause (3) of article 286, whereas under the new scheme, we take a more positive step of actually levying a tax on inter-State transactions, and to the extent to which that is levied on commodities of special importance in inter-State trade and commerce, those rates will also apply to the rates that are leviable in the States themselves on intra-State transactions.

Therefore, indirectly we shall have achieved a great deal of uniformity in a field in which uniformity matters most. In regard to the other categories of goods, uniformity has been urged as a desideratum from time to time, but the conclusion of most people who have examined this problem is that so much water has flowed under the bridge that it is not now possible to recall it, and that one would have to give up any hopes of introducing a dead level of uniformity in the scheme of sales taxes all over India and in all States.

**Mr. Speaker :** Motion moved :

"That the Bill further to amend the Constitution of India, as reported by the Joint Committee, be taken into consideration".

The hon. Minister of Parliamentary Affairs has informed me that there is an agreement regarding division of time over the several stages of this Bill. Instead of six hours which have been

allotted, hon. Members would like to save one hour from this. Is it agreed upon ?

**Shri Kamath (Hoshangabad):** Yes.

**Mr. Speaker :** That one hour will be added to the time allotted for discussion of the motion regarding the working of the Preventive Detention Act. That will be started today, and we will have one more hour for it tomorrow. So we need not sit so late.

Regarding these five hours, three hours will be devoted for general discussion, one and a half hours for clause by clause consideration and then half an hour for third reading.

Now Shri Vallatharas has tabled an amendment.

**Shri Kamath :** May I suggest that the discussion on the exodus from East Bengal be started today ?

**The Minister of Parliamentary Affairs (Shri Satya Narayan Sinha):** According to this time allotment, voting on the motion for consideration will take place at 2-45 P.M.

**Shri Kamath :** May I suggest that instead of the motion re : Preventive Detention Act being taken up today, we may take up the motion re : exodus of minorities from East Bengal ?

**Mr. Speaker :** Even then, it will be half concluded. Two hours have been set apart for it. Here only one hour will be available. Let us make a beginning so far as the hon. Minister is concerned.

I find that as many as 14 hon. Members wish to take part in the discussion now as per names sent to me.

**Shri S. S. More (Sholapur) :** I have not sent in my chit, but I wish to participate in the discussion.

**Mr. Speaker :** That makes it 15.

**Some Hon. Members rose—**

**Mr. Speaker :** I have got Shri Bansal's name here.

I now presume that as many as 19 or 20 hon. Members would like to take part.

**Shri Mohiuddin (Hyderabad City):** We would like to speak.

**Mr. Speaker:** I have to distribute three hours by allotting not more than ten minutes to each hon. Member.

**Shri S. S. More:** The point is this. This is as far as the power of taxation and the distribution of power between Union and the States are concerned. It is a very complicated question, and I think within ten minutes it will hardly be possible for us to approach the problem from a constitutional and commercial point of view. These are the considerations; it is not only of constitutional importance, but also of financial importance.

**Shri Kamath:** Restore the six hours.

**Mr. Speaker:** What does the hon. Minister say? Shri S. S. More says that ten minutes will be too short a time for each hon. Member to make his points so far the policy is concerned. In any case, the maximum will be 15 minutes. Hon. Members will bear in mind that when this was sent to the Joint Committee, there was sufficient discussion over this matter. General discussion went on and there was no clause by clause discussion at the stage. We are only repeating that after reference to the Joint Committee. The question for consideration will be what changes have been effected by the Joint Committee. All hon. Members who took part in the earliest stage may now refrain from taking part and allow other hon. Members who have not taken part so far to speak.

**Pandit Thakur Das Bhargava (Gurgaon):** That would mean that those unfortunate persons who could not carry conviction in the Joint Committee will not have any opportunity here. They would not be allowed to ask the House to agree with them.

**Mr. Speaker:** The hon. Member has not understood me properly, Before it was sent to the Joint Committee there was a discussion and those who took part in that discussion at that stage will now kindly refrain from taking part. Others will just place their views before the House. There are always exceptions to particular rules.

**Shri S. S. More:** May I make a suggestion about the allotment of time?

As far as clause-by-clause discussion is concerned, we need not have one hour and a half in view of the fact that the Joint Committee was pleased to make no change in the Bill itself. If one hour is allotted for the clause-by-clause discussion, that will do. As far as the third reading is concerned, we need not have even half an hour. So, let us concentrate on this general discussion as much as possible.

**Shri Bansal (Jhajjar-Rewari):** I think that is a better suggestion.

**Mr. Speaker:** If that is the desire of the House, I shall increase this three hours to four hours and reserve one hour for the clause-by-clause consideration and we need not have any time for third reading.

**Shri C. D. Deshmukh:** I think that would be proper because the actual details would not matter very much after the general discussion. It is all wound up together.

**Mr. Speaker:** Then, at 3-45 we will have voting on this particular motion.

**Pandit Thakur Das Bhargava:** May I be allowed to put one question to the hon. Finance Minister? He himself has been pleased to indicate that so far as the question of articles of special importance are concerned, they will be considered later. In the Joint Committee also, there was mention about it and I want to know from him specifically if he is agreeable to include foodgrains among articles of 'special importance'.

**Shri C. D. Deshmukh:** It will be for Parliament to decide when the second Bill is brought before it. I have indicated the possibility of including one or two articles. In other words, I have not ruled out the inclusion of articles like foodgrains.

**Pandit Thakur Das Bhargava:** If there is any likelihood of foodgrains being included, much of the criticism will go away.

**Shri C. D. Deshmukh:** It would not be right and proper for me to give an undertaking in this respect....

**Pandit Thakur Das Bhargava:** We do not want any undertaking.

**Shri C. D. Deshmukh** : . . . because I am really the mouthpiece of the States. But, I say that it will be open to Parliament, when they consider that Bill for actually levying the sales tax, to enlarge the category and include foodgrains.

**Pandit Thakur Das Bhargava** : I do not want any undertaking. I only beg of him to kindly tell us if in his opinion there is a likelihood of foodgrains being included there.

**Shri C. C. Shah** (Gohilwad-Sorath) : Foodgrains are of special importance in inter-State trade and commerce so that Parliament can include it.

**Pandit Thakur Das Bhargava** : I am sorry I put the question only to the hon. Finance Minister.

**Shri C. D. Deshmukh** : What I say is that I do not think it right to make a statement as to what Parliament will do on a future occasion.

**Pandit Thakur Das Bhargava** : I do not want that. I am also a part of Parliament and I know what it will do or not do. I only wanted to know from the hon. Finance Minister if, in his opinion, there is any likelihood of the inclusion of foodgrains in articles of special importance. That is the only question. If he wants, he can give us a reply.

**Shri C. D. Deshmukh** : The question is not so easy as to say whether foodgrains will be included in the Bill to be brought forward before the next House. What he is asking is whether there is a likelihood of foodgrains being included in the next legislation to be passed by Parliament.

**Pandit Thakur Das Bhargava** : In the Bill and not by the House.

**Shri C. D. Deshmukh** : So far as the proposal is concerned, what I have undertaken is to communicate to the State Governments the views of my hon. friend and others in this matter. I am not aware myself of any strong reason why foodgrains should not be included. Therefore, there is the likelihood of foodgrains being included in that Bill that will come before the House, provided we carry conviction to the State Governments concerned.

**Shri Vallatharas** (Pudukkottai) : I beg to move:

"That the Bill be circulated for the

purpose of eliciting opinion there-on by the 15th July, 1956."

It is not likely that the hon. Finance Minister will agree to my amendment but I have got fundamental differences in the approach to this question. This Bill was printed on 1-5-56 and it was introduced in this hon. House on 3-5-56 and then it was discussed on 9-5-56 by this House for a reference to the Joint Committee, the Rajya Sabha discussed it on 15th May and the Joint Committee submitted its report on the 23rd and today on the 29th, we are considering that Why this unusual haste? Why should a matter of this type be rushed through without any proper consideration? I feel that even at the Joint Committee stage this matter had not been given the due consideration which it should have received. My first submission is that without ascertaining the opinion of the general masses in this country, we won't be justified in passing this Bill.

At the time of our election, the mandate was not for excluding the commodities essential for life and to include these special articles of industrial and commercial interest. I submit that securing more votes or more seats is not the consideration but we must see the intention with which the votes were given to us at the time of the election by the people. They were given to us on a certain specific basis. We had the plans unfolded to them and we did show that we had a progressive outlook. We impressed upon them that we wanted to make the country self-sufficient and also to increase the standards of life. It was only on that basis that article 286 was enacted. It is quite patent that the Constituent Assembly considered this aspect that the State Governments should not be allowed to run amuck in the pursuit of their taxation policies which will be to the prejudice of the people. The poor man was saved from such taxation and the whimsicalities of the State legislation by providing safeguards in the Constitution that essential articles should be subject to Central control. Now, it is sought to remove that and bring in a change in the tempo and description of the language. The word 'essential' is being replaced by the word 'special'. What is 'special' and what is 'essential'? 'Essential' is 'essential for the life of a man' and in 'special' the requirement of the State comes in. And, when the hon. Finance Minister said that he was the

mouthpiece of the State Governments, I was very sorry what he has just lowered himself in the estimation of the people and the nation who have reposed the greatest confidence in him that he would protect the common man from the onslaughts of the States and their taxation policies.

On account of the judgments of the Supreme Court and also for other reasons, very recently, we have validated the collection of sales tax by the States for 5 years, which has no justification. We have done that simply because the State Governments have collected the taxes and there is no possibility of finding out the ways and means of returning them to the proper persons. I would submit that the Madras, the Hyderabad and the Mysore States have got their own system of taxation, the multiple point tax, at each level of sale and purchase. It has told upon the people very heavily. What is the safeguard for the people? We have been saved so far at least from taxation on essential goods, the very food that sustains us. Once or twice in the year the crops fail and the prices go high. When we have money the grains are not available and when the grains are available we have not got the money to buy them. This is the wretched level to which we have been brought. That is why I do not see any justification for modifying it in favour of the States.

The whole Bill seems sinister to me. It is one thing to favour an industrial community or a commercial community by relaxing certain restrictions and complicated provisions that arose out of the Bombay judgment. As a result of the Bombay judgment, the State Governments have issued notices of demand to those traders who were non-resident to produce their account books etc. On that basis alone several complaints were received by the Central Government. It was not from the poor man in the street or the villager who was guaranteed relief under the Constitution. So, the Central Government wanted to give relief. The other day a committee considered the matter. The hon. Finance Minister himself did foresee the situation in 1952 and 1953. He wanted to effect great reforms and he himself knows how the States stood in his way. He wanted to bring about uniformity in the sales tax legislation; he wanted to see the explanation to article 286(1) strengthened by a men-

tal adjustment but the State Governments did not accept it. There was a meeting of the State Finance Ministers and I have a Press report which says that the move of the Finance Ministers was about to succeed—about having a uniform legislation but the man with black glass, Shri Rajagopalachari intervened and whole matter had to be dropped. All these appeared in the papers and we are watching them. What is the best way of dealing with them? The hon. Finance Minister, acting on behalf of the nation from the Centre, should consider that the States follow what the Parliament is able to lay down. It is not a question of slavish dictation or autocratic dictation, but on the other hand, the national interest must be served by the States and not the States' interest must be served. In this way, Parliament will be justified in bringing forward a Bill by which a uniform sales tax is made to prevail throughout the entire country. That thing has not been done. In that respect, if we consider the present Bill, three years have elapsed, and of course, I am alive to the shortcomings and difficulties in this matter. I say that this legislation is a piecemeal legislation and does not appear to satisfy the people at large. This legislation satisfies only a particular community—I do not say that the traders and business community should not be served; of course, they have to be served and they should be freed from all the difficulties which they have been undergoing with the sales-tax department. But the other is more important, that is my point. If hon. Minister is not able to convince himself and also respond to the wishes of the nations that imperatively the essential commodities are the life of the nation and that should be placed here in consonance with some of the important amendments given by hon. Members, then I would submit that the Bill is only sinister and is only a ruse to enable the State Governments to levy taxes in their own fashion, unrestricted, unlimited and uncontrolled.

So far as the Essential Commodities Act and other Acts are concerned, although they are prevailing now in the States, the State Governments have been levying taxes in their own way. It is one of your observations at one time that the State Governments have been avoiding all the restrictions that we

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have placed upon them and such collection of levies has been objectionable. In spite of all that, we are not able to control the State Legislatures in this matter. Of course, there are certain things which are under the exclusive right of the States, and something is reserved for the Centre. But what is the difference. The underlying principle is that it is only to see that the Central Government is freed of certain responsibility and that the State Governments should assume responsibility thereof. I would submit straightaway that the administration in the Madras State in respect of sales tax is highly callous, is highly disastrous to the people, to the nation. Of course, now all appear to be glorious because the people are Plan-minded, but the result that would arise out of the taxes has got a far-reaching effect. Suppose a food-grain, ragi, is taxed, what will happen? I do not mind if cool drink is taxed; I do not mind if some of the fantastic sweets are taxed. But the very food of the poor man, who has a hand to mouth existence, should not be taxed. If it is taxed under any pretext, I would submit that it is a very atrocious act on the part of any Legislature to touch the poor man's food. The sales tax is a direct tax though levied from the seller. Because the seller gets it from the purchaser, it appears indirect, but it is really a direct tax. I like the hon. Minister for his frankness and whenever he makes a point, he tells us what he desires to do and what he intends to do. Once he said that we cannot escape imposing a tax on the common man because we have to see through the Five Year Plan. At the same time, you will see people starving because you are going to touch the poor man in this way, because you are going to touch the weakling, and you should not allow the entire society to be rendered poverty stricken.

**Mr. Speaker :** I am not able to draw the line. There are certain taxes which are essential, under the Constitution, that is, inter-State items, including food. Even under the original Act or the Constitution, we had only the right to give power to the various States to impose duties or sales taxes on inter-State transactions. Now that power is sought to be taken by Parliament and a further Bill will come into being. The hon. Member is going on referring to the various kinds of duties and taxes, the

various stages of exemptions, etc. etc., regarding transactions within the State itself and then criticising the particular Government for having imposed taxes. I do not know how far all that will be relevant here.

**Shri Bansal :** He is only referring to essential items.

**Shri C. D. Deshmukh :** The hon. Member's point seems to be in connection with the proposed omission of the present sub-article (3) of article 286, which enabled us to pass the Essential Goods Act, 1952. Nevertheless, when I come to reply, I shall have to point out that even if this whole Bill were to be dropped, it is not going to help in that particular matter which he is mentioning—the allegedly callous administration of the sales tax by Madras. But as I pointed out, it is one of those States which, even before the Constitution came into effect, was imposing a sales tax on foodgrains.

**Shri Vallatharas :** I am confining my arguments to this one point. Hereafter, we must see what articles are added, what essential articles are added to the list of articles of special importance. The Constitution has bestowed on them certain powers and why should they be taken away now? I am not opposing the other part of the Bill. I really fall in line with the other part of the Bill. But so far as this part is concerned, I take the strongest objection.

I would not speak of the other States as there are hon. Members who represent those States and who know better about them. With my partial knowledge of other States, sometimes it may be exaggerated or misguided, I do not want to interfere in their provincial life and they are better judges so far as their States are concerned. But so far as Madras is concerned, single point tax is not there, double point tax is not there, but multiple point tax is there. I am very sorry to say—whether the Madras Government is right or wrong in its actions—that the present set of things looks aghast and alarming there. That is my submission. In 1939, the Congress regime came in and they purposely established the system of sales tax for the purpose of raising and enhancing the State revenue. Is it not the motive behind it? Whenever the State Government feels diffident, it increases the tax—single point tax, double point tax and multiple point tax. Then a composite tax will have to come in. It



is the duty of this Parliament to care for us in these matters. Government have been guiding us with the safeguard that the essential articles will not be taxed. If you are going to throw that away, we will be in the streets. It is the duty of the Parliament to see to our welfare. Of course, consequences may arise.

**Shri C. D. Deshmukh :** What sub-article (3) does is to freeze, so to speak, the pre-existing taxation of articles now classified as essential for the life of the community. Therefore, even in Madras, you have a multiple point tax of three pies on foodgrains, and that cannot be increased without the assent of the President. In Bihar there is a three pies single point tax on foodgrains. If they want to raise it from three to six pies, or whatever the figure may be, they will have to come to the President for his assent under the Essential Goods Act. Therefore, what we were levying before is maintained by sub-article (3) of the Constitution.

**Pandit Thakur Das Bhargava :** What debars us from . . .

**Shri C. D. Deshmukh :** One more point before that. It is wrong to paraphrase the Essential Goods Act as meaning that there is an absolute prohibition on the levy of taxes on goods essential for the life of the community. With the assent of the President a tax can be levied. The hon. Member has been using a language which would indicate that under that Act no levy is allowed. That also is not correct.

**Pandit Thakur Das Bhargava :** When we enacted the Constitution, we also prescribed certain steps or procedures to amend the Constitution. What debars us from amending the Constitution to this effect, namely, that in regard to essential goods, whether it had the power previously or not, no State shall have the power to tax. We shall give retrospective effect to this so that in Madras also, people will be free from this kind of taxation, which my hon. friend is speaking of.

**Shri Vallatharas :** I have received representations from my constituency and also from other places in the south that the system as it exists today is painful. That is the limited subject to which I will confine myself.

The hon. Minister drew our attention to the fact that a certain limit or tax

is specified and it cannot be increased. One hon. Member made an observation in the Select Committee whether the Essential Commodities Act itself will be on the statute book hereafter in the light of this amendment. I would like a clarification on that matter.

I shall just conclude my speech. From the amendments tabled, it is possible to see that the idea is to see that the essential commodities are free from tax. Some of these articles may be in the list of special articles. There must be a specific provision. You may tax the entire nation for the Plan; I agree. But I also feel that the people must not be treated like the golden goose. There is no use destroying people's vitality which is already gone. If a person takes five *iddlies* and two coffee, the salesman will say that you have to pay 1½ annas by way of tax. You will see in that way that meals are also going to be subjected to sales-tax. If a beggar is supplied a meal that will also be subjected to tax. It is not for a mere academic discussion that I say this. If the House and the Government run by the Congress Party have a lenient view and accept the spirit of my amendment, it will do good. I welcome the other parts of the Bill. But in respect of this part, a certain drastic change has to be made. The States are allowed to tax these essential commodities so that they may raise money. I can see the under-current of all these things. In the name of Plans, these things are done and the poor man has been taxed more. The time of election is nearing. Six ounces were declared by the Government to be the quota of each man. What did they do? There should not be a repetition of that in India. These are super-numerary taxes; I should say they are discriminatory taxes. People were enthusiastic about the nation before the Independence and after that. But in these peaceful times, there is a selfish attitude and there is a blind pursuit of certain things. We are lacking in chances to approach the people and get the mind of the people. If this Bill is circulated you will receive plenty of representations and then there will be a chance of sympathetic consideration.

**Mr. Speaker :** Amendment moved :

"That the Bill be circulated for the purpose of eliciting opinion thereon by the 15th July, 1956."

**Shri N. B. Chowdhury (Ghatal) :** This Bill is expected to remove some of the

[Shri N. B. Chowdhury]

legal controversies anomalies and conflicts that existed in the past in regard to the tax on the sales or purchases of goods. Only by experience, we shall be able to know how far this new amendment will mitigate the hardships. It seems that we shall clarify the position and make the law relating to inter-State sales-tax simpler and clearer. I find it difficult to understand the point which has been made in some of the notes appended to the report of the Joint Committee. It is said that we should retain the power here, in the hands of the Central Government or the Parliament. Whenever any tax has to be imposed on essential goods, it is to be done with the consent of the President. Then there will be no injustice or tax on essential commodities, etc. This has been said. But here we see that year after year, so many taxes are imposed on essential articles and this year the new items are mustard oil and coarse cloth. So, I do not see any point in the complaint about giving this power to the States. The State legislators are in close touch with the people. They can go to the people more frequently than we because of certain limitations on us. The Members of Parliament or the Central Government administrators also belong to the same people and by taking away the power from the States legislatures, we may not be in a position to prevent the Government from imposing taxes on essential commodities.

As has been pointed out, a large number of people in this country are very poor. Some have made calculations that fifty per cent of our people get less than ten annas and 25 per cent less than a rupee and so on. The condition of our people is far worse. If you take into account the condition of about eighteen million families of agricultural workers, their average income is half the average national income, which means five annas a day. There is abject poverty and they are not in a position to bear the extra burden of these taxes. There should be no tax on these essential commodities, foodgrains and other things. Where is the guarantee that such taxes will not be imposed by refusing the power to the State legislature to impose taxes without the permission of the President? The Central Government gave permission to the U.P. Government to tax the foodgrains and other essential commodities. So there is no guarantee

that permission will not be given if power is retained with the Central Government or this Parliament.

**Shri C. D. Deshmukh :** I would like to make one clarification. The U. P. case is not really an argument because permission was given there on the understanding that this Bill would be presented as an agreed scheme before the Parliament. If for instance, the Taxation Enquiry Commission's recommendations had not been accepted as a whole, then we should have taken a different view of our responsibilities under the Essential Goods Act of 1952.

**Shri N. B. Chowdhury :** Whatever be the process by which taxes are imposed, what we are concerned with here is that there should not be unreasonable taxes on essential commodities. Whether it is done by the States direct or by some provision made by the Central Government or the President, it does not make material difference. So far as the common people are concerned, they should not be made to suffer as has been pointed out by several notes.

The next point is about the allocation of the taxes that will be realised. This is a very important thing because there is uneven development in the country and the States are so situated that there are certain States which are in a position to supply certain raw materials and other things for manufacture elsewhere. Therefore, unless these States get a certain revenue from the imposition of taxes on inter-State transactions, it will be very difficult for them to develop. When the Central Government realises these taxes on inter-State transactions it should be their duty to see that the States get their dues. Of course, there would be the charges for realisation etc.,—the establishment charges—but deducting that amount, the amount realised should be properly allocated to the States concerned.

**Shri C. D. Deshmukh :** The whole of it minus the expenses goes to the State.

**Shri N. B. Chowdhury :** But another law would be necessary.

**Shri C. D. Deshmukh :** If the hon. Member would refer to article 269, the actual allocation is to be made in accordance with the principles of distribution as may be formulated by Parliament by law.

**Shri N. B. Chowdhury :** So, another law has to come. What I say is, while drafting that Bill, the Government should see that proper allocation is made so far as the States are concerned.

Then there is another thing. The Taxation Enquiry Commission Report has made it very clear that the States should have jurisdiction over this sales tax. This should properly go to the States. Therefore, in connection with the inter-State sales transactions and other essential commodities taxes, etc., there is one difficulty. In view of the growing financial difficulties of the States they are thinking of imposing taxes on as many articles as they can. In certain States they are proposing a tax on trees. No such tax existed before. The sales tax is also going to cover a larger field. Many new articles are sought to be brought within the purview of the sales tax law. Therefore, in such cases, while we speak of exemption being granted to essential commodities etc., it is very necessary that the Government should make arrangements to discuss the matter with the various States so that there may be a certain amount of reasonableness in their attitude towards this taxation measure.

There is yet another thing. Previously, there was so much anomaly and discrepancy so far as tax on the same commodity in various States is concerned. This led to some sort of smuggling because the tax on the same commodity differed in two neighbouring States. By this amendment or by any other provision in any existing law it is not possible to bring about strict uniformity. There must be some way by which this can be done.

Through this amendment it has been provided that although the Essential Goods Act may be inoperative after this amendment is passed, certain goods may be declared to be of special importance from the point of view of inter-State trade and commerce. Under that provision it may be possible to declare any article, when it affects inter-State industries etc., as essential. In that way the Government may decide to declare some articles to be of special importance from the point of view of inter-State trade and commerce and thereby a uniformity may be brought about in an indirect way. By way of an illustration, if you take the

case of coarse cloth, the rate of tax in Orissa may be two annas whereas in Bengal it may nine piés per rupee. That will create a difference the price for the same unit of cloth coming from the same mill and there will be some sort of smuggling if there is scarcity of cloth in one State. We have witnessed such things in the past. Therefore, what I say is, through this measure, which provides for declaring articles of special importance from the point of view of inter-State trade or commerce, we should bring about some sort of uniformity so far as tax on inter-State transactions is concerned.

These are the points that I wanted to place before the House. I think this is an improvement on the Constitution. Although we do not like that there should be taxes on essential goods etc., it has to be admitted that there is going to be some sort of improvement so far as the interpretation of the law is concerned.

**Shri Raghavachari (Penukonda) :** Mr. Speaker, as Chairman of the Joint Committee I have risen to state what it is that made the Committee more or less unanimously to adopt the Bill as it was proposed. In the whole discussion to-day there has been a little more sentiment playing rather than the actual position as it is. In fact, the whole country, no doubt, is concerned that there must be uniformity in taxation on the foodstuffs and that the essentials needed by the community are not made very dear. Everybody agrees on that.

As the Constitution now stands, as the Finance Minister rightly pointed out, every State has already passed many Acts of taxation over many items of food-stuffs. Under the Constitution as it is, all those laws that were already passed have absolutely no chance of being modified or amended by the Parliament or by those who are anxious that there should be uniformity of taxation, except that the State itself should come forward to adopt uniformity in the interests of the general public. So far as the laws that have already been passed before the Essential Goods Act was passed by the Parliament are concerned, that is the position. Even afterwards the position is, as the Finance Minister rightly pointed out, that the State when it tries to alter the existing law by increasing the taxation has only to submit it for the approval of

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the President, when, possibly night, some attempt towards uniformity might possibly be attempted. That is the present position.

Then in the light of that position came to Taxation Enquiry Committee's Report. The Taxation Enquiry Commission based their recommendation on the ground that foodstuffs and essential goods must be the sole concern of the States so far as taxation is concerned. No doubt, as Members of Parliament and men interested in Indian public affairs, we are anxious that there should be uniformity. But the question—that is a fundamental thing that everybody should remember—is that we are now living in democracy. Every State is supposed to be subject to the votes of its own people. If a particular State, irrespective of the interests of this uniformity, goes on taxing essential goods and making them dear, it will be impossible for that State to continue in office. That is the democratic principle. Therefore, the States have a responsibility to their own voters and to their own people. The Taxation Enquiry Commission, I should think, with great force said that the States must be given absolute privilege of the taxation so far as things that touch their voters very intimately are concerned. No doubt, we are anxious to have uniformity. But, are we to sit in judgment over every State? Have we that right under the Constitution as it is now? You have not got it. Therefore, if you want to take power to have uniformity in taxation in the whole of India, that means we must amend the Constitution in such a way in the State and the Union lists as it now exists in the Constitution. It is certainly not possible for the Parliament, however high or intense the desire of all of us may be, to do so, until and unless the States by a majority accept that position and agree to it. Under these circumstances—apart from sentiments, arguments based on it—I for one felt and the whole Committee also felt that the proposed provisions should be there especially when already certain laws—inconsistent with uniformity have been imposed. So uniformity is not possible. The Taxation Enquiry Commission wanted to give them absolute powers so far as the essential articles are concerned. The only way to hope for a reasonable level of taxation on these commodities is to entrust this responsibility to the States

only and thus give them freedom to raise taxation subject to the possibility of keeping themselves in office with due response to the interest of the voters. That is how the things were viewed.

There is no doubt that it appeals to every one of us that at present, at least from the day when the Essential Goods Act was passed and subsequent to it, the States' power of enacting laws imposing taxation on those items is certainly restricted. There is no doubt about it. But the present law, as we are proposing, restricts that power and practically nullifies the existing powers even in regard to the essential goods also. I do not, for a moment, feel there is any room for doubt that the phrase that we have now used, namely, goods of "special importance" is certainly restricted when compared with the language of the Essential Goods Act. The Finance Minister also pointed out that it was perfectly possible that with the language as it is, some other items, other than the six items mentioned by the Taxation Enquiry Commission might possibly be brought in. He also said that he had taken legal advice. I for one think that it is perfectly possible, with the language as it is, that more items can be brought in, quite apart from the fact that the language is capable of attracting many other items also.

Now, a State, in its own jurisdiction, has absolute power to impose taxation on sales etc., even as we are amending the Constitution. Supposing it goes on taxing. The question is, all those who produce those commodities in the particular State are not taxed. Let us take it that the agriculturists produce those foodstuffs which are generally grown by them. The tax that they are going to impose on the Sales in the State, for the sale or purchase of those commodities, arises when the sale or purchase is to take place for the use outside the State. In so far as that aspect is concerned, it is certainly a thing that affects the interests of other States or the residents of the other States. That becomes an inter-State affair. That way, it is perfectly possible to expand the list so that a few more articles other than the six which are already included may be brought in. Those powers are now entirely confined to the Parliament to settle the principles, etc. Though fundamentally there is a change in the existing position in favour of the expansion of powers of the States

and therefore curtailing the general interests of the common people, to my mind the feeling was—and the whole Committee also felt like that—that the suggestions of the Taxation Enquiry Commission as well as the States' responsibility must be so changed by education and by propaganda. All agree to the principle of uniformity in taxation and that can well be done only by education. It is precisely from that point of view that many a Member has appended a minute of dissent to aid and help the Government to bring about this change in the States.

We know that nobody will be willing to forego his own rights and then substitute them or hand over those powers to another. The article in the Constitution was also referred to. This has to be accepted by a majority of the States. If we, sitting as Member of Parliament, make changes in the law which have no chance of being accepted by the majority of the States, it practically means that we are not legislating at all. So, as practical people and knowing the whole situation, the Joint Committee came to the conclusion that the existing condition and the state of affairs are not conducive to uniformity and that the recommendations of the Taxation Enquiry Commission and the powers of the States can only be hoped to be exercised moderately because of the element of responsibility to their voters. So, more powers are now sought to be given to Parliament to settle and lay down principles and those principles, as the clause is now worded, will be stated by Parliament so as to upset or modify or vary any law that is passed or any law that now exists, made before or after the enactment of Essential Goods Control Act thus controlling those provisions and to control those provisions that are yet to come. Only then, we can expect uniformity. As I already said at the beginning, there is no doubt that the field is a bit restricted; we must resign ourselves to the position that this power is certainly rightly conceded to the States and we must expect the States to exercise the powers moderately because of the interests of their own voters as well as the possible curtailment of those powers under the language which we now proposed in this Bill. Under the present language, many items of food articles can well be brought within the purview of this power. That is why the Joint Committee have come to this conclusion.

**Mr. Speaker :** Pandit Thakur Das Bhargava.

**Shri S. S. More :** The Members of the Joint Committee are getting preference.

**Mr. Speaker :** Is that so ?

**Pandit Thakur Das Bhargava :** I was a Member of the Joint Committee and I have appended a note of dissent.

**Mr. Speaker :** Pandit Thakur Das Bhargava may continue.

**Pandit Thakur Das Bhargava :** I must refer at this stage to the original intention of the framers of the Constitution. It is not too late to mention it now. Originally, when this Constitution was being framed, we had an article—article 16—in the chapter on fundamental rights and the framers of the Constitution were of the opinion that this was a justiciable fundamental right,—the right of trade, commerce and commercial intercourse in the territory of India. The article said that this would be free, subject to any law made by Parliament. That was the language of article 16 as it originally stood in the Constitution. Along with that article, there were other articles—articles 243, 244 and 245—and ultimately, at the second reading stage, we changed the order and subsequently the present articles 301 to 307 took shape in the place of those articles. If you kindly see those articles, it would appear that even now there are restrictions on the right to put fetters on the freedom of trade, commerce and commercial intercourse in India. For instance, article 301 in Part XIII says:

“Subject to the other provisions of this Part, trade, commerce and intercourse throughout the territory of India shall be free.”

I would respectfully ask the House to mark the words, “subject to the other provisions of the Part”. It is not “subject to article 286”. It is subject to the other provisions of this Part, that is, articles 302, 303, 304, etc. These are the three relevant articles.

Now, it is admitted that in the whole of India, trade, commerce and intercourse shall be free. India is one big country and it is not like any one country in Europe where one country can have restrictions on trade from another country. The original conception was that the different parts of India, though divided into territories, were

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still one. The whole country is one unit, and therefore there was no room for any restriction on trade, commerce and intercourse in the territory of India.

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Article 302 says :

“Parliament may by law impose such restrictions on the freedom of trade, commerce or intercourse between one State and another or within any part of the territory of India as may be required in the public interest.”

Therefore, any such law passed by Parliament should be in the public interest; if there was no public interest involved, even Parliament cannot pass such a law.

Now when we proceed to article 303, we find that even the power of Parliament was taken away by the Constitution in respect of certain matters, because no law could be passed even by Parliament discriminating between one part of the country and another. Similar restrictions were also placed on the powers of the State legislatures, because article 304 says :

“Notwithstanding anything in article 301 or article 303, the Legislature of a State may by law—

(a) impose on goods imported from other States any tax to which similar goods manufactured or produced in that State are subject, so, however, as not to discriminate between goods so imported and goods so manufactured or produced.”

As you proceed further you will also be pleased to see the difference between the powers of Parliament and those of the State legislatures. Though the Parliament has the power to legislate—so far as States were concerned, there was another restriction on them which is expressed thus in article 309—

“(b) impose such reasonable restrictions on the freedom of trade, commerce or intercourse with or within that State as may be required in the public interest:

That was not all—

“Provided that no Bill or amendment for the purposes of clause (b) be introduced or moved in the Legislature of a State without the previous sanction of the President.”

The original intention of the framers of the Constitution was that so far as possible all trade and commerce and intercourse should be free. So far as State legislatures were concerned, they could only impose certain restrictions which were reasonable, which were justiciable, and that even only with the permission of the Centre. The Taxation Enquiry Commission has now given them full power. But this is opposed to the Constitution. Part XIII is not subject to any other part of the Constitution; this is an independent part. The words are “subject to other provisions of this Part”. This is a justiciable right and was included in the list of justiciable rights, but ultimately the order was changed. When these articles were on the anvil in the Constituent Assembly, I had something to say about them. I pointed this out at that time. My speeches will be found at page 1,128 of the proceedings. I do not wish to read them now. I then gave examples as to how it has worked in the different States. I gave an instance relating to Punjab where we produce a large quantity of gram. It so happened that the Central Government and the Punjab Government arranged the matter in such a way that there was plenty of gram in Punjab rotting, while the people of certain famine-stricken areas were actually starving. Yet, gram was not allowed to be transported. We tried our best, but we could not succeed. Ultimately when in Delhi the tongawalas struck work, this was changed and our district sent about 60,000 maunds of gram to the famine-stricken people of Bihar. While the people of Bihar were starving, large quantities of gram were allowed to rot in Punjab.

I can also give one or two other examples as to how trade and commerce in this country suffer on account of the present state of the law. In Delhi sales tax is not imposed at the same rate and on all the articles on which it is imposed in Punjab and the Uttar Pradesh. The result is that a person from Hissar or any other near about place of Punjab comes to Delhi purchases all his goods and takes them to his place. All the trade is centred in Delhi because there is no sales tax here of an equal amount or on all articles. In the nearabout areas trade in certain of the items like paper and coal, for example has almost to a stop. This is the state of uniformity—but this is by the

way. What I was submitting and on which I have sent amendments is different. Article 286 represents only one aspect of the problem about trade, inter-state trade, or intra-State trade. If we really want to make this country one in the real sense of the word, I cannot understand how we can impose different taxes on different people in regard to different articles. The whole country should be subject to the same laws, and the same amount of taxation. According to article 14 which deals with equality of rights I should be subjected to the same amount of taxation, and not a differential kind of taxation. I fail to understand what the purposes of the Bhakra Dam, the D.V.C., the Tungbhadra project and the other multi-purpose projects are going to be if the rest of the country is not going to be benefited by all these. What is the use of calling this one country, when I find gram being sold for Rs. 6 in Punjab and Rs. 42 in Madras and Bengal? I have been saying this for a long time, but my views have been a voice in the wilderness.

If we speak of one country, one nation, we should see that so far as the necessities of life are concerned there should be one rate in the whole of India, providing of course for the variation involved by the cost of transport.

**Shri S. S. More :** Abolish all the States; that is the only way.

**Pandit Thakur Das Bhargava :** If you do not want to go to that extent, at least abolish all the differential taxes obtaining in the States.

As was just now pointed out by Shri Vallatharas even the necessities of life are taxed in Madras. What happened in the Uttar Pradesh? The hon. the Finance Minister was pleased to say that the Central Government gave permission. As a matter of fact he should not have done so. Again he enters into an alliance with the States and comes to us with a *fait accompli*. If you want our opinion, do not say that you have already entered into an agreement with the States. We do not want you should be put into any difficulties now. As a matter of fact, you should have come to Parliament first and ascertained our opinion. I am not agreeable to what you have done in Uttar Pradesh. We incorporated this provision in article 286 only with a view to seeing that so

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far as the necessities of life are concerned you should exercise the powers in such a way that the poor people are not taxed. I am in favour of all your schemes. I even go to the extent of agreeing with you and Sir John Matthai for whom I have the greatest respect, that the common man must be taxed. But I am absolutely clear in my mind that I will never agree to the proposition that the necessities of life of the poor man should be taxed. I doubt whether the Finance Minister or Dr. John Matthai would have seen the difficulties, the miseries and the poverty under which the poor man in my part of the country suffers and which I have seen. I come from a famine-stricken area. Now with the kindness of the Government of India we have got the Bakhra Dam; now the famine will no longer be there. But I have seen the state of affairs in pre-Bhakra days. I know the abject poverty that still prevails in certain areas in Orissa and Gorakhpur. Are you going to tax these poor people?

I do not care for your development schemes, though I am one with you that the second Five Year Plan should succeed. You can no doubt tax the workmen, also who want a 25 per cent. increase in their wages. In the British day we used to repeat that about one-third of the population of our country did not get two square meals a day? Has this state of affairs changed now? Some time back when we were discussing the State Bank Bill we were told by one of the hon. Ministers, a responsible Minister, that in Orissa a person gets about five annas a day; that is his average income. In Punjab it is from 5 annas to 10 annas. Do you want to tax these people. I do not want these development schemes if you want to tax them. My first duty is to see they get two square meals a day. If for every countryman of ours we are not able to ensure two square meals a day, what is the use of all these development schemes?

In all your schemes I find this difficulty. I can understand you can ask people to make sacrifices. Who can make sacrifices? Even a workman, a man who gets a rupee a day you can tax. But those who are getting five annas, or two and a half annas a day in certain parts of Orissa, can you tax them? If you are going to tax them, you are doing a thing to which we cannot possibly agree. This is quite clear.

[Pandit Thakur Das Bhargava]

So far as uniformity is concerned, the hon. the Finance Minister may give any powers that he likes according to the recommendations of the Taxation Enquiry Commission or the views of Dr. Matthai. He may do what he pleases. But at the same time if he gives up those powers which are meant to protect the poor man, he is not doing the right thing. I am anxious that, so far as article 286(3) is concerned, it should be kept in the Constitution as it is. We do not want to be deprived of the power. The Centre should have the power. You may say anything about provincial autonomy. But, I know that the Union Government has got the fullest responsibility to see that the directive principles are respected. I know my country. You want to raise Rs. 450 crores by way of taxes. I do not mind that. We are one with you. You may tax the common man. But I will not go to the extent to which you are pleased to go and tax the bare necessities of life. That is the only point of difference. I have given notice of certain amendments. I would request you kindly to consider amendment No. 7 very seriously. You take the powers whether the States agree or not. The States will have ultimately to agree. After all, the States depend on you. You are amending the Constitution. Nothing has been settled. It is entirely wrong to suggest that the States will not agree to this. We did not allow this power to the States in the Constitution. Article 286(3) is a recognition of the fact that the States are not free in this matter. We are not free. The powers must be divided in such a manner that the poorest man does not suffer. I am very glad to say that you are the guardian of the poor man. In his opening speech, the hon. Finance Minister expressed views which exactly are his, really his; not of the Finance Minister, but as a human being, as an Indian citizen. What do I find there? When I put the question, he was not saying that he will not include foodgrains. In that he has indicated that so far as he is concerned, he is not opposed to it. I know Shri M. C. Shah is anxious to see that the poor man's interests are protected. I know he would agree to the inclusion of foodgrains, coarse cloth, kerosene, fodder, four or five things. I do not want more. They are not essentials of life; they are necessities of life. If you will kindly

allow, I will read from the Taxation Inquiry Commission's report also. Dr. John Matthai is an economist. At the same time, he is human and humane. When discussing the single-point tax which he favours, he says :

"The most important exemption, so far as the single-point part of the system is concerned, is foodgrains."

I know that from the bottom of his heart, he does not want to include foodgrains in the articles to be taxed.

I would request you to consider this question from another standpoint. You say articles of special importance except foodgrains. Is it not true that in all parts of India foodgrains is very important so far as inter-State trade is concerned? What hesitation can you have to include foodgrains? The States will follow. You are forcing us to accept this. We are not going to say, no, no, when you say that you are bound by this agreement. We are not going to interfere and say that you should not have this amendment.

**Shri C. D. Deshmukh :** All I said was that this has to go for ratification to the States under article 368.

**Mr. Speaker :** If clause (3) is continued as it is, the States' consent is not necessary.

**Shri C. D. Deshmukh :** That is so ; but the States may ratify the rest of the Bill, in which this is included. If it is the agreement with the State that this is the scheme which we shall put forward, they may say, because now the essential goods clause is included here and not dropped as was agreed, we may not ratify it.

**Mr. Speaker :** After all, even now, under article 286(2), Parliament can impose restrictions on taxation. Whatever tax is collected goes only to the States. There is no special advantage except that the Centre can impose the tax, and now, the States could impose the tax. Even if the Centre imposes the tax, it has to be distributed to the States. If they throw out his Bill and clause (3) is retained, the States lose. The Centre does not gain or lose.

**Shri C. D. Deshmukh :** That is so.

**Pandit Thakur Das Bhargava :** As a matter of fact, my hon. friend wants to give the liberty to the States. Will he give the same liberty to this House also ?



**Shri C. D. Deshmukh :** I do not understand this question of liberty to this House.

**Pandit Thakur Das Bhargava :** He said that the States will not agree.

**Shri C. D. Deshmukh :** The House can pass any piece of legislation it likes. As I said, the States may say that we do not ratify, not because the position is not improved. If they see that the position remains as it is, they will then continue to have the same grievance which they had before arising out of the Essential Goods Act of 1952. You do not settle anything there. You may certainly say that so far as the constitutional position is concerned, we remain where we are and the Parliament has exercised its powers.

**Mr. Speaker :** You want to carry the States with you.

**Shri C. D. Deshmukh :** Yes. It is not a constitutional struggle with the States as to competence and so on. We are trying to solve a financial issue.

**Pandit Thakur Das Bhargava :** It is quite true that the States may or may not agree. The Finance Minister is so anxious to give this liberty to the States. If he has not brought this argument that he is bound by some agreement with the States, some sort of an understanding, I can assure you that 99 per cent of this House will not agree and will not pass this measure. We will pass his law because the Finance Minister is committed. We will ultimately see that our views are given effect to.

**Shri S. S. More :** What about the party whip?

**Pandit Thakur Das Bhargava :** Let me unravel that point also. There is no question of party whip. So far as the Constitution is concerned, no party whip is binding on any Member.

**Mr. Speaker :** The hon. Member need not explain all the principles of the party.

**Pandit Thakur Das Bhargava :** I am not taking up this position. Shri Raghavachari said that the States are responsible and they will see that they do not tax the articles which will put them out of the saddle. May I tell him and the country this much? Ask 100

people about taxing the necessities of life. I am sure 99.9 recurring will say, we do not want the necessities to be taxed. That is the real position. Whatever you may say about the States, what can the States do? As the Constitution stands at present, the States are powerless. Unless we remove the ban, the States cannot impose any tax so far as inter-State trade is concerned. The States cannot put any tax so far as the other things are concerned. Are we not free to make a law that even in the State of Madras, the necessities may not be taxed?

**Shri C. D. Deshmukh :** We cannot, to the extent to which they are taxing.

**Pandit Thakur Das Bhargava :** Today you are amending the Constitution as you like. Can we not amend the Constitution as we like? I want that in the whole of India, the necessities of life should not be taxed. That is the principle which we had in view.

**Shri C. D. Deshmukh :** That also has to be ratified.

**Mr. Speaker :** He want to give retrospective effect to clause (3).

**Pandit Thakur Das Bhargava :** It is a general rule that when an article of the Constitution is amended, you are at liberty to make any amendment. I have given notice of amendment No. 7 in which I say, apart from other things in respect of the articles of special importance, the Government of India should be invested with power to see that in all the States in India, there should be uniformity of taxation so that the taxation in Madras will be on the same level as in other States. I understand that even if the present amendment is carried out, you will have the power to see that articles of special importance, so far as levy rates and incidence are concerned, you will be able to control. I want to know how you will control. As it is, foodgrains is included. Will you have enough power to see that in Madras also, the levy rates and incidence of the tax are changed and brought into line with the rest of the country? You are taking this power today. I am not saying anything which is extraordinary. I only want that the whole country should be brought on the same level of taxation. This is your principle also. You have been trying for seven years unsuccessfully on account of the recalcitrance of the States. You convened a conference.

[Pandit Thakur Das Bhargava]

I am only asking you to do what you have been doing. Taking all things as they are, if our views are to be taken into consideration, article 286(3) is not to be changed. Power should be with you to see that in Madras and other places, necessities of life are not taxed. Secondly, if that is not acceptable if it is absolutely necessary that we should pass this Bill, I would only request the Finance Minister to persuade the States. The States are in the hollow of his hands as the Members of Parliament here. We want to implement the Second Plan. They also want this. They will be powerless. They are more in the hollow of his hand. He can persuade them to agree to include these five or six things which are necessities of life. Even if he takes away one or two things like salt and kerosene I do not mind, but foodgrains, coarse cloth and fodder at least must be included. I will be satisfied in two ways. It is possible these things will be taxed, but they will not be taxed to such an extent that it would be very difficult for the poor people to live in this land, because the levy rates and other incidents of tax will be in the hands of the Finance Minister of India and not in the States.

So far as the States are concerned. I have got a soft corner for them also. They are in great difficulty. The Centre asks them to bring as much money as they give so that the Five Year Plan may succeed. In that contingency the only course that they have open to them is to tax the poor man. In this country poverty has gone so deep and people are living on the verge of subsistence, sub-human existence, that you should stay your hands at the bare necessities of life and not tax them.

**Shri S. S. More :** I approach this particular problem from the point of view of the Constitution, but before I go to the point, I should like to bring to your notice that in this Report of the Joint Committee there are some four Notes attached and besides the Notes there are some Minutes of Dissent. Under rule 112 of our Rules of Procedure in the Select Committee's Report there can be Minutes of Dissent, but nothing like Notes. I do not understand under what particular provision these notes have been accepted. These notes are in fact Minutes of Dissent but they are titled as notes while the others are titled as Minutes of Dissent. I cannot understand

the distinction between the two, unless some Members out of a sort of delicate sentiment did not like to express their dissent specifically and definitely.

I do welcome this measure. I welcome this measure from a particular point of view. When the Constitution was framed we were in very disturbed conditions and forces of disintegration and disruption were on the ascendant, and so the Constitution makers were keen on having a Constitution which would bring about a sort of uniformity, and to that extent kept the States in a state of tutelage, in a state of subordination to the Central Government. I have not the time to analyse the different articles, but if you go through the different articles you will find that even where power was given to the States, the Central Government or Parliament was given some dominating influence or power with which they could control, or if necessary, interfere with the exercise of the powers by the States. After the Constitution came into operation, six or seven years have elapsed, and now it is a question for us to decide whether this particular structure, with all its implications, of the Constitution should be kept intact or not. My submission is that we must again look into the Constitution, we must again try to find out in the light of our own experiences what changes are necessary. My friend Pandit Thakur Das Bhargava for whom I have got the greatest admiration—I do admire the painstaking manner in which he approaches and studies every Bill—said that the Centre should do its best to evolve uniformity. I can understand and appreciate his sentiment but the basic question is: Does the necessity of uniformity all over the country mean interference with the powers of the States? If we are undilutedly out for evolving a uniform apparatus of administration, then the only course, and the only honest course left open to us is to abolish the States.

When the Congress was in the Opposition, we were talking about residuary powers being given to the States and only three powers reserved for the Central Government. The moment we came into power article 248 and Entry No. 97 were introduced in this Constitution laying down and breaking what we were preaching when we were in the national struggle, that all residuary powers should be vested in the Centre. Not only the residuary powers. If we study List No. 2 and the relevant provisions, we will

find that everywhere we are imposing so many restrictions. Either the President's assent ought to be obtained for certain measures, or the President's sanction ought to be there, and in many matters Parliament has to lay down the restrictions etc. That means the States are reduced to the position of mere shadows of the Central Government. This is an attempt to keep up the character of a federation in name while you are really running the whole Government as a unitary Government. This is a question of basic importance and let us make up our minds whether we want to have a unitary sort of Government as in England or any other form of Government and whatever the form of Government we want, let us frame our Constitution to suit that form.

I do not want that the Constitution should be amended repeatedly. When Constitution was framed, certain balances were developed, certain checks and counter-checks were evolved for the purpose of giving a sort of balance to the whole system of administration. Now piecemeal we are amending the Constitution. We are removing these checks while the counter-checks remain in the Constitution. We are doing this and that affecting the Constitution in different parts, with the result that the whole Constitution of ours has lost its basic balance, and the whole thing has become extremely unbalanced. Therefore, my submission is that it is time for Government to appoint, as I once suggested, a joint committee of both the Houses to find out what are the necessary amendments, what parts of the Constitution should be removed from it etc., and enact a statute so that the necessity of having changes after passing it will not be there.

I welcome this measure because it is, in effect, a decentralisation measure. Some of my friends like Shri Vallatharas, or even Pandit Thakur Das Bhargava, said this Parliament must have the power of controlling taxation by the States as far as essential articles are concerned. In a way it is correct, but are we going to assume that this Parliament is the only authority which is responsible to the people, is the only authority which can look after the interests of the people effectively and democratically? My submission is if we are tolerating the existence of the States, though in a very crippled form, we must strengthen the States if we want

to see that they work democratically and effectively. If a man's income is taxed, he is not touched vitally, but if your food is taxed and my cloth is taxed, the moment we go to the bazar we feel the pinch and we either react to the taxation in a favourable manner or we revolt, and we say: "What is this business? The Government is taxing us. We have sent in all these representatives and they are taxing us". And in a local area with your experience you can say the people aggrieved can more formidably and more immediately come together and voice their opposition if necessary. That is the greatest fact as far as the educative part of the Constitution or democratic framework is concerned. That is the greater power. Let the States decide for themselves whether food should be taxed or not, whether fertilisers and other articles should be taxed or not. Let them give birth to the baby and hold the baby if it is ugly. Therefore, I would say that surrendering the power of Parliament as far as taxation of essential articles is concerned is a welcome change from the point of view of decentralisation. We inject more sense of responsibility and caution into the States because they run the risk.

Take for instance, the sales tax imposed in Uttar Pradesh. Now, Uttar Pradesh is supposed to be the citadel and the home of Panditji and Pant, and a sort of a Congress citadel where nobody can hope to penetrate. All the same, so many bye-elections have been lost by the Congress, because the sales-tax was there. If it was the case of any other tax, the people would not have been able to voice their opposition in a more effective manner and to that extent.

**Pandit Thakur Das Bhargava:** You want to win bye-elections by this measure.

**Shri S. S. More:** I believe my hon. friend Pandit Thakur Das Bhargava is a democrat, and whatever he may say, he will allow Opposition parties to win elections by democratic methods. Otherwise, the only alternative will be to force the communists to a bloody revolution. What happened at Kharagpur we have all seen and realised and it is quite possible to magnify it on an all India scale.

**Shri B. S. Murthy (Eluru):** Are the communists responsible for that?

**Shri S. S. More :** I do not suggest it, and my hon. friend Shri B. S. Murthy knows it very well that I am not making any such suggestion.

My submission is that so far as this decentralisation of power is concerned, I do welcome it, because that will make the State Governments more responsible.

There is one particular aspect which I want to bring to your notice in this connection, and that is that though at present in all the States one party is in power and the same party is in power at the Centre also, it is quite possible—and nobody should regret it—that after the next general elections, one party may come into power in State A or B, another party may come into power in State C or D, while a third party may come into power at the Centre. What is going to happen in that case?

[MR. DEPUTY-SPEAKER *in the Chair*]

If we retain article 286(3), then every time the State will have to take the assent of the President. The responsibility will be of the States, but in effect the responsibility will be transferred to the President, because nothing could be done without the previous sanction of the President. So there will be a conflict; the party in power in the State will be agitating for certain things, while the President, on the advice of the party in power at the Centre, will be doing just the opposite thing. In order to avoid such a conflict, and to smoothen the way for power being distributed among different parties and groups, so that they can go to the people and sell their wares to the liking of the people, it is necessary that such a decentralisation of power in the case of articles of essential consumption should be there.

Sir, I stand for federation. I want to see that power is decentralised, and the States are made stronger and stronger, and not only the States, but even the local units like *gram panchayats* are given the greatest power. So, I do not like the scheme in our Constitution for distribution of taxes. Why should the Central Government levy taxes and then assign them to the States? This is taking an unnecessary responsibility. The odium of imposing taxes goes to the

Central Government, while the use of the moneys so acquired and the benefits thereof go to the States. That is a bad way of doing things. That is not a desirable way of running the Central Government.

Therefore, I would say, let us have a clear-cut division of taxes, namely, taxes which are for the use of States, taxes which are for the use of the local self-governments, taxes which are for the use of the Central Government, and let the Central Government, and the Central Government alone take the responsibility of levying and recovering those taxes which are meant for their use, while let the States pass resolutions saying that they want this tax or that tax, so that people of those States can know that it is not the Central Government who are imposing those taxes, but the State Government, and if they need it or deserve it, they might receive a kick from the electorate.

Therefore, from the point of view of developing a sense of responsibility in the States, from the point of view of carrying conviction to the voters that it is not the Central Government who are responsible in this matter, but it is the State Government directly elected by them who are responsible, and further for the purpose of making them more conscious about their duties as well as responsibilities, let us revise our Constitution and let us come out with a clear cut scheme in which not only will the powers be distributed properly, but the whole resources which we shall get by taxation shall be allotted definitely and precisely to the different taxing agencies.

Unfortunately, the people do not come into the picture when we discuss taxation. We only think of the State Government and the Union Government, but the poor people who are supposed to carry the burden never come into the picture. The poor man has always to carry the load. Not only the Central Government are a taxing authority, not only the State Government are a taxing authority, but over and above these two Governments—though our Constitution does not recognise them—there are units of local self-government, which impose their own taxes, as for instance, the district local boards, the municipalities, the *gram panchayats* and so on, not to speak of the illegal gains by the trading community in the

name of taxes and all that. These five or six taxing authorities go on imposing either direct taxes or indirect taxes.

Take, for instance, the case of a peasant from Punjab. When he takes the foodgrain produced by him to the bazar, the municipality taxes him, the local boards tax him, the *gram panchayat* taxes him and so on. From that point of view, he is the beast of burden who has to carry all the burden imposed by these different authorities. We go in a very gay manner, as far as the imposition of taxes is concerned, but we do not realise the hardship that this man suffers.

In view of the large number of persons who are poverty-stricken, who are living on the starvation level, in view of the large number of peasants who are disorganised, non-organised and colossally illiterate, and therefore are unable effectively to fight these different machines of taxation which suck their blood, in view of the fact that the trading community, though a small community, is vocal and well-organised, can receive all concessions, if taxation, in the name of uniformity, is centered the hands of the Central Government, and it can achieve its object more effectively by approaching a person in the Central citadel, my submission is that if we want real democracy, democracy of the conception of Mahatma Gandhi, then it is time for us to revise our Constitution, to see that the lowest units of administration are rendered strongest, that people get an immediate opportunity to organise and protest against those who are in office and if necessary, in a democratic manner throw out their oppressors who are sitting on the Treasury Benches. For ensuring these things it is very necessary to have proper decentralisation. It may be that today one party may be in power. But I would submit that no Constitution should be viewed from the point of view of the interests of one party. It is the interests of the whole nation, that we have to develop at heart. As we have developed one citizenship, we have to develop one common interest, namely the interest of Indians. The common interest of Indians requires that democracy must be strengthened. The common interest of Indians requires that the man who is most oppressed should get an opportunity to breathe and struggle for his own rights.

From that point of view, I do welcome this measure. Since in a way—I do not know whether the Finance Minister has really brought forward this measure out of a desire to decentralise power, but at least it is a bye-product of this measure—decentralisation is a bye-product of this measure, I welcome this measure to that extent.

**Shri Barman** (North Bengal—Reserve—Sch. Castes): I have tabled an amendment today. I mention this at this time, just to show that while I wholeheartedly support the amendment to the Constitution that is contemplated, at the same time, I oppose the deletion of clause 3 of article 286.

It has been said, that so far as goods essential to the life of the community are concerned the check lies with the people of the State. Shri Raghavachari, the chairman of the Joint Committee, has drawn our attention to that proposition. My submission is that while the people of the State are powerful and their views are quite sufficient to act as a check against the exercise of power by that State, yet it is no guarantee against exploitation by that State of the people of the other States. Let me give you one example. In India, there are different parts which are suitable for growing different kinds of produce, which are at the same time, essential to the life of the community. Take, for example, sugar. There are certain parts of the country where sugarcane actually grows; there are other parts where it does not grow. Now the State where it grows, in order to augment its revenue, may raise any excise or duty on sugar. Though the people of the State will be equally taxed, they will certainly get it back in some other form. But what about the people of the other States who are only consumers? They will be taxed without getting any reciprocal benefit. The people of the State where sugarcane is grown may consent to raise the excise on sugar to any limit in order to augment the revenue resources of the State.

So, Shri Raghavachari's point of view, though correct in the case of intra-State trade is not correct in the case of inter-State: I have, therefore, made a proposal with regard to essentials of life. It is not that Parliament will try to bring in uniformity; as has already been said, it is not possible unless all the States consent. My proposal

[Shri Barman]

is that so far as foodstuffs and essential supplies are concerned, the States can impose any tax subject to the approval of the President, so that the President or the Central Government may see that the tax proposed by the State is not excessive so far as the people of other States are concerned. Therefore, I have tabled an amendment which I shall move at the proper time.

I want to say a few words as a general proposition. We feel very much that though during the First Five Year Plan our national income has been augmented, actually the expenditure capacity has not been augmented to that extent, and it cannot be. In order that we can proceed with the Second Plan, the surplus income will have to be utilised in capital investment in industry, agriculture and so many other things. It comes to this, that the *per capita* income of the people of the State cannot be appreciably increased, that is to say, they cannot have that extra income which we find in paper calculation coming into use for them. They are the people who are in the lowest rung of the ladder who do not get any benefit out of the surplus income which goes mostly to the industrialists, and also to some extent to the middle class. While those who are the poorest of the poor do not get any extra income, at the same time due to inflation of prices they are much more hard hit.

That being the case, my submission to the Government is that whatever income is necessary, whatever surplus income we may have, whatever taxation we may have to impose upon the people of India so that our future plans may proceed with success, the poorest section of the people should be exempted from taxation. It is this kind of indirect taxation that hits them. Once we allow either the States or the Centre to go on taxing these essentials of life like foodstuffs, coarse cloth, sugar and other things, it falls heavily on the lowest income group who have no capacity for bearing them. They are carrying a bare existence and it falls upon them as an additional burden. That is a state of affairs which cannot be a good augury for any government whatsoever, because, after all, our people do not understand what is happening with the economy of the country, but when they have to bear the burden and when they feel that they are getting into more

and more trouble so far as their bare existence is concerned, they certainly understand that what the Government are doing is not to their benefit. That feeling should be avoided by all possible means.

So while considering whether a particular State will consent to or ratify whatever Parliament here does or does not do, we shall have to ensure at the same time that no State should be allowed to increase any indirect taxation on the very essentials of life. Therefore, my submission is that whatever we may do in other fields so far as essentials of life are concerned, we cannot allow any State to tax any further. So clause (3) of article 286 should be retained in some other form, if not in the present form.

The Finance Minister has said that according to him these foodstuffs etc., are not excluded from the definition given in sub-clause (3) of clause 4. I submit that so far as I read through it, they are exempted. The wording is :

“Any law of a State shall, in so far as it imposes or authorises the imposition of, a tax on the sale or purchase of goods declared by Parliament by law to be of special importance in inter-State trade or commerce....”

When we are omitting clause (3) of article 286 and changing the wording to ‘goods of special importance to inter-State trade or commerce’, I doubt very much whether the interpretation will be that this Parliament has specifically not excluded the words that were in the Constitution itself. So far as the definition in sub-clause (3) of clause 4 is concerned, it relates only to goods or articles that are necessary for the purpose of inter-State trade or commerce. Suppose there is a steel plant in one State and the raw materials come from another State, and if the latter State imposes a tax on those raw materials; then this provision will apply. But so far as goods essential to the life of the community are concerned, such as foodstuffs, when you have specifically excluded them by the change of wording, which at present exists in the body of the Constitution, I very much doubt whether the interpretation will be that this Parliament has not excluded foodstuffs etc., from the definition given in sub-clause (3) of clause 4.

श्री बंसल : मुझे बहुत इस विधेयक पर कहना नहीं है क्योंकि जब पहले यह प्रस्ताव इस सदन के सामने आया था तब जो कुछ मुझे कहना था वह मैं ने कह दिया था। मुझे अफसोस इस बात का है कि बावजूद इसके कि इस सारे सदन में हर एक तरफ से यह आवाज उठी है कि यह विधेयक अच्छा नहीं है फिर भी सेलेक्ट कमेटी (प्रवर समिति) ने इस को उसी रूप में एडाप्ट (स्वीकार) करके वापिस भेजा है। इसमें इतने ज्यादा मिनिट आफ डिसेंट (विमति टिप्पण) हैं और यहां जितनी भी तकरीरें हुई हैं, उनसे तो यही मालूम पड़ता है कि यहाँ इस सदन में कुछ भी कहें, सरकार के ऊपर इसका कुछ भी असर नहीं होता।

उपाध्यक्ष महोदय, यह सेल्स टैक्स (बिक्री कर) का मसला ऐसा पेचीदा मसला रहा है और एक ऐसी उथलपुथल व्यापार में मचाई है कि बहुत दीनों से लोग आशा लगाये बैठे थे कि कभी न कभी तो सरकार के कान पर जू रेंगेगी और सेल्स टैक्स में जो गड़बड़ियां हमारे देश में होती आई हैं, वे ठीक होंगी, आशा थी कि यह जो टैक्सेशन इनक्वायरी कमिशन (कर जांच आयोग) बना था उसकी रिपोर्ट आने के बाद सरकार यहां पर एक ऐसा विधेयक लायेगी जिससे कुछ न कुछ सुविधायें सेल्स टैक्स के बारे में लोगों को मिलेंगी, उनके लिये बहुत दिन इंतजार किया मगर लगता ऐसा है कि खोदा पहाड़ और निकला एक छछूंदर...

एक माननीय सदस्य : चूहा।

श्री बंसल : चूहा नहीं छछूंदर निकला।

उपाध्यक्ष महोदय : चुहिया तो हमेशा निकलती है, इस वक्त छछूंदर निकला है।

श्री बंसल : मैं ने छछूंदर जान बूझ कर कहा है क्योंकि चूहा बहुत ज्यादा नुकसान नहीं करता है लेकिन छछूंदर काफी नुकसान पहुंचाता है और यह इस बात से साफ जाहिर हो जाता है कि किसी तरफ से भी चाहे इस तरफ या उस तरफ से किसी ने भी इस सेलेक्ट कमेटी की रिपोर्ट का समर्थन आज इस सदन में नहीं किया...

श्री नंद लाल शर्मा (सीकर) : करना भी तो नहीं चाहिये।

श्री बंसल : और समर्थन क्यों नहीं किया उसकी वजह मैं आपको बतलाना चाहता हूँ। पहले तो हमने जो एक बड़ी अच्छी हमारे कांस्टीट्यूशन में २८६ (३) धारा थी कि इस सदन को इस बात का हक होगा कि वह

एक लिस्ट ऐसी चीजों की बनाये जिसके कि ऊपर हमारे देश के रहने वालों का जीवन निर्भर हो और उन चीजों के ऊपर जो प्रान्तीय सरकारों का टैक्स लगाने का हक है वह किसी हद तक सीमित कर दिया जाय, उसको हम आज हटा रहे हैं। हमारे वित्त मंत्री महोदय ने कहा कि उसको हटाया इसलिये जा रहा है कि उसके मातहत जो हमने यहां विधेयक पास किया था उससे कोई विशेष असर हमारे सेल्स टैक्स के ऊपर नहीं पड़ा। उन्होंने बताया कि प्रान्तीय सरकारों ने जो टैक्स इस कांस्टीट्यूशन (संविधान) से पहले लगाये हुये थे, उनको वैसा का वैसा बनाये रक्खा। उन्होंने यह भी बताया कि प्रान्तीय सरकारों को इस कांस्टीट्यूशन (संविधान) के मातहत यह हक है कि वह उस पर टैक्स लगायें और अगर पार्लियामेंट का हक सिर्फ इतना है कि उस सेल्स टैक्स को सीमित कर दिया जाय तो मैं उनसे यह पूछना चाहता हूँ कि क्यों उन्होंने ऐसा विधेयक इस सदन के सामने नहीं रक्खा कि उससे जो भी विधेयक हम इस सदन में पास करते उसको रिट्रोस्पेक्टिव एफ़ेक्ट (भूतलक्षी प्रभाव) मिलता ? दूसरी बात मैं उनसे यह पूछना चाहता हूँ कि जब आज वह २८६ (३) धारा का एक अमेंडमेंट ला रहे हैं, तो उसमें भी तो वही बात आने वाली है। उसमें से जो एसंशिएलिटी (आवश्यकता) का क्राइटेरियन था उसको अब बदल कर वह items of importance for inter-State trade (अन्तर्राज्यीय व्यापार के लिये महत्व के मद) से बदल रहे हैं मगर मैं यह पूछना चाहता हूँ कि क्या आज बहुत सी ऐसी चीजें प्रान्तीय सरकारों की सेल्स टैक्स की लिस्ट (सूचि) में नहीं हैं जो कि अब इस तीसरी धारा के मुताबिक important for the commerce and trade of the various States (विभिन्न राज्यों के वाणिज्य और व्यापार के लिये महत्व पूर्ण) हो जायेंगी। क्या आज भी कोयले पर, जूट पर या ऐसी चीजों पर सेल्स टैक्स बहुत सी प्रान्तीय सरकारें ले रही हैं। और अगर वे ले रहीं हैं तो क्या हम जब एक दूसरा विधेयक इस कांस्टीट्यूशन के अमेंडमेंट (संशोधन) के बाद यहां लायेंगे तो क्या उन सरकारों को सेल्स टैक्स उसी तरीके से रखने का हक नहीं रहेगा, क्योंकि यह जो यह २८६ की (३) अमेंडमेंट धारा है और जो कि हमारे कांस्टीट्यूशन में है उसका भाषा में कोई अंतर नहीं देखता। अगर आज कल जो हमारे कांस्टीट्यूशन में २८६ (३)

[ श्री बंसल ]

धारा है, उसके मातहत हम रिस्ट्रोस्पेक्टिव एफैक्ट नहीं दे सकते तो मेरा यह कहना है कि अब जो संशोधित धारा है उसके मुताबिक भी रिस्ट्रोस्पेक्टिव एफैक्ट हम नहीं दे सकेंगे तो मेरी समझ में नहीं आता कि वित्त मंत्री ने जो आज एक लम्बी चौड़ी दलील दी उसके क्या मानी हैं? फिर असल बात तो यह है कि इस सदन में एक राय इस बात की है कि जो भी ऐसी चीजें हों जिनको कि जरूरी समझा जाय अदाम या जनता के जीवन के लिये, उन पर एक बहुत बेतरतीब सेल्स टैक्स हमारे देश में न हो, उसके लिये क्या संविधान बनाने वालों ने किया, उसके बारे में पंडित ठाकुर दास भार्गव ने बहुत अच्छे तरीके से बताया है और उसके ऊपर मैं नहीं जाना चाहता। मैं तो सिर्फ यह कहना चाहता हूँ कि यह जो संशोधन कांस्टीट्यूशन में लाया गया है, यह इस बात का प्रतीक है कि हमारी सरकार ने सेल्स टैक्स के मामले में जो अनरिस्पॉसिवनेस दिखाई है, वह एक ऐसी चीज है जिसकी कि मुझे कम से कम आशा नहीं थी। मैं इस सेल्स टैक्स के मसले को पिछले दस सालों से बहुत गौर से देख रहा हूँ और यह एक ऐसा मसला है जिसमें कि छोटा दुकानदार, हमारी जनता का वह हिस्सा जिसकी कि एक काश्तकार के बाद सबसे बड़ी संख्या है, आज इससे हाय हाय कर रहा है, उसकी जो आज तकलीफें हैं उनमें मैं इस संशोधन से कोई फर्क होते नहीं देखता और वह फर्क क्यों नहीं हुआ मैं उसकी भी बजह बताना चाहता हूँ। जब यह कमिशन बना तो इस कमिशन में सेल्स टैक्स का जो मामला देखने वाले थे, वह एक बड़े अर्थ शास्त्री थे और मैं भी एक दूसरे मामले में उनकी सामने गया था, तो मैं ने तो उसी वक्त देख लिया कि जिस प्रकार यह कमिशन सेल्स टैक्स के मसले को चला रहा था है और उस पर विचार कर रहा है, उससे इसमें कोई फर्क नहीं आने वाला है क्योंकि उन्होंने जो एक मामूली दुकानदार बाजार में बैठे करके अपनी रोजी कमाता है उसकी बात को सुनने से इंकार किया और उसमें एक बड़ा थ्योरैटिकल एकोनामिस्ट (बौद्धिक अर्थशास्त्री) का प्वाइंट आफ व्यू (दृष्टिकोण) ले आये और आज भी वित्त मंत्री ने कहा कि जो टैक्सेशन इनक्वायरी कमिशन की रिपोर्ट थी, उस पर जो एकोनामिस्ट का पैनल था उन्होंने यह राय जाहिर की है कि कमिशन की राय बहुत अच्छी राय है और उसे सरकार को मान

लेना चाहिये। मैं यह जानना चाहता हूँ कि क्या कभी वित्त मंत्री महोदय ने जो बाजार में बैठ करके दुकानदारी करता है क्या कभी उससे भी पूछा है कि इस में क्या संशोधन किया जाना चाहिये? मैं इस सदन के सामने बड़े जोर से कहना चाहता हूँ कि कोई भी इस बात से गुरेज नहीं करता कि सरकार का सेल्स टैक्स से पूरा पूरा टैक्स मिलना चाहिये, जितना ज्यादा से ज्यादा टैक्स हमें जमा करना है और जितना रुपया सेल्स टैक्स से मिलना चाहिये, वह मिले वगैर इवैजुन के और जो यह छोटे छोटे दुकानदार या उनके चैम्बर्स हैं, उन्होंने एक मत होकर और एक राय से कहा है कि हम सरकार को वह तरीका बताने को तैयार हैं जिससे कि उनको जितना वह सेल्स टैक्स लगाना चाहते हैं, वह पूरा पूरा मिल सके, मगर उनकी बात कभी नहीं मानी गयी और उनकी कभी सुनवाई नहीं हुई और सुनवाई इस मामले में उन लोगों की हुई है जिनको कि सेल्स टैक्स का क्या असर का क्या असर पड़ता है, उसके बारे में कुछ मालूमात नहीं है। यह मैं बहुत साफ तौर से कहना चाहता हूँ और मैं ने पहल भी अपने भाषण में एक बात कही थी कि यह जो संशोधन आप कर रहे हैं उससे एक दूसरा असर यह पड़ेगा कि यह जो तकलीफ डिस्ट्रिब्यूशन सेंटर्स (वितरण केन्द्र) की थी, जैसे मैंने बतलाया दिल्ली या और बड़े शहर जो कि दूसरे प्रदेशों से एक मुश्त थोक में सामान मंगा कर दूसरे इलाकों को बांटते हैं, वितरण करते हैं, उनको इस संशोधन के बावजूद भी दुबारा टैक्स देना पड़ेगा। बात तो असल में यह थी कि यह जो बारबार इंटरस्टेट व्यापार में टैक्स देना पड़ता है वह कम किया जाता मगर हम देखते क्या हैं कि ऐसा करने के लिये इसमें कोई भी चीज नहीं रक्खी गई है और बावजूद इसके कि हम यह संशोधन ला रहे हैं, दिल्ली शहर वालों को बारबार फिर भी टैक्स देना पड़ेगा। एक बार तो तब देना पड़ेगा जब वह दिल्ली शहर से यहाँ सामान मंगायेँगे और दूसरी बार तब टैक्स देना पड़ेगा जब दूसरे शहरों में उस सामान को फिर से बेचेंगे। इसके बारे में मैं चाहता हूँ कि वित्त मंत्री कुछ ध्यान दें। मुझे अफसोस है कि उस दिन वह सदन में नहीं थे और अगर वे होते तो वह उस चीज पर जरूर गौर करते और कुछ न कुछ उसका हल निकालते। वह यह कहें कि इस संशोधन के बाद एक दूसरा विधेयक हमारे सदन के सामने आयेगा जिसके अनुसार



सेल्स टैक्स के बारे में जो कुछ हम करना चाहते हैं वह शायद हो सकेगा, मगर मेरा यह खयाल है कि इस संशोधन के पास करने के बाद उनके हाथ बंध जायेंगे और जो टैक्सेशन इनक्वायरी कमिशन की रिपोर्ट है कि हर एक इंटरस्टेट (अन्तरराज्यीय व्यापार) में एक काफी फीसदी तक टैक्स लगना चाहिये, उसको वह नहीं कर पायेंगे और वह टैक्स लगाना पड़ेगा जिसका कि नतीजा यह होगा कि अगर कोई सामान इंटरस्टेट में आता है और वह बार बार वहां से आये और फिर उसको निकाला जाय तो उस पर एक फीसदी टैक्स हुआ करेगा और वह बार बार लगेगा। इस के बाद में समझता हूं कि ऐसा ही होगा और उस से बचने का वित्त मंत्री को कोई रास्ता नहीं मिलेगा।

2 P.M.

एक बात मैंने कही थी, जिसको मैं दोहराना ठीक समझता हूं, कि मैंने वित्त मंत्रियों की मीटिंगों में चर्चा सुनी कि सरकार इस बात पर गौर कर रही है कि बहुत सी चीजों पर शायद एक्साइज ड्यूटी लगा दी जाय, बजाय इसके कि वह सेल्स टैक्स से बंधी रहें। इस दिन शाह साहब ने बताया था कि सरकार इस पर गौर कर रही है। मैं जानना चाहता हूं कि अगर सरकार इस विषय पर गौर कर रही है तो कौन कौन सी चीजें ऐसी होंगी जिन पर सेल्स टैक्स न लगकर एक्साइज ड्यूटी लगेगी, और अगर वह लगेगी तो उस की दर क्या होगी, और क्या वित्त मंत्री उस के लिये सदन में कोई नया विधेयक लायेंगे या कोई दूसरा कदम उठायेंगे। मैं आशा करता हूं कि वित्त मंत्री इसके बारे में भी कुछ रोशनी डालेंगे।

मुझे सिर्फ एक बात और कहनी है, और वह यह कि टैक्सेशन इनक्वायरी कमिशन की रिपोर्ट के मुताबिक ६ चीजें ऐसी समझी गई हैं जो कि इंटरस्टेट ट्रेन्जेक्शंस के लिहाज से इम्पॉर्ट समझी जायेंगी। उन्होंने अभी यह बताया कि यह मुमकिन हो सकता है कि सदन इस बात को सोचे कि खाने पीने की चीजें भी इस में मिला ली जायें। ठीक है, शायद वह खान पीने की चीजें इस में मिला लें, मगर सिर्फ इस लिस्ट में उन चीजों को जोड़ लेने से, और जब नया विधेयक आयेगा उसमें उनको शामिल कर लेने से, ग्राज कल प्रान्तीय सरकारों ने उन चीजों पर जो सेल्स टैक्स लगा रक्खा है उन का क्या होगा ?

मैं इस संशोधन में कोई ऐसी चीज नहीं देखता कि इस को रिट्रास्पेक्टिव एफेक्ट मिलेगा। इस की भाषा, जैसा मैंने पहले कहा, वैसी ही है जैसी कि २८६ की तीसरी धारा की, और अगर इसमें कोई फर्क है तो मैं चाहूंगा कि वित्त मंत्री मुझे बतायें कि किस धारा के मुताबिक वह इस चीज को रिट्रास्पेक्टिव एफेक्ट दे सकते हैं ?

इतना कहने के बाद मैं फिर दोहराना चाहता हूं कि यह एक ऐसा बिल आया है जिस ने कि, देश में जितनी आशायें बंधी थीं कि कांस्टिट्यूशन में एक संशोधन आयेगा, उन पर पानी फेर दिया है। मैं इस का स्वागत हार्गिज नहीं कर सकता और मुझे आशा है कि वित्त मंत्री इस बात को सोचेंगे और इस बातकी कोशिश करेंगे कि राज्यों की सरकारों को फिर से लिखें और इस मामले पर उन से फिर से चर्चा करें, और हो सकें तो जल्दी से एक दूसरा संशोधन सदन के सामने रखें।

**Shri C. C. Shah :** This is a very important amendment to the Constitution. The sales tax is one of the most important sources of revenue for almost all the States now, and particularly so for the major States, and it will be a still more important source of revenue for the Second Five Year Plan. It is, therefore, desirable that we precisely understand the effect of this amendment.

The last speaker stated as if the whole of this Bill was unacceptable to this House or the country. I think that is entirely a wrong impression to create in the country. The only controversy that has arisen has centered round sub-clause (3), about which I shall presently say a few words. But this amendment, as a whole, is a good improvement on the existing situation as prevails under article 286. The two improvements which this amendment makes are these. The sales tax is essentially under entry 54 within the jurisdiction of the States, and it was intended that it should be the States which should levy the tax subject only to the restrictions which are imposed by article 286. Those restrictions have created certain difficulties, and the intention of the present amendment is to remove those difficulties as far as it is possible to remove them. The intention of the amendment is not to discuss the incidence of the tax, or the nature of the tax, or the nature of the administration which should be made for the levy of the tax and so on. That is entirely a different subject. The objects

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of this amendment is to decide who shall be entitled to levy the tax, whether the State or the Centre. So far as this Bill is concerned, the one great change which it makes is that so far as inter-State sales are concerned, which are untaxed so far, they will now be within the jurisdiction of the Centre and can be taxed only by the Centre. That I submit, is a great improvement upon the existing situation because of the difficulties which have been created by reason of the explanation to sub-clause (1), read with sub-clause (2). Even though more than six years have elapsed, Parliament has not been able to pass a legislation which will empower the States to levy an inter-State sales tax, because it will be very difficult to define or decide what an inter-State sale is. We would be compelled to give extra-territorial jurisdiction to the States if we permit them to levy inter-State sales tax. In order to remove the difficulty created by recent cases, the Centre takes over all the jurisdiction regarding the tax on inter-State sales. That is one great improvement on the existing situation.

Secondly, difficulties have arisen in defining where a sale takes place and in defining the exact limits of the jurisdiction between the Centre and the State. It is now well known that we cannot merely define a sale by reference to the Sale of Goods Act or the Contract Act, because for the purposes of sales tax, the elements which should go into the taxation are entirely different from the elements which go to make up a sale under the Sale of Goods Act or the Contract Act. Therefore, the Parliament takes the power to define the principles by which a sale shall be held to have taken place in the course of inter-State trade or commerce or in any of the ways mentioned in sub-clause (1), namely, outside the State or in the course of import and export. That again, I submit, is a great improvement on the existing situation.

The only controversy that has centered is round sub-clause (3). The existing sub-clause (3) retains certain Central control over the power of the States to tax intra-State sales of goods essential for the life of the community. That power is being now restricted. The Taxation Enquiry Commission appears to have gone on the principle that except to the extent where a tax of a State impinges upon the consumer of

another State, the State taxing the sale shall have full freedom and jurisdiction to tax all intra-State sales, except articles of special importance. It has extended the principle also to goods of necessities of life. I agree that it would be much better if the Central control which exists today is retained. The Finance Minister, no doubt, has rightly pointed out that the Central control is not very effective. The argument is also true that the State Legislatures can be relied upon to see that that excessive taxation is not levied upon the necessities of life. In spite of that, the framers of the Constitution, even when they framed article 286, thought it necessary that some Central control should be retained for taxation by the State over the necessities of life. It would be much better, considering the feelings of the House, if the Finance Minister can still see his way to retain the wording of the original sub-clause (3), namely, instead of the words "of special importance in inter-State trade or commerce" to retain the words "essential for the life of the community". No doubt, there are difficulties as rightly pointed out by the Finance Minister, because that has no retrospective effect, and the list of goods which we have given in the Essential Goods Act is neither rational nor logical. The States are certainly entitled to say that you cannot restrict their right to tax articles which bring them revenue. I do not subscribe to the view that the common man should not be taxed or that the necessities of life should not be taxed at all. Even under the existing sub-clause (3), the States have the power to tax subject to the assent of the President. If we are to raise revenues which we need for the developmental expenditure or for social welfare activities, the common man will have to be taxed and even the necessities of life will have to be taxed, no doubt, to the extent that he can bear or it is possible to tax these things. It should be the common endeavour of the Centre and the States to co-operate and see that that tax on the necessities of life neither excessive and is of uniform character. Sub-clause (3) is not that those commodities should not be taxed at all by the States; it is to see that a degree of uniformity in the tax on the necessities of life is retained by the States and also to see that there is no excessive taxation of such things. In view of the assurance which the Finance Minister has given, that he will bring to the notice

of the States the strength of the feeling of the House, the Centre should use its good offices to remove the hardships of the sales-tax legislation and the administration of sales-tax in the States.

The Taxation Enquiry Commission in chapter V of Volume III has pointed out the numerous difficulties which have arisen in the administration of sales-tax laws in the States and apart from the legislative powers of the Centre, it has to do a great deal to see that the legislation and its administration in the States cause the least hardship to the dealers and consumers. In that connection, the Commission has suggested several remedies and I am quite sure that the Central Government will take immediate steps to see that the suggestions which have been made by it are implemented by the States without delay. It has suggested, for instance, the Sales-tax Advisory Committees in all the States in order to advise States both on legislation as well as administration. It has also advised the appointment of the Inter-State Taxation Council to bring about a degree of uniformity in legislation and administration. These are measures which the Centre has to take. It should use its good offices to see that the States bring about these reforms which are necessary to mitigate the hardship which the administration of sales-tax may bring about.

This is a welcome measure except for the controversy which has centered upon sub-clause 3 and this measure will bring some uniformity in the chaotic conditions which at present prevails. I will make two other suggestions. This Bill contemplates subsequent legislation by Parliament.

It contemplates the definition of the principles to decide whether a sale is an inter-State sale or not. It is to be determined where a sale takes place in the case of inter-State trade and commerce and when the sale takes place in any of the ways mentioned in sub-clause (1) and also what the goods of special importance are. I would request that all these three pieces of legislation be brought without delay and if possible, during the life of this Parliament.

So far as defining the principles is concerned, these things have been put at two places, namely in article 269 as well as 286. I hope there will be only one piece of legislation defining the

principles both as to the sales which take place in the course of the inter-State sale and commerce and also the principles defining when such sales take place in any of the ways under sub-clause (1). There may be one legislation.

**Pandit Thakur Das Bhargava :** The principles may not be the same.

**Shri C. C. Shah :** In fact we could have added in sub-clause (2) of article 286 the words 'or, in the course of inter-State trade or commerce' so that there could be only one legislation.

The second thing which I would suggest is that so far the sales-tax legislation in the States is concerned, the uniformity which we think of is almost impossible of achievement. It should be possible for the Centre to see that so far as the necessities of life are concerned, there is a certain degree of uniformity. Subject to these suggestions, this Bill is a welcome measure.

**Shri Mohiuddin :** The Constitution (Tenth) Amendment Bill which we are considering today is of very great importance for the future freedom of trade and commerce in the country as a whole. The original intention of the Constitution-makers, as was rightly pointed out by Pandit Bhargava, was that there should not be any restriction whatsoever on the free movement of goods from one part of the country to the other. That principle which is of great importance should be accepted without any reservation.

The amendment that we are considering falls into two parts: the power of the State to levy the sales-tax and the power of the Centre in this connection. The discussion that has taken place so far unfortunately has turned round whether the necessities of life, the essential goods, should be taxed or not. That is not the important point on which this amendment is based. We are simply considering here: what is the scope of the Centre in the inter-State transactions of trade and commerce and what is the scope of the States to levy sales-tax within their areas.

Sub-clause (3) which has formed the focus of the controversy has been extremely ineffective on account of two reasons. Before the Constitution was enforced, there was already a tax on

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goods of essential importance in various States. Since the Essential Goods Act came into force in 1952, more and more articles of essentiality have been taxed. We have not heard so far that any proposal by the State to tax an essential commodity or a commodity of exceptional importance was refused by the President. That being the case, the principle laid down in the Bill and the principle which the Taxation Enquiry Commission has recommended that the States should be responsible for the levy of tax within their own jurisdiction, should be fully accepted. The Taxation Enquiry Commission has said :

“on the other hand, all sales of goods could be both usefully and effectively divided into:

(a) those in the course of inter-State trade, and

(b) those not in the course of such trade and commerce.”

This is an important division of trade and commerce which the Taxation Enquiry Commission has recommended for acceptance. As far as those articles which do not enter into inter-State trade are concerned, the States must have full right to tax within their own jurisdiction. The State Governments are also democratic governments. They have also been set up on the principle of election by the entire population. Therefore, they should know their responsibility as to which tax should be levied and which should not be levied ; which tax will impinge more on the poor man and which will not. So I fully agree with the proposal that those taxes which are confined within the State must be fully within the jurisdiction of the State Governments and there should be no interference by the Centre. Whether a tax affects the poor man or the rich man is their responsibility. Let them face their own electorate.

The other thing is about inter-State trade and commerce. The responsibility for this has been placed on the Centre. But unfortunately, the Taxation Enquiry Commission have again divided the inter-State trade and commerce into two groups : one group of articles which are of importance in the inter-State trade and the other group of articles which are not of importance in the inter-State trade. I do not know what is the basis of such a division of important articles and the articles which

are not of importance. On page 55, Volume III of the Report of the Taxation Enquiry Commission, it is said :

“It is at the same time imperative that such control over intra-State items of taxation should be strictly confined to a very small number of well-defined commodities of special significance for inter-State trade. Broadly speaking, no commodity should be selected in this context which does not combine the following characteristics :”

Then they have given three characteristics which are the basis for declaring articles as of special importance in inter-State trade. To divide articles of inter-State trade between those of importance and those which are not of importance, would again cause confusion. I am sure this will lead to very great confusion in the future. I suggest that all commodities which are exported from one State to another whether they are of importance or not, should be controlled by the Centre. Whether it is foodgrains, pulses, cotton, jute or petrol, any article that goes out of the State to another State must be free or should have uniform rate of tax. That will bring about a general uniformity in the sales tax all over the country. It will create an atmosphere of free movement of trade from one part of the country to the other and there should not be any great difficulty in controlling the sales tax by the Centre on all commodities that enter into inter-State trade.

I know that this proposal which I have made, that all commodities whether they are of importance or not should be controlled by the Centre, may require some organisation. It will require, so to say, an inter-State Commerce Commission to be appointed and it will be of certain importance for the future of the whole country. Therefore I recommend that the provision in the Bill with regard to articles of special importance should be dropped and it should be provided that all articles that enter into inter-State trade will be the concern of the Central Government.

**Shrimati Tarkeshwari Sinha** (Patna East): The Bill, as it is before the Sabha, is a welcome measure because it has tried to remove one of the biggest lacuna in the working of the sales tax in this country. We all know the sales tax all along had a very chequered

career, because, unlike the income-tax the sales tax has to be recovered by the dealer. He has to recover it from his buyer and, he recovers the tax at a particular time but the assessment is made later on. This is one of the reasons why the working of the sales tax has not been so satisfactory in this country.

Secondly, with all the States having different legislations on this subject, each having different schedules, rules and regulations, the confusion gets worse confounded in regard to the real interpretation, as to whether, and if so which category, any particular item falls for ascertaining the tax. Therefore, by imposing central supervision on inter-State trade of important commodities, this Bill has tried to remove one of the biggest bottle-necks in the history of taxation on sales tax.

But I am bound to say that this Bill has only tried to touch the fringe of the whole problem and it has not gone to the entire question of the working of the sales tax which needs to be thoroughly overhauled; no doubt about that. There are some points of vital importance that need to be considered, one of them being how to minimise corruption in the sales tax and, secondly, how to obtain the maximum revenue with the least effort and with maximum elasticity.

The Taxation Enquiry Commission, Report of which many Members have made reference, did make certain recommendations and one of them was that the Centre should take upon its own shoulders the responsibility of regulating the inter-State trade. It is very good news that the Government has taken this note of the Taxation Enquiry Commission very seriously and has come forward with a Bill to remove the biggest lacuna by taking the responsibility of having central control over inter-State sales tax.

But, all the same, there are many other vital issues very conflicting in nature and unless and until we do something about them, either by bringing forward another Bill in this House or in any way that the Government thinks fit, I do not think this system of sales tax is going to be worked out very satisfactorily in this country. And because sales tax being one of the most important items of taxation in future

also, because there is vast scope for this tax if we know how to handle it properly, I would appeal to the hon. Minister to think in this term and try to find out what are the lacunae and how they can be removed, either in the shape of a future Bill or by seeking co-ordination of different States on this issue. There is need for different States to work closer together in the work of taxation, because taxation is one of the most important proposals in our second Five Year Plan and it is one of the biggest items. So, I would like the Finance Minister to think in the terms of a National Taxation Council which can work for the whole Plan and for the whole country towards economic development. I would like the Finance Minister to think whether a Taxation council of the pattern of the National Development Council could be formed in which all the representatives of the States can come together, sit and find out certain solutions for these things. Sir, among the forms of taxation, sales tax is one of the most important items of controversy between different States. I would, therefore, appeal to the Finance Minister to think in this term and find out whether this proposal of mine has a little practical value or not.

The hon. Member who preceded me said that the suggestion of the Taxation Enquiry Commission regarding the inter-State taxation council should have been taken into consideration. I was myself very surprised when this Bill was placed before Parliament as to why the Finance Minister did not take that issue also into consideration. He could have included a clause concerning that suggestion in this particular Bill, because I think the seeking of uniformity between the different States in regard to inter-State tax is very, very important. Therefore, I think that the provision of an inter-State taxation council should have been made in the Bill itself. But it has not been done. But still there are chances for doing so. I think that the Finance Minister should in future bring an amendment to this effect. I do not know whether he has got power or not to form a council without bringing in an amendment, because I am not a legal judge on this issue. Yet, I would appeal to him that he should immediately take up the question of an inter-State taxation council in which the representatives of the different States and also of trade could be associated. I say with emphasis, Sir,

[Shrimati Tarkeshwari Sinha]

that representatives of the trade must also be invited to joint such a council.

Secondly, I am of the opinion that the Finance Minister can advise the different State Governments to issue compulsory cash memos, but with this difference or exception, that separate mention of the sales-tax should not be made in the cash bill. When cash memos may be made compulsory, it means compulsory billing may be advised upon. What we find at present is, the amount of sales-tax is mentioned in the bill separately, and it creates a bad psychological effect on the part of the buyer because he feels that this amount of tax has to be paid. On the other hand, if that amount is included in the cash memo or in the collection of the cash price itself, I do not think it will be very difficult for the buyers to pay it. People will not be then very touchy about paying the sales-tax.

My friend on my right referred to the point regarding taxing of the poor. The poor man feels that he is taxed when he buys anything. If he does not know that he is taxed, then that pinch may not be there, I know that he may be affected in the long run in his budget provisions, but that pinch is not there when he does not feel it. Whether it is one pie or two pies more for the article that he buys, he may not mind it, but when that amount comes in the form of a tax, the difficulty arises. Therefore, it is my submission that the State Governments should also be advised to provide for compulsory billing but not separately mention the sales-tax in the memo.

Coming to the Bill itself, though it authorises Parliament to impose taxes on goods of special importance in the inter-State trade, it has not laid down the exact procedure. I have gone through the Bill but it does not satisfy me. How the tax would be collected by the Centre, what would be the basis of distribution between the Centre and the States, whether the Centre will collect the tax and distribute the whole amount among the different States, what will be the procedure—all these are not clear and I would like to have a clarification about them.

Then, also what will be the rate of imposition of the tax? The Finance Minister may say that it is a secret. It may be a secret. But at least we must

have some basis or some idea about the standard rate of the sales-tax that will be levied by the Central Government. How are they going to provide for it? Suppose a dealer in Bihar deals with some commodity and he may be dealing with the same commodity in Bengal also. How is the Finance Minister going to deal with these persons,—the same dealers having registration in both the States and paying sales-tax in both the States? How are such dealers to be dealt with by the imposition of this control by the Centre? I would ask for a little clarification about this point also. Though it is a very small point, it has cast certain doubts in my mind. I am not very clear about them and so I request the Finance Minister to give a clarification.

Then there is another thing. Suppose, you charge sales-tax on a particular commodity in respect of a person who exports something from Bihar to Bengal. For example, in Bihar there is a certain rate of sales-tax being levied on the local sales. How will that compare with the tax levied by the Centre. How will that tax affect the dealer who has to pay the tax in the category of inter-State tax? What I mean to ask is, whether there will be uniformity between the rate of tax levied by the Centre and the rate paid by the dealer in exporting State, for local sales. I think I have made the point clear.

There is yet another point on which I need a clarification. For example, there are specified goods of special importance that come under the category of inter-State trade. I want to ask whether for those goods there will be only a single-point tax at the last stage or at the first stage. That is a very important point indeed, because, now we have two systems—a multi-point tax system and a single-point tax system where the tax is paid at the last stage. So, I want to ask the Finance Minister what will be the exact form. Is the tax to be levied on the first stage of production or on the last stage when the particular commodity goes to a particular dealer?

Then there is the question of co-ordination of the multi-point tax levied by the States and the tax levied by the Centre. How far this co-ordination between the States and the Centre can be achieved? I want some clarification

on this point also. I hope the Finance Minister will devote some time to these points which I have raised.

**Mr. Deputy-Speaker :** The hon. Member's time is up.

**Shrimati Tarkeshwari Sinha :** I shall finish in two minutes. At present, there is big lacuna in working the sales-tax system. The actual tax-collecting agency consists of very small dealers or very small shopkeepers. That means, the tax-collector who should be very responsible, is not at all responsible. These small dealers live on the fractional margin. Fractional margin means that there is hardly any profit for those dealers. So there is always a tendency for those persons who live on the fractional margin to evade tax. That is one of the biggest difficulties that the State Governments are facing and I think the Central Government also will face that difficulty in future, when they start collecting the sales-tax. The person who gives you the tax is a very small dealer. Though of course I do not doubt his integrity, but there are always very many chances of your losing the revenue, because he may at any time lose his integrity and try to evade the tax. That is why this practice of selling without billing has come into vogue. They do not issue cash memos generally. This habit of selling without billing has become very prevalent. When we go to a shop we find that the dealers always say, "Please do not insist on a cash memo". Why? Because, for his own reasons, he tries to satisfy the buyer rather than satisfy the Government. This thing should be taken care of. The Taxation Enquiry Commission said that there should be compulsory billing, but I do not know how this lacuna will be overcome by compulsory billing. Therefore I would like the Finance Minister to consider that the Government should abstain from choosing comparatively smaller dealers as their tax-agents or tax-collectors. Therefore I submit, please do not have a multi-point sales-tax system. Please do not have a single-point sales-tax system in which the tax comes on the last stage. But please levy sales-tax on the first stage when the goods are lying with the producer, the manufacturer, the wholesale dealer or the importer. By the very nature of their system, they have to maintain very good accounts and if you start taxing on the first point, I think you can get lot of money without evasion. For this purpose, I think there are many points

that require to be considered on the part of the Finance Minister and on the part of Parliament. So I would request the Finance Minister that a separate Enquiry Committee for sales tax should be appointed. Sales tax is one of the important aspects of taxation policy, or the Taxation Inquiry Commission has not devoted sufficient attention to this question. So, I suggest that a separate enquiry committee should be appointed to go into the working of the sales tax.

**Shri M. S. Gurupadaswamy (Mysore):** An hon. Member said that all the commodities should be controlled by the Centre with a view to achieve uniformity in taxation. But he should remember that our Constitution is a federal Constitution. We are not a unitary state. In a federal Constitution, naturally, powers of taxation, political power and other powers have to be divided between the Centre and the States. If it is the wish of the hon. Member to clothe the Centre with absolute financial powers, then he may as well propose to amend the whole Constitution and substitute federalism with a unitary form of Government. That however is not our intention. When we deal with the question of taxation powers of the Centre and the States, we should bear in mind that the States should not be considered as mere satellites of the Centre. The States have got some defined powers and jurisdiction. You must see that these powers that are given by the Constitution are not jeopardized in any manner.

This Bill deals with a very vital question, the question of division of taxation powers between the Centre and the States. Till now, the Centre was exercising the power of control in respect of taxing essential commodities. The Bill seeks to make a change that henceforward, this power should not be exercised by the Centre. In 1952, when the Essential Goods Act was passed by this Parliament, we incorporated in the Bill a provision that whenever a State wants to tax goods essential to the community, the prior sanction of the President should be taken, that is, the sanction of the Government of India should be taken. Now, this Bill proposes to take away this power.

**Mr. Deputy-Speaker :** Hon. Members should be conscious that they are being watched constantly. If Members get the impression that there are separate

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confernces in separate quarters, that should not be tolerated and it would not be happy.

**Shri M. S. Gurupadaswamy :** Then, the Bill seeks to bring the entire inter-State trade under the jurisdiction of the Union Government. These are vital things.

Some Members pointed out that essential goods should be brought under the purview of the Bill. There is a measure of justification in what they say. Nobody denies the fact that we sit as judges of the nation. It is our bounden duty to see that the life of the community is well protected. In this particular instance, essential commodities, that is, commodities which are very necessary for the life of the community should not be unduly taxed. That is a view which is held by most of the common people. There is also another view, as pointed out by the Finance Minister, and that view is supported largely by the various State Governments and by the Taxation Inquiry Commission and also by the panel of economists. I feel that we should bring about a compromise between the two different points of view. I would not suggest that all the essential goods that we have included in the Essential Goods Act in 1952 should be brought under central control. I would rather submit that articles of food, which are very very essential to the community should certainly find a place in this Bill, because, I feel that it is the responsibility of the Central Government and the Parliament to see that the life of the community as a whole throughout India is kept under some vigilance and some check. From that point of view, I would submit that food articles should be brought within the purview of the Centre under the jurisdiction of Parliament.

In this connection, I may point out that the sales tax law in this country has been much of a blind law. Why I say so is because many of the States while administering these laws have not been able to assess the tax potential and they have not been able to assess the incidence of sales tax on the community. There is no statistical machinery, as I can see, in the States to assess the incidence of taxation. There is another phenomenon so far as this sales tax is concerned. The sales tax is mostly confined to the urban areas. Some Mem-

bers were telling that the sales tax will hit the common man very hard. Yes; it will hit the common man in the urban areas. In the non-monetised sector, in the village sector, many people who deal with sales and purchases escape the sales tax. They are not at all taxed. The non-monetary sector being very large in this country, I feel that the burden of taxation is falling very heavily on people who are dwelling in the urban areas. As a result of this, there has been a sort of an injustice and discrimination created between people and people.

There is another point which we have to take into consideration in this context and that is, we have launched on the Second Five Year Plan. We require a lot of resources. Especially, the States require a lot of resources. When resources are required, all possibilities of taxation have to be examined. Particularly, there should be joint consultation between the Centre and the States in respect of new taxes or additional taxes. Unfortunately, today there seems to be no co-ordinating agency between the Centre and the States, in respect of taxes. I do not know whether the Finance Minister would be able to tell me whether there is any machinery or agency to co-ordinate all these aspects and the budget policies of the various States and the Centre. I would say that sales tax is just a gamble in the den, and there are no statistics maintained in the various States. Secondly, I would again say that there is no co-ordination between the Centre and the States in respect of taxation and in respect of the budgetary policies and there is no machinery except casual consultation in the National Development Council and otherwise. There is no standing machinery which co-ordinates the taxation policies of the various States and there is no machinery to examine the question of the incidence of taxation. I feel that this lacuna should be filled.

This Bill is welcome in the sense that inter-State trade which is already in the Seventh Schedule is brought under the jurisdiction of the Centre and the power of regulating this inter-State trade and commerce is taken over completely from the States. This inter-State trade and commerce is a responsibility of the Centre, it is not the responsibility of the States. Of course, the Constitution in Chapter XIII deals with the freedom of



trade, and this freedom of trade should be non-discriminatory and of course may be subject to certain restrictions whenever these restrictions are necessary from the point of view of public interest. But from the point of view of uniformity of trade it is very necessary that inter-State trade and commerce should come under the jurisdiction of the Government of India.

Lastly I would make a suggestion to the Finance Minister. Is it not possible now to effect uniformity in sales tax, not in the quantum of taxation, but in the matter of point at which it is laid? Would it not be desirable or possible to bring about this uniformity at least? It is not possible to bring about uniformity in respect of the quantum of taxation, because economic conditions vary from State to State, but I think it would be desirable and possible if the Finance Minister makes up his mind to bring about a single point taxation throughout India. If that matter of uniformity is assured, much of the injustice which is being caused by the sales tax legislation in the various States would be reduced and I am sure that hereafter there will be better order in the matter of sales taxation.

**Shri Dabhi (Kaira North)** : The object of this Bill seems to me to be twofold. The first object is to empower Parliament to formulate by law the principles for determining when a sale or purchase of goods can be said to take place in the course of inter-State trade and commerce. This has been necessitated by the two different interpretations given by the Supreme Court in the famous cases. There can be no objection to this because, in short, the first object of this Bill is to make the intention of the Constitution-makers clear. In the past also we have made certain amendments to the Constitution, for example the amendment to article 31, with a view to make the intention of the Constitution-makers clear.

But the second object of this Bill is to take away the control of the centre, which is at present exercised by it, with regard to the imposition of tax on inter-State sale of goods which are considered essential by Parliament, and this new clause (3) which is proposed to be substituted for the present clause limits the power of the Centre only to goods which are considered to be of special importance in inter-State trade and commerce. A commodity

may be considered to be essential for the life of the community and yet it may not be considered to be of special importance, as for example, salt, kerosene, foodgrains etc. In the first place, the hon. Finance Minister seems to think that the words "goods which are of special importance in inter-State trade and commerce" may include foodgrains and perhaps salt, kerosene etc. If that is the case, where was the necessity of changing the words "essential for the life of the community" to "goods of special importance in inter-State trade and commerce"? I have not doubt that the two do not mean the same thing. In the Statement of Objects and Reasons also it is definitely stated that the goods which are of special importance in inter-State trade and commerce would include generally the raw materials required for finished goods. So, I do not think those two expressions are identical.

The Taxation Enquiry Commission have stated :

"Where the State is in effect taxing its own consumers, it should not be open to Parliament to exercise concurrent powers in regard to declaration of certain articles as exempt from sales tax".

But after saying that the Commission themselves have recommended that Parliament's control over the States' power to tax commodities of special importance in inter-State trade and commerce should be retained. But the Commission have not said why this power should not also be retained with regard to certain important and essential goods which are essential for the life of the community, especially when the Constitution-makers themselves thought of keeping the control of Parliament over certain goods which are essential for the life of the community. Why did the Constitution-makers want to keep that control of Parliament over the States?

We know that the State Governments require much money for the implementation of the Second Five Year Plan and we know that this sales tax is one of the main sources of revenue of the States. There can be no denying that. Everybody admits it, but, if even for the sake of the implementation of the Second Plan they have to tax foodgrains or kerosene or salt, all our talk of a welfare State or socialist pattern of society will not have much meaning.

[Shri Dabhi]

By the way, my hon. friend Pandit Thakur Das Bhargava stated he would be satisfied if foodgrains are included, but I would ask him if he would not like salt to be included, because salt has a history behind it.

**Pandit Thakur Das Bhargava :** Foodgrains, coarse cloth and fodder. I stated three things.

**Shri Dabhi :** It was stated by Shri Raghavachari that we should not entertain any doubts about the States.

3 P.M.

It was stated that no popular government in a State would risk its existence by taxing essential commodities. But then this fact was also known to the Constitution-makers. They also were aware of the fact that popular governments were going to be established. Even in spite of that, they thought it fit that there must be some control of the States.

I might give one example. The States have the power to make laws with regard to agricultural lands. Yet, under article 31A of the Constitution, we have clearly laid down that if a State were to pass such laws, they would require the assent of the President, before they can be brought into force. In the same way, here also, there is absolute necessity that some control by Parliament should be retained over essential goods.

I also concede that the list of essential goods given in the Essential Goods (Declaration and Regulation of Tax on Sale or Purchase) Act, is very long. There is no doubt about that. But Parliament has power to make laws and therefore we can cut down the list to only a few articles. So, I do not think there can be any difficulty in retaining the words 'essential for the life of the community'.

The Minister has stated that there has been some mutual arrangement entered into between the States and the Centre, and therefore, it may not be possible at this stage to retain those words. But I hope that after the passing of this Bill at least, he would reason with the States and make them accept the proposition that they would not under any circumstances tax certain special commodities which may be considered

essential for the life of the community. If it is not possible to include the meaning of that expression in the words 'of special importance in inter-State trade or commerce', then I would suggest that the Minister should make the States agree in the future to make certain amendments in the Constitution.

**सेठ अचल सिंह (जिला आगरा पश्चिम) :**  
उपाध्यक्ष महोदय यह जो बिल सिलेक्ट कमेट्री (प्रवर समिति) स हो कर आया है मैं श्रुसका स्वागत करता हूँ। साथही मैं यह कहना चाहता हूँ कि इस सेल्स टैक्स न व्यापारी जगत में बड़ी उथल पुथल कर रक्खी है और इसकी वजह से काफी कठिनाई अनुभव की जा रही है। मिसाल के वास्ते जैसे उत्तर प्रदेश में जो पहली अप्रैल से आर्डिनेन्स (अध्यादेश) लागू किया उसके कारण कपड़े और गल्ले का व्यापार करीबन समस्त देश में बन्द हो रहा है, कई दिन तक हड़ताल रही और बाजार बन्द रहे और काले झंडों के जलूस निकाले गये और गवर्नमेंट को बुराभला कहा गया। इस आर्डिनेन्स की वजह से वहां व्यापार को बड़ा धक्का लगा है। सेल्स टैक्स ऐसी चीज है जो आम जनता से सम्बन्ध रखता है क्योंकि प्रत्येक व्यक्ति को चाहे वह गरीब हो या अमीर, अन्न और वस्त्र की अवश्यकता होती है। परसों मैं आगरे में था। वहां के कपड़े के थोक के और खरीज के व्यापारी मेरे पास आये थे और उन्होंने बतलाया कि जो सेल्स टैक्स उत्तर प्रदेश में लागू किया गया है उसका परिणाम यह हो रहा है कि उत्तर प्रदेश का कपड़े का व्यापार दूसरे राज्य में, जैसे दिल्ली में, राजस्थान में और मध्य भारत में जा रहा है। बहुत से लोग गलत तरीके से काम कर रहे हैं। वे बिना परचे के कपड़ा ले आते हैं और यहाँ ला कर बगैर सेल्स टैक्स के बेच देते ह। इससे गवर्नमेंट को करोड़ों रुपये का नुकसान होता है और आम जनता को बड़ी अड़चन महसूस होती है। इसलिये मेरा सुझाव ह कि जो भी सेल्स टैक्स लगाया जाय वह सब राज्यों में एक समान होना चाहिये। यह नहीं होना चाहिये कि एक स्टेट में कुछ हो और दूसरी में कुछ हो। ऐसा न होने से यानी सेल्स टैक्स में विविध राज्यों में अन्तर होने से व्यापार को बहुत धक्का लगता है। अगर सम्भव हो तो सेल्स टैक्स को इनडायरेक्ट तरीके से वसूल किया जाये। उसका परिणाम यह होगा कि पूरा टैक्स वसूल होगा। जनता में बेचैनी भी नहीं होगी।

पिछले मर्तबा मुझको मंत्री जी ने बताया था कि वे जुलाई के सेशन में कोई ऐसा बिल लावेंगे जिससे कि ये दिक्कतें दूर हो जायेंगी। मेरा मुझाव है कि जो चीजें जीवन के लिये बहुत आवश्यक हैं उन पर सेल्स टैक्स नहीं लगना चाहिये। इसकी वजह से आम जनता को खास तौर से गरीब जनता को बहुत तकलीफ होती है।

इसके अलावा हम देखते हैं कि हमारे देश में जो प्रजातंत्र है उसको मुश्किल से आठ वर्ष हुए हैं। यहां के लोग प्रजातंत्रों के तरीकों से पूरी तरह वाकिफ नहीं हैं। जो कानून बनता है उससे बचने की कोशिश करते हैं और बचने के रास्ते निकाल लेते हैं और इस प्रकार उस कानून को विफल बना देते हैं। इंग्लैंड और अमरीका में सैकड़ों वर्षों से डिमाक्रेंसी चल रही है। वहां के लोग समझ गये हैं कि डिमाक्रेंसी क्या है। वहां के लोग डाइरेक्ट टैक्सेशन (प्रत्यक्ष करारोपण) को समझते हैं और उसको अदा करते हैं लेकिन यहां की जनता डाइरेक्ट टैक्सेशन को बुरा समझती है। इसके अलावा यहां के लोगों की आमदनी भी बहुत थोड़ी है जब कि दूसरे देश के लोगों की औसत आमदनी यहां से दस, पन्द्रह और बीस गुना ज्यादा है। इसलिये भी यहां के लोगों को डाइरेक्ट टैक्सेशन अखरता है। इसलिये मेरा मंत्री महोदय से निवेदन है कि इस समय जो व्यापारी जगत में सेल्स टैक्स की वजह से बेचनी अर्द्ध-अप्रल पुथल हो रही है उसको दूर करें नहीं तो सारे देश में खास तौर पर उत्तर प्रदेश में कपड़ें और गल्ले का व्यापार पट हो जायेगा।

मुझे बतलाया गया है कि उत्तर प्रदेश के गल्ले के व्यापारी एक कानफरेंस (सम्मेलन) कर रहे हैं जिसमें वे गल्ले के बाजार को लगातार बन्द रखने का निर्णय करेंगे। वहां पर गल्ले पर मल्टीपल (बहु स्थानिय) सेल्स टैक्स लागू किया गया है जिसका हर दुकानदार को हिसाब रखना पड़ेगा। परन्तु एक मामूली दुकानदार के लिये उस हिसाब को रखना और उस टैक्स को अदा करना बहुत कठिन कार्य है। आज वहां की जनता की मांग है कि केन्द्रीय सरकार इसमें दखल दे। आज जो इस टैक्स के कारण नई नई दिक्कतें पैदा हो गयी हैं उनके कारण लोग पापुलर (लोकप्रिय) सरकार को बुरा भला कह रहे हैं। इसलिये हम को कोई ऐसा तरीका अस्तित्वा

करना चाहिये जिसमें सांप मरे पर लाठी न टूटे, यानी हमको टैक्स भी मिल जाये और जनता में भी असंतोष पैदा न हो। मैं आशा रखता हूँ कि इन सब बातों का ख्याल रखकर मंत्री महोदय ऐसा बिल लावेंगे जिससे ये जो दिक्कतें हो रही हैं वे दूर हो जायेंगी।

**Shrimati Jayashri (Bombay—Suburban):** I rise to welcome this measure. Grave difficulties were experienced in the working of the provision in article 286 of the Constitution, and particularly with regard to the interpretation of Explanation to article 286(1) (a), for this gave rise to many administrative difficulties. So, the amendment to that article which has been brought forward now will help the dealers as well as inter-State trade.

We are aware that India is a vast country of a great size, where it is difficult to have a hard and fast uniformity with regard to taxation. In some parts of India, we have more agricultural production, while in others, there is more industrial production. So, it is difficult to say that there should be uniformity in taxation. We have to trust the State legislatures to see that an unnecessary burden is not placed on the consumers as well as the dealers.

I have got here a chart circulated by Government in regard to the sales-tax systems in various States. We expect that the various programmes of our Five Year Plan should be carried out by the various States. As you are all aware, the main source of revenue is the sales tax. I will read out the position in one or two States. In Assam, the revenue from sales tax is about Rs. 140 lakhs out of Rs. 963 lakhs; that is, 14 per cent. In Bihar, it is Rs. 412 lakhs out of a budget of Rs. 2675 lakhs. So we see that this is the main source of revenue.

Shri Bansal said that the burden of the tax would fall on small dealers and shopkeeper who are doing business in small *chhabris*. That is not correct. From this chart, we see that only those whose turnover is more than Rs. 15,000 will have to bear this tax. It is not, therefore, correct to say that all the dealers will be burdened.

With regard to consumers, it is not only the poor people who are going to be taxed. All will be treated equally,

[Shri Jayashri]

whether poor or rich. Those who buy these commodities will be taxed.

I have also got some information about the opinion of various States. For example, the Chief Minister of Madras has said that the Essential Goods Act 1952, should not have been passed in spite of the provision in the Constitution. It was as much the business and interest of the State to see that essential goods were not overtaxed. We do not trust our own Legislative Assemblies. They are also anxious to see that the burden does not fall on their own people. Similarly, the Chief Minister of Bombay has said that he agrees that in a country so situated and so circumstanced as India is, it is not possible to have uniformity of taxation. He has further said that when it is not possible for the Centre to give up its import duty on cotton and its excise duty on cloth, in order to make cloth cheaper, the States should not be asked to give up their levy of sales tax. This is their argument, and we have to see the States also receive some revenue for implementing the schemes of the Plan.

The only thing that this Bill wants to improve upon is to see that there are no administrative difficulties in this matter. That is the reason for bringing forward this amending Bill. I hope that it would be for the good of the people to pass this amendment and that it would also solve the many difficulties, and improve the chaotic condition in which we find taxation at present.

**श्री झनझुनवाला (भागलपुर मध्य):** कास्टिट्यूशन (संविधान) के संशोधन के लिये जो यह बिल लाया गया है वह दो एक बातों में तो बहुत अच्छा है परन्तु सेल्स टैक्स के सम्बन्ध में जो आशा की गई थी, अर्थात् उस में सुविधायें होंगी, यूनिफार्मिटी (समानता) लाई जायेगी आदि आदि जो बातें थीं, वह बहुत कुछ इस पर निर्भर करेगी कि जो सेल्स टैक्स का बिल आयेगा उस में क्या क्या बातें रखी जायेंगी। इस विषयक में जो बातें हैं उन में एक बात तो साफ कर दी गई, और वह इन्टरस्टेट ट्रेड (अन्तरराज्यीय व्यापार) के सम्बन्ध में है। अभी तक यह था कि पालियामेंट इस सम्बन्ध में जो जो कानून बनायेगी और जिस तरह से उनको लागू करेगी, उस तरह से वह अमल में आयेगा। परन्तु अभी तक न पालियामेंट ने इस सम्बन्ध में कुछ किया और न कुछ हुआ। नतीजा यह हुआ कि

स्टेट्स ने कई प्रकार के टैक्स लगाये और फिर कोर्टबाजी हुई। यह बड़े संतोष की बात है कि इस कास्टिट्यूशन ऐमेंडमेंट (संशोधन) में यह बात स्पष्ट कर दी गई है। क्लॉज चार के सब क्लॉज ३ में इन्टरस्टेट का जो मामला है वह एकदम से साफ हो गया, परन्तु उस में भी दो बातें हैं। एक तो यह कि “declared by Parliament by law to be of special importance” जो चीजें स्पेशल इम्पोर्टेंस (विशेष महत्व) की बतलाई गई हैं उन के अतिरिक्त यदि कोई चीजें हुई तो उस के सम्बन्ध में क्या होगा। यदि इस तरह की कोई चीज इन्टरस्टेट ट्रेड में आई और एक जगह से दूसरी जगह पर गई तो उस के सम्बन्ध में क्या होगा ?

दूसरी बात यह है कि जो चीजें स्पेशल इम्पोर्टेंस की हैं उन में फूडग्रेन्स (खाद्यान्न) आदि आयेगें या नहीं, जो कि बहुत ही आवश्यक चीज है। इसको हमारे भाई पंडित ठाकुर दास जी भागवत ने अच्छी तरह से समझाया है और टैक्सेशन इन्क्वायरी कमिशन की जो राय है वह भी उन्होंने अच्छी तरह से पढ़ कर सुनाया कि उस का कभी भी यह अभिप्राय नहीं था कि जो चीजें कम्यूनिटी की जिन्दगी के वास्ते बहुत आवश्यक है उन सब पर कर लगाया जाये। लेकिन स्पेशल इम्पोर्टेंस की जो चीजें दी गई हैं यहां पर, उन में यह बात साफ तौर से नहीं दी गई है। मेरी राय में यह बात साफ कर देनी चाहिये, साथ ही यह भी साफ तौर से यह बतलाना चाहिये कि जो चीजें स्पेशल इम्पोर्टेंस की नहीं हैं उन के सम्बन्ध में क्या स्थिति होगी।

अन्य जो बातें हैं उनके सम्बन्ध में कुछ लोगों ने यह कहा है कि यह स्टेट्स का मामला है, हमारे कुछ भाइयों ने संविधान की बातें कहीं कि हमारी गवर्नमेंट यूनिटरी नहीं है, यह फेडरल गवर्नमेंट है। उन्होंने बहुत सी कानूनी बातें बतलाई और कहा कि जो हमारी पालियामेंट है वह उन में कैसे हस्तक्षेप कर सकती है। परन्तु मेरा निवेदन यह है कि जिस समय हमारा संविधान बना था उस समय स्टेट्स के ही लोगों ने आकर के उसे बनाया था और उस समय यह बात आवश्यक समझी गई थी कि जो जनता के उपयोग की हो, जैसे खाना है, उस के ऊपर टैक्स न लगाया जाय, और यदि लगाया जाय तो प्रेसिडेंट की रजामंदी ली जाय। बहुत सोचविचार कर के यह बात

आर्टिकल २८६ के क्लाज ३ में रक्खी गई थी। मेरी समझ में नहीं आता कि जब इतनी छान बीन कर के उस समय यह बात रक्खी गई थी तो अब क्या परिवर्तन हो गया है कि स्टेट्स के लोग हमारे वित्त मंत्री के पास आये और उनको कोई नई बात समझाई जिस के कारण हमारे वित्त मंत्री आज कहते हैं कि स्टेट्स के लोगों के साथ समझौता हो गया है कि इस बात में केन्द्र की तरफ से इंटरफिअर (हस्तक्षेप) नहीं किया जायेगा। मैं जानना चाहता हूँ कि क्या हमारे वित्त मंत्री ने इस बात की अच्छी तरह से तहकीकात की है कि जो दशा हमारी मासेज (जनता) की उस समय थी वैसी अब नहीं है। जैसा हमारे पूज्य टंडन जी भी कई बार कह चुके हैं, बाज एरियाज (क्षेत्रों) में आज लोगों की ऐसी स्थिति है कि उन को शाम का खाना भी नहीं मिलता है। ऐसे लोगों के ऊपर टैक्स लगाना, नमक पर टैक्स लगाना, चावल पर टैक्स लगाना, दाल पर टैक्स, गेहूँ आदि पर टैक्स लगाना उचित नहीं है। जिन लोगों का हजार रुपये महीने का खर्च है .....

**उपाध्यक्ष महोदय :** माननीय सदस्य दो मिनट में खत्म करने का यत्न करें क्योंकि मुझे मिनिस्टर साहब को बुलाना है।

**श्री भुनभुनवाला :** मैं इतनी ही देर में खत्म करने की कोशिश करूंगा, हो सकता है कि दो एक मिनट और हो जायें। तो मैं कह रहा था कि जिन लोगों का हजार रुपये महीने का खर्च होता है बेकार की चीजों में, उन के लिये शायद यह टैक्स बहुत न मालूम हो। अगर देखा जाय तो खाने में हमारा २०० रु० मासिक से अधिक नहीं खर्च होता है। ५०० रु० हमारा चूँकि फैशन आदि की चीजों के लिये खर्च होता है इस लिये हम को मालूम होता है कि क्या हुआ यदि फूडग्रेन्स पर थोड़ा सा टैक्स लग गया। लेकिन हम लोगों को गांव के उन लोगों की कभी भी याद नहीं आती जिन का खर्च २ आ० रोज का है। जो लोग ४ या ५ रु० महीना खर्च करते हैं यदि उन के ऊपर २ आ० भी टैक्स लग गया तो उन की हालत क्या होगी यह मेरी समझ में नहीं आता। यह ठीक है कि हमारे लिये कर लगाना जरूरी है, जो हमारी सेकन्ड फाइव इअर प्लैन (द्वितीय पंचवर्षीय योजना) है उस को हम को सफली भूत करना है, उस के लिये हम को रुपये की आवश्यकता है। परन्तु मैं वित्त मंत्री जी से यह

पूछना चाहता हूँ कि क्या कभी उन्होंने विचार कर के देखा है कि हमारी जो फस्ट फाइव इअर प्लैन या सेकन्ड फाइव इअर प्लैन है उस का इंसिडेंट आफ बेनिफिट हमारी मासेज तक कितना पहुंचा है? आप जब कर लगाते हैं तो उन के पास चले जाते हैं, सोचते हैं कि क्या हुआ अगर नमक पर थोड़ा सा कर लग गया, दाल पर आधा पैसा कर लग गया, और हाउस में आ कर कह देते हैं एक किसान पर कुल मिलाकर शायद चार आने का फर्क पड़ेगा। परन्तु हम लोग यह कभी नहीं सोचते कि फस्ट फाइव इअर प्लैन के लिये जो आप उससे चार आने लेते हैं और उससे जो बेनिफिट (लाभ) आपको मिलता है उस से क्या लाभ उन लोगों का होता है। किसी खास जगह की बात तो मैं कहता नहीं। परन्तु जनरली अभी तक उन भागों में इसका कोई लाभ नहीं पहुंचा है और न इस सम्बन्ध में कोई भी हमारी रिपोर्ट कुछ कहती है। मैं यही बात पूछ रहा था कि फस्ट फाइव इअर प्लैन में जो इंसिडेंट्स आफ बेनिफिट हुआ है वह किस क्लास के लोगों पर हुआ है। मैं कहता हूँ कि आप टैक्स लगाइये, सबों पर लगाइये, हम लोगों को रुपये चाहिये क्योंकि रुपये के बिना हम आगे नहीं बढ़ सकते हैं, जैसी कि आज कल रुपये की एकानमी हो गई है, परन्तु ऐसे आदमियों के ऊपर, जिन को दो वक्त खाना नहीं मिलता, दो क्या एक वक्त भी पूरी तरह से खाना नहीं मिलता, उन को उसका कुछ लाभ मिलना चाहिये। मैं जिस कांस्टिट्यूएन्सी (निर्वाचन क्षेत्र) से आता हूँ वह एक देहात की कांस्टिट्यूएन्सी है, मैं वहां की हालत जानता हूँ, यहां पर जो टैक्स लगता है उस का हाल भी मैं जानता हूँ। कहा जाता है कि सेकन्ड फाइव इअर प्लैन में बहुत कुछ होगा, लेकिन गांवों के लिये विशेष कुछ नहीं जान पड़ता है।

ऐसी हालत में हमारे वित्त मंत्री जी को स्टेट्स गवर्नमेंट वालों को समझाना चाहिये कि कर लगाने की जो पावर (शक्ति) है वह सेन्टर में रहनी चाहिये ताकि उन लोगों पर कुछ अंकुश रहे और वह लोग मनमाने टैक्स न लगा सकें जिस से गरीबों को तकलीफ हो।

उपाध्यक्ष महोदय, मुझे कहना तो बहुत था लेकिन इतना ही कह कर मैं वित्त मंत्री जी से प्रार्थना करूंगा कि जैसा उन्होंने कहा था कि फूडग्रेन्स वगैरह इन्क्लूडेड (सम्मिलित) होंगे, वैसा ही करें।

**Shri C. D. Deshmukh:** Mr. Deputy-Speaker, it appears to me that much of the thinking that is behind the observations made in the course of this debate, especially in regard to the essentiality of goods is somewhat static in character, whereas we are dealing with fluid circumstances and a dynamic state of affairs. I was not myself present when the Constitution was hammered out, but, I have reason to believe that at that time the viewpoints of State Governments received a great deal of weight and consideration. But we seem to have moved away from that position and now there are voices raised in this Parliament indicating that Parliament would almost be justified in overriding the views and sentiments of State Governments. I would submit that that would not be a right way of looking at this matter.

As I said some time ago, it is not a question of bargaining between the States and the Centre. What we are trying to do is to hammer out a new solution of the old difficulties and when I said that I am representing the States, I meant that I am putting forward a solution which has the largest measure of support from among the States. That is why I said, if we wish to go back on this, then we, as Government, would not feel justified in proceeding with this measure. That is all. It is certainly for Parliament in its aspect of a constitution-changing authority, to make whatever change it wishes to in the Constitution. That has reference only in a limited sense to article 368 which does not bear upon this question of essentiality at all. It refers to the necessity of ratification for among, other things, changes in the Schedules, that is to say, the distribution of executive and legislative powers as between the Centre and the States. But, so far as the gist of this legislation is concerned, it is not constitutional difficulties that stand in our way but it is the realisation that what Government are putting forward now is an agreed solution.

Having pointed out that there is bargaining, I should like to state that so far as the States are concerned, they are giving up just a little—not very much—for introducing order into the system. To take points of disadvantage first, for them, in view of the latest ruling of the Supreme Court, they, of course, do realise that it will not be possible for

them to impose taxes on sales or purchases of goods when they are involved in inter-State transactions. The provision in regard to goods essential for the life of the community is there and that is, so to speak, a point in favour of the Centre rather than the States. That is to say, the States are at a disadvantage. Nevertheless, there is some small aspect of this Bill where the States have agreed to a possible diminution of some of their powers of taxation. I am not referring here to the actual wording of sub-article (2) of article 286 of the revised version, but what I am referring to is the position that any inter-state sales-tax that we may now impose in accordance with our new powers will apply prospectively and retrospectively and if we choose to levy rates which are lower than the rates at present in existence in any State, then, to that extent, those rates will have to be reduced. Therefore, on the part of those States, there is a small measure of sacrifice involved although I do not wish to attach too much importance to a point of this kind. In regard to the general question of sales tax and rationalisation, that is too broad an issue for us to enter upon here when we are only changing the Constitution and not promoting a Bill actually in accordance with the provisions of this new Constitution (Amendment) Bill.

There has been reference to three matters, the appointment of an advisory committee, the establishment of an inter-State Taxation Commission and then the question of uniformity which keeps cropping up from time to time.

In regard to the first, the recommendations of the Taxation Enquiry Commission have been conveyed to the States, and from time to time we shall take advantage of the opportunities we have of conferring with the States to bring this particular recommendation to their notice.

As regards a general investigation into sales tax and so on, it is not correct to say, obviously when the Taxation Enquiry Commission has gone so deeply into the matter, that there has been no investigation. But obviously it has been from a particular angle, the general angle of taxation and also the general angle of incidence. Nevertheless, there are matters connected with the detailed procedure and the administration, especially the effective administration of sales tax, which were naturally

not matters comprised very closely within the terms of reference of the Taxation Enquiry Commission. It is my intention, and I have already taken up the matter with the States, to send a small team of experts in sales tax to the various States in order to study the systems of sales taxes and try to help in improving them. I have received very encouraging responses from all the States. I have also received the offer of the services of some experienced State officers from among whom I could choose in order to constitute this team of experts, and I have hopes that very shortly we shall be in a position to send out such an expert team. Whether any further investigation will be required will depend on what is thrown up by the investigation that will be made by this expert team.

**Shri C. C. Shah:** Not merely for legislation but also for administration.

**Shri C. D. Deshmukh:** I said effective administration too. While I am on that point, I should like to refer to a question which Shri Bansal asked: what has happened to the proposal to turn into excise the present sales tax on cloth?

**Shri Bansal:** I did not refer specifically to cloth.

**Shri C. D. Deshmukh:** What has happened to this general proposal? We have referred this in a specific form, so far as cloth is concerned, to the State Governments, and their replies are coming in. When we get an encouraging measure of agreement, may be we shall find some suitable opportunity of proceeding with it. The general principle involved has already been commended by more than one State Minister, either the Chief Minister or the Finance Minister, in one of the meetings of the National Development Council. I feel that, if we succeed in making this change in regard to one staple commodity like cloth, may be we shall find ways of extending it to other spheres. Our ideas are not very clear yet on the subject, and I do not think it is necessary to indulge in any prematurely advanced thinking in regard to that matter. We shall be guided by the reactions of the States and our actual experience.

Then I proceed to the main bone of contention, that is, article 286(3). I think Shrimati Jayashri has already referred to the excerpts from the proceed-

ings of the Finance Ministers' Conference, which was held in October 1952, that is, after the Parliament passed the Essential Goods Act, 1952. She has already quoted what the Chief Minister of Madras stated. I would like to read out what the Chief Minister of Bombay said:

"In a country, so situated and so circumstanced as India, it was not possible to have uniformity of taxation. Certain parts of the country were predominantly agricultural while the other parts were industrial. When it was not possible for the Centre to give up its import duty on cotton and its excise duty on cloth, to make cloth cheaper, why should the States be asked to give up all ideas of sales tax? Many of the items added in the schedule to the Essential Goods Act, 1952, could hardly be treated as essential goods."

Then there were other Finance Ministers who spoke more or less in the same strain. The Finance Minister of West Bengal observed that it would be difficult to define as to what was essential commodity and that the State Government should enjoy the liberty to levy sales tax at such rate as they considered necessary etc.

**Shri Dabhi:** But the Bombay Government has not taxed coarse cloth and other essential goods like salt and kerosene.

**Shri C. D. Deshmukh:** I only refer to their professions, not to their practice.

**Shri N. C. Chatterjee (Hooghly):** There is a gap between the two.

**Shri C. D. Deshmukh:** That being so, I maintain that we should proceed on the basis of agreed solutions, and it was only in that sense that I stated to the Select Committee that it would be advisable for us to proceed with this Bill, and at the same time, to try and convey to the State Governments what the feeling of this House is. So far as the present Bill is concerned, it is not a commitment so much as an agreement on the principles which have been enunciated by the Taxation Enquiry Commission. One hon. Member asked why it is that such a view is taken. I can only refer him to pages 50 to 55 of the Third Volume of the Report of the

[Shri C. D. Deshmukh]

Taxation Enquiry Commission. The Report is somewhat long and involved, and I will not take up the time of the House by reading out long extracts. The essence of the matter is that in the eyes of the Taxation Enquiry Commission, so far as internal consumption is concerned, the States should be left free to tax and we should rely on the moderation and a sense of the feelings of the public on the part of the State Legislatures, who in their field had co-extensive jurisdiction with Parliament in regard to items which are in the State Schedule. That view commended itself to us, both the Central Government and the State Governments, and the result is this Bill. Nevertheless, I for one am prepared to say that one should never have a closed mind on subjects like this on which there is evidence that a large number of people feel strongly, whether it is the question of exemption or whether it is the question of moderate levy or whether it is the question of uniformity. These are points which will never lose their importance.

Therefore, I have undertaken and I continue to do so, to convey the views of this House, of the individual Members, to the State Governments, and take an opportunity when I meet them, which I do more than once a year in connection with the meetings of the National Development Council, to discuss these matters with them. It is not necessary now to have a separate conference to find out whether there is any fair measure of agreement in regard to these essential goods.

In the meanwhile the situation is not entirely lost even from the point of view of those who urge that article 286(3) should be retained, because there is the possibility of enlarging, although not very much, that list of goods which are of special importance in inter-State trade or commerce. I have just received a communication from one State Government appealing to me to restore the use of the words "raw materials" and not use the general word "goods". That only indicates what their fears are in this matter. The fears are that again, as in the case of the Essential Goods Act, the Parliament might be induced by the generosity of their feelings to make a very long list of goods of special importance in inter-State trade or commerce. Therefore, I do not wish to raise any false hopes. Nevertheless, I

do not wish to bar the possibility of inclusion of articles like foodgrains, especially when there are some large movements necessary, say, for fair price shops or, even if things turn out so bad, for price controls and things like that. Circumstances may easily arise where it would not be difficult to prove that foodgrains movements are of great importance in the inter-State trade and commerce. If so, I do not expect any great difficulty in carrying this message, shall we say, to the State Governments. This view is shared by some of my colleagues in the Cabinet, if I may disclose it. So, I would advise that we leave this particular matter there and for the moment proceed with this piece of legislation as we have it before us.

There are one or two other matters which would perhaps come up in the course of the discussion of the amendments. Perhaps Pandit Bhargava referred to article 304 and the whole of Part XIII. Our view is that it is not necessary specifically to refer to Part XIII. So far as article 304 is concerned, I draw precisely the opposite inference from that drawn by Pandit Bhargava. He says that an unreasonably high level of tax could easily be construed as imposing reasonable restrictions on the freedom of trade and commerce and so on in accordance with clause (b) of article 304. I would draw his attention to sub-clause (a) of article 304 which specifically refers to taxation. The side heading is 'Restrictions on Trade, Commerce and intercourse among States'. It refers to taxation.

[MR. SPEAKER *in the Chair*]

Therefore, my conclusion is that all matters which refer to tax are exhausted in sub-clause (a) and sub-clause (b) cannot refer to any matters relating to tax. They are only limitations which the Constitution intended to impose in respect of tax. Therefore, we are free to impose any other mode of tax under article 304.

It was asked, what will be the shape of the Bill to come. That is somewhat premature. There will be plenty of opportunity for the House to consider what form the Bill should take. In any case I do not think that it is necessary for the House to know exactly what provision that Bill will contain in order to make up its mind as to whether it should lend its support to the passing



of this Bill. We have some ideas here and we have also worked out possible details of what sort of things we should have to consider, for instance, whether there should be separate rates for registered dealers and unregistered dealers, the difference between specific goods and other goods, the mode of collection, distribution and so on. But, as I say, we have given some thought to the matter and I do not think it is necessary for the present purpose to have any idea of what sort of a legislation it would be.

I have noticed a suggestion by one hon. Member that, instead of bringing two or three pieces of legislation, we can combine them all in one piece of legislation. Obviously, that is a matter of convenience. One piece of legislation can deal with the definition of inter-State trade and commerce for the purpose of article 269, then the definition of whether the goods are going outside or being exported and so on, that is to say, definitions required for the purpose of clause (1) of article 286. We cannot specify those commodities which are the subject matter in inter-State trade and commerce. It is quite possible to have one piece of legislation. That is a matter of drafting and of convenience.

In regard to this general question of uniformity, although I have mentioned the views of the State Governments. I myself believe that the logic of events would finally drive the States to come closer together in their rates of levy because there is always some grievance of one State or the other. An example was given by one hon. Member. The vendors in U. P. were affective because some rates were lower in Delhi. That kind of thing is all over the place. I have no doubt that rationalisation will come in, because of conviction and not

because of sentiment or any particular doctrine in regard to sales-tax.

We are asked : what machinery is there for recording the incidence of various taxes. That is a matter which is part of the continuous studies of our Central Board of Revenue and our economic divisions as well as the Reserve Bank. A certain amount of study was conducted by the Taxation Enquiry Commission on a large scale in regard to the incidence of taxation. Obviously, as the dimensions of our taxes increase, we shall have to have far more detailed data in our possession in order that we may be able to justify those taxes to the House. In other words, as I said the other day, the House will be more and more alive to finding out whom they are hurting by this process of additional taxation. That onus, I am painfully aware, rests very much on the Finance Ministry. We shall try to perfect, our data collected for that purpose. I think I have clarified most of difficulties which the hon. Members felt in this respect and therefore, I commend my motion to the House.

**Mr. Speaker :** I shall first put the amendment to the vote of the House.

**Shri Vallatharas :** I beg leave to withdraw my amendment.

*The amendment was, by leave, withdrawn.*

**Mr. Speaker :** I shall now put the motion to the vote of the House.

The question is :

“That the Bill further to amend the Constitution of India, as reported by the Joint Committee, be taken into consideration.”

*The Lok Sabha divided : Ayes, 342; Noes 6.*

#### DIVISION No 4.

#### AYES

3·51 P. M.

Abdullahai, Mulla  
Abdus Sattar, Shri  
Achal Singh, Seth  
Achuthan, Shri  
Agarwal, Shri H. L.  
Agrawal, Shri M. L.  
Ajit Singh, Shri  
Akarpuri, Sardar  
Altekar, Shri  
Ansari, Dr.  
Asthana Shri  
Azad, Maulana  
Azad Shri, Bhagwat Jha  
Babunath Singh, Shri  
Badan Singh, Ch.  
Balakrishnan, Shri

Balasubramaniam, Shri  
Baldev Singh, Sardar  
Balmiki, Shri  
Banmal, Shri  
Barnan, Shri  
Barupal, Shri P. L.  
Basappa, Shri  
Bhagat, Shri B. R.  
Bhakt Darshan, Shri  
Bharati, Shri G. S.  
Bhargava, Pandit M. B.  
Bhargava, Pandit Thakur Das  
Bhatkar, Shri  
Bhatt, Shri C.  
Bhawanji, Shri

Bheekha Bhai, Shri  
Bidari, Shri  
Biraval Singh, Shri  
Bogawat, Shri  
Borkar, Shrimati Asnusayabai  
Borooah, Shri  
Bose, Shri P. C.  
Brajeshwar Prasad, Shri  
Brohmo-Choudhury, Shri  
Chakravartty, Shrimati Renu  
Chaliha, Shri Bimalaprosad  
Chanda, Shri Anil K.  
Chandak, Shri  
Chandrasekhar, Shrimati  
Charak, Th. Lakshman Singh

- Chatterjee, Dr. Susilranjan  
 Chaturvedi, Shri  
 Chaudhary, Shri B. L.  
 Chavda, Shri  
 Chettiar, Shri Nagappa  
 Chowdhary, Shri C. R.  
 Chowdhury, Shri N. B.  
 Dabhi, Shri  
 Damodaran, Shri Nettur P.  
 Das, Dr. M. M.  
 Das, Shri B.  
 Das, Shri B. K.  
 Das, Shri K. K.  
 Das, Shri N. T.  
 Das, Shri Ram Dhani  
 Das, Shri Ramananda  
 Das, Shri Sarangadhar  
 Das, Shri Shree Narayan  
 Datar, Shri  
 Deb, Shri S. C.  
 Deo, Shri R. N. S.  
 Deogam, Shri  
 Desai, Shri K. N.  
 Desai, Shri Khandubhai  
 Deshmukh, Dr. P. S.  
 Deshmukh, Shri C. D.  
 Deshmukh, Shri K. G.  
 Deshpande, Shri G. H.  
 Dholakia, Shri  
 Dhulekar, Shri  
 Dhusiya, Shri  
 Digambar Singh, Shri  
 Diwan, Shri R. S.  
 Dube, Shri Mulchand  
 Dutt , Shri S. K.  
 Dwivedi, Shri D. P.  
 Dwivedi, Shri M. L.  
 Eacharan, Shri I.  
 Ebenezer, Dr.  
 Gadgil, Shri  
 Gadlingana Gowd, Shri  
 Gandhi, Shri Peroz  
 Gandhi, Shri M. K.  
 Ganga Devi, Shrimati  
 Ganpati Ram, Shri  
 Garx, Shri R. P.  
 Gautam, Shri C. D.  
 Ghose, Shri S. M.  
 Ghosh, Shri A.  
 Ghulam Qader, Shri  
 Gidwani, Shri  
 Giri, Shri V. V.  
 Giridhari Bhoi, Shri  
 Gopalan, Shri A. K.  
 Gounder, Shri K. P.  
 Gounder, Shri K. S.  
 Govind Das, Seth  
 Guha, Shri A. C.  
 Gupta, Shri Badshah  
 Gupta, Shri Sadhan  
 Gurupadaswamy, Shri M. S.  
 Hansda, Shri Benjamin  
 Hari Mohan, Dr.  
 Hasda, Shri Subodh  
 Hazarika, Shri J. N.  
 Hembrom, Shri  
 Hem Raj, Shri  
 Hukam Singh, Sardar  
 Hyder Husein, Ch.  
 Ibrahim, Shri  
 Iqbal Singh, Sardar  
 Iyyunni, Shri C. R.  
 Jain, Shri N. S.  
 Jaware, Shri  
 Jangde, Shri  
 Jatav-vir, Dr.  
 Jayashri, Shrimati  
 Jena, Shri K. C.  
 Jena, Shri Niranjan  
 Jethan, Shri  
 Jhunjhunwala, Shri  
 Jogenendra Singh, Sardar  
 Joshi, Shri Jethalal  
 Joshi, Shri Liladhar  
 Joshi, Shri, M. D.  
 Joshi, Shri N. L.  
 Joshi, Shrimati Subhadra  
 Jwala Prashad, Shri  
 Kajrolkar, Shri  
 Kale, Shrimati A.  
 Kamble, Dr.  
 Kanungo, Shri  
 Kansarkar, Shri  
 Kasliwal, Shri  
 Katham, Shri  
 Katj, Dr.
- Kayal, Shri P. N.  
 Kazmi, Shri  
 Keshavaiengar, Shri  
 Keskar, Dr.  
 Khan, Shri Sadath Ali  
 Khedkar, Shri G. B.  
 Khongmen, Shrimati  
 Khuda Baksh, Shri M.  
 Kiriolkar, Shri  
 Kolay, Shri  
 Kotukappally, Shri  
 Krishna, Shri M. R.  
 Krishna Chandra, Shri  
 Krishnamachari, Shri T. T.  
 Krishnapra, Shri M. V.  
 Lakshmaya, Shri  
 Lallanji, Shri  
 Laskar, Shri  
 Lingam, Shri N. M.  
 Lotan Ram, Shri  
 Madiah Gowda, Shri  
 Mahodaya, Shri  
 Majhi, Shri R. C.  
 Majithia, Sardar  
 Malaviya, Shri K. D.  
 Malliah, Shri U. S.  
 Malviya, Shri B. N.  
 Malviya, Pandit C. N.  
 Malviya, Shri Motilal  
 Mandal, Dr. P.  
 Mastodi, Maulana  
 Masuriya Din, Shri  
 Mathew, Shri  
 Matthen, Shri  
 Mehta, Shri B. G.  
 Mehta, Shri Balwant Sinha  
 Mehta, Shri J. R.  
 Menon, Shri Damodara  
 Minimata, Shrimati  
 Mishra, Shri Bibhatu  
 Mishra, Shri Lokenath  
 Mishra, Shri M. P.  
 Mishra, Shri S. N.  
 Misra, Pandit Lingaraj  
 Misra, Shri B. N.  
 Misra, Shri R. D.  
 Misra, Shri S. P.  
 Missir, Shri V.  
 Mohiuddin, Shri  
 Morarka, Shri  
 More, Shri K. L.  
 More, Shri S. S.  
 Muhammed Shaftee, Chaudhuri  
 Mukerjee, Shri H. N.  
 Mukne, Shri Y. M.  
 Muniswamy, Shri N. R.  
 Murtthy, Shri B. S.  
 Muthukrishnan, Shri  
 Naidu, Shri N. R.  
 Nambiar, Shri  
 Nanda, Shri  
 Narasimhan, Shri C. R.  
 Naskar, Shri P. S.  
 Nataranjam Shri  
 Natawadkar, Shri  
 Nathwani, Shri N. P.  
 Nayar, Shri V. P.  
 Nehru, Shri Jawaharlal  
 Nehru, Shrimati Shivravati  
 Nehru, Shrimati Uma  
 Newvi, Shri  
 Nevatia, Shri  
 Nijalingappa, Shri  
 Palchoudhury, Shrimatila  
 Pande, Shri B. D.  
 Pande, Shri C. D.  
 Pandey, Dr. Natabar  
 Pannalal, Shri  
 Paragi Lal, Ch.  
 Parekh, Dr. J. N.  
 Parikh, Shri S. G.  
 Parinar, Shri R. B.  
 Pataskar, Shri  
 Patel, Shri B. K.  
 Patel, Shri Rajeshwar  
 Patel, Shrimati Maniben  
 Pateria, Shri  
 Patil, Shri Kanavade  
 Patil, Shri Shankargauda  
 Pawar, Shri V. P.  
 Pillai, Shri Thanu  
 Prabhakar, Shri Naval  
 Rachiah, Shri N.  
 Radha Raman, Shri  
 Raghavachari, Shri  
 Raghubir Sahai, Shri  
 Raghubir Singh, Ch.
- Raghunath Singh, Shri  
 Rahman, Shri M. H.  
 Raj Bahadur, Shri  
 Rajabhoj, Shri P. N.  
 Ramachander, Dr. D.  
 Ramanand Shastri, Swam  
 Ramananda Tirtha, Swami  
 Ramaseshaiah, Shri  
 Ramaswamy, Shri P.  
 Ramaswamy, Shri S. V.  
 Ram Dass, Shri  
 Ram Krishna, Shri  
 Ram Saran, Shri  
 Ram Subhag Singh, Dr.  
 Ranbir Singh, Ch.  
 Rane, Shri  
 Ranjit Singh, Shri  
 Rao, Shri Rajagopala  
 Rao, Shri T. B. Vittal  
 Ray, Shri B. K.  
 Reddy, Shri Janardhan  
 Reddy, Shri Viswanatha  
 Rishang Keishing, Shri  
 Roy, Shri Bishwa Nath  
 Rup Narain, Shri  
 Sahu, Shri Bhagabat  
 Sahu, Shri Rameshwar  
 Saigal, Sardar A. S.  
 Saksena, Shri Mohanlal  
 Samanta, Shri S. C.  
 Sangana, Shri  
 Sankarapandian, Shri  
 Sarma, Shri Debendra Nath  
 Satish Chandra, Shri  
 Satyawadi, Dr.  
 Sen, Shri P. G.  
 Sen, Shrimati Sushama  
 Sewal, Shri A. R.  
 Shah, Shri C. C.  
 Shah, Shri Raichandbhai  
 Shah, Shrimati Kamendu Mati  
 Sharma, Pandit Bilkrishna  
 Sharma, Pandit K. C.  
 Sharma, Shri D. C.  
 Sharma, Shri K. R.  
 Shastri, Shri Algu Rai  
 Shivananjappa, Shri  
 Shukla, Pandit B.  
 Singh, Shri D. N.  
 Singh, Shri D. P.  
 Singh, Shri H. P.  
 Singh, Shri L. Jogeswar  
 Singh, Shri M. N.  
 Singh, Shri T. N.  
 Singhal, Shri S. C.  
 Sinha, Dr. S. N.  
 Sinha, Shri Anirudha  
 Sinha, Shri G. P.  
 Sinha, Shri Jhulan  
 Sinha, Shri K. P.  
 Sinha, Shri Nageshwar Prasad  
 Sinha, Shri S.  
 Sinha, Shri Satya Narayan  
 Sinha, Shri Satenyendra Narayan  
 Sinha, Shrimati Tarkeshwari  
 Sinhasan Singh, Shri  
 Siva, Dr. Gangadhara  
 Sntak, Shri  
 Sodhia, Shri K. C.  
 Subrahmanyam, Shri T.  
 Subramania Chettiar, Shri  
 Sunder Lal, Shri  
 Suresh Chandra, Dr.  
 Suriya Prashad, Shri  
 Swaminadhan, Shrimati Ammu  
 Tandon, Shri  
 Tek Chand, Shri  
 Telkikar, Shri  
 Tewari, Sardar R. B. S.  
 Thimmaiah, Shri  
 Thomas, Shri A. M.  
 Tivary, Shri V. N.  
 Tiwari, Pandit B. L.  
 Tiwari, Shri R. S.  
 Tiwary, Pandit D. N.  
 Tripathi, Shri H. V.  
 Tripathi, Shri V. D.  
 Tyagi, Shri  
 Uiker, Shri  
 Upadhyay, Pandit Munishwar Dutt  
 Upadhyaya, Shri Shiva Datt  
 Vaishnav, Shri H. G.  
 Vaishya, Shri M. B.  
 Varma, Shri B. B.  
 Veerasamy, Shri  
 Venkataraman, Shri  
 Verma, Shri Ramji

Vidyalankar, Shri A. N.  
Vishwanath Prasad, Shri

Vyas, Shri Radhelal  
Wilson, Shri

Wodeyar, Shri

### NOES

Chatterjee, Shri N. C.,  
Deshpande, Shri V. G.

Mohata, Shri B.  
Majhi, Shri Chaitan

Mughar, Shri  
Sharma, Shri Nandlal

**Mr. Speaker :** The motion is carried by a majority of the total membership of the House and by a majority of not less than two-third of the Members present and voting.

Now the House will take up clause-by clause consideration of the Bill.  
Clause 2—(Amendment of the Seventh Schedule)

**Pandit Thakur Das Bhargava:** I beg to move :

(1) Page 1, line 10—

after "commerce" insert:

"subject to the provisions of Part XIII of the Constitution"

(2) Page 1, line 14—

add at the end :

"subject to the provisions of Part XIII of the Constitution"

In regard to these two amendments, Sir, I have already given some grounds my note. As I said this morning, during the consideration stage, the framers of the Constitution wanted that trade, commerce and intercourse throughout the country should be free and that the Constitution has been divided into several parts. I said that this entry should be subject to the provision of Part XIII of the Constitution. I submit that so far as this Constitution is concerned, Part XIII of the Constitution must be read as a whole and it is as much a part of the Constitution as any other part. As I read out in the morning, the words in article 301 of the Constitution are as follows :

"Subject to the other provisions of this Part, trade, commerce and intercourse throughout the territory of India shall be free".

Not only that. The Constitution insisted that this must be implemented also. In article 307, we have got a separate provision to give effect to Part XIII of the Constitution. Article 307 runs as follows :

"Parliament may by law appoint such authority as it considers appropriate for carrying out the purposes of article 301, 302, 303 and

*The motion was adopted.*  
304 and confer on the authority so appointed such powers and such duties as it thinks necessary".

It is not as a matter of intellectual interest that the framers of the Constitution included the provision that trade, commerce and intercourse throughout the territory of India shall be free. They also wanted that it should be implemented.

What is the meaning of these words, "trade, commerce and intercourse throughout the territory of India shall be free"? If it has got any meaning and if this is a justiciable right just like other fundamental rights, then, it only means that unless public interest requires otherwise, no restriction shall be put in regard to trade, commerce and intercourse throughout India. I do not want to dilate upon this. As I said in the morning—I do not want to repeat it—the oneness of India and the unity of India can be secured only by measures like this. If people do not feel that the whole country is theirs by virtue of the fact that they are citizens of India, and if the benefits which Nature has conferred or the Government by its exertions has conferred or the people of the States have by their own exertions conferred on the country are not shared by all in the country, I feel that trade, commerce and intercourse throughout the territory of India shall not be said to be free.

In regard to this matter, my attention has been drawn by the hon. Finance Minister to article 304(a) and (b). May I humbly draw his attention to article 306 of this Part XIII which again speaks of taxes and duties in Part B States. Sub-clause (a) of article 304 also indicates that there is another restriction on the taxation on goods by any State. So, it may not be the only kind of restriction which this part envisages. But there is no doubt that it is a kind of restriction. Even a perusal of article 304 will prove that this taxation has been considered as a sort of restriction. It is quite true that in article 304 (a), we have got a tax of a certain description which is in the nature of a discriminatory tax. There can be other kinds of taxation. If this kind of tax

[Pandit Thakur Das Bhargava]

is a restriction, I am emboldened by the principle of *ejusdem generis* that any other kind of tax will also be regarded as a restriction provided it does not satisfy the test given in article 304 or other articles. I maintain that in every such taxation, it is the business of Parliament and it is the business of those who bring Bills of this nature to satisfy this Parliament that in the public interest alone such a restriction can be put. Article 301 makes it clear that Parliament can impose restrictions only if it is in the public interest. I do not maintain that it is not in the public interest to bring this legislation or bring this kind of a Bill. I myself think that it is in the public interest. This is the test. At the same time, I want to insist that in any Bill this test must be satisfied. It must be said in the Bill that in the public interest this is being done. Unless this is done, I understand this is a justiciable right according to the Constitution, and any person can go to the Supreme Court and say, this Act is not binding upon me. At the same time, if a person goes to the Supreme Court, I am sure that the Supreme Court will come to the conclusion so far as this bill is concerned that it is in the public interest that we are doing all this. It is not my objection that the test of public interest is not satisfied. All that I submit is that in every such legislation, unless you make Part XIII applicable, you are not doing the right thing. All these are subject to Part XIII. I understand that on this question, Government has no difference with me. I understand that Government also thinks that Part XIII applies. If that is so, what I submit is only making explicit what is implicit. I say that in all such legislation which go against this principle which we have accepted as the basic principle of our Constitution that trade, commerce and industry shall be free, whenever a Bill is brought, we must see that public interest requires it. In the case of the States, I understand that they can put only reasonable restrictions with the consent of the Central Government. Otherwise, they cannot put restrictions. If that is so, the Constitution has already provided such safeguards for us as we want. If this interpretation is correct, I think that what the Finance Minister is doing is perfectly right. He can insist on the States also that they are not masters of their sweet will. Unless they take the consent of the Central

Government, they cannot enact measures. Already the safeguards are there. If you accept this amendment you will only be doing what is basically proper and absolutely clear also. Only these words are not there. I want that these words may be added. I submit that amendments 1 and 3 may be accepted by the House. These words are only a paraphrase of Article 113(2) as it exists today in the Constitution and nothing more.

**Shri C. D. Deshmukh :** I have already said something in regard to this. I agree that our view is that it is not necessary to specify when you are undertaking an amendment of the Constitution, that a particular Part of the Constitution specifically applies to it. There is no need to say that a particular entry in a list is subject to this Part or that Part because it will be so subject whenever the text so requires whether we expressly say so or not. For example, take entry No. 42 inter-State trade and commerce. There, again, I would say that it is subject to Part XIII. For this reason, I do not consider that it is necessary to have this insertion.

The other point is a minor point that I made that in construing this Part, one would refer to taxation only the extent to which normally it is referred to in article 304(a) and, as the hon. Member points out, article 306. I would not go to the length of saying that a situation would not arise where some other unconscionable mode of taxation might not amount to a violation of some other Part of it. It is not necessary to join issue with him on that particular matter. But, in the main, I still adhere and I am advised by my legal advisers that it is not necessary to have this specifically mentioned. Therefore, I would request the hon. Member to withdraw his amendments.

**Pandit Thakur Das Bhargava :** My amendments may not be put, I would like to withdraw them. In view of the statement made by the hon. Finance Minister, there is absolutely no difference in our views.

**Mr. Speaker :** I have not placed them before the House yet. All the same I shall put it to the House whether the Hon. Member has the leave of this House to withdraw.

*The amendments were, by leave, withdrawn*

**Mr. Speaker :** There are no other amendments to clause 2. Instead of hon.

Members having to go to the lobbies four times, I propose that the voting on this clause may stand over. I will put all the clauses to the vote of the House together unless any hon. Member says that a particular clause should be voted separately.

**Some Hon. Members:** Yes.

**Mr. Speaker:** The voting on clause 2 will stand over. We take up clause 3.

**Clause 3—** (*Amendment of Article 269*)

**Pandit Thakur Das Bhargava:** I have got amendments 4 and 5. In view of the observations on amendments 1 and 3, I do not propose to move them.

**Mr. Speaker:** The same thing applies to them also. They are similar amendments. There is no other amendment. Voting on clause 3 also will stand over. We take up clause 4.

**Clause 4—** (*Amendment of article 286*)

**Pandit Thakur Das Bhargava:** I beg to move:

(i) Page 2 line 13—

before "Any law" insert "(a)"

(ii) after line 19 add:

"(b) any law of a State shall in so far as it imposes or authorises the imposition of a tax on the sale or purchase of goods not mentioned in the preceding sub-clause (a) shall be subject to such restriction and conditions as Parliament may by law impose in the interests of uniformity in the State or with the other parts of India or of equitable incidence of the tax or freedom from taxation of goods which constitute necessities of life for the State concerned."

(ii) Page 2—

lines 15 and 16—

for "to be of special importance in inter-State trade or commerce" substitute: "to be essential for the life of the community"

(iii) Page 2—

line 16—

after "trade or commerce" insert:

or which are declared to be necessities of life"

(iv) Page 2—

line 16—

after "trade or commerce" insert:

"including among others food-grains, coarse cloth, salt, kerosene and fodder"

(v) Page 2—

after line 19, add:

"(4) No law made by the Legislature of a State imposing or authorising the imposition of a tax on the sale or purchase of any such goods as have been declared by Parliament by law to be necessities of life for the State concerned or for the whole of India shall have effect unless it has been reserved for the consideration of the President and has received his assent.

(5) All such laws shall be made and taxes, if any, levied shall be subject to the provisions of Part XIII of the Constitution."

(vi) Page 2—

after line 19, add:

"(4) No law made by the Legislature of a State imposing or authorising the imposition of a tax on the sale or purchase of any such goods as have been declared by Parliament by law to be essential for the life of the community shall have effect unless it has been reserved for the consideration of the President and has received his assent."

**Shri Sadhan Gupta** (Calcutta South-East): I beg to move:

Page 2, line 15—

after "to be" insert "essential for the life of the community or"

**Shri Jhunjhunwala:** I beg to move:

(i) Page 2, line 16—

after "importance" insert:

"or articles essential to the life of the community"

(ii) Page 2—

after line 19, add—

"(4) No law made by the Legislature of a State imposing or authorising the imposition of a tax on the sale or purchase of any such goods as have been declared by law to be essential for the life of the community shall have effect unless

[Shri Jhunjhunwala]

it has been reserved for the consideration of the President and has received his assent."

**Mr. Speaker:** All these amendments are before the House.

**Pandit Thakur Das Bhargava :** In regard to these amendments, apart from the amendments which have been the subject matter of discussion already before this House, I do not propose, at this stage, to adduce further arguments. I beg to make a few submissions with regard to amendment No. 7.

We have heard the hon. Finance Minister. He has been very kind to tell us what is passing in his mind. He has been pleased to give us very cogent reasons why he is accepting the report of the Taxation Inquiry Commission. One thing is clear to my mind. He says that it is not a case for bargaining, and as between the Centre and the States, they will arrive at a result which is beneficial to the country, that the States will not insist on anything and our Government need not insist on anything which is not beneficial to the country. From that very standpoint, my stand is this. Let the Finance Minister go to any part of the country and take the opinion of the people who are concerned. As I said before, so far as necessities of life are concerned, 99.9 recurring per cent will be found to favour the point of view which I am submitting. I am very glad that some of the Cabinet Ministers think like me. I am further glad, and I believe in my heart of hearts that the hon. Finance Minister is one of them who think like me that necessities of life are the last things which should be taxed so far as the poorest people in the land are concerned. On the contrary, we have changed our opinion in deference to the opinion of the Finance Minister. I was always of the opinion that, what to speak of necessities of life, even essentials should not be taxed. In view of the Second Plan and other circumstances, we are convinced by his reasoning that unless and until the common man is asked to pay, our Plan will not be successful. It is in view of this consideration that I have submitted already that I do not insist about the word 'essential'. Let this word not remain there. Even if necessities of life are put instead, I shall be content. But, in regard to one thing, which forms the subject-matter of amendment No. 7, I must say this. I have divided

it into two parts. The present amendment will become part (a) and my amendment will become part (b). The amendment is :

Page 2.

(i) line 13—

before "Any law" insert "(a)".

(ii) After line 19, add—

"(b) any law of a State shall in so far as it imposes or authorises the imposition of a tax on the sale or purchase of goods not mentioned in the preceding sub-clause (a) shall be subject to such restriction and conditions as Parliament may by law impose in the interests of uniformity in the State or with the other parts of India or of equitable incidence of the tax or freedom from taxation of goods which constitute necessities of life for the State concerned."

According to my reading of the proposed amendment though by sub-clause (3) of article 286 being taken away Parliament is losing its right of protecting the poor man from the effects of a tax which the States may choose to levy, sub-clause (3) of clause 4 is countervailing in effect, and Parliament is being recompensed by this clause for the power under 286 (3) being taken away. I feel that now Parliament will get the power of putting restrictions and conditions in regard to the system of levy, rates and other incidents of the taxes as exist even today. I believe if this is passed, and I understand the States have accepted it, the result will be that this Parliament or the Central Government will be able to see that other taxes, onerous taxes which have been already put by the States are subjected to revision, and thus far we are gaining.

In regard to other matters which are of special importance, I do not want to take away the liberty of the States, but I do want that so far as uniformity of taxation is concerned, so far as equitable incidence of tax is concerned and so far as freedom of taxation of goods which are necessities of life is concerned, they must be secured to every State. If this is true that the States and the Union are parts of one whole and the Union has got a responsibility not less than that of the States so far as the necessities of life are concerned, these persons living in the States are not citizens of the States, but they are all citizens of India, and if there is to be equal-

ity so far as taxes are concerned, I insist with all the force at my command that so far as the States are concerned, there must be uniformity, there must be freedom not to tax the necessities of life and there should also be uniformity in even different parts of the States..

As I gave an example, there may be competition between States. For instance, Punjab does not put sales tax of a particular amount and the Delhi State taxes much less. What would happen? The trade and commerce would flow away from the Punjab and come to Delhi and therefore there will be competition between the States. They will try to see that their inhabitants are benefited to an equal degree and ultimately there may be such a competition between them that they will not agree to any uniform rates.

Who is going to bring uniformity? It is only the Centre which can bring uniformity. Why has the Centre taken charge of inter-State trade and commerce?—because the States are unable to do anything. I should think that in the interests of the fundamental rights that we have got, in the interests of the peace and contentment of the people, in the interests of people not being taxed too heavily by the States, it is necessary that in regard to matters which are not of special importance the States should agree in fairness to this power being taken by the Centre. Why should the States think that the centre will not be just to them. I think when the States approach the Centre will be quite just. This Second Five Year plan is not only the responsibility of States. It is a joint responsibility. I think the Centre will see that the States are given funds. The Finance Commission is coming. It will take care to see that all the States get certain amount of revenues etc. It is absolutely unfair and no person in India will be satisfied if there is such a great difference in taxes between Punjab and Bombay for example that it cannot be reconciled.

Cotton if taken to Bombay from the Punjab will be capable of being influenced or regulated by the Centre, but the coarse cloth which comes from Bombay will not be regulated by the Centre. I cannot understand the logic of it. The hon. Minister was pleased to read a telegram in which the Finance Minister of a State says: "You may say 'raw materials' but not 'goods'". What does it mean? The State Minister must be belonging to a State which

is interested in manufactured goods. He may belong to Bombay, he may belong to some other State, but I think so far as uniformity of taxation is concerned, so far as equal liability to taxes is concerned, it is of the utmost importance that this kind of power should not be given to the States. They may discriminate and they may make such laws as practically some if not within the mischief of article 304 at least within the extended scope of article 304. No discrimination should be there between Indian and Indian, to whatever State he may belong. What is the meaning of free trade and free intercourse? They are not free as long as you have got discriminatory taxes.

I would suggest to the House therefore that it should divide the entire clause into two parts: goods of special importance in which special powers may be given, and other goods in which at least uniformity of taxation as well as freedom not to tax necessities of life and equitable incidence of taxation should be secured. I therefore submit that these amendments should be accepted. They are not revolutionary. For instance in amendment 11, I have said 'including among others foodgrains, coarse cloth, salt, kerosene and fodder.'

My humble submission is that if even this cannot be accepted now, if the House gets an assurance that in the Bill that is coming the hon. Finance Minister will kindly consider all these matters and do what he can, it will be very good for the House and the Finance Minister will have done his duty by us. If he gives us that assurance, I think we will have secured the best that we can out of this Bill.

श्री मनुमन्वानाला : जब मैं जनरल डिसकशन (सामान्य चर्चा) के समय बोला था तो मैं ने इन दोनों बातों के बारे में कहा था। मैं चाहता हूँ कि इसमें "or essential requirements of life" (अथवा जीवन की अत्यावश्यक वस्तुयें) यह रहना चाहिये। हमारे वित्त मंत्री जी ने कहा है कि वह आश्वासन तो नहीं दे सकते परन्तु हो सकता है कि जब बिल आवे तो उसमें फुड ग्रेन्स (खाद्यान्न) और कुछ दूसरी आवश्यक चीजें शामिल की जायें। इसलिये मेरी उनसे प्रार्थना है कि वे मेरे अमैंडमेंट (संशोधन) नम्बर १७ को स्वीकार कर लें।

[ श्री झुनझुनवाला ]

मैंने अपने एमेंडमेंट नम्बर १६ में कहा है कि क्लॉज (खण्ड) ३ सेक्शन (धारा) २८६ को क्यों हटा दिया गया है। उसे रखा जाना चाहिये। इसमें तो उन लोगों को क्या आपत्ति हो सकती है कि वे लोग जो कानून बनावें उसे प्रेसीडेंट की रजामन्दी की जरूरत हो। अभी तक जब भी आवश्यकता हुई है और स्टेट वालों ने कानून बनायें हैं तो राष्ट्रपति की रजामन्दी ली गयी है और वह दी गयी है। अभी जो उत्तर प्रदेश में ला बना दिया गया है और आवश्यक चीजों पर कर लगा दिया गया है जिससे वहां बड़ा भारी आन्दोलन हो रहा है। यदि ऐसे मामलों में प्रेसीडेंट के हाथ में रजामन्दी रहे तो स्टेट वालों पर एक अक्रुश रहेगा और जो चीज इन्साफ की होगी और ठीक होगी वह मंजूर की जायेगी। इसलिये मेरी राय है कि इस क्लॉज को रखना चाहिये।

**Shri Sadhan Gupta** (Calcutta South-East): I have moved amendment 8 to clause 4. reading thus :

Page 2, line 15,

after "to be" insert "essential for the life of the community or".

I do not agree entirely with the point of view from which Pandit Thakur Das Bhargava has approached this clause. He wants to bring about uniformity through out the country in the matter of taxation, and he thinks that different taxes in different States are contrary to the unity of the country. May I point out to him that the very principle of federalism, on which our Constitution is largely based, pre-supposes that there would be distinct kinds of administration and distinct kinds of laws as between different parts of the country ?

My hon. friend has also raised the question of discrimination and brought in article 14. A similar law exists even in the United States of America. But even in spite of the existence of such a law and such a constitutional provision, diversity as between States, and in the States, diversity of so many local provisions as between forty-eight States is not supposed to be a breach of the provision of the Constitution guaranteeing equality before the law or equal protection of the laws.

It is bound to happen that when we have so many diverse sections of the country, which have to be kept separate

for the purpose of administration, and for the purposes of self-development, it is essential that the provisions of law and also taxes would differ. Taxes would have to be imposed according to the resources of the particular State. In one State, the taxes may be low because of the lower paying capacity of the people. In another State, the taxes may be higher because of the greater development which it has undergone. Therefore, there is no sense in insisting on uniformity and even less sense in imposing the decision of this House on the States which are autonomous sections:

This is the objection which I have to Pandit Thakur Das Bhargava's approach. But there is some force in his argument, as far as the question of essential commodities is concerned. There is some force in his argument that there should be some kind of uniformity in the taxation of essential commodities, because otherwise there is a risk of a considerable amount of smuggling as between the different parts of India, particularly as between neighbouring States. For instance, if rice or wheat or pulses were taxed one way in one State, and heavier or lighter taxes were imposed in another State, then there would be very extensive smuggling across the border, and the economy may be upset. Therefore, it may be desirable to give some power to Parliament to formulate some principle for bringing about some uniformity or some uniform principles, in the rate of taxes, the way the taxes have to be levied and so on and so forth, so that these differences may not arise in the case of essential commodities. Similarly, it may be desirable, when an article is of special importance for inter-State trade or commerce, to impose certain uniformities.

From that point of view, I think the new clause 3 which is proposed to article 286 is an improvement on the old clause, except for the fact that the commodities essential for the life of the community have been excluded from it. The old clause 3 of article 286 suffered from this very grave defect that where a law was passed by a State on a matter of this nature, it was made subject to the assent of the President, which is the assent of the Central Government. There was something preposterous to make a State law subject to the assent of the Central Government, because



there would be no knowing of what principles the Central Government would follow in granting assent to any law. It is a very undesirable state of things, by which the Central Government could set provincial autonomy at nought in regard to certain taxes or certain other matters. Therefore, it is a good thing, and it is a very desirable thing, that the insistence on the assent of the Central Government has now been dropped, and instead what we have is certain well-defined principles which will be formulated by the House. The States will know where they are. The States will know what they have to observe in the matter of the rates, the system of levy and so on, and therefore, they will not have to run to the Central Government or await the pleasure of the Central Government for the bringing into force of their laws. That way, the new clause is certainly an improvement. But I think it would have been better if commodities essential for the life of the community had also been included in it. That is why I had suggested by my amendment No. 8, that besides commodities of special importance for inter-State trade or commerce, commodities essential for the life of the community may also be included in this, so that levy of sales-tax on such commodities, if it is made at all, is to be made subject to certain principles.

Of course, sales-tax on such commodities should be levied with great care, if it has to be levied at all, because in many cases, it will hit the poorer sections of the population very hard, and it may reduce the standard of living of the population even further. Already, the standard of living of the people is low enough. If the essential commodities also are going to be taxed, then the standard of living will be in great jeopardy. However, if the essential commodities are to be taxed at all, they must be taxed in accordance with certain principles, and they should not be taxed in such a way that there is temptation for extensive smuggling between different States, for, in that case, the result will be an upsetting of the economy of one State or another, and it may lead to great misery among the population.

With these words, I commend my amendment for the acceptance of the House.

**Mr. Speaker :** I shall now put the amendments to vote. First, I shall take

up Pandit Thakur Das Bhargava's amendments.

The question is :

Page 2—

(i) line 13—

*before* "any law" *insert* "(a)"

(ii) *after* line 19, *add* :

"(b) any law of a State shall in so far as it imposes or authorises the imposition of a tax on the sale or purchase of goods not mentioned in the preceding sub-clause (a) shall be subject to such restriction and conditions as Parliament may by law impose in the interests of uniformity in the State or with the other parts of India or of equitable incidence of the tax or freedom from taxation of goods which constitute necessities of life for the State concerned."

*The motion was negatived.*

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

Page 2, lines 15 and 16—

*for* "to be of special importance in inter-State trade or commerce" *substitute* :

"to be essential for the life of the community"

*The motion was negatived.*

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

Page 2 line 16—

*after* "trade or commerce" *insert* :

"or which are declared to be necessities of life"

*The motion was negatived.*

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

Page 2, line 16—

*after* "trade or commerce" *insert* :

"including among others food-grains, coarse cloth, salt, kerosene and fodder."

*The motion was negatived.*

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

Page 2—

*after* line 19, *add* :

"(4) No law made by the Legislature of a State imposing or

[Mr. Speaker]

authorising the imposition of a tax on the sale or purchase of any such goods as have been declared by Parliament by law to be necessary for the life of the State concerned or for the whole of India shall have effect unless it has been reserved for the consideration of the President and has received his assent.

(5) All such laws shall be made and taxes if any levied shall be subject to the provisions of Part XIII of the Constitution."

*The motion was negatived.*

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

Page 2—

after line 19, add:

"(4) No law made by the Legislature of a State imposing or authorising the imposition of a tax on the sale or purchase of any such goods as have been declared by Parliament by law to be essential for the life of the community shall have effect unless it has been reserved for the consideration of the President and has received his assent."

*The motion was negatived.*

**Mr. Speaker :** Then, there are amendments Nos. 17 and 19 by Shri Jhunjhunwala. Does the hon. Member want to put them to vote ?

**Shri Jhunjhunwala :** I would like to withdraw them.

**Mr. Speaker :** Has the hon. Member leave of the House to withdraw his amendments ?

**Several Hon. Members :** Yes.

*The amendments were, by leave, withdrawn.*

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

Page 2, line 15—

after "to be" insert "essential for life the community or."

*The motion was negatived.*

**Mr. Speaker :** I shall now put all the clauses together to vote.

The question is :

"That clauses 2, 3 and 4 stand part of the Bill".

**Pandit Thakur Das Bhargava :** What about the Enacting Formula and the Title ?

**Mr. Speaker :** They require a simple majority.

**Shri Sadhan Gupta :** There should be an amendment to the Title. It should be the Constitution (Sixth Amendment) Bill.

**Mr. Speaker :** Yes.

I will put clauses 2, 3 and 4 which alone require a special majority. As regards clause 1 (Short Title), the Enacting Formula and the Title, the rule provides :

"Provided further that the Short Title, the Enacting Formula and the Long Title may be adopted by a simple majority".

Also there is an amendment to the Short Title. Unless it should create any impression as to any precedent for the future that clause 1 also requires a special majority, I will put clause 1 separately.

The question is :

"That clauses 2, 3 and 4 stand part of the Bill."

*The Lok Sabha divided : \*Ayes 328  
Noes 2.*

Division No.5

AYES

4.44 P. M.

Abdullahai, Mulla  
Abdus Sattar, Shri  
Achal Singh, Seth  
Achuthan, Shri  
Agarawal, Shri H. L.  
Ayarawa, Shri M. L.  
Ajit Singh, Shri  
Akarpuri, Sardar  
Altekar, Shri  
Ansari, Dr.  
Asthana, Shri  
Azad Shri Bhagwat Jha

Babunath Singh, Shri  
Badan Singh, Ch.  
Balkrishnan, Shri  
Balasubramaniam, Shri  
Baldev Singh, Sardar  
Balmiki, Shri  
Bansal, Shri  
Barman, Shri  
Barupal, Shri P.L.  
Basappa, Shri  
Bhagat, Shri B. R.  
Bhakat Darshan, Shri

Bharati, Shri G. S.  
Bhargava, Pandit M. B.  
Bhargava, Pandit Thakur Das  
Bhatkar, Shri  
Bhatt, Shri C.  
Bhawanji, Shri  
Bheekha Bhai, Shri  
Bidari, Shri  
Birbal Singh, Shri  
Borker, Shrimati Anusayabai  
Borooah, Shri  
Bose, Shri P. C.

\*The result of this is applicable to each of the clauses 2, 3 and 4 separately.

Brajeshwar Prasad, Shri  
 Brechmo-Choudhury, Shri  
 Buchhikotaiab, Shri  
 Chakravartty, Shrimati Renu  
 Chaliha, Shri Binjalaprosad  
 Chanda, Shri Anil K.  
 Chandak, Shri  
 Chandrasekhar, Shrimati  
 Charak, Th Lakshman Singh  
 Chatterjee, Dr. Sussilranjan  
 Chaturvedi, Shri  
 Chaudhary, Shri G. L.  
 Chavda, Shri  
 Chettiar, Shri Nagappa  
 Chowdary, Shri C.R.  
 Chowdhury, Shri N. B.  
 Dabhi, Shri  
 Damodaran, Shri Nettur P.  
 Das, Dr. M. M.  
 Das, Shri B.  
 Das, Shri B. K.  
 Das, Shri K. K.  
 Das, Shri N. T.  
 Das, Shri Ram Dhani  
 Das, Shri Ramananda  
 Das, Shri Shree Narayan  
 Datar, Shri  
 Deb, Shri S. C.  
 Desai, Shri K. N.  
 Desai, Shri Khandubhai  
 Deshmukh, Dr. P. S.  
 Deshmukh, Shri C. D.  
 Deshmukh, Shri K. G.  
 Deshpande, Shri G. H.  
 Dholakia, Shri  
 Dhulekar, Shri  
 Dhusiya, Shri  
 Digambar Singh, Shri  
 Diwan, Shri R. S.  
 Dube, Shri Mulchand  
 Dubey, Shri R. G.  
 Dutta, Shri S. K.  
 Dwivedi, Shri D. P.  
 Dwivedi, Shri M. L.  
 Eacharan, Shri I.  
 Ebenezer, Dr.  
 Gadgil, Shri  
 Gadlingana Gowd, Shri  
 Gandhi, Shri Feroze  
 Gandhi, Shri M. M.  
 Gandhi, Shri V. B.  
 Ganga Devi, Shrimati  
 Ganpati Ram, Shri  
 Garg, Shri R. P.  
 Gautam, Shri C. D.  
 Ghose, Shri S. M.  
 Ghosh, Shri A.  
 Giri, Shri V. V.  
 Gopalan, Shri A. K.  
 Gounder, Shri K. P.  
 Gounder, Shri K. S.  
 Govind Das, Seth  
 Guha, Shri A. C.  
 Gupta, Shri Badshah  
 Gupta, Shri Sadhan  
 Gurupadaswamy, Shri M. S.  
 Hansda, Shri Benjamin  
 Hari Mohan, Dr.  
 Hasda, Shri Subodh  
 Hazarika, Shri J. N.  
 Hembrom, Shri  
 Hem Raj, Shri  
 Hemkam Singh, Sardar  
 Hyder Hussein, Ch.  
 Ibrahim, Shri  
 Iqbal Singh, Sardar  
 Iyyunni, Shri C. R.  
 Jagivan Ram, Shri  
 Jain, Shri N. S.  
 Jajware, Shri  
 Jangde, Shri  
 Jatav-vir, Dr.  
 Jayashri, Shrimati  
 Jena, Shri K. C.  
 Jena, Shri Niranjana  
 Jeshan, Shri  
 Jhunjhuwala, Shri  
 Jogendra Singh, Sardar  
 Joshi, Shri Jethalal  
 Joshi, Shri Liladhar  
 Joshi, Shri M. D.  
 Joshi, Shri N. L.  
 Joshi, Shrimati Subhadra  
 Jwala Prashad, Shri  
 Kajrolkar, Shri  
 Kale, Shrimati A

Kamble, Dr.  
 Kanungo, Shri  
 Karmarkar, Shri  
 Kasliwal, Shri  
 Katham, Shri  
 Katiu, Dr.  
 Kazmi, Shri  
 Keshavaingar, Shri  
 Keskar, Dr.  
 Khan, Shri Sadath Ali  
 Khedkar, Shri G. B.  
 Khongmen, Shrimati  
 Khuda Baksh, Shri M.  
 Kirilolkar, Shri  
 Kolsa, Shri  
 Kottukappally, Shri  
 Krishna, Shri M. R.  
 Krishna Chandra, Shri  
 Krishnamachari, Shri T. T.  
 Krishnappa, Shri M. V.  
 Nakshmayya Shri  
 Lalalaji, Shri  
 Laskar, Shri  
 Lingam, Shri N. M.  
 Lotan Ram, Shri  
 Madiah Gowda, Shri  
 Majhi, Shri R. C.  
 Malithia, Sardar  
 Malaviya, Shri K. D.  
 Malliah, Shri U. S.  
 Malviya, Shri B. N.  
 Malviya, Pandit C. N.  
 Malviya, Shri Motilal  
 Mandal, Dr. P.  
 Masuriya Din, Shri  
 Mathew, Shri  
 Matthen, Shri  
 Mehta, Shri Balwant Sinha  
 Menon, Shri Damodara  
 Minimata, Shrimati  
 Mishra, Shri Bibhuti  
 Mishra, Shri Lokenath  
 Mishra, Shri S. N.  
 Misra, Pandit Lingaraj  
 Misra, Shri B. N.  
 Misra, Shri R. D.  
 Misra, Shri S. P.  
 Misir, Shri V.  
 Mohiuddin  
 Morarka, Shri  
 More, Shri K. L.  
 More, Shri S.S.  
 Muhammed Shaffee, Chaudhuri  
 Mukne, Shri Y. M.  
 Munishwamy, Shri N. R.  
 Murthy, Shri B. S.  
 Muthukrishnan, Shri  
 Naidu, Shri N. R.  
 Nair, Shri C. K.  
 Nambiar, Shri  
 Nanda, Shri  
 Narasimhan, Shri C. R.  
 Naskar, Shri P. S.  
 Nataranjan, Shri  
 Natawadkar, Shri  
 Nayar, Shri V. P.  
 Nehru, Shri Jawaharlal  
 Nehru, Shrimati Sivrajvati  
 Nehru, Shrimati Uma  
 Neswi, Shri  
 Nevatia, Shri  
 Nijalingappal Shri  
 Palchoudhury, Shrimati Ila  
 Pandey, Shri B. D.  
 Pandey, Shri C. D.  
 Pandey, Dr. Natabar  
 Pannalal, Shri  
 Paragi Lal, Ch.  
 Parekh, Dr. J. N.  
 Parikh, Shri S. G.  
 Parmar, Shri R. B.  
 Pataskar, Shri  
 Patel, Shri B. K.  
 Patel, Shri Rajeshwar  
 Patel, Shrimati Maniben  
 Pateria, Shri  
 Patil, Shri Kanavade  
 Patil, Shri Shankargauda  
 Pawar, Shri V. P.  
 Pillai, Shri Thanu  
 Prabhakar, Shri Naval  
 Rachiah, Shri N.  
 Radha Raman, Shri  
 Raghavachari, Shri  
 Raghuraj Sahai, Shri  
 Raghuraj Singh, Ch.

Raghunath Singh, Shri  
 Rahman, Shri M. H.  
 RajBahadur, Shri  
 Rajbhoj, Shri P. N.  
 Ramachander, Dr. D.  
 Ramaseshaiah, Shri  
 Ramaswamy, Shri P.  
 Ramaswamy, Shri S. V.  
 Ram Dass, Shri  
 Ram Krishan Shri  
 Ram Saran, Shri  
 Ram Subhag Singh, Dr.  
 Ranbir Singh, Ch.  
 Rane, Shri  
 Ranjit Sineh, Shri  
 Rao, Shri Rajagopala  
 Rao, Shri T. B. Vithal  
 Ray, Shri B. K.  
 Reddi, Shri Ramachandra  
 Reddy, Shri B. V.  
 Reddy, Shri Janardhan  
 Reddy, Shri Viswanatha  
 Roy, Shri Bishwa Nath  
 Rup Narain, Shri  
 Sahu, Shri Bhagabaat  
 Sahu, Shri Rameshwar  
 Saigal, Sardar A. S.  
 Saksena, Shri Mohanlal  
 Samanta, Shri S. C.  
 Sanganna, Shri  
 Sankarapandian, Shri  
 Sarma Shri Debendra Nath  
 Satish Chandra, Shri  
 Satyawadi, Dr.  
 Sen, Shri P. G.  
 Sen, Shrimati Sushama  
 Sewal, Shri A. R.  
 Shah, Shri C. C.  
 Shah, Shri Raichandbhai  
 Sharma, Pandit Balkrishna,  
 Sharma, Pandit K. C.  
 Sharma, Shri D. C.  
 Sharma, Shri K. R.  
 Shastrri, Shri Algu Rai  
 Shivamanjappa, Shri  
 Shukla, Pandit B.  
 Singh, Shri D. N.  
 Singh, Shri D. P.  
 Singh, Shri H. P.  
 Singh, Shri L. Jogeswar  
 Singh, Shri M. N.  
 Singh, Shri T. N.  
 Singhal, Shri S. C.  
 Sinha, Dr. S. N.  
 Sinha, Shri A. P.  
 Sinha, Shri Anirudha  
 Sinha, Shri G. P.  
 Sinha, Shri Julan  
 Sinha, Shri K. P.  
 Sinha, Shri Nageshwar Prasad  
 Sinha, Shri S.  
 Sinha, Shri Satya Narayan  
 Sinha, Shri Satyendra Narayan  
 Sinha, Shrimati Tarkeshwari  
 Sinhansan Singh, Shri  
 Siva, Dr. Gangadhara  
 Sntakar, Shri  
 Sodhia, Shri K. C.  
 Subrahmanyam, Shri T.  
 Subramania Chettiar, Shri  
 Sunder Lal, Shri  
 Suresh Chandra, Dr.  
 Suriya Prasad, Shri  
 Swaminathan, Shrimati Ammu  
 Tandon, Shri  
 Tek Chand, Shri  
 Telkikar, Shri  
 Tewari, Sardar R. B. S.  
 Thimmaiah, Shri  
 Thomas, Shri A. M.  
 Tivary, Shri V. N.  
 Tiwari, Pandit B. L.  
 Tiwari, Shri R. S.  
 Tiwary, Pandit D. N.  
 Tripathi, Shri H. V.  
 Tripathi, Shri K. P.  
 Tripathi, Shri V. D.  
 Tyagi, Shri  
 Uikev, Shri  
 Upadhyay, Panit Munishwar Dutt  
 Upadhyaya, Shri Sivha Datt  
 Vaishnav, Shri H. G.  
 Vaishya, Shri M. B.  
 Varma, Shri B. B.  
 Veeraswamy, Shri  
 Venkataraman, Shri

Verma, Shri Ramji.  
Vidyainkar, Shri A. N.

Vishwanath Prasad, Shri  
Vyas, Shri Radhelal

Wilson Shri J. N.,  
Wodeyar, Shri

NOES

Deshpande, Shri V. G.

Sharma Shri Nand Lal

*The motion was adopted.*

**Mr. Speaker :** The motion is carried by a majority of the total membership of the House and by a majority of not less than two-thirds of the Members present and voting.

*Clause 2, 3 and 4 were added to the Bill*

**Clause 1—(Short Title)**

**Shri C. D. Deshmukh :** I beg to move :

In page 1, line 3—

for “(Tenth Amendment)” substitute “(Sixth Amendment)”

I have been advised that this will be actually the sixth Bill to be passed. Subject to scrutiny, it should be sixth and not tenth.

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

In page 1, line 3—

for “(Tenth Amendment)” substitute “(Sixth Amendment)”.

*The motion was adopted.*

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

“That clause 1, as amended, stand part of the Bill.”

*The motion was adopted.*

*Clause 1, as amended was added to the Bill.*

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

“That the Enacting Formula and the Title, stand part of the Bill.”

*The motion was adopted.*

*The Enacting Formula and the Title were added to the Bill.*

**Shri C. D. Deshmukh :** I beg to move :

“That the Bill, as amended, be passed.”

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

“That the Bill, as amended, be passed.”

*The Lok Sabha divided : Ayes 333 ; Noes 2.*

DIVISION No. 6

AYES

5 P. M.

Abdullahai, Mulla  
Abdus Sattar, Shri  
Achal Singh, Seth  
Achuthan, Shri  
Agarwal, Shri H. L.  
Agarwal, Shri M. L.  
Ajit Singh, Shri  
Akarpuri, Sardar  
Altekar, Shri  
Ansari, Dr.  
Asthana, Shri  
Azad, Shri Bhagwat Jha  
Babunath Singh, Shri  
Badan Singh, Ch.  
Balakrishnan, Shri  
Balasubramaniam, Shri  
Baldev Singh, Sardar  
Balmiki, Shri  
Bansal, Shri  
Barman, Shri  
Barupal, Shri P. L.  
Baruppa, Shri  
Bhagat, Shri B. R.  
Bhakt Darshan, Shri  
Bharati, Shri G. S.  
Bhargava, Pandit M. B.  
Bhargava, Pandit Thakur Das  
Bhatkar, Shri  
Bhatk, Shri C.  
Bheekha Bhai, Shri  
Bidari, Shri  
Birleal Singh, Shri  
Borkar, Shrimati Anusayabai

Borooha, Shri  
Bose, Shri P. C.  
Brajeshwar Prasad, Shri  
Brohmo-Choudhury, Shri  
Chakravartty, Shrimati Renu  
Chaliha, Shri Bimalaprosad  
Chanda, Shri Anil K.  
Chandak, Shri  
Chandrasekhar, Shrimati  
Charak, Th. Lakshman Singh  
Chatterjee, Dr. Susilranjan  
Chaturvedi, Shri  
Chaudhary, Shri G. L.  
Chavda, Shri  
Chettiar, Shri Nagappa  
Chowdhary, Shri C. R.  
Chowdhury, Shri N. B.  
Dabhi, Shri  
Damodaran, Shri Netur P.  
Das Dr. M. M.  
Das Shri B.  
Das Shri B. K.  
Das, Shri K. K.  
Das, Shri N. T.  
Das, Shri Ram Dhani  
Das, Shri Ramananda  
Das, Shri Sarangadhar  
Das, Shri Shree Narayan  
Datar, Shri  
Deb Shri S. C.  
Desai, Shri K. N.  
Desai, Shri Khandubhai

Deshmukh, Dr. P. S.  
Deshmukh, Shri C. D.  
Deshmukh, Shri K. G.  
Deshpande, Shri G. H.  
Dholakia, Shri  
Dhulekar, Shri  
Dhusiya, Shri  
Digambar Singh, Shri  
Diwan, Shri R. S.  
Dube, Shri Mulchand  
Dubey, Shri R. G.  
Dutta, Shri S. K.  
Dwivedi, Shri D. P.  
Dwivedi, Shri M. L.  
Eacharan, Shri I.  
Ebenezer, Dr.  
Fotedar, Panit  
Gadgil, Shri  
Gadlingana Gowd, Shri  
Gandhi, Shri Feroze  
Gandhi, Shri M. M.  
Gandhi, Shri V. B.  
Ganga Devi, Shrimati  
Gangapati Ram, Shri  
Garg, Shri R. P.  
Gautam, Shri C. D.  
Ghose, Shri S. M.  
Ghosh, Shri A.  
Ghulam Qadar, Shri  
Gidwani, Shri  
Giri, Shri V. V.  
Gopalan, Shri A. K.  
Gounder, Shri K. P.

Gounder, Shri K. S.  
 Govind Das, Seth  
 Guha, Shri A. C.  
 Gupta, Shri Badshah  
 Gupta, Shri Sadhan  
 Gurupadaswamy, Shri M. S.  
 Hansda, Shri Benjamin  
 Hari Mohan, Dr.  
 Hasda, Shri Subodh  
 Hazarika, Shri J. N.  
 Hembram, Shri J.  
 Hem Raj, Shri  
 Hukam Singh, Sardar  
 Hyder Huscin, Ch.  
 Ibrahim, Shri  
 Iqbal Singh, Sardar  
 Ivyunni, Shri C. R.  
 Jagjivan Ram, Shri  
 Jain, Shri N. S.  
 Jajwale, Shri  
 Jange, Shri  
 Jatav-vir, Dr.  
 Jayashri, Shrimati  
 Jethan, Shri  
 Jhunjhunwala, Shri  
 Jyendra Singh, Sardar  
 Joshi, Shri Jethalal  
 Joshi, Shri Liladhar  
 Joshi, Shri M. D.  
 Joshi, Shri N. L.  
 Joshi, Shrimati Subhadra  
 Jwala Prasad, Shri  
 Kajrolkar, Shri  
 Kale, Shrimati A.  
 Kamble, Dr.  
 Kanlingo, Shri  
 Karmarkar, Shri  
 Kasliwal, Shri  
 Katham, Shri  
 Katju, Dr.  
 Kazmi, Shri  
 Kesavaiaengar, Shri  
 Keskar, Dr.  
 Khan, Shri Sadath Ali  
 Khedkar, Shri G. B.  
 Khongineni, Shrimati  
 Khuda Baksh, Shri N. M.  
 Kirolikar, Shri  
 Kolay, Shri  
 Kottukapally, Shri  
 Krishna, Shri M. R.  
 Krishna Chandra, Shri  
 Krishnamachari, Shri T. T.  
 Krishnappa, Shri M. V.  
 Lakshmayya, Shri  
 Lallanji, Shri  
 Laskar, Shri  
 Lingam, Shri N. M.  
 Lotan Ram, Shri  
 Madiah Gowda, Shri  
 Majhi, Shri R. C.  
 Majithia, Sardar  
 Malaviya, Shri K. D.  
 Malliah, Shri U. S.  
 Malvia, Shri B. N.  
 Malviya, Pandit C. N.  
 Malviya, Shri Motilal  
 Mandal, Dr. P.  
 Masoodi, Maulana  
 Masuriya Din, Shri  
 Mathew, Shri  
 Matheen, Shri  
 Mehta, Shri B. G.  
 Mehta, Shri Balwant Sinha  
 Menon, Shri Damodara  
 Minimata, Shrimai  
 Mishra, Shri Bibhuti  
 Mishra, Shri Lokenat  
 Mishra, Shri S. N.

Misra, Pandit Lingaraj  
 Misra, Shri B. N.  
 Misra, Shri R. D.  
 Misra, Shri S. P.  
 Misir, Shri V.  
 Mohiuddin  
 Morarka, Shri  
 More, Shri K. L.  
 More, Shri K. L.  
 More, Shri K. S.  
 Muhammed Shafee, Chaudhuri  
 Mukne, Shri Y. M.  
 Muniswamy, Shri N. R.  
 Murthy, Shri B. S.  
 Muthukrishnan, Shri  
 Naidu, Shri N. R.  
 Nair, Shri C. K.  
 Nambiar, Shri  
 Nanda, Shri  
 Narasimhan, Shri C. R.  
 Naskar, Shri P. S.  
 Nataranjan, Shri  
 Natawadkar, Shri  
 Nathwani, Shri N. P.  
 Nayar, Shri V. P.  
 Nehru, Shri Jawaharlal  
 Nehru, Shrimati Shivravjati  
 Nehru, Shrimati Uma  
 Neswi, Shri  
 Nevatia, Shri  
 Nijalingappa, Shri  
 Pachoudhury, Shrimati Ila  
 Pande, Shri, B. D.  
 Pande, Shri C. D.  
 Pandey, Dr. Natabar  
 Pannalal, Shri  
 Paragi Lal, Ch.  
 Parekh, Dr. J. N.  
 Parish, Shri S. G.  
 Parmar, Shri R. B.  
 Pataskar, Shri  
 Patel, Shri B. K.  
 Patel, Shri Rajeshwar  
 Patel, Shrimati Manibhen  
 Pateria, Shri  
 Patil, Shri Kanavade  
 Patil, Shri Shankargauda  
 Pawar, Shri V. P.  
 Pillai, Shri Thanu  
 Prabhakar, Shri Naval  
 Rachiah, Shri N.  
 Radha Raman, Shri  
 Raghavachari, Shri  
 Raghunath Sahai, Shri  
 Raghuvir Singh, Ch.  
 Raghunath Singh, Shri  
 Rahman, Shri M. H.  
 Raj Bahadur, Shri  
 Rajabhoj, Shri P. N.  
 Ramachander, Dr. D.  
 Ramanand Shastri, swami  
 Ramananda Tirtha, swami  
 Ramaseshaiah, Shri  
 Ramaswamy, Shri P.  
 Ramaswamy, Shri S. V.  
 Ram Dass, Shri  
 Ram Krishan Shri  
 Ram Saran, Shri  
 Ram Subhag Singh, Dr.  
 Ranbir Singh, Ch.  
 Rane, Shri  
 Ranjit Singh, Shri  
 Rao, Shri Rajagopala  
 Rao, Shri T. B. Vittal  
 Ray, Shri B. K.  
 Reddi, Shri Ramachandra  
 Reddy, Shri B. Y.  
 Reddy, Shri Janardhan  
 Reddy, Shri Viswanatha

Roy, Shri Bishwa Nath  
 Rup Narain, Shri  
 Sahu, Shri Bhagabat  
 Sabu, Shri Rameshwar  
 Saigal, Sardar, A. S.  
 Saksena, Shri Mohanlal  
 Samanta, Shri S. C.  
 Sanganna, Shri  
 Sankarapandian, Shri  
 Sarma Shri Debendra Nath,  
 Satish Chandra, Shri  
 Satiyawadi, Dr.  
 Sen, Shri P. C.  
 Sen, Shrimati Sushama  
 Sewal, Shri A. R.  
 Shah, Shri C. C.  
 Shah, Shri Raichandbhai  
 Sharma, Pandit Balkrishna.  
 Sharma, Pandit K. C.  
 Sharma, Shri D. C.  
 Sharma, Shri K. R.  
 Shastri, Shri Algu Rai  
 Shivananjappa, Shri  
 Shukla, Pandit, B.  
 Sindh, Shri D. N.  
 Singh, Shri D. P.  
 Singh, Shri H. P.  
 Singh, Shri L. Jogeswar  
 Singh, Shri M. N.  
 Singh, Shri T. N.  
 Singhal, Shri S. C.  
 Sinha, Dr. S. N.  
 Sinha, Shri A. P.  
 Sinha, Shri Anirudha  
 Sinha, Shri G. P.  
 Sinha, Shri Jhulan  
 Sinha, Shri K. P.  
 Sinha, Shri Nageshwar Prasad  
 Sinha, Shri S.  
 Sinha, Shri Satya Narayan  
 Sinha, Shri Satyendra Narayan  
 Sinha, Shrimati Tarkeshwari  
 Sinhasan Singh, Shri  
 Siva, Dr. Gangadara  
 Snatak, Shri  
 Sothia, Shri K. C.  
 Subrahmanyam, Shri T.  
 Subramania Chettiar, Shri  
 Sunder Lal, Shri  
 Suresh Chandra, Dr.  
 Suriya Parshad, Shri  
 Swaminathan, Shrimati Ammu  
 Tandon, Shri  
 Tek Chand, Shri  
 Telikar, Shri  
 Tewari, Sardar R. B. S.  
 Thimmaiah, Shri  
 Thomas, Shri A. M.  
 Tiwary, Shri V. N.  
 Tiwari, Pandit. B. L.  
 Tiwari, Shri R. S.  
 Tiwary, Pandit D. N.  
 Tripathi, Shri H. V.  
 Tripathi, Shri V. D.  
 Tygi, Shri  
 Uikry, Shri  
 Upadhyaya, Shri Shiva Datt  
 Vaishnav, Shri H. G.  
 Vaishya, Shri M. B.  
 Varma, Shri B. B.  
 Veeraswamy, Shri  
 Venkataraman, Shri  
 Varma, Shri Ramji  
 Vidyalankar, Shri A. N.  
 Vishwanath Prasad, Shri  
 Vyas, Shri Radhelal  
 Wilson, Shri J. N.  
 Wodeyar, Shri

## NOES

Deshpande, Shri V. G.

Sharma, Shri Nand Lal

*The motion was adopted.*

**Mr. Speaker:** The motion is carried by a majority of the total membership of the House and by a majority of not

less than two-thirds of the Members present and voting. The Bill as amended is passed.