

wants to object. He was sitting in his seat without any seriousness and I too heard something but I never considered that they were meant to be serious. We will take up the next business.

ELECTION TO COMMITTEE

INDIAN INSTITUTE OF TECHNOLOGY,
KHARAGPUR

The Deputy Minister of Education
(Dr. M. M. Das): I beg to move:

"That the members of this House do proceed to elect, in such manner as the Speaker may direct, two members from among themselves to serve on the Board of Governors of the Indian Institute of Technology, Kharagpur, from the date the Indian Institute of Technology (Kharagpur) Act, 1956, comes into force, in pursuance of the provisions of clause (h) of Section 11 of the said Act."

Mr. Deputy-Speaker: The question is:

"That the members of the House do proceed to elect, in such manner as the Speaker may direct, two members from among themselves to serve on the Board of Governors of the Indian Institute of Technology, Kharagpur, from the date the Indian Institute of Technology (Kharagpur) Act, 1956, comes into force, in pursuance of the provisions of clause (h) of Section 11 of the said Act."

The motion was adopted

CENTRAL SALES TAX BILL

The Minister of Revenue and Civil Expenditure (Shri M. C. Shah): Sir, I beg to move:

"That the Bill to formulate principles for determining when a sale or purchase of goods takes place in the course of inter-State trade or commerce or outside a State or in the course of

import into or export from India, to provide for the levy, collection and distribution of taxes on sales of goods in the course of inter-State trade or commerce and to declare certain goods to be of special importance in inter-State trade or commerce and specify the restrictions and conditions to which State laws imposing taxes on the sale or purchase of such goods of special importance shall be subject, be taken into consideration."

The House has had an opportunity of discussing the recommendations of the Taxation Enquiry Commission on the subject of Sales Tax when the Constitution (Sixth) Amendment Bill was taken up in the Budget Session. You are aware that the Commission, after going very carefully and in detail into the problem of sales-tax, came to the conclusion that it must be a State tax and its levy, distribution, etc. must rest with the State. But, they also stated that the power and responsibility of the State should end and those of the Union must begin when the tax falls administratively on the dealers and financially on the consumers of another State. The House is also well aware that the Taxation Enquiry Commission recommended that there must be some control of the union over the sales-tax when it is imposed on certain raw materials which are very necessary for the manufacture of certain goods, whether those raw materials are produced in one State and the goods are also manufactured in the same State or the raw materials are exported to another State and the goods are manufactured in that State. It added that the question of the cost of the manufactured goods is a matter of concern for the Central Government, and if no restriction is placed on the powers of the States to impose sales tax on the raw materials going into the manufacture of certain goods, then the cost will be rather increased and the consumers will be affected. Therefore, it has stated that six articles of raw materials are

*Moved with the recommendation of the President.

[Shri M. C. Shah.]

of special importance to inter-State trade. There should be a declaration by the Parliament and there should be restrictions on the imposition of the sales-tax on those commodities.

All these recommendations required certain constitutional changes. As the Constitution stood before the Sixth Amendment, article 286 dealt with inter-State sales tax as well as sales-tax on items of export and import. On 30th March, 1953 the Supreme Court gave a judgment. It declared that when there is an inter-State transaction or a transaction in commerce or trade of inter-State nature, under article 286(1) (a) explanation, the sellers of those goods which were sent to other States for delivery and consumption in those States, can be taxed; that is, those States can levy tax on the non-resident dealers of another State which had sent those goods.

There were many representations from the traders. There were harassments. They had to study the sales tax laws of so many States and appear before so many States' authorities. They had to prepare so many returns. All these difficulties dropped up and they represented to the Central Government.

The Central Government had a provisional scheme whereby these harassments were rather minimised. At that time the Taxation Enquiry Commission was looking into the question of sales-tax. Before the Government could undertake any legislation, there was another judgment of the Supreme Court on the 6th September 1955. It has been decided there that unless a law is enacted by the Parliament, no State can levy tax on the inter-State transactions of commerce and trade. So, a lacuna was created and it was found necessary that the Centre should undertake some legislation for this purpose. Some constitutional changes were also necessary at that time and so the Government came to the Parliament with the Constitution (Sixth) Amendment Bill.

We added one more item—item No. 92(a)—in the Central list in order to authorise the Central Parliament to pass laws with regard to sales tax on inter-State trade and commerce. We also amended item No. 54 in the State List. We amended article 269 and added two clauses. One was with regard to sales-tax on inter-State trade and commerce. Parliament was authorised to formulate principles on which these sales took place, either in the inter-State trade and commerce or outside the State. We deleted the explanation in article 286(1) (a). The Judgment of 1953 enunciated certain principles. This Judgment was considered not to be on sound principles by the Supreme Court in its later judgment of September, 1955. Therefore, we had to delete the explanation in article 286(1) and put in revised sub-sections (2) and (3) to article 286. Under these circumstances, it became important and urgent to bring in legislation as early as possible, because of the lacuna, created by the Supreme Court judgment of 6th September, 1956 saying that no State can levy a tax on these transaction in inter-State trade and commerce. Because of that lacuna, the States also lost a good deal of income. The House is well aware that in the second Five Year Plan, it has been provided that for the resources, the States should get an additional income of Rs. 112 crores through sales-tax. So, unless we give powers to the State to levy the sales-tax on transactions in the course of inter-State trade or commerce, revenue will be lost to the States. A very intriguing situation had arisen after the Supreme Court judgment of 6th September, 1955, whereby some of the people who had already paid taxes on these transactions just gave notice to the States for the refund of the tax. Therefore, we had to bring in the Sales-tax Laws Validation Act of 1956, to validate all those taxes that were imposed by those States and were collected from the traders in order to avert the difficulties that were experienced by the States.

Now, by the present legislation, we are just going to have principles determining as to when the sale or purchase takes place in the course of inter-State trade or commerce, when the sale takes place inside the State or outside the State, etc. Chapter II deals with these points, and Chapter III deals with the rates, incidence of tax, etc. on inter-State sales. It is a small Bill of 16 clauses.

We passed an Essential Goods Act declaring certain goods as essential to the life of the community according to which, whenever any tax was to be levied on those articles, the permission of the Centre had to be obtained before levying the tax, but after the Constitution (Sixth Amendment) Act of 1956, which came into effect in September 1956, after getting the assent of the President, that Act had become void and it had no effect whatsoever. Therefore, we have provided in clause 16 of this Bill that the Essential Goods Act be repealed.

We are aware that there were very strong feelings on the part of some people and on the part of some sections of this House, when the Constitutional amendment was discussed, that over and above those six items which were recommended by the Taxation Enquiry Commission as of special importance, certain other articles also should be added, particularly, food, salt, etc. We stated before the House that we would consult the States in the matter. We called a conference of the representatives of State Governments and we put this matter before them. The States advance the argument that the Centre should not expand this list of six items of raw materials. They stated that they are Governments representing the people of the States and that they would take care to see whether a certain tax on those articles would be rather heavy or not and whether a tax should be imposed or not. They said that the legislators of the State Assemblies were elected by the electors of those States concerned and the State Gov-

ernments were responsible to those electors and that therefore it must be left to them as to whether there should be any tax on these commodities such as food, salt, etc. They said that it must be left to them to see whether they will impose any tax, or how much tax should be imposed, etc. All these things must be left to the State legislatures because they are responsible to the people of the States. They were therefore, strongly opposed to any expansion of the list of these articles. Therefore, we have brought in six items only as goods of special importance. For these articles too, we have placed restrictions, saying that the tax shall not be more than two per cent at one stage in a State. So far as inter-State trade or commerce is concerned, we have generally restricted it to one per cent.

Thus, this is a Bill which vitally affects the revenues of State Governments and the recommendations of the Taxation Enquiry Commission have been generally accepted by the House when the Constitution (Sixth Amendment) Bill was discussed and the Constitution amended accordingly, in order to facilitate this legislation. I hope the House will support this motion and will pass this Bill in due course.

Mr. Deputy Speaker: Motion moved:

"That the Bill to formulate principles for determining when a sale or purchase of goods takes place in the course of inter-State trade or commerce or outside a State or in the course of import into or export from India, to provide for the levy, collection and distribution of taxes on sales of goods in the course of inter-State trade or commerce and to declare certain goods to be of special importance in inter-State trade or commerce and specify the restrictions and conditions to which State laws imposing taxes on the sale or pur-

[Mr. Deputy-Speaker.]

chase of such goods of special importance shall be subject, be taken into consideration".

The total allotment of time for this Bill is 10 hours as recommended by the Business Advisory Committee and approved by the House. May I know the sense of the House as to what time we could allot for general discussion and what time for the rest?

Shri U. M. Trivedi (Chittor): Six hours for general discussion.

Shri Heda (Nizamabad): Certain clauses are very important.

Shri M. C. Shah: It is a very simple measure.

An Hon. Member: Seven hours and three hours.

Mr. Deputy-Speaker: I think seven hours for general discussion and three hours for the remaining stages would be all right. I take it as the general sense of the House. There is also an amendment that the Bill be referred to a Select Committee. It is by Pandit Thakur Das Bhargava. Is he moving it?

Pandit Thakur Das Bhargava (Gurgaon): Yes, I wish to move it.

Mr. Deputy-Speaker: He may move it now, so that the motion and his amendment may both be taken up for discussion.

Shri U. M. Trivedi: That will be exclusive of the time allotted.

Mr. Deputy-Speaker: Even if the does not move it, the total allotment of time is there.

पंडित ठाकुर दास भार्गव : जनाब डिप्टी स्पीकर साहब, मैं यह प्रपोज़िशन मूव करता हूँ :

"That the Bill be referred to a Select Committee consisting of Shri Shree Narayan Das, Shri Fulsinhji, B. Dabhi, Shri Jhulan Sinha, Shri U. M. Trivedi, Shri N. B. Chowdhury, Shri C. P. Gidwani, Shri N. P. Damodaran,

Rajmata Kamalendu Mati Shah, Shrimati Uma Nehru, Shri Sarangadhar Das, Shri Resham Lal Jangde, Shri N. C. Chatterjee, Shri Krishnacharya Joshi, Shri P. T. Punnoose, Shri B. P. Jhunjhunwala, Shri Mohanlal Sak-sena, Shri K. S. Raghavachari, Shri G. L. Bansal, Shri S. S. More, Shri T. T. Krishnamachari and the mover, with instructions to report by the 12th December, 1956".

जनाब वाला, जिस वक्त यह प्राया था . .

श्री ड० मू० त्रिवेदी : पंडित जी, सब प्राप की बात सुनना चाहेंगे इस लिए अग्रेजी में बोलिए तो ज्यादा अच्छा रहेगा ।

पंडित ठाकुर दास भार्गव : अच्छा, आप के हुक्म की तामील करूंगा ।

When I received a copy of this Bill, the Central Sales tax Bill, I was, at that moment, extremely busy, with some work. So, the first thing I did was to find out if the wishes of the House in this matter had been taken notice of and accepted by the Government. I only read one line—clause 14—and I wanted to find out whether foodgrains have been included here or not. To my great astonishment and dismay, I found that foodgrains had not been included.

I would very humbly request the hon. Finance Minister kindly to look into the debates which took place at the time of the Constitution (Tenth Amendment) Bill. At that time, many Members stood up in their seats and requested the Government to be kind enough to include foodgrains. A perusal of those discussions would show that though we did not want any undertaking to be given by the hon. Finance Minister at that time, yet, we were vociferous in expressing our wishes and in asking him to consider the question sympathetically. At that time, he also asked us to realise the situation, and said that

he was not in a position to give any undertaking. We really did not want an undertaking from him.

13 hrs.

With your permission, I would like to quote certain portions of his speech delivered on the 29th May 1956 in connection with the Constitution (Ninth Amendment) Bill. Soon after he concluded his speech moving the consideration of the Bill, the question of allotment of time for the different stages of the Bill arose. In the meantime, I put him the following question. (Page 26, 681 of stencilled Lok Sabha Debates of 29th May 1956) :

"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."

In the earlier portion of his speech, he had stated that one or two things more could be included in the list. On the basis of this I told him :

"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."

To this I stated—

"We do not want any undertaking."

The discussion proceeded, on when Shri C. C. Shah interrupted:

"Foodgrains are of special importance in inter-State trade and commerce so that Parliament can include it."

Upon which I remarked :

"I am sorry I put the question only to the hon. Finance Minister."

To this Shri C. D. Deshmukh replied—

"What I say is that I do not think it right to make a statement as to what Parliament will do on a further occasion."

Then I put it to him again—

"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 Government the views of my hon. friend and others in this matter. I am not aware myself of any strong reasons 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."

[Pandit Thakur Das Bhargava]

In the course of his reply to the debate on the Motion for consideration the Finance Minister said (Page 26, 796 of the stencilled debates of the 29th May 1956):

"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."

The Bill then entered clause by clause consideration. When clause 4 which related to amendment of article 286 came up for discussion, I said (Page 26, 809)—

"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. Minister is one of them who thinks 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."

As the discussion on the Constitution (Amendment) Bill proceeded, though there was no specific undertaking given, yet high expectations were raised and we did believe that

foodgrains would be included. I was not the only person; I have gone through the entire debate and I find that Member after Member rose and put forward this suggestion, and even Members who hold views contrary to those held by me suggested that foodgrains at least should be included in the list.

I would in this connection make a reference to the Report of the Taxation Enquiry Commission. The President of the Commission, Dr. John Matthai was of the view that so far as foodgrains are concerned they are in a peculiar position. Now I find that foodgrains have been excluded. The hon. Shri M. C. Shah just now said that the States held the view that this is a matter to be decided by the representatives of the States and that they were not willing to accept the suggestion by Members of this House. It would have been much better if the whole correspondence between the States and the Central Government as well as the opinions of the various States had been circulated to us. This would have enabled us to know which of the States did not accept the proposal. It is quite clear that this House can if it so likes include foodgrains among the declared articles. There is no doubt about it. This House should have been given an opportunity to exercise its sovereign right of enacting this law. It is this Parliament alone which is competent to enact a law of this nature and the House should have been allowed to have its say. That can only be done when there is a Select Committee. This would have given us an opportunity to know the intensity of feeling among the States and whether the Members of the State Legislatures were consulted or only the executive part of the Government took up this stand. After all it is a question of agreement between the States and the Centre and the Members of this House should have been allowed to have their say in the matter. If the Government agreed with the States

in a matter of this kind behind the back of this Parliament, I do not think they were justified in doing so. Even when the Constitution (Amendment) Bill was under discussion in the House, I pointed out that the hon. Finance Minister was not right in coming to an agreement with the States and facing us with a *fait accompli*. The hon. the Finance Minister made it clear to us that he would communicate the view of the Members of this House to the States. When I pointed out that it was not merely the view of the House, but of his colleagues in the Cabinet, he did not contradict me. I therefore thought that foodgrains would not be the first casualty so far as this Bill is concerned. The matter may be taken to the Select Committee and debated there. We may be shown how the States have reacted to this proposal and we may also be able to impress upon the Finance Minister our feelings in this matter, because it is not a question that has eropped up now. When this question was debated in the Constituent Assembly, some of us had occasion then to take part in the debate. I sent in about 20 amendments so far as this matter is concerned and you know the whole history; you know how this thing developed and how ultimately we accepted the provisions which were existing in our Constitution before this Constitution (Tenth) Amendment Bill was passed.

Originally, in the chapter on fundamental rights, there was clause 16 which said that "trade and industry throughout the whole of India shall be free" though the Parliament was given the power to make any laws it liked. That was not alone; there were other articles in the Constitution scattered all over and ultimately these were all incorporated in articles 301 to 307 as also article 286. At that time all these arguments were gone into and it so happened that our present Finance Minister participated in the debate and gave the final reply. I had moved an amendment that the word "temporary" may be put in one of the

sub-clauses. Then the hon. Finance Minister expressed his opinion that I was perfectly wrong in asking for the word "temporary" to be put in that particular clause. At that time he said that he could not see in the near future any time when we would be self-sufficient in the matter of foodgrains. This is what he said:

"Let me take one particular amendment of my hon. friend Pandit Thakur Das Bhargava. He objects to the wording of clause (2) of article 274C. He says that a situation arising from scarcity of goods must be qualified by the word "temporary". I am asking my hon. friend if he can today say that the scarcity of goods in this country which manifests itself in various parts of this country is going to be a temporary affair. Is it not a matter which is going to be more or less permanent, certainly for a period of years, probably decades?"

I said, "Certainly not". Then, he continued:

"If my hon. friend holds that opinion I can only agree to differ. I for my part do hold that our present position in the matter of food and certain other essential commodities—the scarcity that is attached to them—is a thing which it will be difficult for us to get over even in a period of a decade and over. If my hon. friend is an optimist, I have no quarrel with him, but I am not one of the category that holds such opinions. I have a right to say that the fundamental purpose of this Constitution is that it should enable the citizen of this country to live. On this fundamental principle there can be no difference of opinion. I do believe that we cannot fetter the right of a State to order the economy of the country in such a way that the maximum number of people will be benefited by it."

[Pandit Thakur Das Bhargava]

He proceeded further and it was at his instance that article 274 etc. which are now articles 301 to 306 were put in the Constitution. I may humbly point out to the hon. Finance Minister that in the matter of food, his predictions have not proved true. On the contrary, I maintain that we have attained self-sufficiency in the matter of food. Originally the Government proposition was that it shall attain self-sufficiency in 1951. But did not succeed according to the Government; according to some of us, it did succeed and the controls were not justified. Ultimately the controls were removed. The Government used to say that there was only 10 per cent. deficiency. But now as a result of the Five Year Plans and other efforts made by Government after spending hundreds of crores of rupees, the food situation has improved a lot. During the last five years, the increase has been more than 10 per cent. With regard to certain articles like rice, we begun exporting also. So, I maintain that we have attained self-sufficiency in food and that we are not deficient, though I know that Government is even now importing these articles. That is an enigma to us. Outside, in the country, they say, "we have solved the food problem"; but, when we come to the House, we find that there are so many articles imported from America etc. and there are rice deals with Burma. The Government say, it is for the purpose of storage that they are importing foodgrains. So far as the exponents of the Government view are concerned, they say from the housetops that self-sufficiency has been attained. We do not find the deficiency in the country which we used to find before. I should say that we have attained, if not full sufficiency, a tolerable state of sufficiency and we need not worry for the future. There is also the second Five Year Plan and we find that efforts are being made to increase the food production still more. Foodgrain is a stuff which concerns the poorest man; this is an essential thing which should

go into the category of declared goods.

If you look at the Essential Goods Act, 1952, you will find that the first place of importance was given to cereals and pulses and other things came subsequently. It appears to me now that there is a certain kind of competition between articles of food and raw materials and manufactured articles. Manufactured articles are not found in the category of declared goods. Some of the raw materials are included in this category. When the Constitution Amendment Bill was being considered, the hon. Finance Minister told us that he had received some telegram from the Finance Minister of some other State saying that manufactured goods ought not be included in the list. I thought at that time that some Minister from Bombay might have sent that telegram; I did not know anything; it was a mere surmise. I do not know whether it is correct. I brought to the attention of the House that cotton was included, but not cloth. This means that the Government is favouring the richer people, the manufacturers, at the cost of the producers of raw materials.

So far as all these articles are concerned, I am conscious that there must be uniformity of prices in the country. Even at the very start when we were discussing this in the Constituent Assembly. I submitted these arguments for the consideration of the House. Even at the risk of repetition, I would humbly request the House to consider this matter from the standpoint of the ordinary man. I have submitted those arguments before and I repeat them now. What is the use of your Bhakra Dam, Hirakud and the Tungabhadra Dam? How do these dams enthuse the people who have not got enough foodgrains. The country is one and there should be uniformity of price. The advantage of all these things should be given to each and every person in the country. In regard to

manufactured articles, supposing Bombay Mills produce very good cloth and if it is supplied to me not at the price at which it is supplied in any other place, how do I stand to benefit by it? The first requisite of one unit or one country is that ordinarily speaking, the prices at least of the necessities of life should be the same all over India. Otherwise, I feel that so far as provincialism or parochialism is concerned, they will get better of us. I therefore think that this matter should be reconsidered and debated before a Select Committee and we should be told why the Government are unable to accept this one recommendation, which we thought would be accepted by the Government. Ordinarily, all the Bills that come before this House are taken to the Select Committee. Because, it is in that cool and collected atmosphere that all arguments are made, and the pros and cons are considered. Here, in this House, when an amendment is moved, the Government takes a stand and then we know what the result is. Even the most reasonable amendments are lost in the heat of the moment. When we are in a Select Committee, it happens, every question is thrashed out, arguments are advanced and every one has at least the mental satisfaction that the hon. Minister in charge of the Bill has convinced him or tried to convince him. We may differ, I can understand that. But, we get the satisfaction that everybody is tried to be convinced. We have found that in spite of strong feelings, the feelings of the House have not been cared for by the Government and they have, perhaps, cared for the views of the Executive policy of the State Governments. I am very much doubtful if the State legislatures have been consulted in this matter. If the State legislatures had been consulted, my own view is, they would have said, let the Centre keep this power. We are not opposed to the State legislatures. We know they are very responsible people. At the same time, under the stress of circumstances, when you want money

for a particular purpose, the easiest course is to just include an article in the sales tax. You get the money. This is the difficulty. In the Centre we know that there are certain limitations beyond which no Government could go, be it the Central Government or the State Governments. That caution is likely to be removed if the matter is debated in the State legislatures. Not that I deny the responsibility of the State legislatures. They are responsible people. They can certainly have their say in a matter like this. It was on this account that we enacted article 286(3). Otherwise, all these arguments were there even then. When we enacted article 286(3), we said that so far as essential articles are concerned, only those States which already had taxes like this, were exempted. They were not entirely exempted. In regard to all the other States, we enacted that no law could be passed by a State legislature unless it received the assent of the President. That was a very great check. In respect of even those States where these taxes are already there, they could not increase their taxes. We are now giving a *carte blanche*. One effect of this law will be, in regard to articles which are not declared goods, the State legislatures will get full, complete, unrestricted authority to do what they please. When this Constitution was drawn up, I did not accept this position. When we were going into this matter, I even submitted an amendment for the consideration of the House, saying that even in regard to articles which are not essential, the Centre should be given power in order to ensure uniformity of taxation and freedom from taxation of essential articles. My amendment was not accepted. That is a different matter. Even now, I submit that you should discharge your responsibility to the whole of India. The Central Government is no less responsible than the State Governments. I should say they are more responsible. After all, all the people are Citizens of India and not citizens of particular States. The

[Pandit Thakur Das Bhargava]

Central Government has got more responsibility. So far as the poorest people are concerned, I think the Central Government is not only more responsible, but, at the same time, in my humble opinion, it is in the position of a trustee. The people in the States and elsewhere look up to the Central Government for protection from the vagaries of the State legislatures. It was for this reason that in articles 300 to 307 we enacted that the States will not be able to put even reasonable restrictions unless and until they get the sanction from the Central Government. You will find in article 307 that we have enacted that some Authority will be appointed to see that these provisions are not contravened. Article 307 says :

"Parliament may by law appoint such authority as it considers appropriate for carrying out the purposes of articles 301, 302, 303, and 304, and confer on the authority so appointed such powers and such duties as it thinks necessary."

I do not know if any action has been taken under this provision. No authority has been appointed and nobody has cared to find whether these articles 301 to 304 have been utilised or not and whether in the States there has been excessive taxation. People have complained and complained bitterly. We know of the agitation that took place in the U.P. when the Government of India agreed to allow them to levy certain taxes on foodgrains. We know what took place there. No authority has so far been appointed. I do not know whether the States have, as a matter of fact, behaved in such a wrong fashion that the Government of India might have to take any action. I wish now, when they are giving this kind of power to the States that the authority under article 307 is appointed so that it can see that in regard to necessities and other articles, there is no discrimination and apart from discrimination, there is no excessive restriction. In article

304, the words are:

"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."

But, the rider is very strong. It says:

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

Even now, the Government of India is charged with the responsibility of seeing that, so far as article 304 is concerned, the State legislatures do not outstrip those bounds, which are, as a matter of fact, restrictions of the authority to an extent. Unless the Government of India agree, they cannot put any unreasonable restrictions.

As I was submitting, article 307 requires the appointment of this authority. The rights given in articles 301 to 305, according to me, are justiciable. The matter can be taken to the Supreme Court whether the States have behaved correctly in this matter. Even in respect of Parliament, this matter can be taken to the Supreme Court. I agree with the view of the previous Finance Minister—probably these are the views of the present Finance Minister also—that we shall have to put tax on the common man, if our Second Five Year Plan is to succeed. I know that we cannot but tax the common man. I am not averse to taxing him. After all, the Second Plan is for this benefit and for the benefit of the coming generations of India. At the same time, as I submitted before, and with your permission I am repeating it, the question of questions is whether in doing this you are going to tax the poorest in this land. We have been told in this House by hon. Ministers of the Government of India that people in Orissa and other places do not get even five annas a day. This is an average, which means that some of them must be getting probably half of this amount. Similarly, the old

story that we used to trot out when the Britishers were there was that one-third of the population does not even get two full meals a day. It is not an old story now. Probably it is true that many people do not get two square meals a day.

Shri V. P. Nayar (Chirayukil): One-third may have changed to one half.

Pandit Thakur Das Bhargava: Last time, the hon. Finance Minister, as his first gift to the people of India brought in the duty in respect of cloth, etc. I do not know how far he has succeeded in his effort. This House passed the Bill though some of us very humbly requested him to take such measures as would not impose a tax on the poorest in the land. Today also, I have submitted an amendment that coarse cloth should be regarded as a declared article. I only plead for one kind of people. I do not want that the Government may not realise his full taxes. These two Bills are already before us, for Rs. 16 crores or more. He is entitled to do what he likes and take as much tax as he likes from the rich people and from the middle class people, and I would go further and say, even from those people who are called ordinary people, but with very great respect I submit that such persons about whom it is said that they get five annas a day and who are getting a very meagre amount of cloth should not be taxed, whatever may happen.

Some time back we were given some figures about indirect taxation etc. The broad question does not come in. I only want that he may take whatever steps he likes to ensure that these poor people are not affected by these provisions. I do not see how this can be done unless you bring foodgrains and coarse cloth within the definition of "declared articles".

An amendment has been put in by Shri Tulsidas to enact back all the various provisions of the Central Supplies Act and include them in the category of declared goods. I am not going so far. I am only submitting that apart from other things, at least

foodgrains and fodder and coarse cloth must be regarded as declared articles. I know these are the very things which can give you large income if you tax them in the manner that the State Governments may like to tax them. Therefore, so far as this aspect is concerned, I am anxious that the matter may go to the Select Committee, and all the provisions and all the various views may be put before us. As I said, Shri M. C. Shah and the previous Finance Minister were really agreeable in their heart of hearts not to tax the poor people. I hold the same opinion about our present Finance Minister, that so far as the poor people of this country are concerned, he has a soft corner for them. If the two Finance Ministers and the hon. Members agree and if the State Governments do not agree, it will be a good medicine, and a wholesome medicine, that we are giving to the State Governments to see that they do not utilise the powers which we are giving for the purpose of adversely affecting the poorest in the land. This is my humble justification. I was under the impression that this will be done, and I find that my hopes have been frustrated. I am extremely sorry to see that we have not succeeded, that this Parliament has not succeeded, because I know every Member of this Parliament is anxious that so far as foodgrains, fodder and coarse cloth are concerned, they may be considered declared articles. Of the State Governments defeat us in our purpose, we will only say that we are defeated because of our own hon. Finance Minister. If he agreed with us, I think the State Governments would not have been so bold. After all, as between the State legislatures and the Central Legislature, I think it is the Central legislature which is much more powerful. I need not remind the Members of the provisions of articles 356 and 365 of our Constitution. If I am correct in my appraisal of the views of the hon. Members of this House, I would only beg of the hon. Finance Minister to take this Bill to the Select Committee, and there at least include these two

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or three things in the category of
"declared articles".

As regards other matters which are included in this Bill, unfortunately I am neither an industrialist, nor a manufacturer, nor a trader, and I do not know much of the ins and outs of these things.

Shri Kamath (Hoshangabad): You are much more than that.

Pandit Thakur Das Bhargava: It is very kind of you to say that. So far as the principles are concerned, the hon. Finance Minister, while speaking on the previous Bill, stated that the matter of financial principles is of great importance and complexity and that there will be ample opportunity to go into these matters and see whether the right principles are evolved. I do not think when the Government brings forward this Bill, they should have this kind of haste. It does not allow the Members of this House to understand those principles and to see that the principles are evolved in the right manner. It is only in the Select Committee that this can be done. Otherwise, when the Government has come forward with an *ipsi dixit* and wants to enforce it in the House, the Members are helpless. I have never seen Bills of this importance being rushed through like this, even a Select Committee not being allowed. What is the use of Select Committees at all if in regard to a Bill of this kind we cannot have a Select Committee? In the Select Committee all these matters can be gone into and all these principles can be.....

Shri V. P. Nayar: Who are the Members of the Select Committee which the hon. Member proposes?

Pandit Thakur Das Bhargava: I am quite agreeable to increase the number of Members, and if some of them are not acceptable to the hon. Member, let the names be deleted. This motion is before the House.

Shri Kamath: He wants to be on the Committee.

Pandit Thakur Das Bhargava: Certainly, he will be in the Committee. I only request the hon. Finance Minister kindly to agree to this motion for reference to the Select Committee. If he thinks any other Members should be here, I have absolutely no objection to include them.

At the same time, I have seen that the matter is not delayed. After all, it is a good Bill and the Government and the States think that it is a good Bill and should be passed as soon as possible. I have therefore fixed 12th December for the Select Committee to report so that the Government may be able to get this measure passed in both the Houses. It is in no spirit of idleness or cavilling or something like that I am moving this motion. I am moving this with all respect to the Finance Minister and this House. I want that this House should be enabled to consider all these matters in the right spirit and that we may be able to discuss and understand rightly all these questions which are the subject matter of this Bill.

13-38 hrs.

[MR. SPEAKER in the Chair.]

As a matter of fact, there are persons who do not have sufficient knowledge of these subjects, they do not also follow these matters. Their willing consent, their intelligent and understanding consent should be taken for this Bill. For instance, there are certain offences the gravamen of which we have not been able to understand. I would therefore submit that this Bill may be referred to a Select Committee, not with a view to prolonging this process of enacting this law, but with a view to fully understand all the principles which are hidden or explicit in this Bill.

I would also have liked that certain figures had been circulated to Members of this House so that we could know what was the revenue to the

Government from these taxes on food-grains in the States where foodgrains are taxed, and other relevant figures also, what would be the effect of this two per cent or one per cent which is proposed, what are the present rates, how in the various States the revenues will be affected—all these matters are very pertinent, and in the absence of these, it is very difficult to come to a conclusion whether two per cent or one per cent is correct. I have given notice of an amendment that it may be one per cent. It is only with a desire to see that the tax is as little as possible. I do not want to put it less than that. At the same time, I do not know what amount the Government will be collecting, if you make it two per cent or one per cent. In the absence of these figures, it is most difficult to give any opinion which is an intelligent opinion. If you want to have the Bill passed in this way without the hon. Members of the House fully understanding the implications of it, that is another matter, but if you want that we may understand and go with you, then the best thing is kindly to give these figures, enlighten us, take the matter to the Select Committee and convince us that this is necessary. I stated last time, and I am repeating it now, that if we understand that the only way in which the Second Five Year Plan can be put through is the one which is proposed by Government, then we shall hesitate before saying anything adverse to this measure, though I feel very strongly that so far as the poorest in the land are concerned they should not be taxed. So far as these poorest people are concerned, I do not want to give any graphic description of their condition. But I would submit that with all your plans on the one side and with the interests of these poor people on the other, I would rather say that these poor people should not be taxed than that I should have all your plans etc. Your plans are for the other people, for the richer people, for the middle-class people and even for the ordinary people, but so far as these poor people are concerned, they are more concerned with

the two loaves of bread and the ten or eleven yards of cloth that they have.

Shri Kamath: Sixteen yards.

Pandit Thakur Das Bhargava: Ten or eleven yards is the average. If even these are to be taxed, I do not know what the meaning of this welfare State is.

Shri Kamath: 'Farewell State'.

Shri M. S. Gurupadaswamy
(Mysore): But not well-fed State?

Pandit Thakur Das Bhargava: That is for Shri Kamath to say. So far as I am concerned, I do wish and I do believe that it is a welfare State, and everything will be done by this Government to see that the welfare State is there not in name only, as Shri Kamath says, but in spirit also.

The Minister of Finance and Iron and Steel (Shri T. T. Krishnamachari): What does Shri Kamath believe in?

Pandit Thakur Das Bhargava: He says 'Farewell State' as if he is going to America or England.

Shri Kamath: I said 'Fare well State', not 'Farewell State'.

Pandit Thakur Das Bhargava: With all the emphasis at my command, I have to make this last appeal to you to accept my amendment for reference of this Bill to a Select Committee, for, I feel that nothing will be lost in the seven or eight days that will elapse before the Select Committee present their report. When the Bill comes up again, if you convince us, we shall be with you.

But, for the moment, I can only say that we do not understand the full implications of the Bill. We are not convinced that it is right not to include foodgrains and coarse cloth within the category of declared articles, in spite of the opinion of this House declared in an unequivocal manner. In fact, this fact has also been accepted by the Mover of this motion. The previous Finance Minister had also

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stated categorically that most of the Members wanted it. So, if, in spite of all this, you do not want to include foodgrains, coarse cloth etc. within the category of declared articles, then it is tantamount to saying that the will of this House and the opinion of most of the Members of this House will not be given effect to and democracy will be baulked of its due.

Shri K. C. Sodhia (Sagar): In order to be able to support the motion, I want to put one or two questions to the Minister of Finance.

Mr. Speaker: He may put them later on.

Amendment moved:

"That the Bill be referred to a Select Committee consisting of Shri Shree Narayan Das, Shri Fulsinhji B. Dabhi, Shri Jhulan Sinha, Shri U. M. Trivedi, Shri N. B. Chowdhury, Shri C. P. Gidwani, Shri N. P. Damodaran, Rajmata Kamlendu Mati Shah, Shrimati Uma Nehru, Shri Sarangadhar Das, Shri Resham Lal Jangde, Shri N. C. Chatterjee, Shri Krishnacharya Joshi, Shri P. T. Punnoose, Shri B. P. Jhunjhunwala, Shri Mohanlal Saksena, Shri K. S. Raghavachari, Shri G. L. Bansal, Shri S. S. More, Shri T. T. Krishnamachari and the Mover with instructions to report by the 12th December, 1956."

The discussion on the original motion as well as the amendment thereto will proceed now.

Now, Shri V. P. Nayar.

Shri K. C. Sodhia: I may kindly be allowed to put my questions.

Mr. Speaker: Why should the hon. Member not wait? Does he want that unless his questions are answered, no discussion should proceed in the House?

Shri V. P. Nayar: Before I heard the Minister, I thought that I knew something about the Bill, but after

his speech I must confess that I did not know what I thought I did.

After hearing my revered friend Pandit Thakur Das Bhargava, I am inclined to think that he has very successfully made out a case for the reference of this Bill to a Select Committee, because the issues which my hon. friend Shri M. C. Shah posed before us as very simple and non-controversial do not really seem to be so simple and non-controversial. For example, so far as the inclusion of food is concerned, we want to study it in all its aspects, and I am certain that much better work can be done on this, as suggested by my esteemed friend, if we were to have a thorough discussion in the Select Committee. After all, there should be no objection raised to this course, because the Mover of the motion for reference of the Bill to a Select Committee has laid down a date which comes happily well within this session. I am, therefore, inclined to put in a word of recommendation for the acceptance of this motion, and I request hon. Members to support this motion.

I want to make only a few observations of a general nature in regard to this Bill. It is good that after the assumption of power under the Constitution (Sixth Amendment) Act, Government have now come forward with the formulation of certain principles which should guide inter-State tax. That does not commit me in any way, nor do I agree, to the provisions as contained in this Bill.

From the Statement of Objects and Reasons, we find:

"This Bill seeks to provide for the legislation authorised by the Constitution as amended above with a view to enabling the State Governments to raise additional revenues by levying tax on inter-State transactions which are at present immune from tax under their respective sales-tax laws."

This, I presume, is the primary purpose for which this legislation has now

been brought forward. But on going through the provisions of this Bill, I am inclined to think that if this Bill is implemented as it is—I am reminded of the favourite expression of my hon. friend Shri Kamath who often says that it should not be by hook or by crook—Shri Kamath will be justified; the collection of revenue will be more by crook than by hook.

Shri U. M. Trivedi: Rather, by hook.

Shri V. P. Nayar: On going through the provisions of this Bill, I find that the incidence of the new taxes on the common people of our country has not been considered in a manner which it deserved. We know, for example, that despite the revenue-yielding capacity of this tax, it is certainly an indirect tax, and the common man will have to bear the burden.

If we analyse the recent trends in the revenues, we find that the revenue under general sales tax of all the States together—according to my calculation; I am subject to correction by my hon. friend opposite—has increased from Rs. 56.32 crores in 1950-51 to about Rs. 70.69 crores in 1956-57 (as seen from the Budget). In the Second Five Year Plan, there is a further increase of Rs. 112 crores. We must think of this Bill only in this context, namely, that taxes on income, including the corporation tax, which stood at Rs. 173.22 crores in 1950-51 have only risen to Rs. 190.3 crores in 1956-57. This was the position just before the recent proposals which my hon. friend the Finance Minister has introduced. If you take into account the total percentage, then you will find that while, on the one hand, the indirect tax by way of sales tax has been mounting up in percentage and has been going up in a progressive way, what Government have collected by way of direct taxation, especially income-tax, has been gradually on the decline. The percentage of the total tax revenue of the Central Government, I find, has declined from 42.8 per cent. in 1950-51 to a mere 37 odd per cent. in 1956-57. These figures reveal that while

Government go on increasing the burden on the vast masses of our people, that burden is not allowed to be shared by the richer classes from whom no tax is collected.

Then, we must also consider these figures in another background. The Finance Minister—if I have understood him aright; perhaps, I may be wrong—made out the point* that the exemptions which are sought to be made under Chapter IV of this Bill were exemptions which were guided by the desire of Government to make available industrial raw material so that the prices of manufactured goods may not go up. If that be so, I want the Minister to consider whether this has been considered as an isolated point or whether it has been considered in the perspective of various factors of our present economy. I fail to understand that it has been so considered, because if it had been considered like that, these provisions would not have been there, in the way in which we have them. Let us, first of all, take an example. Especially because the hon. Minister pinpointed the fact that this is actuated by a desire to make available industrial raw materials in order to see that the cost of production is not increased, I want him to consider how it works in view of the analysis of profits which we have. Take raw cotton, for example, "cotton, that is to say, all kinds of cotton (indigenous or imported) in its unmanufactured state, whether ginned or unginned, baled, pressed or otherwise, but not including cotton waste". I can certainly see that by a provision like this, the cost of manufactured goods in which cotton is used will be favourably affected, that is to say, cotton textiles. Then the question boils down to this whether the incidence of this has to be borne by them only or whether we could make other arrangements to see that it will not be increased.

I submit that this is not the only way—that is, by exempting it from sales tax—by which you can arrest the rise in cost of manufactured goods. I was particularly interested in the cotton textile industry. I must confess

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that I did not have enough time to work out the details of the industries which use the raw materials which are listed here. But take, for example, this one industry, about which I have some figures. In the overall picture of India, I find that in 1950-51, the index of net profits of all industries, if we were to take 1939 as the base, stood at 246.6, but in 1955-56, the index has leapt up to 319.6, about 30 per cent in the course of three or four years. Then the profits of the cotton textile industry, as taken by themselves, stood at 356.6 in 1950-51—the base being the same, namely, 1939—and went up to 403.6 in 1955-56. That means that although the desire of the Government, as expressed by the hon. Minister in his speech, is to see that the price of manufactured textiles does not increase on account of the levy of an inter-State tax on the movement of raw cotton used by the mills, it is not as much the desire of Government to see that all possible steps are exhausted to keep the price at a level which is suitable to the consumer. We could very easily make adjustments in the profit. This profit aspect must be considered when you consider the advantage of giving a tax-free raw commodity in order that the industry may function well.

Therefore, the question of exempting such goods—I am open to correction—should not be decided independent of all other factors which we find in our economy. The point which deserves supreme consideration when we consider a legislation so difficult as this, according to me, will be the general impact of this measure on the broad masses of our people.

My hon. friend, Pandit Thakur Das Bhargava, was referring to foodgrains. I certainly do not say that these are not articles which are not important. These are very important articles, on the price of which and on the tax on which many millions of people might depend. But by giving a special treatment of this industrial raw material, I think we should also in a way control the industrial profits. As I

submitted earlier, this is not the only way to arrest the increase in cost of production. Profits can certainly be sealed. We have been crying for it times without number in this House. I should not be mistaken to mean that by saying this I want the cost of production to go up. It should not go up. I am very positive about it. But you will find that the corresponding aspect of it, that is, the profit aspect of the industry, is also involved.

Government have levied a 6 per cent. tax on dividends. In so far as it goes, it is very good. We welcome it. But that does not satisfy all the necessary requirements of controlling profits in a manner which our economy today warrants. They have also to think seriously of levying other taxes, e.g. excess profits tax, a ceiling on the profit percentage varying from industry to industry—I do not suggest that all industries should have the same ceiling on profits; it might depend on a variety of circumstances—and so on. But we must have figures of how it is very necessary to make this exemption in sales tax with the sole criterion of assuring that the manufacturing costs do not go up. We are also entitled to consider what ways and means Government have taken in order to keep the manufacturing costs at what they are, by reducing the profits which we know have been swelling out of all proportion in the last few years.

Again, I find a distinction is drawn between goods and goods on the basis of essentiality or otherwise. I remember having read in the Report of the Taxation Inquiry Commission—which I do not have here with me—that they were not very much in favour of goods being distinguished on the basis of luxury goods or otherwise. I remember that they were against any special levy of sales tax on luxury goods. I do not agree with that proposition at all, because luxury goods certainly ought to be treated on a particular footing and should be made the subject of the highest possible tax in our land.

Reading through this Bill, I have some other doubts which I would like the hon. Minister to clear, if he finds time to answer my questions. For example, in the definition clause 'sale' has been defined thus:

" 'sale' with its grammatical variations and cognate expressions, means any transfer of property in goods by one person to another for cash or for deferred payment or for any other valuable consideration, and includes a transfer of goods on the hire-purchase or other system of payment by instalments, but does not include a mortgage or hypothecation of or a charge or pledge on goods".

Shri U. M. Trivedi: Not a barter.

Shri V. P. Nayar: Not a barter and not many other things. Unfortunately, 'purchase' is not defined, although the words 'sale' and 'purchase' are used together in most of the other sections.

Shri U. M. Trivedi: They want only to tax us.

Shri V. P. Nayar: Probably what is the opposite of sale is intended to be purchase.

Mr. Speaker: I heard the hon. Member read out something about 'other considerations'. What is it about?

Shri U. M. Trivedi: The Transfer of Property Act is a different Act. The definition of 'exchange' is different. Will it cover exchange?

Shri V. P. Nayar: I did not say 'other considerations'. I said: 'deferred payment or for any other valuable consideration'. He said barter was not included.

Shri U. M. Trivedi: Exchange is something else which has been defined.

Mr. Speaker: Exchange is not defined in the General Clauses Act.

Shri U. M. Trivedi: Not in the General Clauses Act, but in the Transfer of Property Act.

Mr. Speaker: It relates to immovable property.

Shri V. P. Nayar: It will not be covered by the provisions in the Transfer of Property Act, because it is a fundamentally different matter altogether. But when sale is described, it will not cover all the transactions which might possibly be considered to be sales.

I pose this question of the branch organisations of certain distributing firms. I may particularly refer to some firms which have a monopoly of the import of certain articles given by the Government. Take, for example, the import of so many chemicals by a firm like the Imperial Chemical Industries or the Tata Industries. They have a network of organisations. Hon. Ministers have been saying in this House that it is because of their very efficient and widespread sales service that these firms have been nominated to distribute certain vital commodities on behalf of Government.

14 hrs.

I want this proposition to be considered by the hon. Minister. For example, the Imperial Chemicals have a monopoly for the import of soda ash. They import soda ash to the port of Bombay. They have branches all over the country. There are other companies functioning in Calcutta. This Imperial Chemicals being a monopoly firm, other companies will necessarily have to place indents on this firm for their supplies from Bombay. That is certainly covered by the definition of 'sale'. But a branch of the same organisation, the Imperial Chemicals in Calcutta, have not to purchase from Bombay. From their headquarters in Bombay they can have the entire quantity transferred. That would not come within the ambit of 'sale' or 'purchase'. Undoubtedly, it is movement of goods but that movement as such is not taxable. The movement, only if it is accompanied by sale or purchase becomes taxable. The movement by mere transfer of one item from a particular firm to a branch organisation at a different

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place in a different State does not amount to sale at all.

Shri M. C. Shah: It cannot.

Shri V. P. Nayar: The hon. Minister has clinched the issue.

I submit that in the case of certain monopoly firms, the monopolies having been given either by the Government of India in respect of certain vital commodities like sodium hydroxide and others or the monopolies having been acquired by virtue of their very long trade with very immense finance to back them, these All-India organisations having a network of distributing agencies in India will have a positive advantage over other traders.

If a company A of Calcutta orders goods from the Imperial Chemicals at Bombay, than A will have to pay 1 per cent. But a branch of the Imperial Chemicals functioning in Calcutta need not purchase it but can have all its stocks transferred from Bombay head office to the Calcutta branch. In that case, the State is not entitled to get that one per cent., the result being that in the market of Calcutta the position of the Imperial Chemicals, with this advantage of 1 per cent., will be absolutely unassailable and difficult for the others to dislodge.

This is only one instance. As we all know—and you know much better—many of these big firms have branches at every important place. Whenever you pass a law defining sale as what it is, you are throwing the door open to certain monopoly firms which, you will see, may not become liable under the expression which is found here for paying this duty which would come to the Central Government under the proposed impost.

Shri U. M. Trivedi: Does the hon. Member want taxation at every place for every movement?

Shri V. P. Nayar: That is not at all my point. When you apply a tax law with a possibility or an avenue for

the escape of some persons with very big organisations in this country, that avenue should be closed. I have not applied my mind in greater detail to these problems but I wanted only to pose this, in which I have very serious misgivings, knowing as I do and knowing as the hon. Minister also does the ways and means by which all possible taxes are or can be evaded by certain firms. I want the hon. Minister to give me an idea as to how this malpractice, if it is resorted to by certain firms who are in control of the distribution of certain very vital commodities and in which there is bound to be an inter-State trade and transfers from one State to another, can be checked to the positive advantage of Government.

I want to focus the attention of the hon. Minister and also this House to another matter also of very particular importance. As in the case of every other Act, here also you will find that the State of Jammu and Kashmir is exempted. I do not say that it should not be exempted. It must be. But I submit that it is exempted by virtue of certain special considerations peculiar to that State. I am submitting the case of another State which deserves very special consideration and which should be exempted; that is the State of Delhi. I have had discussions with Delhi traders. You know that Delhi has developed in the course of a few hundred years in a very peculiar manner. Today Delhi is a very important trading centre in the north. Unfortunately,

Shri M. C. Shah: May I just intervene? We have already given notice of an amendment and if the hon. Member reads that notice he will see that the Central Government takes powers to exempt Union territories if they are satisfied etc.

Shri V. P. Nayar: I have just seen the amendment which was thrust into my hands as I was speaking.

Mr. Speaker: The hon. Member is intelligently anticipating.

Shri V. P. Nayar: I do not claim that I want the hon. Minister to answer this because this amendment has been given. If the hon. Minister is able to give me an assurance....

Shri M. C. Shah: If the hon. Member reads that amendment proposed, he will not take some time.

Mr. Speaker: All the same he can go on.

Shri V. P. Nayar: I am submitting that if the hon. Minister is in a position to give me the assurance that Delhi will be exempted, then, I have no case at all. I shall gladly resume my seat.

Shri M. C. Shah: There is no such assurance. The Central Government has taken the power...

Shri V. P. Nayar: I want this assurance by virtue of this amendment and anticipating that it will be passed by this House. I submit certain views for Government.

You know that Delhi is very peculiar, unlike Bombay for which Shri Bansal has made out a case. That also requires very close examination. Bombay, Calcutta and other importing centres have also to be treated as special cases. But the case of Delhi is very much different from that of Bombay or Calcutta. You know that this small city with a population of 22 lakhs—as estimated in 1950—has 20 lakhs staying in the city. I was very much surprised to know that in this small city 7 lakhs of people depend only on trading enterprise. I was reliably informed that the dependents of those who have government and other jobs will come only to about 5 lakhs. That is the reason why I say that trading has come to stay as the backbone of Delhi's economy. If Delhi is not exempted, the backbone of the economy of the State will, certainly, be broken. I am speaking on the basis of certain information and the hon. Minister will certainly agree that I have no axe to grind. In the case of Delhi, trade has developed owing to historic reasons. I submit it is not

only due to historic reasons. It has a very peculiar pattern. Delhi has no hinterland of consumers. All the cloth merchants in Delhi, the grain merchants, the cycle merchants or the chemical merchants must necessarily depend for their custom on people who come from the adjoining districts of U.P., Punjab and even up to Himachal Pradesh. The Delhi population cannot even consume one-tenth of the imports into Delhi. I am informed that every month 65,000 bales of cloth come to Delhi, worth about Rs. 6 to 7 crores. Like that, it is the distributing centre for cycles, for chemicals, foodgrains, etc. about which my friend Pandit Thakur Das Bhargava was saying so much. All these make it incumbent on Government to treat Delhi as a special case.

Delhi is treated as a special case for most of the other matters. For example, Delhi has no Municipal Act of its own. I think the Punjab Municipalities Act is extended to Delhi. Delhi has no Provincial Civil Service cadre. It is being borrowed from the U.P. cadre or the Punjab cadre. It has no Police service of its own; it is taken from the Punjab Police. I do not dispute that it should have special treatment in all these matters. I only say that Delhi with an urban population of 20 lakhs out of a total population of 22 lakhs is entitled to very special treatment by virtue of its special position. It should be completely exempted from the inter-State tax. Otherwise, we will be faced with various difficulties. One per cent. in the case of the wholesale trade is not a very little amount at all. I know that it is not fair to demand this because ultimately the price for the consumer will not vary. But, here is a case in which a city has developed under very peculiar circumstances—being the seat of the Government of India—during a period of years, and in a peculiar manner. That peculiar development does certainly make Delhi have a claim for a special treatment. If we think of the other circumstances which might possibly result from the extension of this Act, I would

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submit that let us have no illusions about this, that Delhi will have to face a very serious retrenchment of shop workers and shop assistants. The leading merchants will have to pay one per cent. extra and will thereby lose the customers because they will no longer be in the competitive market in their trade with portions of U.P., Punjab or Himachal Pradesh. They will certainly have to make up this much loss by resorting to other means, and the inevitable evil which will result out of the levy of one per cent. will be that they will throw out a section of the shop employees. I would very much like Shri Radha Raman, who has the good fortune to represent this place, to give more details and press the case of Delhi. I am also certain that Shri Bansal, who has so many contacts, especially in the business locality, will supplement my argument and plead further the case of Delhi being exempted.

The cases of Calcutta and Bombay are also deserving of consideration—I do not dispute it—but certainly the State of Bombay or West Bengal is not so small, and there is a very large population in those States which can take away the goods. Maybe it is not the case with respect to the Bengal collieries or Bihar collieries, or again in the case of the import of heavy machinery it may be different. But obviously both the States of West Bengal and Bombay do not stand in this respect in the same position as Delhi. They might require some exemptions in the case of certain articles—I have not applied my mind to it yet—but the fact remains that they are placed in a more advantageous position because they have got a huge hinterland and population to sell their wares to. That is not the case with Delhi. One lakh of people are supposed to come to Delhi every day to purchase articles. I am astonished that this city can accommodate so many people. The natural result will be that the hotel business will go down, even the pan shops will have no business, all other small trades

which subsist because of Delhi's cloth market, and Kirana market, will all be affected.

I hope the Government will give sympathetic consideration to the claim of Delhi for a complete exemption from this tax. I would also request the hon. Minister, who says that he has now got ample power to make such exemption, to come out with a declaration that he will consider the case of Delhi as he has considered the exemption of Jammu and Kashmir—of course on different grounds—so that Delhi will not at all be troubled by the imposition of this new sales tax.

I would once again commend, having said all this, the motion of Pandit Thakur Das Bhargava because it has, in spite of the hon. Minister's explanation at first, shown to us that there are many important questions on which controversies are bound to occur, and the solution of which is better done by sitting in a Select Committee and ironing out the different points of view.

Shri U. M. Trivedi: Today we have a strange picture of Shri V. P. Nayar coming out to support capitalism.

Shri V. P. Nayar: Why? What is there? Traders are not all capitalists.

Shri U. M. Trivedi: Sometimes it is said that politics is a very strange thing, and strange things can come out of the mouths of politicians.

The Central Sales Tax Bill is not a very pious measure and not moved by pious considerations. It is out and out due to a desire on the part of the Government to raise further revenues, although a big preamble has been given "A Bill to formulate principles for determining when a sale or purchase of goods takes place.....". Then arguments have been given that because a judgment was given by the Supreme Court one way at one time and in another direction at another time, the Government was actuated by a desire to bring about a harmonious working of this proposition.

All of us go to the market and know this irksome feeling that we get of the dealer selling us goods for Rs. 5 and then on the top of the bill adding five annas. We want to pay him Rs. 5, but we have to pay through our nose the other five annas, or else we go out and do not purchase. I have yet to see the real meaning of this sales tax. It is a purchase tax in all its concomitants with which we are very familiar. If it were a purchase tax, it would have been something. But although it is called a sales tax and is being tried to be imposed on the seller and is collected from the seller, the sellers are merely made the agents of the Government to collect this revenue from the purchasers, and the purchasers have got to pay it through their nose. In other words, this tax does not in the least hit the rich persons, but it hits the poor man and he has got to pay it through his nose. Therefore, this tax has become an obnoxious tax and nobody likes it. The merchants do not like it, perhaps for the reason that they have to keep their books of account very up-to-date and have chances of being caught either by the Sales Tax Department or the Income-tax Department. But so far as the ordinary consumer is concerned, he certainly hates the idea of sales tax. If the desire of the Government is to raise more and more revenue, as they try to do in every session, it is because they are obsessed with this idea of having Plans. It is just like a man who wants to get his son married, whether the bride is a lame one or blind one or a one-eyed one or any such thing, but there is marriage and therefore he has to spend the money. Whether the Plans will ultimately result in any good to the country nobody knows. We want to raise money because we have the Plans; because we have Plans, we have to spend money; because we have to spend money, and money is not forthcoming, the people have to be taxed. In this vicious circle we go on taxing the people as much as we like—Rs. 16 crores from one side, Rs. 20 crores from another side, and

Rs. 25 crores from a third side. When we are confronted with this fact that people are not going to lend us money cheaper or the World Bank is not going to lend us money or we are not able to get money from U.S.A. as we expected, our own people must be sucked—is that the idea?

Two Bills have already been introduced and we will have that taxation. Now this sales tax is an additional measure for taking away all this money.

Sir, you remember very well when the Sales Tax (Validation) Act was passed, we thought at that time that we would be very honest just in the sense that if our High Courts or Supreme Court had come to a conclusion that a certain levy had been illegal or had not been a levy according to law—our Constitution provides that no tax shall be levied without the authority of law—then that levy was declared to be without the authority of law. The Sales Tax (Validation) Act has made that whatever we have swallowed, we have swallowed and we would not like to give it back. That attitude indicated that the Government's only desire was to get as much money as possible. To use the phrase which, I think, Shri Kamath is very fond of using, by hook or crook, they must have money. If that is the real desire of the Government—to raise money—it must apply its mind not to these pin-pricks and thus create more trouble for the people making them feel the pinch. It causes irritation in the day-to-day affairs.

We have been very self-sufficient in salt. If we like we can increase our production in salt and even export salt. The sentiments of Gandhiji no longer come in our way so far as these questions are concerned. I do not believe that his sentiments ever count at all with the present Government. When the decimal coinage was sought to be introduced and when that Bill came here, I read out to this House his sentiments on the decimal coinage.

The Minister of Revenue and Defence Expenditure (Shri A. C. Guha): There was a letter which Gandhiji wrote later on and that letter was also produced. His idea was that till the national Government was established, it should be postponed. That letter was also read out in the House.

Shri U. M. Trivedi: I do not know whether that letter was read out in the House. If I remember aright, the hon. Minister refused to read out the article written by Shri Mashruwala wherein all the arguments were given. It was published in the *Harijan* of February 1946. There was only a proviso in the second letter and it is not as if he was agreeable to the proposal of having the decimal coinage in the country. Anyway, what I meant to say was that the sentiments of Mahatma Gandhi were not very much uppermost in the minds of the Government. The Government wants more and more money. The salt tax, if it can be levied, even on an ordinary calculation, with the least amount of irksomeness, can bring Rs. 26 crores. But, that is not being done. We had the Estate Duty Bill and we have thought that crores will pour forth; but unfortunately it has not. It happens to be so with this tax. It causes so much irritation. The Taxation Enquiry Commission perhaps has found that the people can be fleeced because there is some blood still left in them.

Those of us who were living in the native States have had some experience of the customs. Even if you were to go just ten miles, if you were to cross from one territory into another, you have to open your goods and the customs will inspect. In another State, you have again to pay those taxes because the customs duties will be there also. That irritation was the greatest goading factor and it was only on account of that irritation that people felt that there must be homogeneity. They wanted the Union of India. The people of the States clamoured that somehow or other these territories should go. We felt that the people living in British India were not obsessed with these things;

they were not to pay customs duties except when they entered some ports. That is why we readily agreed to accede to the Union of India and form a big State.

What do we find now? The proposals of the Taxation Enquiry Commission are there. Every little panchayat levies octroi duties; each little municipality is doing the same thing. We cannot travel by the railways all along. We have to travel by the bus when we want to go to the interior parts which are not accessible by the railways. At every little station, the octroi man comes and sees whether there are taxable goods. If you are simply passing through that territory, you have to deposit the money and make a declaration and he gives a receipt for the money. You have to go to the border and then have to send somebody to go to the other end of the town and get the money back. These are all irksome things and these must go.

On top of all these things, comes this sales tax. The value of the commodities go up and up. Somehow the American method of sales is now being introduced in the country and fictitious figures are put down as prices. I know these things from certain traders and big merchants and dealers in motor accessories. The prices are marked by more than one hundred per cent. or sometimes by two hundred per cent. There is all the huge profit. But, the tax is on the value of the goods as sold. Something worth only Rs. 50 ultimately passes on for Rs. 175, and that only on account of this process of taxation. There are these customs duties, octroi duties, sales tax. Then, the merchant includes even his income-tax. He calculates all these things and includes them all there. The ultimate result is that the consumer has to pay heavily for what he buys.

This law is going to affect all and sundry in the country. Nobody is

going to escape. There is an amendment for the grant of certain exemptions which reads:

"Notwithstanding anything, contained in this Section, the Central Government may, if it is satisfied that it is necessary so to do in the public interest, by Notification in the Official Gazette, direct that in respect of such goods or classes of goods as may be mentioned in the notification, no tax under this Act shall be payable by any dealer having his place of business in any Union territory in respect of the sale....."

I do not know whether article 14 will come to the rescue of the other citizens of India. This exemption is being granted to the citizens of the Union territories. I see absolutely no reason why Delhi should have this advantage while people in Bombay, Madras or Calcutta do not have it. There are so many cities which were formerly Union territories and they were formerly governed by the Central Government. They may clamour to give this equal protection to them. For instance, we have Ajmer. It was always Centrally administered but today it is not; it has gone into Rajasthan. It will claim similar treatment as is given to Delhi. I see that the Communists having their chief desire for self-advertisement are agreeing in keeping these areas exempt. There should not be any exemption whatsoever in any place.

The Bill is of a far-reaching character and so it is desirable that it should be studied thread-bare in a Select Committee. Although I support Pandit Thakur Das Bhargava's amendment strongly, I would desire, instead of having a Joint Committee, that we should have a Select Committee of this House. After so many Joint Committees, it has been my experience—without making any detrimental remarks to the Members of the other House—that in the Joint Committees, these gentlemen are generally absent. So, I would like that we should have

Select Committees of Members of only this House. This is a money Bill and it must come to us and it is we who should decide whether taxes should be levied or not. I say, therefore, that a Select Committee consisting only of Members of Lok Sabha, must be constituted for the purpose of going through this Bill. Most of the provisions require a good deal of consideration.

Now, the definition of the word 'sale' has been given in clause 3 of this Bill. Clause 3 says:

"A sale or purchase of goods shall be deemed to take place in the course of inter-State trade or commerce if the sale or purchase—

(a) occasions the movement of goods from one State to another; or

(b) is effected by a transfer of documents of title to the goods during their movement from one State to another."

"Sale" is all right, but then the whole difficulty is created by the definition of "place of business" in the definition clause. "Place of business" means—

"(i) in the case of a sale of good in the course of inter-State trade or commerce falling within clause (a) of section 3, the place from which the goods have been moved by reason of such sale;"

Now, by reason of such sale or by reason of having entered into a contract, the commodity may move, and yet, the commodity will have to be paid for only when it reaches the destination, and when it reaches the destination the sale may fall through and the man may not take it. Yet, the poor man will be mulcted in taxation. Therefore, while defining 'sale' we must put in "completion of an agreement" or a "completion of the sale". The place of business must be that place where the actual payment for the sale of the goods takes place and

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not the place from which the movement starts. Therefore, I would suggest that the Government should take note of this position, namely, the definition in clause 3 read with the definition of "Place of business" is not a wholesome definition of the word "sale".

I have not fully understood the implication of clause 3(b). Clause 3(b) says as follows:

"(b) is effected by a transfer of documents of title to the goods during their movement from one State to another."

I do not see what is the underlying idea about this. I do not know whether the hon. Finance Minister will take the trouble of explaining what he means to suggest by saying that the sale "is affected by a transfer of documents of title to the goods during their movement from one State to another". Supposing, some goods travel from one State to another and through five intervening States, supposing the goods pass through one State at a particular stage and at a particular place, and the transfer of document is made, where is the sale said to take place? The sale might have taken place in one of the intervening States, say, in Vindhya Pradesh, through which the things were passing or in Madhya Pradesh if goods were passing through Madhya Pradesh or Uttar Pradesh or through Bihar or in Bengal or at Calcutta—where the goods ultimately reach.

Shri M. C. Shah: The sales-tax will have to be paid by that person who has sold the goods and has sent those goods by train or by carrier.

Shri U. M. Trivedi: That is not my point. My point is, the tax may be collected only where there is an inter-State sales. The tax is paid only to those States where the sales take place. Therefore, this is a very important point to decide. It must be made very clear. It must be decided clearly as to where the sales actually takes place and wherefrom the sale takes place. As it is, it is just like the Estate Duty

business, which is doing a good deal of harm to Rajasthan. The Marwaris belonging to Bikaner, Jaipur and Jodhpur go and die in Calcutta and the coffers of Bengal are filled at the cost of Bikaner and Jodhpur and Jaipur. Therefore, I should say that in this case also, the sale may fill the coffers of those States where actually the sale does not take place and not of those States where actually the sale has taken place. So, the definition of these words must be of such a nature as not to be vague, so that things may not be allowed to escape to the detriment of the States concerned. The definition as given in clause 3(b) will allow things to escape.

As an example, I may quote one thing. Satna is now in Madhya Pradesh, and goods travelling from Rajasthan have to pass through Satna. If the documents relating to the goods are handed over there, at Satna, the sales are deemed to have taken place at Satna. Therefore, something definite must be put down. These are matters which may be again discussed when we come to the clause-by-clause consideration of the Bill. But my contention in this House now is that this measure being a very important measure, which is going to affect the lives of thousands and thousands of merchants and the lives of all of us, it deserves to be put before the Select Committee where proper consideration can be given to it. I support the motion moved by Pandit Thakur Das Bhargava.

Shri Bansal (Jhajjar-Rewari): After listening to the speeches made by my friends Pandit Thakur Das Bhargava, Shri V. P. Nayar and Shri U. M. Trivedi, I think I should say that the Bill does show an improvement over the existing situation, that is the situation as it existed before the latest judgement of the Supreme Court. At the time when we were discussing the Constitution (Sixth) Amendment Bill, I had stated on the floor of this House that the amendment of the Constitution was a retrograde step. In my opinion, it was retrograde, because, firstly, the Government were taking

powers to levy sales-tax on inter-State transactions which was prohibited under the Constitution. It was also retrograde from the point of view that Government were depriving themselves of the authority which they had under the then Constitution, to place certain restrictions on the powers of the State Governments to levy sales-tax on certain items essential to the life of the community. At that time, you were good enough to intervene and explain to the House that it was not necessarily so and that under the amended provisions of the Constitution, the Government of India were retaining to themselves the power of regulating or restricting the powers of the State Governments from levying sales-tax on certain items. The difference between the two, namely, between the items essential to the community and the items which were important from the point of view of inter-State trade, which I wanted to draw then was somehow thought to be an unnecessary hair-splitting. But, when I see this Bill, I am convinced that Government and this House in amending the Constitution, did not do a wise thing. Although I cannot go to the entire length to which Pandit Thakur Das Bhargava has gone, I do feel that there must be some power vested with the Government of India, so that they can exercise a restraining influence over the tendency of the State Governments to impose sales-tax on all and sundry items to any extent they desire.

The first object of this Bill which we are discussing is to have some sort of uniformity of tax on the sale of commodities which pass from one State to another State, that is, tax on sales which involve inter-State transactions. The present position is that there is no sales-tax on inter-State sales or purchases, but, after the amendment of the Constitution, the Government of India are armed with the power to define what will be an inter-State transaction and also to prescribe what will be the rates of sales-tax on such transactions. The Bill provides that as regards the trans-

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actions between registered dealers, there would be a uniform levy of one per cent. It also provides that in the case of those items which are of special importance, the State Governments can impose a sales-tax of two per cent. and not more.

Now what is troubling me is whether this 1 per cent. will be over and above that 2 per cent. or whether 2 per cent. will be levied or not levied where 1 per cent. is levied. I am making this point because, the Taxation Enquiry Commission was quite emphatic on this point. They have suggested that there should be no purchase tax by the State on the specified goods on which the control tax on inter-State trade has already been levied at the rate of one quarter anna in the rupee. In the Bill it is 1 per cent. now. I am quoting from the report of the Commission:

"For the goods specified as of special importance in inter-State trade as distinguished from all other goods which figure in inter-State trade, the point of levy of tax will be only one; that is, the point at which such goods, raw materials etc. are taxed by the State in which they are produced. As we proceed to mention below, it will be a condition in respect of such goods that no other sales tax shall be levied on them either by the exporting State or by the importing State."

The clear meaning of this is that the State will be able to charge this tax which is now not more than 2 per cent. or 1 per cent., which is the tax on inter-State transactions. On going through the Bill, I find that the only provision which deals with this is clause 15. I will read it:

"Notwithstanding anything contained in the sales tax law of any State, the tax payable by any dealer under that law in respect of any sales or purchases of declared goods made by him inside the State shall not exceed 2 per cent. of the sale price thereof, and

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such tax shall not be levied at more than one stage in a State."

The difference is, while the Taxation Enquiry Commission has said that the same commodity will not be taxed twice if it forms part of an inter-State transaction, the Bill which we have before us says that although 2 per cent. tax has been paid, it will also be subject to 1 per cent., which will be the inter-State sales tax.

Suppose one of these categorised items is imported in a particular State. It has paid a tax of not more than 2 per cent. in the original State; it has also paid 1 per cent. inter-State sales tax. Supposing one wholesale registered dealer imports it in another State and that wholesale registered dealer sells it again to another retailer, at that point also 2 per cent. will be charged.

Shri M. C. Shah: No.

Shri T. T. Krishnamachari: Clause 15 is complete; let him read it once again. The limitation on tax on a commodity is "at one stage in a State". It does not mean "at one stage in the whole country". I think the interpretation of the hon. Member is correct. I do not find any point in labouring on the interpretation; it is fairly self-evident.

Shri K. C. Sodhia: Will it not be 5 per cent. when it changes hands in two States?

Shri T. T. Krishnamachari: That is an arithmetical progression which I am not in a position to follow at the moment. I am only confining myself to the hon. Member Shri Bansal's point, namely, on specified goods, the tax shall be not more than 2 per cent. leviable at only one stage within the State. Once it leaves that State and goes to another State, the wording of clause 15 will not cover except it be that the tax of 1 or 2 per cent. shall be leviable at only one stage within the second State and so on. It is not possible to identify an article which moves from one State to another and

say that it has paid a tax here and so it cannot pay a tax there. It can only be done with regard to one transaction in one State.

Shri Bansal: I am grateful to the hon. Minister for clarifying the position. What I was trying to point out was that this Bill is a complete departure from the recommendations of the Taxation Enquiry Commission.

Shri T. T. Krishnamachari: I would again like to interrupt my hon. friend. The Taxation Enquiry Commission has not given any method by which we can identify the goods all along the line. So long as the goods cannot be identified all along the line, it ends with the last sale in a particular State and then goes on to another State. It might perhaps change form and shape and be subject to taxation in other States. The Taxation Enquiry Commission certainly has not projected its mind to the extent the hon. Member now visualises.

Shri Bansal: I do not know whether what the hon. Minister has said is correct, because the Taxation Enquiry Commission did go into the whole problem in great detail and came to the conclusions which I have just read out.

I am only trying to say that this Bill is in no way based on the recommendations of the Taxation Enquiry Commission. All that it does is that it asks the State Governments not to levy more than 2 per cent. on certain commodities which are important from the point of view of the country's trade. Secondly, it says that on all inter-State sales transactions, there will be a tax of 1 per cent.

As I said in the beginning, this is an improvement over the chaotic situation which prevailed in the country before we amended the Constitution in the wake of the Supreme Court's judgment in the Bengal Immunity Case in September, 1955. But even then, I do think that I could embrace this Bill with both my hands and say, "Ah! Here it is; we have come to the end of

our troubles. Here is the Sales Tax Bill of the Government of India which puts an end to all the troubles with which the country was faced ever since sales tax came to be imposed in the various States of the country".

My suggestion would be that some ways should be found, so that on the same commodity in inter-State taxations tax is not levied more than once. In fact, I am surprised that the hon. Minister says that the wording of this clause 15 is absolutely clear. What I gathered from the interjection of the hon. Minister in charge of the Bill was, that what I was saying was perhaps not correct. But the hon. Minister said that what I said was correct. Leaving that apart, my suggestion is that some ways should be found by which on those commodities which are supposed to be important from one point of view or the other, there should not be more than 2 per cent. tax at any stage. That is to say, if they have paid 2 per cent. tax in a particular State, there should not be an additional tax of 1 per cent. when they are exported to another State; and further, they should not be subjected to another 2 per cent. tax when they are being sold in the importing State. It is not for me to say how that can be worked out. It is for the Finance Ministry to do it, because I am sure the Taxation Enquiry Commission did go into this question very carefully with the officers of the Ministry and I think they were not talking nonsense when they were making that suggestion.

I also agree with Pandit Thakur Das Bhargava that in this list of six or seven commodities, certain other items ought to have been definitely added. I won't say straightaway what commodities ought to have been added. But, at least there is a good case for adding certain items which are essential to the life of the community. As I said, when this Constitution was being amended, some sort of an indication of that was given

by the hon. Finance Minister and he said that by making this amendment, we are not depriving ourselves of the power of doing that. I think the Minister should make a statement that if and when it is thought necessary, he will add to this list such commodities which are supposed to be essential to the life of the community and on which the State Governments, for some reason or other, are levying very high sales tax.

I was disappointed by the omission of one particular item from this Bill. Apart from this difficulty of inter-State sales tax, there is another which certain States feel and that is in regard to the differing rates of sales tax. Recently, I had the honour of attending a State Sales Tax Conference where I was told that on a particular commodity, the sales tax in the border State was two pies while in the State where the Conference was being held, it was one anna, with the result that smuggling was going on unabated. The dealers were saying with one voice that the smuggling is not done by the dealers, but by the people who think that it is a profitable business to just smuggle something across the border and sell it in the State. My suggestion to stop this kind of thing is that there should be an Inter-State Sales Tax Commission, which should sit down, examine the difficulties which the sales tax legislations of the various States are causing to the traders and to the economy of the country and find out ways and means of ironing out those difficulties. I think such Commissions exist in other countries which have a pattern like that of our own. It would be a good thing if this is done. Even now I hope that the Finance Minister will consider the advisability of instituting some such machinery which could meet once in six months or so, go into all the sales tax legislations of the various States and try to streamline the types of difficulties which may arise, one of which I have pointed out.

There is another point which has a bearing on the Sales Tax Bill and that

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is the question of amalgamating excise duties with sales tax as regards certain items. We heard quite a lot of this about two years back and it was being said freely that at least in respect of certain commodities, this idea is being considered and it is receiving the attention of the Government of India, who were in correspondence with the State Governments concerned. I think if this policy is adopted, and sales tax and excise duties are amalgamated and the excise duty is levied at the point of production, quite a number of difficulties which are being experienced will not be there and I also think that the revenues will certainly be more than what the various State Governments are receiving nowadays from sales tax, because, it cannot be denied that there are a large number of loopholes and the State Governments are not getting all that they should by way of sales tax.

The case of States like Delhi has been dealt with very exhaustively by my friend Shri V. P. Nayar. The figures which I have in my possession have already been handed over to the Finance Minister as to the value of imports in the city of Delhi and how much is again exported. I think there are items which are exported to an extent of even 80 per cent. or more after they have been imported from the manufacturing centres. If that should be the situation, it is quite obvious that the trade and the position of Delhi will suffer greatly, if the dealers have to pay again one per cent. on the items which they have imported from certain other States while they export them out of Delhi. Delhi is a marketing centre for almost the whole of North India. There are other cities also which are in a similar position. But I think Delhi somehow occupies a unique position in that regard. I have seen the amendment which the hon. Minister has tabled to clause 8. I do think that it goes to a certain extent to meet the demand of the people of Delhi. But, merely taking powers to exempt or vary the

rate of tax on such items as the Government of India, after examination may find desirable, may not satisfy the traders in Delhi for the time being in their highly agitated mood. I think it will act as a great salve if the Minister also made an announcement to the effect that this proviso will not remain merely a by-word, but will be actually given effect to so that at least the eminent position of Delhi as a distribution centre for the whole of North India will be adequately safeguarded. I am sure this assurance will be forthcoming from the hon. Minister and the fears of the people of Delhi that their entire trade will be ruined will not prove justified.

In the end, I will say that no harm will be done if the Bill is referred to a Select Committee as my hon. friend Pandit Thakur Das Bhargava has moved, because, in the Select Committee we would be able to thrash out the various ticklish provisions on which, as you have already seen, there is even difference of opinion between the two Ministers as to their implications.

Shri M. C. Shah: I am sorry, I made a mistake.

Shri Bansal: I am sure the House will agree to the motion of Pandit Thakur Das Bhargava to refer the Bill to a Select Committee.

श्री राधा रक्षण (दिल्ली नगर) :

अध्यक्ष महोदय, सब से पहले मैं यह कहना चाहता हूँ कि इस बिल के सम्बन्ध में यहाँ पर जो विरोध किया गया है, उस को मैं गैर-मुनासिब (अनुचित) समझता हूँ। जब हमारे संविधान की धारा २८६ के संशोधन के विषय में यहाँ पर चर्चा हुई, उस समय और उस के बाद इस विषय पर काफी बहस की जा चुकी है और हम सब ने इस बात को माना है कि समाज-कल्याण की दृष्टि से किसी भी राज्य में इस प्रकार के टैक्सों का लगाया जाना आवश्यक है। उन बातों को ध्यान में रखते हुए इस बिल का विरोध मुझे गैर-मुनासिब मालूम होता है। मैं यह विश्वास करता हूँ कि इस विषयक

के द्वारा हमारे देशवासियों को—चाहे वे किसी भी राज्य के हों—बिक्री-कर के सम्बन्ध में जो बहुत सी कठिनाइयाँ उठानी पड़ती थीं, वे कुछ हद तक दूर हो सकेंगी। यह मैं मानता हूँ कि अब तक जो आपत्तियाँ हमारे सामने आई हैं, इस विधेयक से वे सारी दूर नहीं हो जायेंगी, बल्कि यह केवल कुछ ही कठिनाइयों को दूर करता है, जो कि हमारे अनुभव में आई हैं। लेकिन मैं यह समझता हूँ कि वे कठिनाइयाँ हमारे देशवासियों को इस अवस्था में कुछ हद तक बर्दाश्त भी करनी पड़ेंगी, क्योंकि सेल्स-टैक्स (बिक्री-कर) जहाँ तक मैं समझा हूँ, हर एक उस पदार्थ पर, जो खरीदा जाता है या जिस की बिक्री होती है, लगाया जाता है और उस के मायने ये होते हैं कि हमारे देशवासी अपने मन में इस बात का कुछ विचार रखें कि हमारा देश उन्नति की ओर या प्रगति की ओर अग्रसर हो रहा है। और उस में उन का भी कुछ हिस्सा है, उन का भी कुछ सहकार है। जो एक परसेंट सेल्स टैक्स (प्रतिशत बिक्री-कर) केन्द्रीय सरकार या आस पास की राज्य सरकारें लगायेंगी, उस एक परसेंट टैक्स से हर एक वह व्यक्ति जो कोई चीज खरीदेगा उसे यह महसूस होगा कि उस बड़े भार को हलका करने में जो कि सारे देश की सरकार पर मौजूद है वह भी कुछ हिस्सा बँटा रहा है। उस को यह अनुभव होगा। इसलिये अगर कोई भी देशवासी इस सेल्स टैक्स के विरोध में अपनी आवाज उठावे तो वह गैर-मुनासिब (अनुचित) मालूम होती है।

15 hrs.

| यह जरूर है कि जो विधेयक अब हमारे सामने आया है उस में हम को कई बातें देखनी हैं। एक बात तो यह है कि जितनी भी ऐसी चीजें हों जो कि एक गरीब आदमी के लिये अति आवश्यक हों उन पर केन्द्रीय सरकार अथवा राज्य सरकारें बिक्री

कर न लगायें, जैसा कि पहले भी किया गया था, ताकि वे चीजें उन गरीब आदमियों को कम से कम दामों पर उपलब्ध हो सकें। लेकिन मैं देखता हूँ कि इन वस्तुओं के बारे में हम ने अपनी राय को बहुत सीमित रखा है। मैं यह समझता हूँ कि अपने देश की आजकल की स्थिति को देखते हुए, जो ऐसी चीजों की फहरिस्त (सूची) हम ने मंजूर की है उसे बढ़ायें। मैं अपने दोस्त बंसल जी और श्री ठाकुर दास जी की इस बात की तारीफ (सहमत) करता हूँ कि जो फहरिस्त इस वक्त मौजूद है उस को बढ़ाने की आवश्यकता है क्योंकि हम चाहे कितना भी कहें कि इस कर के वसूल करने से चीजों के मूल्य नहीं बढ़ते लेकिन यह बात सही नहीं है। जितना भी बिक्री कर वसूल किया जाता है उसका सारा भार खरीदने वाले पर ही पड़ता है। वह सारा पैसा खरीदार को ही देना पड़ता है और विक्रेता तो उसे वसूल कर लेता है, उसे उससे कोई हानि नहीं होती। तो एक बात तो यह है जो कि मैं अग्र करना चाहता हूँ।

दूसरी बात यह है कि हमारे देश में यह जो इजाजत दी गई है कि हर राज्य अपने तरीके से इस कर को लगा सकता है, उस व्यवस्था को भी एक सार बनाने का हम को प्रयत्न करना चाहिये। हमारे दिल्ली राज्य से एक यू० पी० की सरकार लगी हुई है और दूसरी पंजाब की। कुछ कर ऐसे हैं जो कि यू० पी० की रियासत में लगें हुए हैं और कुछ ऐसे हैं जो कि पंजाब की रियासत में लगें हुए हैं और कुछ कर दिल्ली में लगें हुए हैं। इस का नतीजा यह होता है कि एक गांव या इलाके में एक चीज सस्ती मिलती है और दूसरे इलाके में मङ्गी मिलती है। इस का नतीजा यह हुआ है कि दिल्ली में चारों तरफ ऐसी तिजारत पैदा हो गई है जो कि एक गांव या इलाके से दूसरे गांव या इलाके में सामान पहुंचाने का काम

[श्री राधा रमण]

करती है। इस से सरकार को भी बहुत नुकसान होता है और आम लोगों को नैतिकता पर भी बहुत काफी असर पड़ता है। इसलिये मैं यह मुनासिब समझता हूँ कि हम को ऐसा प्रयत्न करना चाहिये कि सब राज्यों में जो कर लगाये जायें उन में समानता तथा सामंजस्य रहे। मैं समझता हूँ कि अगर हमारे मंत्री महोदय बंसल साहब की इस तजवीज को मंजूर कर लें, कि एक छोटी कमेटी या कमीशन (आयोग) बनाई जाय जोकि कर वृद्धि के विषय में विचार करने के लिये समय समय पर मिलती रहे और इस बात का जायजा (अनुमान) लेती रहे कि तमाम राज्यों में किस प्रकार कर लगाये जाते हैं, तो बहुत सुविधा हो सकती है। अभी यू० पी० में इसेंसियल (अत्यावश्यक) चीजों पर कर लगा दिया गया था जिस का नतीजा यह हुआ कि सारे राज्य में भारी असंतोष फैल गया और उस की वजह से सरकार की काफी बदनामी हुई। मैं अर्ज करना चाहता हूँ कि ऐसी बातें बहुत से राज्यों में हुई हैं। उन को मिटाने के लिये या कम करने के लिये यह अति आवश्यक है कि हम कोई निगम कायम करें जोकि इस मामले पर विचार किया करे, चाहे वह साल में एक ही बार क्यों न बैठे। पर उस को चाहिये कि वह इस बात का निरीक्षण करे कि विभिन्न राज्यों में जिस तरीके से कर लगाये गये हैं उन से आम जनता में असंतोष तो नहीं हो रहा है या उस को उन से हानि तो नहीं हो रही है। और अगर इन करों से आम जनता को हानि होती हुई मालूम दे तो उन करों में संशोधन तथा सामंजस्य और समानता लाने का प्रयत्न किया जाये।

अभी हमारे मित्र त्रिवेदी जी ने यह बात कही कि हम इस प्रकार के छोटे छोटे करों के जरिये कुछ खपया वसूल कर के अपनी प्लान को कामयाब बनाना चाहते हैं, या जो प्लान हमारे सामने है उसे पूरा करना चाहते हैं। उन्होंने ने कहा कि आम

नमक जैसे पदार्थ पर कुछ कर लगा कर कहीं ज्यादा लाभ उठा सकते हैं। मैं इस बात को बिल्कुल गैर मुनासिब समझता हूँ क्योंकि जो चीज हर इन्सान के लिये परम आवश्यक है और उस की ज़िन्दगी उस पर ही निर्भर है तब उस पर किसी प्रकार का कर लगाना न्याय अथवा इन्सान-नियत नहीं कहा जा सकता। इसलिये ऐसा हम को नहीं करना चाहिये। हां ऐसे ऐसे पदार्थों पर कर लगाना निहायत उचित है, और दुनिया के सभी सभ्य देशों में इस प्रकार के कर लगाये जाते हैं केवल हमारे यहां ही नहीं लगाय जा रहे हैं, कि जिन से मनुष्यों को प्रति दिन के जीवन में किसी प्रकार की कठिनाई और आपत्ति न हो, और जिन को वह आसानी से दे सकें। ऐसा होने से उन को यह महसूस होगा कि वह भी अपने मुल्क का भार उठाने में अपनी सरकार का हाथ किसी हद तक बंटो रहे हैं और वेलफेयर स्टेट (कल्याणकारी राज्य) के निर्माण में कुछ बोझा उठाये हुए हैं।

इस सिलसिले में मैं यह भी अर्ज करना चाहता हूँ कि दिल्ली के विषय में हमारे दो तीन भाइयों ने कुछ चर्चा की और वह चर्चा का विषय भी है क्योंकि दिल्ली कभी भी कोई इंडस्ट्रियल टाउन नहीं रहा। यहां सिवाय तिजारत के और किसी तरीके से लोगों का भरण पोषण नहीं होता है। या तो नौकरी पेशा या तिजारत में लगे लोगों की यह नगरी यूनिन टैरीटरी बन गई है। इसलिये पहले तथा अब जहां हिन्दुस्तान के अलग अलग राज्य अपना इन्तिजाम अपने आप करते हैं। वहां दिल्ली के शासन में हम को बहुत सारी असुविधायें नजर आती हैं। क्योंकि यहां का शासन न तो उस तरीके पर चलता है जैसा कि यू० पी० में, और न उस तरीके पर चलता है जैसा कि पंजाब में। नतीजा यह होता है कि जो कानून यू० पी० चाहता है यू० पी० बना लेता है और जो कानून पंजाब चाहता है पंजाब बना लेता है और दिल्ली इन दोनों राज्यों के

कानूनों से अलग शासन की बहुत सारी प्रभुविधायें बरदास्त करती हैं। जब से मुझे होश है मैं कह सकता हूँ कि दिल्ली में चार पांच चीजों का व्यापार बहुत बढ़े पैमाने पर होता था और उस की वजह से सारे देश के लोग यहाँ पर आते थे। मसलन (जैसे) 'यहाँ पर हार्ड वेअर, मैटिल वेअर, टेक्सटाइल और किराने का काम बहुत ऊँचे दर्जे का होता था, हजारों तिजारत वाले लोग यहाँ पर रहते थे और उन से हजारों परिवार पलते थे। लेकिन जब से यह बिक्री कर का सिलसिला जारी हुआ है तब से व्यापारियों को अनेक प्रकार की प्रभुविधायें होने लगी हैं और अन्य व्यापार तो क्या इन के व्यापारी भी बड़े दुखी हैं और अपना व्यापार उजड़ा देखते हैं। मैं यह नहीं चाहता कि उन ट्रेडर्स को जो भाव बेजा तरीके पर सरकार को नुकसान देना चाहते हैं या बिक्री कर नहीं देना चाहते हैं या कोई फायदा उठाना चाहते हैं, उन की मैं तरफ़दारी करूँ लेकिन मैं यह जरूर समझता हूँ कि जब देहली केन्द्रीय सरकार के मातहत शासित होती है तो यहाँ के तिजारत करने वालों का या यहाँ के लोगों का जो एक नक़शा है वह उस के दिमाग के सामने रहना चाहिये और उन की भलाई के सिलसिले में बड़ी गम्भीरता से हमारे मंत्रियों को सोचना चाहिये।

अभी सदन के सामने एक संशोधन हमारे मंत्री महोदय ने रक्खा है। इस संशोधन से देहली की तिजारत करने वालों का या देहली के व्यापारियों की जो कठिनाइयाँ हैं वे दूर हो सकती हैं, यह मैं मानता हूँ और इस संशोधन का अभिप्रायः भी यही है लेकिन मैं यह देखता हूँ कि पिछले ५, ५ सालों से बराबर यह चीज़ हम ने अपने मंत्री महोदयों के सामने या जो अधिकारी वर्ग है उन के सामने रक्खी है कि व्यापार को सदा दृष्टि में रखना आवश्यक है और यहाँ की तिजारत को बर्बाद करने का मतलब यह है कि

देहली की आर्थिक दृष्टि से जो इस वक्त तक बड़होमी हुई है या उन्नति हुई है उस को हम रोकते हैं और उस का लाजिमी नतीजा यह होगा कि यहाँ इनएम्प्लायमेंट दिनों दिन बढ़ता जाता है। इस समय मेरे पास फ़ीगर्स नहीं हैं लेकिन अगर आप उन को देखेंगे तो आप को मालूम हो जायेगा कि पिछले ५, ५ सालों में कितना ज़बर्दस्त इनएम्प्लायमेंट यहाँ पर बढ़ा है। आप छोटी छोटी इंडस्ट्रीज़ की बात करते हैं या कुछ और इंडस्ट्रियलाइज़ेशन की बात करते हैं लेकिन देहली का जो सब से बड़ा दारोमदार है वह उस की तिजारत है और अगर इस प्रकार के सेल्स टैक्स या बिक्री कर लगा लगा कर हम उस तिजारत को घाहिस्ता घाहिस्ता बर्बाद कर दें तो लाजिमी तौर पर उस का असर आम लोगों पर होगा और उस से जो असन्तोष फैलेगा उस का परिणाम अच्छा होने वाला नहीं है। इसलिये मैं मंत्री महोदय से यह कहूँगा कि जहाँ वह इस चीज़ को मुनासिब समझते हैं कि यूनियन टैरिटरिज़ में ऐसी जगहें हो सकती हैं, ऐसे पदार्थ हो सकते हैं कि जहाँ बिक्री कर न लगाया जाय और इन स्थानों के आर्थिक बाँचे को कायम रखा जाये। ऐसा करने से हम उन लोगों की जो असन्तोष रखते हैं संतोष दिलायें विशेष कर देहली में जहाँ के बारे में हर एक आदमी को मालूम है और केन्द्रीय सरकार को भी मालूम है कि यहाँ का जितना भी आर्थिक बाँचा है वह तिजारत पर कायम है, और तिजारत के उजड़ने से असन्तोष और आर्थिक संकट बढ़ता है तो फिर सफ़ाई से क्यों न मान लिया जाय और यह कह दिया जाय कि यहाँ बिक्री कर Inter-State sales पर नहीं लगाया जायेगा। मंत्री महोदय का संशोधन यह मंज़ूर करता है कि देहली राज्य में कुछ वस्तुओं पर बिक्री कर नहीं लगाया जा सकता है परन्तु इसे धृष्टि में रखते हुए कि यहाँ का ७०-८० की सदी व्यापार distribution पर चलता

[श्री राधा रमण]

है और स्थानीय खपत बहुत कम है उन तमाम पदार्थों को इस बिन्नी कर से एग्जम्प्ट करना अच्छा है। अगर इतना नहीं माना जा सकता तो कम से कम यह घोषणा करनी चाहिये कि उस को हम जल्द से जल्द एक छोटी कमेटी बना कर या किसी के सुपुर्द कर के इस संशोधन के अनुसार कार्यवाही करेंगे। इस संशोधन की देहली के व्यापार पर लागू करेंगे। मैं समझता हूँ कि इस में सरकार की एक बहुत उदारता प्रकट होगी और साथ ही यह जो यहां के व्यापारियों को पिछले ४, ५ वर्षों में बराबर कठिनाइयां पेश आ रही हैं, उन में भी कमी हो जायगी और उन्हें यह विश्वास हो जायगा कि हमारी सरकार अब जबकि यहां पर स्टेट लेजिस्लेचर नहीं है जहां आवाज उठाई जा सके, उन के मसलों पर ध्यान देती है और उन की इस बात का विश्वास दिलाया जा सके कि अगर दिल्ली की सरकार नहीं है तो भी यहां उन की बात सुनने वाले मौजूद हैं और जो उन की जायज और मुनासिब बात होगी वह मान ली जायेगी। इसलिये मैं बारबार मंत्री महोदय से प्रार्थना करूंगा कि इस बात को ध्यान में रखते हुए कि देहली के व्यापारियों का मामला करीब करीब स्वर्गीय डा० श्यामा प्रसाद मुखर्जी के जमाने से जबकि वह केन्द्रीय सरकार में कामसे एंड इंडस्ट्रीज मिनिस्टर होते थे पेश होता आया है, उन के सामने यह चीज आई, देशमुख साहब के सामने कई बार यह चीज आ लाई गई, उस के बाद स्टेट लेजिस्लेचर में कई बार यह कहा गया कि देहली के व्यापार को इन खतरों से बचाया जाय परन्तु इस पर ध्यान नहीं दिया गया। इस कारण मैं मंत्री महोदय से विधेयक में ऐसी गुंजायश रखने की अपील करता हूँ जिस से देहली के व्यापार को हानि न पहुंचे। मैं समझता हूँ कि अब तक जो कुछ हुआ है वह भी बहुत काफी तकलीफदेह है। यहां का जो अधिक डांचा है वह

दरहम बरहम होने से बचाया जाये। इस का विश्वास मंत्री महोदय से मिलना चाहिये। मैं उम्मीद करता हूँ कि जिस उदारता से इस संशोधन को लाने का प्रयास हमारे मंत्री महोदय ने किया है, उसी उदारता से काम लेते हुए और इस पर और अधिक रोशनी डालते हुए वे इस बात को मंजूर करेंगे और कोई न कोई इस प्रकार की गुंजायश निकालेंगे कि जिस से बहुत जल्दी यहां के तिजारती लोगों का या यहां के व्यापार करने वालों को संकट दूर हो और उन को विश्वास हो कि जो उन की जायज बात सरकार के सामने रखी गई है उस को वह मानने को तैयार हो गई।

इन शब्दों के साथ मैं इस विधेयक का जिस को कि मंत्री महोदय ने सदन के सामने रक्खा है, स्वागत करता हूँ।

Shri K. C. Sodhia: This question of Inter-State sales tax has been agitating our trading community for the last six or seven years and they were eagerly looking for some Central legislation so that their difficulties might be minimised in this matter. At last this Bill has come before us.

I have studied the Bill. I have also studied the report of the Law Commission that was circulated to us and the relevant portions of the Taxation Enquiry Commission's report bearing on the subject. I find that the difficulty which our traders experience on account of rendering accounts to different State Governments has been removed by this Bill. Now, they will have to pay an inter-State tax of one per cent when the goods are moved from one State to another.

Looking to the report of the Law Commission I find that there is disagreement on what constitutes a sale and whether movement is necessary from one State to another. And from the speech that my friend on the opposite side gave, I also feel that

those interests which have got a country-wide organisation to distribute things will be in an advantageous position, they will be in a better position *vis-a-vis* the smaller traders. Therefore, on that account we want to interchange ideas with the Minister and for this reason I should be glad if the Bill went to the Select Committee.

Then, looking to the various provisions of the Bill, especially clause 15 and the whole of Chapter II which deals with the principles of inter-State sales tax, there is not that clarity which will give satisfaction to us and which will help us to come to definite conclusions. We want that especially the clauses in Chapter II and certain clauses in the Chapter dealing with goods of special importance in inter-State trade and commerce should be discussed with the Minister and our doubts removed.

As regards the inclusion of foodgrains and certain other articles in the list of these declared goods, I do not think any good is likely to come out of it, because, as clause 15 has been interpreted by the Minister, besides an inter-State sales tax of one per cent being payable to the Central Government, the various State Governments can, even on these goods of special importance, levy two per cent sales tax. So, when foodgrains go from Madhya Pradesh to Bengal, for instance, the Madhya Pradesh Government can charge two per cent as sales-tax; then, one per cent will be payable as inter-State sales tax to the Central Government, and then two per cent sales tax will be levied by the Bengal Government, and altogether it will come to five per cent. I think no State Government would dare to levy five per cent in all as sales-tax on foodgrains. Therefore, to include foodgrains in this category will not do much good to the consuming people. So, I am not much in favour of adding foodgrains or any other articles to the list that has been given.

But I would like to bring to the notice of the Minister one very important thing. The object with which the words 'of special importance' have been put down is to see that commerce and industry flourish in the country, and goods manufactured out of the articles specified in the list are sold at prices which do not vary much from one end of the country to the other. While, with that object in view, the rate of sales tax allowed to the State Governments has been put down at two per cent, yet I feel sure that that object of the Minister will be defeated.

I have, therefore, given notice of an amendment wherein I have proposed that only one per cent of sales tax on these specified goods should be allowed to be charged by the State Governments. That would bring it to the order of three or four per cent. And even if one or two States exchange goods, we shall be doing justice to the object in view. Even the Taxation Enquiry Commission have said that the rate of inter-State sales tax and the sales-tax allowed to the State Government on these specified goods should be at the same level, or in other words, they should be equal. That has been specifically stated by the Taxation Enquiry Commission. So, I see no justification on the part of Government to vary the rate of taxation as recommended by that commission.

In this connection, I would also like to bring to the notice of the Minister the proposal of that commission for the establishment of a Central body to look into the various sales tax rates prevailing in different States and to give advice to the Central and State Governments regarding the rates so that there may not be any great diversity between the rates applying in the different States. I do not see why Government should not set up such a body simultaneously with the passing of this Bill.

I, therefore, support the amendment moved by Pandit Thakur Das Bhargava that this Bill should be referred to a Select Committee, so

[Shri K. C. Sodhia]

that the matter may be gone into threadbare, and we may also have our minds quite clear on this question. If that is done, then we shall be able to convince our trader friends, when we go to our constituencies from Parliament, that, by this measure, we have obviated their difficulties to a certain extent.

Pandit C. N. Malviya (Raisen): I rise to support this Bill. Although I appreciate the importance of sending this Bill to a Select Committee, yet after hearing the speech of the hon. Mover, I do not think that any useful purpose will be served by doing so, because the reasons that have been given do not warrant its being sent to a Select Committee. The Mover has stressed that if the Bill is sent to a Select Committee it will thrash out the whole matter and the list that has been given in clause 14 may be increased, and the essential goods may be included in the list. If there are other suggestions which have been put in by way of amendments, then those amendments are before the House now. Considering that fact that this Bill has been brought forward in pursuance of the recommendation of the Taxation Enquiry Commission, and considering the importance of the amendments that have been tabled, I would say that these amendments are not such as to warrant this Bill being referred to a Select Committee; they can be considered in the House itself, when the clauses are taken up.

There is a presumption that the absence of the inclusion of essential goods in clause 14 would mean that they will not be exempt from sales tax. I do not think that is correct, because this Bill has been brought forward to meet a judgment of the Supreme Court and to implement the recommendations of the Taxation Enquiry Commission. After the judgment, the position has been that no sales tax can be imposed on inter-State trade and commerce.

My hon. friends Shri U. M. Trivedi and Shri Bansal have opposed this Bill in spirit. Shri U. M. Trivedi has

said that Government are just collecting money by hook and crook. I do not agree with him. I agree that Government want to collect money, but they have got certain objectives before them. I think Shri U. M. Trivedi does not believe in socialism. I do not think Shri Bansal too personally believes in socialism, although by discipline he may. I am at a loss to understand why every time a new taxation proposal is brought forward by Government it is opposed by Shri U. M. Trivedi. I have not seen him supporting a taxation proposal even once. It is true that nobody is pleased to pay any taxation, and yet it is very easy to play on the sentiments of the people. After all, this House consists of the representatives of the people. The State Governments consist of the representatives of the people. They also take into consideration the sentiments of people. It is easy to play on the sentiments of people, but it is not the characteristic of leadership. Leadership is no leadership if it is at the tail; leadership is leadership when it leads the people to certain objectives. Do my hon. friends who have opposed the Bill or who have a general tendency to oppose any proposal for taxation mean to say that no taxation should be levied? What should be the principle of taxation? Whenever there is an announcement in this connection by the Finance Minister, they say it will have a very bad effect. If it is a question of sales tax, they say no, there should not be any sales tax'.

In this way, I think they are supporting the cause of anarchists. Anarchy is mobocracy where everybody is free to do anything. Do they mean to say that there should not be any sales tax? Sales tax has become necessary now in view of the developmental needs of our economy. It is now more than 20 years since it was started and people have, more or less, become accustomed to pay sales tax. So are the traders. After the experience of 15 to 20 years, there was a problem and this Bill have been brought forward to meet that problem.

Shri U. M. Trivedi has pointed out the lacunae in the definition of 'sales tax' I do not want to take the time of the House; I will only refer to a passage in the Report of the Taxation Inquiry Commission, vol. II, pages 9 and 10, where it has been shown that the definitions given in the various State Sales Tax Acts have been so different that sometimes some commodities may not be included in the Sales Tax Acts:

"The actual meaning attached to the word 'sale' in the Acts of different States may now be illustrated. In Madras, Mysore, Travancore-Cochin and Hyderabad, sale means transfer of property in the course of trade or business. By implication, all other sales are excluded. Casual sales by individuals, sales of food by hostels attached to educational institutions, sales of old furniture, for example, by firms not dealing in furniture, and so on are, therefore, not liable for the tax in these States. The States of Bengal and Delhi define sale as transfer of property in goods for money consideration, which accordingly excludes transfers for other consideration like exchange or barter. According to the Acts of certain States, the sale is deemed to have taken place in the territory of the State, if at the time when the contract of sale or purchase was made, the goods were actually in those States. In certain States, the transfer of property in goods supplied in the execution of a contract is also included in the definition of sale".

Shri U. M. Trivedi must have gone through the Law Commission's Report, and the Note of Dissent by Shri N. C. Sen, which has been circulated to all hon. Members. Shri Sen has given his reasons for the discrepancies in the definitions of sale and also in determining the *locus standi* of sale. Therefore, when we go through the definition of 'sale' in this Bill, all these objections have been

met and it has been made more comprehensive. In clause 3, the arguments given by Shri N. C. Sen have been met by laying down a comprehensive principle—I do not want to read the whole paragraph from the Note of Dissent of Shri N. C. Sen to the Report of the Law Commission.

Then I would like to make certain observations which, I hope, the hon. Minister will take into consideration. I am sorry I shall not be here to move my amendments. Therefore, I will just put my views before Government so that if they think them to be proper, they may adopt them. Clause 16 reads:

"The Essential Goods (Declaration and Regulation of Tax on Sale or Purchase) Act, 1952, is hereby repealed".

15-37 hrs.

[MR. DEPUTY-SPEAKER in the Chair.]

This repeal does not mean that State Governments are not empowered to exempt essential goods. So far as this Bill is concerned, the list given here is supported by the Taxation Inquiry Commission. In the Report of the Taxation Inquiry Commission, Vol. II, paragraph 22(6), it is said:

"Subject to the limitations mentioned below, the States should have full powers to tax sales or purchases of goods, including goods declared at present as essential for the life of the community under Article 286(3). In regard to the levy of a tax by the States on sales or purchases of 'specified goods', the Central Government should take power to impose conditions subject to which the States can levy the tax. These conditions should be that, in replacement where necessary of existing systems and levies,

(i) the States shall levy only a single-point tax (at the last stage of sale or purchase) on these goods, and

[Pandit C. N. Malviya]

(ii) the rate shall not exceed ¼ anna in the rupee, i.e. the same rate at which the Central tax will be imposed on these goods in the course of inter-State trade.

The following goods should be specified in the Central legislation: (i) coal, (ii) iron and steel, (iii) cotton, (iv) hides and skins, (v) oilseeds; (vi) jute.

We would emphasise that this list should not be expanded except in the light of the principles we have elsewhere mentioned; we would further strongly recommend that no addition should be made to this list without consulting the Inter-State Taxation Council, for the establishment of which proposals are made in another part of our Report—

and for which my hon. friend, Shri Bansal, has also pleaded. I also agree that this Council should be established.

I have tabled certain amendments and in the light of those amendments, I will point out one or two things. In the rule-making powers, the Central Government have laid down the punishment for the same kind of offences, whereas the States are precluded from laying down the same penalty, as it is evident from sub-clause (5) of clause 13. It reads thus:

“In making any rule under this section the State Government may direct that a breach thereof shall be punishable with fine which may extend to five hundred rupees and when the offence is a continuing offence, with a daily fine which may extend to fifty rupees for every day during which the offence continues.”

In clause 10, the Bill itself lays down the penalty.

“If any person—

- (a) fails to get himself registered as required by section 7; or
- (b) being a registered dealer, falsely represents when purchasing any class of goods that

goods of such class are covered by his certificate of registration; or.....

he shall be punishable with simple imprisonment which may extend to six months, or with fine, or with both; and when the offence is a continuing offence, with a daily fine which may extend to fifty rupees for every day during which the offence continues.”

I am not able to understand why this distinction and discrimination has been made. The States should have the right to prescribe the penalty to the same extent as the Central Government as proposed in the Bill. The Central Government may have to deal with a number of traders. But the State Governments have also to deal with a number of traders and collect the sales tax and carry on the administration. They are more responsible and cases might occur where the State Governments might feel difficulty in dealing with evasions or other sorts of corrupt practices. At least the States should not be debarred from laying down these penalties.

Then, there is the obligation of registration. There are traders who are liable to pay tax and they have to apply. There are traders who are not liable to pay. But they may apply. There is an authority who will decide whether a certain application may be rejected, refused or cancelled. The Taxation Enquiry Commission have pointed out certain defects on the part of the Administration and they have referred to certain administrative rules and have suggested the rules should be made in such a way that there should not be any opportunity, as far as possible, for the people to evade taxes or for submitting accounts or in getting registered.

I have, therefore, suggested one amendment in which I propose that no application should be rejected or refused unless the authority gives the reasons for such refusal in writing. As it is laid down here, it is not necessary. Experience has shown

that the authorities do not go into the reasons but they just repeat the words of a particular section and reject or refuse it. It is necessary that such things should be incorporated in the body of the Bill itself.

I will make one other suggestion also. The collection and administration of sales tax has created some sort of patronage. There have been petitions from the traders that the behaviour of the officials sometimes is not helpful. They are more technical; they have not got the human approach. After the passing of this measure, the Central Government will also become part of the administrative machinery and it will entrust the administration to the respective States.

Mr. Deputy-Speaker: The hon. Member is taking so long.

Pandit C. N. Malviya: I will be finishing in 5 minutes. The Taxation Enquiry Commission on page 75 of their Report say this about Sales Tax Advisory Committees.

"For the maintenance of a proper liaison with the trade and industry, it is necessary that the Sales Tax Department should maintain some contact with the chambers and associations of different trades, industries and commerce and get their advice and help in administering the tax. It is obviously neither possible nor desirable that sales tax officers should directly deal with all such associations. A small Committee representing the important sections of trade, industry and the consumers would serve this purpose much better. Such Committees have been established in one or two States and are reported to have proved successful in meeting the grievances of traders and ensuring their co-operation in the administration of the tax. We recommend that in each State there should be a Sales Tax Advisory Committee consisting of the representatives

of different trade interests. It is necessary to lay down that the sales tax matters discussed by these Committees should be those of general interest to the trade and not items of individual dispute or grievance relating to particular assessments or particular dealers."

Therefore, I strongly suggest that Sales Tax Advisory Committees should be appointed in each State.

Then, there is the problem of submitting memos and vouchers. Rule-making power has been taken by the Central Government and the State Governments will also be making rules. The rules of the Central Government will be laid on the Table of the House here. Why not the rules made by the State Governments also be laid on the Tables of the Assemblies? I think it should be made obligatory on the States and this should be incorporated in the body of this Bill, so that they may be looked into and suitable amendments made.

The Taxation Enquiry Commission say, so far as these memos and vouchers are concerned:

"It seems to us desirable, in these circumstances, that separate mention of the tax in the bill should be discouraged by State Governments, or at any rate, not seem to receive their specific approval. The law of demand and supply and the price levels in the market will themselves be limiting factors on the dealers' attempts to overcharge. Issue of vouchers and cash memos, however, should be made compulsory for registered dealers, or at any rate, for such of them as have a turnover which exceeds a prescribed level. This would be specially appropriate for the single-point levy."

I think that, while making the rules, these things should also be given consideration.

Lastly, I venture to suggest that in spite of our 15 or 20 years' experience

[Pandit C. N. Malaviya]

with the payment of sales tax, with the realisation and collection of sales tax, with the administration of sales tax, the harassment of the people has not stopped and tax evasion has not stopped. Therefore, I would like to suggest, as it has also been recommended by the Taxation Enquiry Commission, that wider publicity should be given to rules and instructions of the Sales Tax Department, and, if possible, I think this is the time when we should have some new means for publicity. The Sales Tax Department, with the co-operation of the Broadcasting Ministry, should have certain documentaries prepared to show throughout the country how the sales tax administration should go on, what are the responsibilities of the people or the consumers, what are the responsibilities of the trade and commerce, how we should contribute to the national fund and should not indulge in tax evasion and other corrupt practices. I think it will help a great deal to publicise this intricate and complex administration of sales tax and educate the public in a better way, so that it will lead us to the objective which we have laid down for the betterment of our country.

Shri M. S. Gurupadaswamy: Tax inequalities often constitute an unfair factor in an economy—I say an unfair factor because tax variations give an unfair advantage to a group of people in business and it will upset normal trade relations. If you apply this view to the taxation field, you will see many discrepancies. Sales tax has come into vogue and it has become a very important tax, especially in the States. But till today no attempt has been made either by the States or by the Centre to co-ordinate sales tax and to bring about a uniformity. The Centre seems to be very indifferent and lukewarm in this particular matter. This measure does not seriously make an attempt in this direction. According to the provisions in the Bill, the whole inter-State sales tax comes under the purview of the Centre. Till recently

there has been very much uncertainty about this fact, and even as my friends have pointed out, the Supreme Court gave a judgment and there was no alternative but to bring forward this measure. So, this measure was forced on us, so to say, by the judgment of the Supreme Court. There is, therefore, no systematic attempt on the part of the Government to co-ordinate sales tax. An hon. friend pointed out the recommendation made by the Taxation Enquiry Commission for the setting up of an advisory body for coordinating policies in regard to sales tax. I also feel that such a step is eminently most desirable at the present moment, but I may say that instead of an advisory body, as our friends in the Taxation Enquiry Commission have suggested, I prefer a Taxation Council, as found in some Western countries, which takes up the responsibility of not only research but also the responsibility of advising the States as well as the Centre in various taxation proposals. So, I would suggest that the Central Government may think it over and set up a Taxation Council for the purpose of advising the Government in regard to all taxes.

I have pointed out that sales tax varies from State to State, and this variation in taxation, especially sales tax, has resulted in giving an unfair advantage to a few people in business. There are two or three kinds of variations. There is variation from State to State. Further there is variation in the rate of taxation and the methods of levy.

As a result of the variation and the different methods in the imposition and collection of sales tax, two or three evils have resulted. The most important evil is tax evasion—fiscal fraud, as I would put it. In the matter of goods which are taxed heavily, there is less trading. People who were trading in those goods give up trading in those goods and take up to other business of trade where sales tax is not so very

heavy. So, there has been so much of evasion and so much fiscal fraud committed. But there is also a disturbance in the normal trade relations. The fiscal regimes both at the Centre and the States have only followed such policies which hamper our economy, and these fiscal policies or taxation proposals or measures have only hindered the normal development of trade and commerce. These have been responsible for very many evils other than the fiscal fraud that I have pointed out.

I, therefore, expected that the Central Government would come forward with a measure which would co-ordinate all the systems of sales tax found in the various parts of the country. It has failed completely to do this. Now what do we find according to this measure? According to this piece of legislation, only goods which are sold or purchased in the course of inter-State trade are brought under the purview of the centre. Even here there is no uniform principle observed or followed in the matter of levy. Take for instance clause 8. Clause 8 states that the rate of tax should be one per cent on the total turn-over. So, the tax that is contemplated under clause 8 is a turnover tax.

16 hrs.

The Finance Minister has circulated an amendment just a few hours ago that certain exemptions might be given in the matter of sale or purchase of certain goods in case they were very important from the point of view of the public. If that is accepted, it will introduce another factor of variation. If, according to the Ministry, a particular group of goods become very important from the point of view of the nation, then there may be tax variations—lower tax or no tax at all on those goods. We do not know what type of goods he has in view to give such a different treatment.

Many arguments were advanced in regard to the inclusion of food articles in chapter IV. I feel that there is a lot of force in those arguments.

These articles constitute a very important part of the cost of living. Only goods which go to the manufacture of commodities are kept under this chapter. This may result in giving an unfair advantage to the business community, particularly the manufacturing community. The type of goods that have been grouped here show that certain sector of industry, particularly industrial sector is, going to be benefited while certain other sectors have to suffer. I do not know the basis on which this division has been made. It may be pointed out that they are very essential for the production and growth of our industry. The cost of production may be important but the cost of living is also equally important, if not more. If the policy of the Government is to maintain a reasonable cost of living and not to promote a rise in the cost of living, I am sure they have to agree to exempt certain essential articles of consumption from the sales tax. Or, they must impose a lower rate of sales tax on such articles. Otherwise, the purpose for which this chapter has been included here will not be realised because, the ultimate objective, I take it, is to maintain a particular level of prices in the country. If that is so, that objective will not be realised if we do not make an attempt to reduce the cost of living. One way by which it could be done is to levy less tax on essential articles of consumption. I feel that we should not be very unfair to the consumers by being very fair to the producers and we should not give an unfair advantage to the producer as against the consumer. After all, the trade, industry, and their development largely depend upon the consumers and their demands. If they develop consumers' resistance and if a feeling is created that the cost of living is going high—it is already rising—it will operate as a disincentive even to traders and businessmen in the long run because there will be no effective demand. So, I feel that the essential food articles should be brought under chapter IV.

I am sorry that the present Bill does not go far enough. On the other

[Shri M. S. Gurupadaswamy]

hand, it creates more discrimination in the field of taxation and it will bring about more inequalities and create more difficulties in our economy. It will give an unfair advantage to certain sections of the public to the exclusion of certain other sections.

श्री मन्मथलाला (भागलपुर मध्य) :
उपाध्यक्ष महोदय, जब से यह सेल्स टैक्स (बिक्री कर) का मामला हर एक स्टेट (राज्य) में चला है तो हमारे देखने में आया है कि हर एक स्टेट में तरह तरह के सेल्स टैक्स हर जगह वहाँ की सरकारों ने लगाये और उस से लोगों को हर प्रकार की असुविधायें सेल्स टैक्स के देने में लोगों को अनुभव हुई हैं और सेल्स टैक्स के बारे में कोई यूनिफार्मिटी (एकरूपता) नहीं थी किसी प्रान्त में कुछ था तो दूसरे प्रान्त में कुछ और इस के कारण लोगों में बहुत असन्तोष था। जो हमारे खाने के पदार्थ हैं उन पर भी कई जगह टैक्स लगाये जाते हैं। केला एक मामूली खाने का पदार्थ होता है उस के बारे में भी आप को बतलाऊँ कि एक बार मैं मद्रास की तरफ गया था तो मैं ने देखा कि केला जिस का भाव ४ आने दर्जन होता था लेकिन सेल्स टैक्स चूँकि उस पर चार पांच जगह लगता है इसलिये उस का भाव ५ आने और ६ आने हो जाता था। केला शरीबों के खाने की चीज है और शरीबों की ही क्या सर्वसाधारण और सबों के खाने की चीज है, लेकिन खास तौर पर शरीब लोग केला खा कर अपना पेट भर लेते हैं और यह आन्दोलन बहुत जगह होता आया है और बहुत दफा यह कहा गया है कि कोई

ऐसा उपाय निकाला जाय जिस से कि सब जगह सेल्स टैक्स एक प्रकार का हो और एक ही बार वह टैक्स लगे।

इस के लिये हर एक प्रकार की योजनायें बनाई गईं। केन्द्रीय सरकार के सामने भी यह बात लाई गई और सुनते हैं कि केन्द्रीय सरकार ने भी इस के बारे में प्रान्तीय सरकारों से शालोचना की। परन्तु प्रान्तीय सरकारों ने इस बात को नहीं माना। तो मैं तो समझता था कि जब सेन्ट्रल सेल्स टैक्स बिल आयेगा तो उस में इस प्रकार की कोई बात आयेगी जिस से न तो सेल्स टैक्स वसूल करने में किसी प्रकार की दिक्कत हो, न बेकार करधान (अष्टाचार) बढ़े जैसाकि आज कल है। किसी भी ईमानदार आदमी का व्यापार करना मुश्किल हो गया है। जो आदमी सेल्स टैक्स बचा कर बिना सेल्स टैक्स चार्ज किये माल बेचते हैं उन का भान बिक जाता है और जो आदमी ईमानदारी से काम करते हैं, उन का काम करना मुश्किल हो गया है। मैं समझता था कि सरकार इस प्रकार का कोई बिल लायेगी, परन्तु इस बिल में इन सब बातों का कोई जिक्र नहीं है। इस में विशेष कर केवल इंटरस्टेट ट्रेड ऐंड कामर्स (अन्तर्राज्यीय व्यापार और वाणिज्य) का जिक्र है, हालाँकि उन बातों के लिये खास तौर पर यह बिल लाया गया था। यह भी एक चीज थी क्योंकि इस प्रकार का बिल न आने के कारण अब तक जो कई प्रकार के कानून थे उन के ऊपर सुप्रीम कोर्ट में कई तरह के फैसले हो गये। उन सब फैसलों को स्थिर रूप से कर देने के लिये यह सेल्स टैक्स का बिल

[श्री शुनसुनबासा]

नाना जरूरी था और वह लाया गया यह बहुत ही अच्छा हुआ। परन्तु जो बात टैक्सेशन इन्वॉयरी कमिशन (कराधान जांच आयोग) ने कही थी कि जहाँ पर इंटर-स्टेट टैक्स (अन्तर्राज्यीय कर) लगेगा वहाँ पर फिर इंटरस्टेट (राज्य के अन्दर) टैक्स नहीं लगना चाहिये, इस में उस का किसी प्रकार का भी जिक् नहीं है।

श्री सिंहासन सिंह (जिला गोरखपुर दक्षिण) : स्टेट में लगेगा।

श्री शुनसुनबासा : नहीं लगेगा, यहाँ बात उन्होंने कही थी, परन्तु मैं समझता था कि यह बात इसमें आयगी कि यहाँ नहीं लगेगा। इसमें उसका ठीक उलटा कर दिया गया है कि यह लगेगा। जो भादमी हमारे खान की चीज बेचता है, जो चीज रोजाना इस्तेमान की है, जिस का भाव थोड़ा सा भी बढ़ जाने से गरीब भादमी को तकलीफ हो जाती है, अगर उस पर हर एक जगह टैक्स लग दिया जायगा तो लोगों को मैं नहीं समझता कि कितनी मुसीबत हो जायगी।

इंटरस्टेट टैक्स जो लगाया गया है उस के सम्बन्ध में कई चीजों के ऊपर रोक लगाई गई है कि यह यह चीजें हैं उन पर इतना टैक्स लगेगा, और उसमें कुछ एग्जम्पान (उन्मुक्ति) किये गये हैं स्पेशल कमोडिटीज (विशिष्ट वस्तुएं) कह कर। हमारे भाई ठाकुर दास जी ने शुरू में कहा कि इस बात को हम लोग बहुत आश्चर्य की बात मानते थे। जब कांस्टिट्यूशन अमेंडमेंट बिल इस सम्बन्ध में आया था तो फूडगेन (खाद्यान्न) आदि के बारे में हम लोगों ने बहुत जोर लगाया था कि वह आर्टिकल (वस्तु) भी स्पेशल समझा जाय, और उस समय के

हमारे वित्त मंत्री जी ने कोई इस प्रकार की जवान तो नहीं दी थी, परन्तु आपवासन दिया था कि हम चेष्टा करेंगे कि जो फूडगेन है उस को स्पेशल कमोडिटीज में ला दिया जाय। आज यह देख कर बड़ा ही आश्चर्य होता है कि फूडगेन्स तथा अन्य इस किस्म की चीजें जो रोजाना खाने की हैं, वह इस में नहीं लाई गई हैं। वह सब चीजें इस में अवश्य आनी चाहियें।

अभी हमारे वित्त मंत्री का एक संशोधन आया है, उससे इसमें कुछ सहायता तो मिलती है और मैं भी उसी प्रकार का सुझाव देने वाला था परन्तु वित्त मंत्री जी ने ही उसे दे दिया कि सरकार अपने हाथ में यह अरूयार ले ले कि जिस चीज के ऊपर वह चाहे उसे स्पेशल कमोडिटी डिक्लेअर (घोषित) कर के उसके ऊपर जैसा चाहे टैक्स लगाने की व्यवस्था कर सकती है। वह अमेंडमेंट यह है :

Page 5—

after line 39, add:

“(5) Notwithstanding anything contained in this section, the Central Government may, if it is satisfied that it is necessary so to do in the public interest, by notification in the Official Gazette, direct that in respect of such goods or classes of goods as may be mentioned in the notification, no tax under this Act shall be payable by any dealer having his place of business in any Union territory in respect of the sale by him from any such place of business of any such goods in the course of inter-State trade or commerce or that the tax on such sales shall be calculated at such lower rates than those specified in sub-section (1) or sub-section (2) as may be mentioned in the notification.”

इससे इसमें सहायता जरूर मिलेगी। परन्तु मैं यह कहना चाहता हूँ कि यह अक्षय्यार तो उनको ले ही लेना चाहिये और हमारे वर्तमान वित्त मंत्री जी हैं, मैं समझता हूँ कि वे बराबर इस बात का ध्यान रखेंगे और इसके बारे में सही कार्रवाई करेंगे। जब कभी किसी प्रकार का हैरेसमेंट (परेशानी) होगा या अगर कहीं कोई टैक्स ऐसा लगाया जायगा जोकि लोगों को असुविधा पहुंचाने वाला हो तो तुरन्त ही वह इस सेक्सन के अनुसार काम करेगे। परन्तु तो भी मैं यह निवेदन करना चाहता हूँ कि वे भविष्य के लिये जरूर अधिकार ले लें। कुछ सामग्रियां ऐसी हैं, जैसे फूडवेन, किरासीन तेल आदि जोकि इसमें मेंशन कर देनी चाहिये। ताकि भविष्य में हमारे वित्त मंत्री जी को कोई खास कार्रवाई न करनी पड़े।

जैसा मैं आरम्भ में कह रहा था कि जो बिल लाया गया है वह बहुत सन्तोषजनक नहीं है। जो कुछ किया गया है, सो अच्छा ही है, परन्तु जैसाकि टैक्सेशन इन्क्वायरी कमिशन ने कहा था कि जहां पर इंटरस्टेट टैक्स लगाया जाय, जो एक्सपोर्टिंग स्टेट (निर्यात करने वाला राज्य) है यदि वहां टैक्स लगाया जाय तो उसके ऊपर फिर इंटरस्टेट टैक्स किसी प्रकार का नहीं लयना चाहिये। यदि इस प्रकार का टैक्स लगाया जायगा तो जो भी डिस्ट्रिब्यूटिंग सेन्टर्स (वितरण केन्द्र) हैं, खास कर दिल्ली जैसे शहर, उनका व्यापार बिल्कुल ठप्प पड़ जायेगा। सभी लोग सभी तरह का माल जो दिल्ली हो कर भेजते हैं, वह सीधे भेजने लगेगे। इससे सरकार की आमदनी बहुत कम हो जायगी और जो यहां के व्यापारी लोग हैं उनको भी घक्का लगेगा। इसलिये मेरा यह सुझाव है कि जिन सामग्रियों पर इंटरस्टेट टैक्स लगाया जाय उन पर इंटरस्टेट टैक्स न लगाया जाय।

दूसरी बात जो मुझे कहनी थी वह एक्सपोर्ट (निर्यात) के बारे में थी। जो

माल एक्सपोर्ट किया जाता है उस पर कई जगह टैक्स लग जाने से, मान लीजिए मोतिहारी से कोई चीज जाती है वह बन्दरगाहों पर पहुंचने के पहले कई हाथों से बिकती है, यदि उस पर हर एक जगह टैक्स लगाया गया तो वह चीज लोगों के लिये बहुत भारी पड़ेगी। इसलिए कोई फार्मूला निकाला जाय जिस से कि यह टैक्स एक ही जगह पर लगे।

इस के अलावा यदि कोई रजिस्टर्ड डीलर (पंजीकृत व्यापारी) किसी एक्सपोर्टिंग स्टेट से माल भेजेगा दूसरी स्टेट के डीलर को तो उस के लिये जिंक किया गया है कि 1 परसेंट टैक्स लगेगा। और वह टन और वर (उत्पादन) पर लगेगा। परन्तु यदि किसी कंज्यूमर (उपभोक्ता) को कोई चीज दी जायगी तो उस पर दो परसेंट टैक्स देना पड़ेगा। यह जो चीज है यह मेरी समझ में नहीं आई है। इसको भी ध्याय देव लें।

चार पांच बात में मैंने ध्याप के सामने रखी हैं और मैं चाहता हूँ कि ध्याप इन पर विचार कर लें। इस के बाद जब क्वाड-वार्ड-क्लाज डिसकशन (संख्यार चर्चा) होगी उस वक़्त मैं अपने विचार इस सदन के सामने रखूंगा।

श्री श्रीबन्धु सिन्हा (विजा प्रयोग) :
उपाध्यक्ष महोदय, यह श्री बिल इस सदन में पेश किया गया है, इसका मैं स्वागत करता हूँ। मैं यह भी महसूस करता हूँ कि इसमें बहुत से संशोधनों और तबदीलियों की जरूरत है। इसलिये मेरा विचार है कि भागव साहब ने जो अमेंडमेंट मूव (प्रस्ताव) की है कि इसको प्रवर समिति के सुपुर्व कर दिया जाना चाहिये, उसको स्वीकार कर लिया जाना चाहिये और इसे प्रवर समिति के सुपुर्व कर दिया जाना चाहिये। वहां पर इस बिल पर विचार करके लोगों की जो बहुत सी शिकायतें हैं उनको दूर किया जा सकता है। यह एक

[श्री श्रीचन्द सिंघल]

बहुत ही ग्रहम बिल है और बिज़नेस कम्युनिटी (व्यापारी वर्ग) से इसका खास तौर से ताल्लुक है। यह वर्ग एक छोटा सा वर्ग अवश्य है लेकिन यह बड़ा ही बोकस (महत्वपूर्ण) वर्ग है, बड़ा हल्ला गुल्ला मचान वाला वर्ग है और अगर कोई ऐसी चीज़ पास कर दी जाती है जो उसके खिलाफ जाती हो तो वह सरकार को बहुत बदनाम करते हैं और खास तौर से हम लोगों के लिये तो आफत मी खड़ी हो जाती है। हमारे लिये आफत की बात इसलिये होती है कि हम उन लोगों के नुमाइंदा हैं। इस वास्ते इस बिल में आवश्यक सुधार करने के लिये, मैं चाहता हूँ, इसे प्रवर समिति के सुपुर्द कर दिया जाय।

इस में कोई शक नहीं है कि जब यह बिल पास हो जायगा तथा कानून बन जायगा और लागू हो जायगा तो सरकार की ग्रामदनी बहुत बढ़ जायगी। चूँक सरकार को रुपये की बहुत आवश्यकता है इस वास्ते मैं चाहता हूँ कि उसकी ग्रामदनी बढ़े और द्वितीय पंचवर्षीय योजना बनाई गई है वह सफल हो और वह सफल तभी हो सकती है जब सरकार के पास और अधिक धन आय। इससे सरकार की जो रुपये के बारे में आवश्यकताएँ हैं व काफी हद तक पूरी हो जायेंगी।

ग्राजकल चीजों के जो दाम हैं वे बहुत बढ़ रहे हैं। चीजों के दाम बढ़ने का एक खास कारण यह है कि मुद्रा का बहुत ज्यादा फैलाव हो गया है, नोटों का प्रचलन बहुत बढ़ गया है। उनको कम करने के लिये और कीमतों को गिराने के लिये, इस तरह के बिल की बहुत ज्यादा आवश्यकता थी। जिस हिसाब से टैक्स बढ़ेगा उसी हिसाब से और अधिक रुपया सरकार के पास पहुँच जायगा और इससे चीजों के दामों को गिराने में मदद मिलेगी।

ग्राजकल सेल्स टैक्स लगाने का जो तरीका है वह कुछ बिल्लरा हुआ है कहीं पर किसी हिसाब से लगाया जाता है और कहीं पर किसी से। सारे हिन्दुस्तान में एक सी दरें नहीं हैं। मैं मानता हूँ कि इस से बिक्री करों में कोई अन्तर तो नहीं पड़ेगा लेकिन कुछ यूनिफार्मिटी (एकरूपता) अवश्य आ जाएगी। खास तौर से आजकल जो इवेशन (अपवचना) हो रहा है, जो बर्झमानी हो रही है उसमें कमी होगी। ग्राज कल यह देखने में आता है कि जो दुकानदार माल बेचते हैं उनमें कई इस टैक्स से बचने के लिये अपनी बही खातों में यह दिखा देते हैं कि माल को दूसरे प्रदेश में भेज दिया गया है। ऐसा करने से वे लोग इस टैक्स से बच जाते हैं। अब इस बिल के कानून बन जाने के बाद यह होगा कि अगर व लोग अपना माल किसी दूसरे प्रान्त में भेजेंगे तो उन्हें यह माल केवल रिजिस्टर्ड डीलर्स (पंजीकृत व्यापारी) को ही बेचना पड़ेगा। अगर वे उनको यह माल भेजेंगे तो उन्हें सेल्स टैक्स भी देना पड़ेगा। तो इस तरह से ग्राजकल जो इवेशन हो रहा है वह भी कुछ हद तक कम हो जायगा।

एक बात अवश्य है और वह यह है कि यह जो सेल्स टैक्स है यह एक रेट्रोग्रेड टैक्स (प्रतिगामी कर) है, प्रोग्रेसिव टैक्स (प्रगतिवादी कर) नहीं है। टैक्स के दो उद्देश्य हुआ करते हैं, एक तो यह कि सरकार को रुपया मिल जाय और दूसरे यह कि देश में जो विषमता है वह कम हो, देश में समता आवे। अगर टैक्स देश में इस उद्देश्य से नहीं लगाया जाता है कि विषमता दूर हो और समता आवे, तो रुपया तो सरकार को अवश्य मिल जाता है, लेकिन उस को प्रोग्रेसिव टैक्स नहीं कहा जा सकता है। इसलिये यह जो टैक्स है यह एक रेट्रोग्रेड टैक्स है। इस का ज्यादा भार गरीबों पर पड़ता है और अमीरों पर कम। ग्राजकल जबकि मुँह का फैलाव बहुत हो गया है, कीमतें बढ़ गई

हैं इस से गरीब लोगों को विशेष दिक्कत का सामना करना पड़ रहा है। अब इस टैक्स के लग जाने से कीमतें और भी ज्यादा बढ़ जायेंगी और उन को चीजें और भी ज्यादा महंगे भाव पर उपलब्ध होंगी। इस वास्ते मैं सरकार से प्रार्थना करता हूँ कि वह कोई ऐसा तरीका निकाले जिस से कि गरीबों पर इसका असर कम पड़े और अभीगें पर ज्यादा।

एक चीज और है जिस की तरफ मैं आप का ध्यान दिलाना चाहता हूँ। इस में डबल टैक्सेशन का जिक्र है। एक परसेंट नो सेन्ट्रल सरकार ले लेगी और बाकी जिस प्रान्त में माल जायगा, वह उससे टैक्स लेगी। इस तरह से यह डबल टैक्सेशन है। इस से गरीब आदमियों को विशेष तौर से दिक्कत होगी। इस में गरीब आदमियों के प्रयोग की जो चीजें हैं उनका कोई जिक्र नहीं किया गया है। हर एक मूलक में उन चीजों पर जो गरीब आदमियों के प्रयोग की होती हैं, दूध है, मोटा कपड़ा है, कोई टैक्स नहीं लिया जाता है। इंग्लैंड में तो ऐसी चीजों को सबसिडाइज करके गरीब आदमियों को सस्ते भाव पर बेचा जाता है। इस तरह की जो एमेंशन आर्टिकल्स हैं उन पर कोई टैक्स नहीं लगना चाहिये। मेरी राय में जो खास खास चीजें हैं, जैसे मोटा कपड़ा है, दूध है, गल्ला है या और दूसरी चीजें हैं, उनका जिक्र क्लॉज १४ में आना आवश्यक है। इससे गरीब आदमियों के इस्तेमाल की जो चीजें हैं वे टैक्स से बच जायेंगी।

एक एमेंडमेंट पेश की गई है जिस की मंशा यह है कि जहां पर यह अंदाज किया जाता है कि वे डिस्ट्रिब्यूटिंग सेंटर्स (वितरण केन्द्र) हैं, वहां पर यह टैक्स नहीं लगेगा। यहां पर इस में दिल्ली की ही बहुत ज्यादा चर्चा की गई है। मैं प्रार्थना करता हूँ कि आसरा भी एक डिस्ट्रिब्यूशन सेंटर है। राजस्थान से वहां पर लोग माल खरीदने

के लिये आते हैं। अमृतसर भी एक डिस्ट्रिब्यूटिंग सेंटर है। मैं चाहता हूँ कि इन को भी ध्यान में रखा जाय।

सरकार ने सेल (बिक्री) के बारे में जो डेफिनिशन (परिभाषा) की है, वह इस प्रकार है :

A sale of purchase of goods shall be deemed to take place in the course of inter-State trade or commerce if the sale or purchase—

(a) occasions the movement of goods from one State to another; or

(b) is effected by a transfer of documents of title to the goods during their movement from one State to another.

इस डेफिनिशन को देखने से तो मुझे ऐसा लगता है कि इन्ट्रेशन (अपवंचन) का लोगों को ज्यादा मौका मिलेगा। एक आदमी के कई एक सेंटर होते हैं। एक आदमी मैनफैक्चर करता है और बेचता भी है। मान लीजिये एक आदमी अपना माल बंगाल भेजता है जहां पर उसकी एजेंसी है। कायदे से तो उसे टैक्स देना चाहिये लेकिन अगर वह एजेंसी खोल देगा तो जो सेंटर का सेल्स टैक्स है उसे वह नहीं देना होगा। इसका नतीजा यह होगा कि जो एजेंसी खोल देगा या जो इस काबिल है कि एजेंसी खोल सके उसे तो इंटरस्टेट सेल्स टैक्स नहीं देना पड़ेगा लेकिन जो इस काबिल नहीं है उसे देना पड़ेगा। यह जो चीज है इस को भी आप को देखना चाहिये और इस कमी को दूर करना चाहिये।

आजकल विभिन्न प्रान्तों में सेल्स टैक्स की दरें और उनको लागू करने के तरीके भिन्न हैं। इससे बहुत ज्यादा दिक्कतों का सामना करना पड़ता है। परेशानी भी होती है। बहुत ज्यादा गोलमाल होने का भी अंदेशा रहता है। इसका नतीजा यह होता है कि जो ईमानदार दुकानदार है वह तो मारा

[श्री श्रीचन्द्र सिंघल]

जाता है और जो बेईमान होता है वह फायदे में रहता है। वह जो माल लाता है उस को हिसाब में एंटर नहीं करता और सस्ते दामों पर चीज को बेच देता है। अभी कुछ दिन हुए जब यू० पी० में सेल्स टैक्स बढ़ा था उस के खिलाफ बड़ा भारी आन्दोलन हुआ था और तमाम बाजार बन्द हो गये थे और बड़ी दिक्कत का सामना करना पड़ा था। मैं चाहता हूँ कि सरकार या बो प्रोडक्शन टैक्स (उत्पादन कर) में इस टैक्स को कन्वर्ट करे (बदल दे) या कोई ऐसा तरीका निकाले कि पूरे देश में यह टैक्स यूनिफार्मली लागू हो। एक ही तरह से सब जगह टैक्स लगाना चाहिये जिससे लोगों की जो परेशानी है उसमें कमी हो। इसका नतीजा यह होगा कि बेईमान दुकानदार भी ईमानदारी से काम करेगा और बेईमानी नहीं करने पायेगा।

दुकानदारों की एक बड़ी शिकायत यह है कि उनके एक आदमी को सेल्स टैक्स, इनकम टैक्स इत्यादि के सिलसिले में ही बिजो रहना पड़ता है और उनका सारा वक्त बही खाते दिखाने वगैरह में खर्च हो जाता है। कमी उस आदमी को सेल्स टैक्स डिपार्टमेंट में जाना पड़ता है और कमी इनकम-टैक्स डिपार्टमेंट में। अगर एक ही हाकिम के पास सेल्स टैक्स और इनकम टैक्स का काम हो तो वही उसके बहीखातों को देख कर सेल्स टैक्स और इनकम टैक्स लगा सकता है। इससे दुकानदार की दिक्कत भी काफी हद तक दूर हो जायगी और उसका समय भी बच जायगा।

मैं मंत्री महोदय से निवेदन करूँगा कि वह कोई ऐसी व्यवस्था कर दें कि लोगों को दो दो दफा कागजात न भरने पड़ें, दो दो दफा वकीलों को न करना पड़े और इस प्रकार अपना समय और रुपया न नष्ट करना पड़े।

इन शब्दों के साथ मैं आशा करता हूँ कि मंत्री महोदय भागव जी की अमेंडमेंट को स्वीकार करके इस बिल को सिलेक्ट कमेटी को भेज देंगे।

Shri N. E. Muniswamy (Wandi-wash): Mr. Deputy-Speaker, this Bill only formulates certain principles for determining when a sale or purchase of goods takes place during the course of inter-State trade, trade outside the State and in the case of goods imported into or exported outside India, and also lays down certain principles as to declaration of certain articles of importance and the restrictions to which a State law imposing a tax may be subjected to.

On an analysis of this Bill, I find that there are going to be far-reaching consequences on the flow of trade and commerce in India. What they are going to achieve by the realisation of a few lakhs of rupees by way of tax on trade and commerce will be lost in jeopardising the flow of trade in India. The Central Sales Tax was, of course, in contemplation for a very long time. Of course, it is said that in consonance with the recommendations of the Taxation Inquiry Commission or as a result of certain conflicting decisions of the Supreme Court or pressure from the State Governments this Bill has been introduced.

All along, businessmen have been enjoying a great deal of freedom in the matter of getting goods from other States free from taxation. After coming in, these goods will pass through some process of transformation,—they may change in shape or form—and when they are disposed of, a tax will be levied, as is prevalent in the State. There is the State law and they are taxing on several articles. After the passing of this Bill, we will see that not only the articles that are now being taxed, but all those articles will be subjected to a severe type of taxation. Ultimately, only the consumer is going to suffer: not the businessmen. I say that the

consumer will be the target for all these taxes. As it is, no man is free from paying any tax. Even when he makes a small purchase, even when purchase is made from a businessman whose turnover is not beyond Rs. 10,000 or 20,000 as is provided for in the law, he pays the tax. Ultimately whether that man who collects that tax really pays it to the Government or not is a different matter. That is the concern of the State. So far as we are concerned, on account of pressure from the States or the recommendations of the Taxation Inquiry Commission, we are now introducing sales tax for other commodities as well.

We have been enjoying a sort of exemption. It is stated here that the Essential Goods (Declaration and Regulation of Tax on Sale or Purchase) Act, 1952 is hereby repealed. This would mean that the articles which are not liable to taxation, will be subjected to the tax. This would mean that in respect of all these articles, the flood-gate will be opened and the States can levy any tax as they please.

Also we find in clause 14, certain goods have been declared as of special importance in inter-State trade or commerce. They have mentioned coal, cotton, hides and skin, iron and steel, iron scrap, jute, and oilseeds. Along with these, if you are going to add some more articles contemplated under the Essential Goods Act, the list will be complete by itself. There will be no tax or even if there is a tax, it will be on a lower scale. Now that this Act has been repealed and only a few of the commodities are being categorized in clause 14, it will be open to the State Government to levy the tax. Therefore, I would request that clause 14 may be enlarged.

The other point that I wish to press before this House is this. Instead of having all these various taxes, we can have one single tax. The Finance

Minister has been pleased to introduce a Bill for the imposition of a Capital Gains tax. He may be having up his sleeves one more Bill for the levy of Expenditure tax. Several other taxes may be in his contemplation. If there is to be an Expenditure tax shortly or next year, why should this Central Sales Tax Bill be introduced now? Any person who spends beyond a certain amount will have to pay a certain tax. That would include all the articles he purchases. That would cover all the amount spent for domestic consumption. If an Expenditure tax is in contemplation, this Bill need not be pressed. Ordinarily you have taxes of so many kinds from birth to death. I say, instead of having so many taxes, profession tax, income-tax, super tax, and all sorts of taxes, I insist that we can have one single tax. That may be called by any name by the Government. Every man may be asked to pay a tax of, say, a quarter anna in the rupee, whatever may be his income, in which case, we may be obviating all these difficulties. I know the Finance Minister may not be able to agree with me and have one tax instead of all these various taxes. I know there will be difficulties. Still, I think, they can devote some time to this question of having one tax.

This Act contemplates three types of cases. This Act will be enforced in the course of export out of India, in the course of import into India and in the course of inter-State trade or commerce. I would only suggest that goods exported from one State to another may be exempted. Whatever goods one State gets from another, immediately after the receipt of the goods—it may be raw material or something else;—whatever may be the nature—the goods have to be sold only in the importing State. When that State disposes of the articles to the various consumers, the tax will be levied. It will come as a State tax. As per this Act, we have to levy the tax on goods that come from another State. If after having been received in a State, the goods go to another State after passing through some

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processing, they will have to be subjected to another State tax. In reality, it will not be a single-point tax; it will be a multi-point tax. This multi-point tax can be avoided. People can get goods from Calcutta to Delhi or from Delhi to Madras. They can allow the goods to be processed. When the goods are being sold, sales tax can be levied.

Another aspect that I wish to suggest is that if these goods are exported out of India, you can levy the sales tax. So, on import and export and on inter-State trade this tax can be charged, but not on inter-State trade and commerce. The reason is this. In respect of any sale that takes place immediately after import, charges can be levied, and any purchase that precedes export also can be taken into account, and also inter-State trade, but goods that are got from one State by another—whatever the nature of the processes it may pass through, they need not be considered—may be exempted. We will be to some extent satisfying the free flow of trade between the States which may otherwise be jeopardised.

An hour or two ago the Finance Minister circulated another amendment. It has been referred to by other speakers, and let me also put forth my view on it. I will read the relevant portion:

"Notwithstanding anything contained in this Section, . . . no tax under this Act shall be payable by any dealer having his place of business in any Union territory in respect of the sale by him from any such place of business of any such goods in the course of inter-State trade or commerce or that the tax on such sales shall be calculated at such lower rates than those specified in sub-section (1) or sub-section (2) as may be mentioned in the notification."

This will clearly infringe the fundamental rights of the citizens. It will be nothing but discrimination between

person and person, and such discriminatory treatment ought not to be meted out. Whenever we tax, all have to be subjected to the same treatment. So far as persons who reside in the Union territories are concerned, I cannot impute any motive to the Minister, he must have had very great pressure from people residing in Union territories,—with a view to satisfying them or give them certain consolation—he must have brought this amendment. But without going into what was in his mind, I only say this will give rise to cases in the Supreme Court and High Courts to challenge the discriminatory treatment. Therefore, this ought not to be allowed in any enactment. Before long, the Minister may have to come with another amendment to modify his present stand, or get several decisions against this Bill resulting in the loss of a lot of money.

Not only does he exempt, but he again says that they will be charged lower rates than those specified in sub-section (1) or sub-section (2) as the case may be. This will again go against the fundamental rights and principles. Therefore I would say that this ought not to be retained. We have had enough of cases in the Supreme Court challenging many of Governments' rules and regulations which we passed here. Let there not be a duel between the legislature and the judiciary. So, I wish he would give a second thought to this and say in his reply tomorrow what he is going to do.

Lastly, the definition of "turnover" has been given in the Definition clause as under:

" "turnover" used in relation to any dealer liable to tax under this Act means the aggregate of the sale prices received and receivable by him in respect of sales of any goods in the course of inter-State trade or commerce made during any prescribed period and determined in the prescribed manner."

These two things, the prescribed period and the prescribed manner, have been left delightfully vague, and they might be covered by the rule-making authority. It would be better if these are fixed in the enactment itself instead of leaving them to be determined by the rule-making authority, because it will not then be very elastic and changing from time to time. Their hands will be tied and they will not be free to change the period and the amount of the turnover.

We all know that this sales tax is something like a great spring. We can get any amount of money from sales tax. It is the only tax where a large amount of money is collected. Even from land tax we are not able to get so much as from sales tax. Therefore I would say this is a tax which touches everybody's pocket, and the Government as well as this hon. House have to consider twice whether it would be proper to deal with this aspect. If at all necessary, we must deal with it cautiously and carefully and see that the small man is not very much touched and tampered with so far as his livelihood is concerned.

I have already given an illustration that this sales tax is charged to the consumer even in small shops everywhere. I do not know whether at the time of submitting the accounts, the money collected extra by them as sales tax is also included in the sale price, or the sale price alone is put in, and the extra money collected by way of sales tax is pocketed. Thereby they will be standing to gain both ways. Not only do they collect from the consumers, but they have to pay from out of the sale amount that they have shown in their returns. This aspect has to be very carefully examined, because we are enlarging the scope of this sales tax and allowing the State Governments to exercise the right which the Centre should exercise by itself. Their powers are already enormous, and if this is also given, I think it will do havoc to the people. This will open the floodgates

and they may do whatever they like. Still it is not going to get the desired result because we have not been given any data as to the amount of money they are likely to get by this tax. I do not know whether it will be Rs. 20 or Rs. 30 lakhs in the case of the State Governments which they themselves can appropriate for development or industrial purposes as the case may be. If it is only so much I do not think it is really worth while trying to introduce this Bill.

I repeat my request that goods that proceed from one State to another may be exempted. One section of the people have already circulated a memorandum to the Members. So far as Madras is concerned, in the hides and skins trade they get their raw materials from other States like U.P., or places like Calcutta. This may not be charged, but when they are processed and sent to other countries, they may be charged. If it is sold in the country itself, there should be only tax at one point, instead of multiple-point tax. If it is intended for export or to be sold in the State itself, we can simply give them free licence to get anything from any State, but let them not pay any tax as is envisaged in the Central Sales Tax Bill.

Shri L. Jogeswar Singh (Inner Manipur): I shall confine my remarks to clause 14 of the Bill. In my view the provision contained in the clause should be expanded to include certain items like foodgrains, kerosene oil and other essential daily necessities. If even the daily necessities or essential commodities are taxed, then that will indirectly hit the consumers; they will be the worst sufferers. I would, therefore, suggest that taxes on essential commodities such as foodgrains, coarse cloth and kerosene oil should be reduced from two per cent or one per cent to half a per cent, if at all they are to be levied.

The reason why I should like to have these items exempt from sales tax is this. When sales tax is

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imposed on commodities which pass from one State to another, the normal tendency for the prices is to rise, because of the provincial rivalry in trade and commerce and also because of the competition between the different States. So, it is very necessary that it should be within the purview of the Central Government to impose uniform taxation, if necessary, on essential items such as foodgrains etc.

I now come to the amendment given notice of by the Minister. The previous speaker, Shri N. R. Muni-swamy, had spoken much about it and said that it was against the Constitution to lay down that Union territories should be exempted, and that such a provision might be challenged by the Supreme Court. I, for my part, welcome that amendment very much. I am very glad that the Minister has taken into consideration the conditions prevailing in the Centrally administered areas.

These areas are very poor in all respects; the people there are economically very poor. There are no proper transport facilities in these areas. Even without the imposition of any sales tax, the prices of essential commodities in these Centrally administered areas, such as Delhi, Himachal Pradesh, Manipur, Tripura and so on, are very high as compared to what obtain in other parts of the country, on account of the transport bottle-necks and other transport difficulties. So, I am very happy that a saving clause is sought to be introduced whereby it is possible to ensure that no serious or heavy taxes are imposed on essential commodities in these Centrally administered areas.

There is one other reason why these Union territories should be exempted from the operation of sales tax. These territories are economically very backward. All the commodities which the people of these areas need are not produced there in sufficient quantities; so, they are obliged to import even their daily necessities from outside, and consequently, they have got to pay double

the price for all these commodities, as compared with what prevails in other parts of the country. Their living conditions are also very bad, and their standard of living is very low. So, if sales tax also is imposed on essential commodities, their condition will become very much worse. I would, therefore, suggest the complete exemption of these Union territories from the operation of sales tax.

Another reason why exemption should be given to these areas is this. The trading people in these areas are mostly illiterate, and they do not know how to keep accounts. They have to learn the ABC of trade and commerce still. So, if these provisions regarding registration, submission of returns and so on, which are full of all sorts of complexities, are put into effect, the people there will not be able to digest it; they will not be able to submit returns or keep proper accounts. Moreover, it is not the Ministers who go there for the collection of the taxes; it is only the rank and file of the officers who go there, and they seldom appreciate the difficulties of the people who are very new to this business of keeping accounts, and who have yet to learn the ABC of trade and commerce. So, if these provisions are put into effect, the worst sufferers will be the small traders, in the first instance, and in turn, the consumers will also be the sufferers. I would like to tell the Minister specially that he should see that special consideration is given to these Centrally administered areas in this respect.

Besides the Centrally administered areas, there are also certain areas, as, for instance, Assam, where communication is very bad. Owing to the transport bottle-necks, the prices of the commodities that are imported into Assam are very much higher than those obtaining in the rest of India. If sales tax is also imposed, then the prices will shoot up very much higher. The result will be that the consumers will be hard-hit.

Mr. Deputy-Speaker: Is the hon. Member likely to take some more time?

Shri L. Jogeshwar Singh: Yes.

Mr. Deputy-Speaker: Then, he may continue tomorrow. There are still two other speakers, namely Shri Heda and Seth Achal Singh; they will have their chance tomorrow.

Now we shall take up the next item.

BUSINESS ADVISORY COMMITTEE

FORTY-FOURTH REPORT

Shri N. C. Chatterjee (Hoogly): I beg to present the Forty-Fourth Report of the Business Advisory Committee.

DEVELOPMENT OF MINERAL RESOURCES OF KERALA

17 Hrs.

Shri V. P. Nayar (Chirayinkil): Mr. Deputy-Speaker, Sir, I am raising this discussion to focus the attention of this House and also of the hon. Minister who, I know, has great sympathy for the poor people of Kerala, on three points, namely, (1) the neglect of the Government of India in developing the mineral resources of Kerala, (2) the failure of the Government of India to make a detailed survey of minerals of Kerala, and (3) the disregard by the Government of India of questions relating to mines and minerals of Travancore-Cochin.

The problem of exploiting minerals, in so far as my State is concerned is a very much more urgent problem than in any other State, because, you find from an analysis made in the Labour Gazette that out of 6 lakhs of people employed in the mines and minerals industry, hardly 2,500 people from my State get work in that industry, although our population is roughly 1/30th of the population of

the whole of India. Then it has often been said by very responsible people in the most irresponsible way that Kerala has no minerals for exploitation at all. Nothing could be farther from the truth, nor could anything be more mischievous than such a statement.

The hon. Minister knows that we have a wealth of minerals and a variety of minerals. I do not want to list all the minerals here, but I would seek your permission to indicate certain important minerals, which have been reported to be available in abundance there as early as in 1906 and 1910. We have got alum clays in Varkala, bauxite in the laterite-bearing areas of the Western Ghats, we have got brick clays, we have got gold in considerable quantities in Wynad, we have iron ore in Nilambur and Wandur, lignite in Varkala, Cannanore and several other places, mica in Malabar and Travancore, we have got mineral pigments in Malabar and South Kanara, we have refractories. Then we have pyrite, much-wanted substance, found along with gold in the pyrite veins of Malabar, especially Wynad. Then there are the all-important minerals, titanium, ilmanite, monozite, zircon and other rare minerals.

With this varieties of minerals which have been reported to be available in abundance in our geological surveys in 1906, 1907 and 1910, it is very regrettable that a State faced with such a chronic problem of unemployment could not develop its mineral resources at all. I would not have raised this discussion had it not been for the fact that in the Planning Commission's Report, it is very clearly stated—I am reading from page 384—

“In view of the vital part that minerals play in the country's industrial development, it is contemplated that the State will increasingly undertake their exploitation”.

I welcome this statement. But in answer to a question long after the