

**PROVISIONAL COLLECTION OF
TAXES (TEMPORARY AMEND-
MENT) BILL**

The Deputy Minister of Finance
(Shri B. E. Bhagat): Sir, I beg to
move*:

"That the Bill to amend the
Provisional Collection of Taxes
Act, 1931, for a temporary period
be taken into consideration."

This is a very simple and almost
a non-controversial measure. The
object of the Bill is very clearly
enunciated in the Statement of Objects
and Reasons. I would not burden the
House with a long speech. I would
only try to amplify that object. The
Provisional Collection of Taxes Act,
in its section 4(2) (c) lays down that
the declared provisions under section
4(1) shall cease to have the force of
law on the expiry of the sixtieth
day after the date on which the Bill
containing such declared provisions is
introduced. Under this provision, the
operation of the Finance (No. 2) Bill
in respect of those provisions for
which immediate effect was given
under this Act will cease to operate
on the 14th of July 1957.

Hon. Members, I believe, are aware
about the time that the Parliament
will be in session between now and
the next four months. This Session
is likely to conclude by the end of
this month, and naturally Parliament
will not have the time to consider the
Finance Bill. It is anticipated that
the Finance Bill may not be completed
in all its stages before the end of
August, 1957. It is, therefore, neces-
sary.....

Pandit Thakur Das Bhargava(His-
sar): Before December?

Shri B. E. Bhagat: I said August
1957. It is, therefore, necessary that
those provisions under the Finance
Bill of 1957 which have been brought
under the scope of the Provisional
Collection of Taxes Act, 1931, should
have the force of law until the Finance
Bill is passed. For this purpose a

temporary amendment of clause (c)
of sub-section (ii) of section IV and
sub-section (i) of section (V) of the
Provisional Collection of Taxes Act
1931 is now sought by this measure.

I would like to point out that this
is purely a temporary measure design-
ed to overcome the difficulty that
has arisen this year because of the
present session being a short one and
a longer session following it.

Mr. Deputy-Speaker: Motions
moved:

"That the Bill to amend the
Provisional Collection of Taxes
Act, 1931, for a temporary period,
be taken into consideration."

Pandit Thakur Das Bhargava: May
I put two questions, I do not want to
make any speech on this?

Mr. Deputy-Speaker: Is it neces-
sary that we should start with ques-
tions?

Pandit Thakur Das Bhargava: Then
we can understand and support the
Bill instead of making unnecessary
remarks; it would rather help the
Ministry. My first question is, why
should you have the date as 1st De-
cember, 1957 instead of 31st August
or 15th September? My second ques-
tion is, supposing a person pays
Rs. 20,000 or Rs. 1 lakh to you by
virtue of....

Mr. Deputy-Speaker: He does not
pay to me.

Pandit Thakur Das Bhargava: I
mean, supposing he pays to the Ex-
chequer, will the Government pay
any sort of interest on that amount
before refunding that money?

Shri Banga (Tenali): No.

Mr. Deputy-Speaker: The answer
has come from the neighbours of the
hon. Member himself. Let us proce-
ed now.

*Moved with the recommendation of the President.

Dr. Krishnaswami (Chingleput): Mr. Deputy-Speaker, I have only a few observations to make on this Bill. I do not agree with my friend, the Deputy Minister, who has performed perhaps an unenviable task in his description of this Bill as a simple Bill. It is not a simple Bill. It is not an innocuous measure just because it has only one clause. Under the present Act, we have a limit of sixty days during which the executive can without parliamentary approval collect taxes and thereafter have such action ratified by Parliament. Under the new Bill, the proposed Bill, we are to have the time limit extended to 120 days. This, obviously, raises questions of great importance, and I wish that either the Deputy Minister or the Minister for Finance would throw some light and give us some clarification on some of the issues of importance which arise from such extension.

Mr. Deputy-Speaker: One could have understood the Finance Minister coming to this House and asking for a change in the time-limit if the purpose of the Government is to enable a more thorough discussion of the taxation proposals. That would be particularly welcome, at this time because of the far-reaching changes that are proposed to be made in the structure of our tax system.

In the United Kingdom, under the Provisional Collection of Taxes Act a period of four months is permitted during which the Exchequer can collect taxes subject to ratification by Parliament. There, however, and here I wish to stress this point—the House of Commons by a resolution approves the financial proposals and turns itself into a committee for examining in detail the various taxation proposals. The fact that such financial proposals have been approved by resolution is indicative, tentatively no doubt, of parliamentary assent to these proposals. The practical inconveniences or complications that arise from having a longer period are probably counter-balanced by the benefit accruing from the greater amount of atten-

tion that is devoted by the House to a consideration of these proposals.

The Bill which is now being presented is designed to give us the worst of both worlds. On the one hand, it is clearly mentioned that this is a temporary measure, that the Government do not propose to alter the usual procedure of having a Finance Bill considered within sixty days. Obviously, the purpose of the Bill is to get out of a difficulty which is entirely of Government's own devising. A more appropriate adjustment of legislative business would have made this Bill unnecessary, and its temporary presence on the statute-book will only be a silent witness to the haphazard arrangement of parliamentary business made by the Government at the very inception of the first session of new Parliament. On the other hand, the lengthening of the period creates complications, particularly during this year when a major portion of the tax proposals is concerned with excise duties which fall on articles of mass consumption. Should the Government be persuaded to change its mind, should the Government be induced to reduce these duties on some or any of these articles, it still would be well-nigh impossible to make a refund. For, to reimburse the producer would be inequitable and to recompense the consumer would be impracticable. Even if the Government changes its mind, some of the imposts would, in the meanwhile, have been levied and collected and there would be no redress whatsoever. In brief, whatever the executive and the legislature might decide in their wisdom after due deliberation, the damage would have been done, and the amounts involved would be larger just because the period is longer.

The purpose of all provisional collection of taxes is three-fold. Firstly, we have to prevent loss of revenue to the Exchequer which would otherwise be inevitable under parliamentary democracy where discussion takes

time; secondly, we have to prevent organised tax dodging that can take place between the announcement of the proposals and the approval by Parliament; and, thirdly, adequate time must be given to Parliament to consider taxation proposals. The first and second considerations are amply served by providing a period of sixty days. From the point of view of the third, a change in our Rules of Procedure and a lengthening of the period may be desirable. But, in this case, the measure should be a permanent measure and not a temporary measure, just to satisfy the Government's desire to get out of an awkward difficulty. If it is to be temporary, there is nothing whatsoever to be said in favour of lengthening the period. I, therefore, oppose this Bill.

Shri Mohamed Imam (Chitaldrug): Mr. Deputy-Speaker, it is my due to oppose this Bill. I regret very much that the Finance Minister is not present on this important occasion; perhaps, he is sure of his ground. Being backed by a brute majority, perhaps, he does not respect the opinion of this House.

Mr. Deputy-Speaker: That opinion to be respected I do not know why the hon. Member should be keen to have the Finance Minister himself and not the Deputy Minister.

Shri Mohamed Imam: That will encourage us.

Mr. Deputy-Speaker: We will have many occasions where the hon. Members will get that encouragement.

Shri Mohamed Imam: We thought we would be able to persuade the Finance Minister to prune down his proposals.

Shri B. R. Bhagat: The Finance Minister is busy in the other House.

Shri Mohamed Imam: When he has introduced such an important measure this House does expect him to be present on such important occasions. Just five days ago he unfolded a series of taxation measures,

measures which stunned every Member of this House including Members on the Treasury Benches, measures which stunned the entire nation. We have not yet recovered from the effects of the announcement that he made so recently. Now he wants permission of this House to start the collection of the taxes, the implications of which we have not yet considered and obtained the opinion of the nation through the representatives of the people. If we give our approval to this Bill, I may submit that this sovereign body merely becomes a tool in the hands of the executive. The important work that has been entrusted to this House is being ignored. Advantage is taken of a piece of enactment passed long ago, in the year 1931. This enactment was passed when the Britishers ruled the country by a House which perhaps had a nominated majority and which did not include the real representatives of the people. This enactment was passed when taxation measures were very few and far between and of a less drastic nature. Now times have changed. We are in a time when democracy prevails. We are now discarding everything that partakes of British character, but we have not yet discarded this innocuous, or may I say this obnoxious, measure which gives dictatorial power to the executive.

If this measure is accepted and if the executive or the Finance Minister is empowered to start the collection of the taxes now itself, we will be giving our seal of approval; our sovereign right is taken away. Is there any possibility of these taxation measures being altered or changed or abrogated if we approve of this measure now and empower the Finance Minister to collect the taxes? We merely become tools in his hand; this House merely becomes an agent to approve whatever measures are proposed by the Government. I submit this is against the spirit of democracy. This merely endorses the dictatorial policy of the Government. The taxes that have been proposed are of a vast magnitude and of great

[Shri Mohamed Imam]

intensity, perhaps the like of which we never saw before. I know year in and year out after democracy was introduced, taxes are being levied on the people. But this year, the Finance Minister wants to reap a full harvest. The taxes are so many and so drastic that it is but reasonable that we get an opportunity to offer our opinion on these taxes.

I am not going to enter into details about the taxation measures....

Mr. Deputy-Speaker: This is not the opportunity for it.

Shri Mohamed Imam: I know; but, the Members of this House must have an opportunity to express their views as to how far these taxation measures affect the economy and industries of the State, how far they affect the common man and how far they will affect the national economy of the State. By introducing this measure and accepting it, that opportunity will be denied to us. I know this hurry is due to the fact that the Government wants to collect as much money as possible to implement the second Five Year Plan, a plan which is built not on catholic foundations, not on sound basis, but on slippery grounds. For the last 7 or 8 years, we have poured in considerable wealth on this Plan, but the advantage that has been derived is doubtful....

Mr. Deputy-Speaker: This could not be the opportunity when we can discuss the merits of the Plan. I would request the hon. Member to confine himself to the scope of the Bill.

Shri Mohamed Imam: I am not going into details. I only submit that we must have an opportunity to see how far the taxes we are going to pay will be utilised profitably. If we approve this measure and if we do not offer our opinion in time, we will do a great injustice to our electorate. The electorate has sent us with a pious obligation. We never told them that they were going to

be taxed like this. If we impose these taxes, I think we will be inflicting a very grievous injury on them. So, this is not the measure we should be asked to approve; I oppose it on these grounds.

Shri V. P. Nayar (Quilon): Mr. Deputy-Speaker, I was also surprised when I heard the hon. Deputy Minister telling us that this is a simple Bill. Simple it is in the words which it has, but to some of us, it appears that this is not at all a simple Bill. Government have been forced under certain circumstances to extend the period which was only 60 days to 120 days. I shall come to the circumstances later.

What is the position with regard to certain articles on which we impose duties? The original Act does not merely confine itself to the collection of taxes which have already been declared; it also covers in certain cases the refund of duties which have not had the recognition of Parliament. I put it to him this way and I am supported in what I say by the hon. Finance Minister's statement this morning about the duty on kerosene and newsprint. Here is a list in the Finance Bill and you find so many articles being taxed. Government does not seem to have applied its mind to all the items which are now taxed. Supposing after a few days the Government comes forward, as Mr. Krishnamachari had to do today, and says that certain other articles are also to be taken away from the list, how will the refund be made. I find that in the original Act, which they now seek to amend, there is a very clear provision in section 5:

"Where a declared provision comes into operation as an enactment in an amended form before the expiry of the sixtieth day after the day on which the Bill containing it was introduced, refunds shall be made of all duties collected which would not have been collected if the provision adopted in the enactment had been the declared provision."

We are supposed to have all the power and we are supposed to be supreme in the matter of levying taxes. Supposing at a later stage when the Finance Bill is discussed, this House comes to the conclusion that certain items have to be taken away from the list, then what will be the position? This morning we heard that the moment the duty was declared, the price in the case of kerosene went up, contrary to the expectations of Government. If Government chooses to refund, to whom are they going to refund? If, for instance, this House does not agree with the Government—and technically we have the right—what will be the position in the matter of refund of duties?

Sir, a very responsible Member told me this morning and he had some experience of Government especially in the Finance Department that in 1953 or 1954 Government thought of refunding certain excise duties collected on cloth and they came up to a few crores. It was thought later on that only the trade would take advantage of the refund, because it was impossible for the refund to reach the consumer who had paid more. In such cases where articles which the common man requires for his day to day life are charged with added duty and Government takes a decision, or this House decides that it should not be charged in the manner in which it is sought to be charged, then, what is the position? How can the refund be made? So that the principle of the Bill does not merely extend to the mode of collecting, or provisionally collecting the taxes which have been detailed in the Finance Bill.

Then there is another point. I have been here for five years. You have been here for a longer period. We have never known of a Parliament session, a Budget session, being broken up into two. What is the meaning of this? Is it not absolutely necessary, imperative, that those Members who want to discuss the Budget should apply their mind and should continue

to think about it, till we have disposed of the entire Budget. Here we are called upon to do the general discussion on the Budget, go back to our constituencies, come back again and then discuss the Demands for Grants. What is this due to? Has the Government told us? I remember, Sir, that in 1952 also we came in the middle of May. Then we had a discussion on the whole Budget in all its stages. There was no piecemeal discussion. This procedure has been followed this year, perhaps because the hon. the Prime Minister is going to attend the Commonwealth Prime Ministers' Conference—I do not know. Or, perhaps, it is on account of some other reason. But for the splitting up of the Budget Session into two there would not have been any necessity for such a Bill.

I ask the Finance Minister in all humility: but for this splitting of the Budget session into two and disrupting the Budget discussion would there have been any necessity to increase the number of days from 60 to 120. So, the circumstances which led to the Government introducing this Bill, warrant criticism in very severe words. I have not heard of this practice of splitting the Budget session into two being practised anywhere else. So, Government owe an explanation to us, especially as most of the Members are new, as to why it has not been possible to arrange a Budget discussion till such time as we are able to finish the entire discussion.

Then there is another aspect. Looking through the original Bill, I find that the measure which is now sought to be amended was itself an amending Bill. The time allowed before the Provisional Collection of Duties Act of 1931 was only 30 days. In 1930-31 the then Government came forward with an amending Bill and almost the same words which the Deputy Minister used today were also spoken in 1931 by Sir George Schuster. There was not much of a difference. It was then argued, that the Budget

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proposals would take a period of two months. We could understand such a departure from ordinary practice in the case of a national emergency, which we do not have. It is merely to suit the convenience of the Government, completely ignoring the convenience of all others. All of us are ready to sit till such time as the Budget is finished. Therefore, I am submitting that it is very bad on the part of Government to start the second Parliament with the splitting up of the Budget session like this and bringing forward certain pieces of legislation which are at sight obnoxious.

Mr. Deputy-Speaker: This would have been more appropriate at the time of the Budget discussion.

Shri V. P. Nayar: I am not entering into the details of the Budget at all. My submission is that there is no point in Government saying that this Bill is very simple and very innocuous. Government should at least at this stage take the House into confidence and say: look here, it has not been possible for us to convene the Budget session as a whole; please go back and come again to discuss the details of the Budget.

I do not wish to say anything more on this point. I would not have said even this, had it not been for the fact that the Deputy Minister was made to say that this Bill is very simple and innocuous.

Mr. Deputy-Speaker: It was all a commentary on that word "simple"?

Shri V. P. Nayar: It was said that the only amendment which is sought to be made is the substitution of "sixty days" by "one hundred and twenty days". Any man can understand the significance of this.

Finally I would say that it is very easy to have taxation measures and although I may be referred to as being old-fashioned, I would like the hon. Minister to hear what Burke once said about taxation. He said that taxing

is an easy business. Any projector can contrive new impositions and any bungler can add to the old. I wish to add no more.

Shri Tyagi (Dehra Dun): I want to raise a point for your consideration.

An Hon. Member: Simply a point?

Shri Tyagi: It is a point of order. It is in regard to the question of refund. I raised that point in the morning also. Section 4(2) of the Provisional Collection of Taxes Act, 1931 reads:

"A declared provision shall cease to have the force of law under the provisions of this Act—

- (a) when it comes into operation as an amendment, with or without amendment, or
- (b) when the Central Government, in pursuance of a motion passed by the Parliament, directs, by notification in the Official Gazette, that it shall cease to have the force of law,"

So what is required is a notification of Government which can only be in pursuance of a motion which is passed in Parliament. It is under those circumstances alone that the notification will have legal effect; it is only then that the tax can be refunded. Otherwise, it is still a tax. My hon. friend announced only this morning that the tax on kerosene oil would be withdrawn. I wonder if it is legal, unless he asks Parliament to favour him by passing a motion authorising him to issue a notification, so that the withdrawal may be legal.

Mr. Deputy-Speaker: May I point out to the hon. Member that so far as the present measure is concerned, perhaps his point is not just in order. That question cannot be taken up just now in this Bill. The hon. Member has seen some provision now and he is utilising it and saying that the statement that was made by the hon. Minister this morning was not justified.

Shri Tyagi: My submission is that this Bill pertains to the legalisation of collections, etc. Therefore, the question of collection comes. I welcome the announcement which was made this morning.

Mr. Deputy-Speaker: The hon. Minister has listened and he can consider it. Now there is nothing that we can consider.

Shri Narayanankutty Menon (Mukandapuram): On a point of clarification.

Mr. Deputy-Speaker: Clarifications can be had afterwards. Now let us proceed with the Bill.

Shri Biren Roy (Calcutta—South West): My object in opposing this measure is very simple, as the measure is also simple. The measure should have been only for the collection of ordinary income-tax, for which the period could have been extended, because generally the income-tax continues, except with slight variations. In this particular case very many duties are going to be imposed. And there are going to be new kinds of taxations, as the tax on wealth, with its not even being properly defined, whether it will be only on individuals and on princes or other persons whose properties will perhaps remain either exempted.....

15 hrs.

The Minister of Finance (Shri T. T. Krishnamachari): May I point out that the taxation on wealth has nothing whatever to do with the Provisional Collection of Taxes Act? It has to be passed by the House separately.

Shri Biren Roy: Another point I want to raise is why it should be raised from sixty to 120 days. It means one-third of the whole year. One-third of the taxes will be collected. If we try to change it many times, it will cause great inconvenience. If at all it was needed that because the next sitting of the Parliament would be on the 14th or 15th of July, then another fifteen days perhaps would have been needed and we could have raised it to a maximum of ninety

days. And some of the rates should have been exempted from this temporary collection, as for instance the tax on railway fares is not yet imposed and so on.

Shri T. T. Krishnamachari: That again, is not included here.

Shri Biren Roy: Many other duties which will fall on the common man should also have been excluded, just as kerosene is going to be exempted. It should have applied only to the normal income-tax collection which would have been hampered if this Bill was not passed into law.

Shri Easwara Iyer (Trivandrum): The hon. Member who spoke before me has some confusion regarding the provisions of the Provisional Collection of Taxes Act, 1931. Because, as the preamble to the Statement of Objects and Reasons to this Bill itself shows, the Bill confines itself to the collection of taxes relating to certain customs and excise duties. As a matter of fact, it has nothing to do with the collection of income-tax or other things.

But quite apart from that I am opposed to this Bill for the simple reason that I want to register a sort of protest against this fleece-all-the-common-man budget that has been presented by the Finance Minister. On the question whether provisional collection of taxes is desirable or not, my respectful submission is that when a budget has been presented it may become necessary for Government to get an enabling enactment for the purpose of collection of the taxes imposed by the budget or sought to be imposed by the budget. But, as a matter of fact we find that the burden that has been imposed upon the common man is rather very heavy. The hon. Minister might say that it is an austerity budget, but I would say that it is austerity with a vengeance. I am not going to comment upon the question as to whether the proposals in the budget are desirable or not, because it would be inappropriate for me to comment upon that now. But I

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would respectfully say that this budget which seeks to hit the common man below the belt—in spite of the fact that he must tighten the belt—will only cut him through.

I wish to submit that so far as this amending Bill to the Provisional Collection of Taxes Act is concerned, I am opposing it on principle, the principle being that a silent approval given to this Bill by simply keeping quiet and allowing it to be passed would be mistakenly thought to be an approval of the taxation measures which have been proposed by the hon. Minister.

I do not wish to repeat the arguments or submissions made by my friend Shri V. P. Nayar, but I would say let not the Government that taxes and death are inevitable.

Shri T. T. Krishnamachari: The gravamen of the charge seems to be that the budget session has been split into two; barring the point made by the hon. Member who has just now sat down, the criticism seems to arise from that point of view that the budget session should not have been so split.

Well, Sir, the decision to split the budget session was made with a view to provide hon. Members, more than half of whom so far as this House is concerned are new, the facility of being in their homes and not being in Delhi in the month of June and the early part of July. The hon. Member, Shri V. P. Nayar, who has been with us for quite some time would remember that on the last occasion, five years back, we had to sit almost till the end of August; and I think many new Members found it difficult. It is not a matter, so far as the Government is concerned, that they would not be inconvenienced. So far as I am concerned, I propose to stay in Delhi till the end of June; and, as I would not have mainly to stay here to get through the budget, it is not in any way an inconvenience to

me. But the decision was taken because of the fact that the month of June and the first half of July happen to be rather difficult days and it would be cruel on the part of Government to so arrange their business as to keep hon. Members in Delhi at that time. Well, Sir, that is the explanation. If hon. Members feel that it should not be so, they could indicate to the Leader of the House or to the Minister of Parliamentary Affairs their intentions to the contrary, and, maybe, the matter may be examined and the wishes of the other Members might be ascertained.

The point therefore arises that, having so tabled the business that there would be a break of six weeks, this Bill becomes necessary. I think an hon. Member asked why it is 120 days. Because, it is expected that the business may not be completed till the third week of August or later. It might be earlier. If hon. Members feel that the Finance Bill should be taken up first before the Demands for Grants and finished in a fortnight, to that extent the provisions of the Bill in regard to evening out the time for the operation of this particular enactment will fall into desuetude. We shall therefore enact the Finance Bill in such form as the House pleases, and it becomes operative in a period of 75 days if this House takes five or six days to do the Finance Bill and the other House takes about four or five days and we complete the business by the end of July. The time needed would be a matter of 75 days. We mention 120 because it is quite likely that it might be much more than seventy four. It might be 105; it may not be 120.

The other point raised was: why does the extended term go up to December? Well, there is no chance of another Finance Bill being introduced. At any rate, I have no programme to do so. Usually the Law Department always says "till the end of the year" for a temporary measure. There is no undue advantage that is taken by Government. The Bill is

intended for a specific purpose. Whether it is one which meets with the approval of the Opposition or not is another matter. But I give this assurance that it has a limited purpose arising out of the time-table of the parliamentary sessions so arranged. If the time-table itself is questioned and is changed, even if the Bill is passed the provisions will not be used. If hon. Members persuade the Minister of Parliamentary Affairs and the Leader of the House to rearrange the may only be motivated by a regard to continuously till the middle of July, well, I suppose twenty or twenty-five days we will take for the Demands for Grants, seven or eight days for the Finance Bill, six or seven days for the other House, and by 15th July we shall finish. And 14th July is the deadline. There would be no difficulty at all. So, if that is the idea, the idea might be served in other ways. Even if the House passes this Bill it does not become operative in this period.

So I do feel that my young colleague who mentioned this as a simple measure was right in that the measure itself is simple, there is no hidden purpose behind and there is no idea of mulcting anybody or depriving the privileges of hon. Members on this or the other side of the House. Therefore, I feel that my colleague and I have said all that we have to say.

In regard to this question of refund, it is an old story. Sometimes, Parliament changes its mind or we change our mind in tune with the Parliament. My hon. friend Shri Tyagi, who raised this point of order, himself adorned this Chair with great distinction for a number of years, when he was the Minister of Revenue and Expenditure. I have no doubt that if I go into the records, I can find a number of cases in which the Minister of Revenue and Expenditure had to take the responsibility on behalf of the then Finance Minister and issue orders under section 23 of the Sea Customs Act altering downwards the collection of any duty. It is being done normally. It is a power that is

given to the executive, which is used sparingly, wisely and for the benefit of the people. I have no doubt in my mind that my hon. friend never, in the scores of occasions that he used section 23—misused it. I do not think there was any instance of that nature.

Mr. Deputy-Speaker: But, he can realise now that he has committed a mistake.

Shri T. T. Krishnamachari: I can assure him that I shall follow the well-trodden footsteps of his without making any deviation from the proprieties of the Constitution, and the rules of this House. I once again beg to confirm what my young friend said in his opening remarks at the time of the introduction of this Bill that this measure is very simple in its intention. It is consequent on the time table of the House being so arranged that it would take perhaps at least 105 or 90 days before the Finance Bill is passed. Therefore, I would commend my motion to the House.

Shri Narayanankutty Menon: There is one point to be clarified. Suppose we pass this Bill now. Till the Finance Bill is passed by this hon. House, a change in the excise duty can be made. An ordinary man purchases tea, coffee, sugar, etc. at increased prices. Theoretically, this House can change and revise the Finance Bill. Suppose the excise duty charged on sugar, coffee or tea is reduced by this House, what happens to the money that has already been taken away from the pocket of the ordinary man?

Shri T. T. Krishnamachari: It happens even if you do not pass this Bill. Until the 15th of July, all the misdeeds that would be done by the Government, by the dealers, and by every one else will continue to be done.

Mr. Deputy-Speaker: The question is:

"That the Bill to amend the Provisional Collection of Taxes Act, 1931 for a temporary period, be taken into consideration."

The motion was adopted.

Mr. Deputy-Speaker: There are no amendments to this Bill.

The question is:

"That clauses 1 and 2, the Enacting Formula and the Title stand part of the Bill."

The motion was adopted.

Clauses 1 and 2, the Enacting Formula and the Title were added to the Bill.

Shri T. T. Krishnamachari: I beg to move:

"That the Bill be passed."

Mr. Deputy-Speaker: The question is:

"That the Bill be passed."

The motion was adopted.

INDUSTRIAL DISPUTES (AMENDMENT) BILL

The Minister of Labour and Employment and Planning (Shri Nanda): I beg to move:

"That the Bill further to amend the Industrial Disputes Act, 1947, be taken into consideration."

This Bill which comprises four clauses is a short Bill, but the matter with which it deals is of very great importance. It effects vital interests of a vast mass of the working classes and it has also certain consequences for industry. Before I enter on an explanation of the provisions of the Bill and before I explain why this Ordinance became inescapable, I shall have to go back to an earlier stage of legislation on the subject. That was some time in the year 1953.

A somewhat similar situation had developed in the country. There were retrenchments, closures of shifts and of undertakings and a large number of workers in the country were threatened with unemployment. In those circumstances, an Ordinance had to be promulgated, which later on took the shape of a Bill and was passed by the House. I shall just explain what changes that measure to which I have referred brought about. That change is represented by Chapter V-A of the Industrial Disputes Act of 1947. It has two parts, one of which concerned lay off, that is temporary interruption of work for which previous to that legislation, the worker had no remedy at all, no relief at all. It was found that the absence of any remedial measures caused very great hardship. The second part related to cases where the services of workers were terminated or dispensed with altogether. Regarding both these situations, the Ordinance and later the amending Act made certain provisions. The provision was that persons who had to be laid off should be compensated at a certain rate. The rate provided was 50 per cent of the total basic wages and dearness allowance. In the case of retrenchment, the provision was that payment will be made at a rate equivalent to 15 days average pay for every completed year's service or any part thereof in excess of six months. In both these cases there were certain other conditions regulating the operation of these provisions.

This legislation had two aspects. One is a kind of a deterrent effect. The intention was, the hope was, that if the employers will be called upon to make a substantial payment where they lay off workers or where they retrench, may be, they won't think of these steps lightly, and may be, in view of the payments that would have to be made, closures and lay offs may not take place to the same extent. There was the other aspect. Whether it is found possible eventually to avoid closure or lay off,