

[Shri Khadilkar]

an opportunity, I am surprised. There is no inclusion of my motion. Is it under consideration? Then, I have nothing to say.

Mr. Speaker: I shall look into it. We shall ascertain the views of the hon. Minister on this. He is not here.

The Minister of Parliamentary Affairs (Shri Satya Narayan Sinha): I shall ascertain the views of the Prime Minister. I have told my hon. friend also in the lobby when he mentioned this. I shall bring this to the notice of the Prime Minister when he comes here. Then alone, I can say.

Shri Khadilkar: The other House is discussing. We are equally responsible, if not more.

Mr. Speaker: Hon. Members will consider. I shall also consider this matter. The hon. Prime Minister did not make this elaborate statement in that House. It is only in this House that he made the elaborate statement. Therefore, that House evidently wanted an opportunity to discuss. Shall we go on discussing it here because that House can say, make another statement here, a copy of what has been said. Anyhow, I shall consider if there is really any fresh matter. I shall also ascertain the views of the Prime Minister. If there is something more that has to be discussed in this House, certainly I will allow an opportunity.

Shri Khadilkar: We only casually discussed it. As they are discussing in full, let us have a discussion only on any specific issue.

Shri Satya Narayan Sinha: I shall bring it to the notice of the Prime Minister when he comes.

12-18 hrs.

**BENGAL FINANCE (SALES TAX)
(DELHI AMENDMENT) BILL**

Mr. Speaker: The House will now proceed with the further consideration of the following motion moved by

Shri B. R. Bhagat on the 30th April, 1959, namely:

"That the Bill further to amend the Bengal Finance (Sales Tax) Act, 1941, as in force in the Union Territory of Delhi, be taken into consideration."

Shri Bhagat, who was in possession of the House, may continue his speech.

The Deputy Minister of Finance (Shri B. R. Bhagat): Mr. Speaker, yesterday, when the House rose, I was trying to allay some of the misapprehensions of the Members regarding the position of Delhi as the pre-eminent centre of commerce and trade, particularly, distribution trade. I said that this point was very carefully considered when a special concession was given under the Central Sales Tax Act so far as the rates in Delhi are concerned. The rate of Central Sales Tax was $\frac{1}{2}$ per cent instead of the All-India rate of 1 per cent. The House will very well appreciate that the bulk of trade in Delhi is distribution trade, that is, goods are imported and then, they are exported out of Delhi. If sales tax assessed is any indication, the quantum on the basis of Rs. 1.3 crores collection of sales tax is on a turn over of Rs. 200 crores as against Rs. 2 crores internal sales tax under this legislation on a turn over of Rs. 50 to 60 crores. This will amply show that Delhi's trade is largely, that is, Rs. 200 crores out of Rs. 250 crores, re-export. This is why Delhi is favourably treated. That is, instead of 1 per cent, $\frac{1}{2}$ per cent. tax is levied. So, Delhi's position as a distribution centre is very well taken care of, and it is in no way jeopardised by this Bill. I hope that the Members from Delhi will not harbour any such feeling that as a result of this legislation, Delhi's trade would be hampered.

Another point that was raised by some hon. Members was about the various rates proposed in this Bill. As I explained yesterday, the Bill as it stands does not seek to levy a multi-point tax. That point should be very well borne in mind. The scheme of sales tax in Delhi is that

it is a single-point tax. In this Bill, we only want to take power, if the House agrees, to determine the point of tax; it may be the first point, or the last point, which it is at present; that would be according to the convenience of trade. So, that does not make Delhi sales tax a multi-point sales tax. It is primarily a single-point sales tax.

But we have various categories of goods; that is, in Schedule I, there are certain goods which are taxed at present at 6½ per cent. These are generally the goods which are described as luxury goods; and the State Finance Ministers and the Central Finance Minister have agreed at a conference that such goods which are usually consumed by what I described yesterday as the affluent section of the society, to which my hon. friend Shri D. C. Sharma took serious objection,—all the same, these are goods which are consumed by certain sections of the society which are better off—should be taxed at a more or less uniform rate of 7 per cent. Most of the States like Andhra Pradesh, Assam, Bihar, Kerala, Madhya Pradesh, Madras, Punjab, Rajasthan, U.P., Orissa and Himachal Pradesh have implemented this decision, and they are levying 7 per cent. tax on such goods.

Hon. Members have asked what the list of the goods would be. Some of them have made various suggestions. We are taking powers to make additions or subtractions in that list, and certainly, when the list is finally drawn up, the suggestions made by hon. Members will be borne in mind. But, at present, we have accepted the list of fifteen commodities; these commodities are quite well known, and this matter has been discussed by the various State Finance Ministers, and others' opinions have also been taken into consideration. I think that these fifteen goods would be there. If there would be any more additions or subtractions, that can be taken care of later on, but certainly, the suggestions which hon. Members have made will be borne in mind.

Then, a point was made very eloquently by some hon. Members opposite, why we are raising the present levy of tax on goods, in the third category, that is, on 'all other goods', on which a tax of 3½ per cent. is levied at present. As far as this category is concerned, in the neighbouring States, the rate is more or less 4 per cent. In Punjab it is 4 per cent; in U.P. it is 1·56, but U.P. has a multipoint tax; so, it may come to 3·2 per cent. if there are, on an average, two transactions, but if there are more than two transactions, it will be about 5 per cent. So, although the rate in U.P. is 1·9/16 per cent. multi-point tax, yet, in effect it comes to more than 4 per cent. Punjab has 4 per cent; if Delhi has a lower tax, firstly, it does not fit in with the a l-India scheme that we want to evolve, that is, the principle of uniformity which we are trying to achieve in our structure of sales tax; and secondly, while, on the one hand, we want to maintain the commercial importance of Delhi, yet on the other hand, we want to maintain it as a co-prosperity area and not as Delhi growing at the cost of the neighbouring markets. Already, some Members from Punjab have raised this point, and they have said that already, because of concessions having been given to Delhi, the markets nearabout Delhi like Meerut or Rohtak or other places are languishing and suffering. We do not want to make this discrimination. This is not desirable from the national point of view.

As I said, this Bill will protect Delhi's pre-eminent position as a trading or distribution centre, because the bulk of the trade, that is Rs. 200 crores out of Rs. 250 crores, is taken care of by the Central Sales Tax Act which levies 50 per cent. less duty on the goods that go out.

The hon. Member, Shri V. P. Nayar, very eloquently, but irrelevantly, spoke about the newspapers. I remember the point that he made . . .

Shri V. P. Nayar (Quilon): I protest. If I was irrelevant, there was the

[Shri V. P. Nayar]

Chair to pull me up. If the hon. Minister says that I was irrelevant, the whole of my speech having come in the records, it is an aspersion on the Chair which has permitted me to speak.

The hon. Minister says that yesterday, I was irrelevant. At every stage, the Chair must have looked into it, and if I was irrelevant, then it was natural for me to expect that the Chair would pull me up. The hon. Minister is indirectly casting an aspersion on the Chair.

Mr. Speaker: There is no aspersion on the Chair. Sometimes, the Chair merely to avoid any more trouble in the House, may allow the hon. Member to go on saying what he wants to, so that he may exhaust himself in a couple of minutes. It is always open to the other side to say that all that the hon. Member said was irrelevant, and there was absolutely nothing arising out of it. Let it not be understood that merely because I kept quiet or whoever presided here did not say that it was irrelevant, on that ground alone, it becomes relevant.

Shri V. P. Nayar: There might be two types or irrelevancies. One is that because of lack of understanding it may be considered to be irrelevant. If that is so, I agree.

Shri B. B. Bhagat: The hon. Member seems to be too technical about these things. I was only going to point out that this particular matter about newspapers does not arise here, because in Entry 92 in List I of the Seventh Schedule of the Constitution, newspapers come within the Union List. This is a Bill which seeks to amend a State Sales Tax Act; so, if we have to bring in newspapers for levying sales tax on them, then we shall have to undertake a separate legislation.

Shri V. P. Nayar: Not necessarily.

Shri B. B. Bhagat: It is so. That was saying that though the hon. Mem-

ber might have been very eloquent yesterday, yet he was not very relevant, so far as the subject-matter of the Bill was concerned. Also, it involves a question of discrimination, because if we levy sales tax under this Bill, then it would mean that all newspapers which are produced in Delhi would be subject to sales tax while all newspapers produced out of Delhi would not be subject to it. So, it would involve an element of discrimination. But I maintain this point, and I want to emphasise it, that for levying sales tax on newspapers, we shall have to bring in an all-India legislation which will have to be enacted here and not in the States.

So, the point raised has not much substance in it, because no sales tax has ever been levied under this Act. The only position under this Bill and the other Sales Tax Act is that Delhi being a Union Territory, sales tax can be levied here, but our intention is not to levy sales tax on newspapers, because in no other State is sales tax levied on newspapers. So, the point made by the hon. Member does not have much relevance.

The third point that was made was about the turnover. Some hon. Member said that the Lokanathan Committee suggested a higher turnover limit. There is also an amendment in this connection, which the House will discuss later on. Hon. Members made the point that instead of Rs. 10,000 it should be Rs. 30,000. In this connection I would like to correct the impression I gave yesterday about this, because I said that the limit for import was Rs. 25,000 which is not correct. The position today is that the minimum taxable turnover in Delhi, so far as imports are concerned or manufacture is concerned, is Rs. 10,000, and for the re-sale of goods, i.e., for all those dealers who deal in these goods, it is Rs. 30,000. We are not seeking to amend either the taxable limit of Rs. 10,000 for imports or Rs. 30,000 for others. What we are trying to care of is this. A composite dealer who is

both a dealer and an importer, which most of the business people here are, would, under the present arrangement, be able to escape the tax if his limit is Rs. 29,900 instead of Rs. 30,000 for one category and Rs. 9,900 instead of Rs. 10,000 for the other, because we cannot mix up the two and he will escape both although in effect his total turnover would be very much over Rs. 30,000. So, we are only trying to prevent that loophole. We are not trying to amend either the limit of Rs. 10,000 or that of Rs. 30,000. So, the point that we should change the minimum taxable turnover is hardly of substance.

Some hon. Members discussed the sales tax administration in Delhi, and said that enormous power is being given to the sales tax authorities and others. They particularly objected to the power being given to the sales tax officer or the Commissioner for impounding books. They said it would be an instrument of harassment. I certainly sympathise with the hon. Members who want to plug any loopholes or want to prevent any undue harassment, and every effort should be made towards that end, whether through legislative measures or administrative efficiency or, more so, through public opinion or public agitation. I entirely agree, but I want to submit that the powers proposed to be given to the sales tax authorities here are not extraordinary. They are the powers which are given in every State where sales tax is levied. No extraordinary or additional power is sought to be given.

For example, it was said that the books could be kept for indefinitely long periods. It cannot be done because the officer can keep it only for 30 days. There is a proviso that for keeping it for more than one month, he has to take the written permission of the Commissioner of Sales Tax. So, we have taken ample measures so that on the one hand we are armed with adequate powers for the efficient and smooth administration of the sales tax, and on the other hand, the powers are not such as can be described as extraordinary or which

may turn out to be an engine of harassment. Whatever harassment there may be, we have to prevent it, but the measures will have to be different from suggesting amendments here.

Then, a small point was made about making the person who wants to escape the law of sales tax to prove that he is not liable to pay the tax. It was suggested that this power should not be there. It was said that it would tend to make it multi-point sales tax, and not a single-point sales tax. I submit that the two are not related. Firstly, the whole scheme is single-point, secondly, it is just the same pattern which finds a place in all the States where sales tax is imposed, because where a certain assessee claims that he is not liable to pay any tax, that no tax is due from him, it should be his responsibility to prove that he is not liable to tax. That is the only point, and it is not related to the question whether the tax is multi-point or single-point.

With these words, I move.

Mr. Speaker: The question is:

"That the Bill further to amend the Bengal Finance (Sales Tax) Act, 1941, as in force in the Union territory of Delhi, be taken into consideration."

The motion was adopted.

Mr. Speaker: We shall now take up the clauses.

The question is:

"That Clauses 2 to 15 stand part of the Bill."

The motion was adopted.

Clauses 2 to 15 were added to the Bill.

Clause 16—(Amendment of section 26).

Shri B. R. Bhagat: I beg to move:

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for clause 16, substitute—

"16 Amendment of section 26.—
In section 26 of the principal Act,—

[Shri B. R. Bhagat]

(i) in sub-section (2), clauses (a), (aa) and (c) shall be omitted;

(ii) after sub-section (3), the following sub-section shall be added, namely:—

“(4) All rules made under this section shall be laid for not less than thirty days before each House of Parliament as soon as may be after they are made and shall be subject to such modifications as Parliament may make during the session in which they are so laid or the session immediately following.”

Mr. Speaker: This is a normal provision with respect to delegated legislation.

Shri V. P. Nayar: This is one of the amendments to which reference was made yesterday and the hon. Minister said that it was in the usual form, but may I request you to kindly read it, because there is “for” after “laid”. It is not like “prayed for”, it is “laid”. I was unable to understand the significance of the word “for”. Laid for 30 days—what does it signify?

Mr. Speaker: From the date it is laid on the Table, that is the period.

Shri V. P. Nayar: Does it read well?

Mr. Speaker: Otherwise, it will mean that only 30 days after the framing of the rules, they have to be passed. There is article 123 in the Constitution itself relating to ordinances. Let me see.

Shri V. P. Nayar: Laid within 30 days.

Mr. Speaker: It is not laid within 30 days. It must be on the Table of the House for not less than 30 days.

Shri V. P. Nayar: That means after 30 days, they can take it away.

Mr. Speaker: After 30 days they automatically become valid. As soon as the rules are framed, they get validity. They can be modified during the 30 days.

Shri V. P. Nayar: Very correct. But what do we mean by saying ‘laid’ for 30 days?

Mr. Speaker: It means continue to be laid.

Shri V. P. Nayar: It will be continuously on the Table for 30 days?

Mr. Speaker: Yes.

Shri V. P. Nayar: On the 31st day it will be removed. If you are satisfied, I will not press this point.

Mr. Speaker: I am looking into it. Let us be precise. We have got a clue under rule 234 relating to laying of rules relating to subordinate legislation. It is stated therein:

“Where a regulation, rule, sub-rule, bye-law etc. framed in pursuance of the Constitution or of the legislative functions delegated by Parliament to a subordinate authority is laid before the House, the period specified in the Constitution or the relevant Act for which it is required to be laid shall be completed before the House is adjourned *sine die*....”

Shri V. P. Nayar: They have taken ‘for’ from that and made it a misfit.

Mr. Speaker: The question is:

Page 7,—

for clause 16, substitute—

‘16. Amendment of section 26.—In Section 26 of the principal Act,—

(1) in sub-section (2) clauses (a), (aa) and (c) shall be omitted;

(ii) after sub-section (3), the following sub-section shall be added, namely:—

“(4) All rules made under this section shall be laid for not less than thirty days before each House of Parliament as soon as may be after they are made and shall be subject to such modifications as Parliament may make during the session in which they are so laid or the session immediately following.”.

The motion was adopted.

Mr. Speaker: The amendment No. 1 to clause 18 is barred.

The question is:

“That clause 16, as amended, stand part of the Bill”.

The motion was adopted

Clause 16, as amended, was added to the Bill.

Clauses 17, 18 and 1, the Enacting Formula and the Title were added to the Bill.

Shri B. E. Bhagat: I move:

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

Mr. Speaker: Motion moved:

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

Shri Vajpayee (Bairampur): Before the Bill is finally passed, may I know from the Minister if the Delhi Advisory Committee was consulted before and after the formulation of this Bill, and if so, what were their reactions?

Shri B. E. Bhagat: According to the normal procedure, the Advisory Committee was apprised of these proposals.

Shri Vajpayee: My question was what were their reactions.

Mr. Speaker: Were they specifically consulted on this matter and their reactions obtained?

Shri B. E. Bhagat: The Advisory Committee is not a statutory committee. But the Home Minister mentioned these proposals to them. The Advisory Committee does not deal with taxation measures, although financial accounts and other things are placed before it. But the Committee does not deal with any financial proposals. According to the information I tried to gather, the Home Minister mentioned this to the Advisory Committee. That was why I used the word ‘apprised’.

Shri V. P. Nayar: This point was specifically raised yesterday. When I was speaking, I submitted that this seemed to be something like a violation of the principle of no taxation without representation. I also said that probably no interests would have been consulted. I wanted to know, if that was incorrect, who were the interests consulted. I specifically asked it. The hon. Minister did not answer that point. That was the reason why Shri Vajpayee has again raised it.

Mr. Speaker: He has answered it now by saying that the Committee was informally consulted, that it was not obligatory on Government to consult it.

Shri V. P. Nayar: Consulted, but informed. The two are different.

Mr. Speaker: Because they have no statutory right.

The question is:

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

The motion was adopted.

12-46 hrs.

DISPLACED PERSONS (COMPENSATION AND REHABILITATION) AMENDMENT BILL

The Minister of Rehabilitation and Minority Affairs (Shri Mohr Chand Khanna): I beg to move:

“That the Bill further to amend the Displaced Persons (Compen-