

[Shri H. Hanumanthappa]

Madam, lastly I would request the Government to consider the question of constituting a Centenary Committee under the chairmanship of the Prime Minister to celebrate the centenary of Dr. Babasaheb Ambedkar. Thank you, Madam.

SOME HON. MEMBERS: Madam, we want to associate with the sentiments expressed by the Hon. Member.

THE DEPUTY CHAIRMAN: Yes, the whole House associates in paying tribute to Dr. Babasaheb Ambedkar.

**MESSAGE FROM THE LOK SABHA**  
**The Punjab Appropriation (No. 3) Bill,**  
**1988.**

SECRETARY-GENERAL: Madam, I have to report to the House the following message received from the Lok Sabha signed by the Secretary-General of the Lok Sabha:

"In accordance with the provisions of rule 96 of the Rules of Procedure and Conduct of Business in Lok Sabha, I am directed to enclose the Punjab Appropriation (No. 3) Bill 1988, as passed by the Lok Sabha at its sitting held on the 5th December, 1988.

The Speaker has certified that this Bill is a Money Bill."

Madam, I lay the Bill on the Table.

**CONSTITUTION (SIXTIETH AMENDMENT) BILL, 1988—(Contd.)**

THE DEPUTY CHAIRMAN: We will now take up further consideration of the Constitution (Sixtieth Amendment) Bill, 1988, and I would like to announce to the Members of the House that we will have the voting between 1 and 1.30 p.m. One hour has been allotted for it. So let us confine ourselves to the allotted time like yesterday and finish our business on time.

SHRI MURLIDHAR CHANDRAKANT BHANDARE (Maharashtra): Madam, Deputy Chairman, Chair-Lady, I rise to support the Bill.

THE DEPUTY CHAIRMAN: What is Chair-Lady? It is a new word coined.

SHRI MURLIDHAR CHANDRAKANT BHANDARE: Chairperson all right. Whatever Milady wishes, I will address you accordingly.

Now, this is a very welcome Constitutional amendment. In Chapter 10 paragraph 11.02, at page 315, of their report Justice Sarkaria Commission on Centre-State Relations has made the following recommendation: "The monetary limit of Rs. 250 per annum fixed 37 years ago on taxes that can be levied on professions, trade, calling and employment in Entry 60, List II should be in consultation with the States revised upwards immediately and rebiewed periodically." It is a matter of great satisfaction that this recommendation has been implemented and brought into effect by the Government even before the report has dried.

Justice Sarkaria, as I said, participated in the debate on his Report, regarding Centre-State relationship has done a yeomen's service. Justice Sarkaria is a man of many parts. He is one who has translated Shakespeare into Gurmukhi and his Report which is voluminous in these volumes, really has preserved the very ethos, the very spirit and the very vision of the Constitution of a strong Centre with strong States. And, Madam, it is only with regard to this that I rise to support because all other relations will adjust themselves, namely, the legislative relations, the administrative relations, the role of the Governor, the reservation of the Bills for the assent of the Governor all these things will adjust themselves; if really the financial relations are properly balanced and reciprocal. It is in this regard that the first step has been taken to meet a long needed reform to raise the professional taxes. May I only say what I had said, namely, that we must concentrate more on the development process and not deceleration of development. Strong states must remain strong and weaker states cannot become strong by making strong states weak or at the cost of strong states. I think all in all, this is a very welcome Bill and the whole House will support it because it removes an irritant which has been there for a long time. I hope that this will now be matched up and followed up by a sustained effort to see that we really have financially and economically a strong Centre with equally financially and economically strong States. Thank you.

DEPUTY CHAIRMAN: We have just one hour. So please confine yourself to time allotted to you.

SHRI YALLA SESI BHUSHANA RAO (Andhra Pradesh): The proposed amendment to article 276 of the Constitution is to augment the resources of the State Governments. The State Governments now suffer from financial stringency and they cannot often implement the vital projects because of lack of funds. The State Governments have been requesting the Union Government to have a new look in order to generate finances for the States. The Sarkaria Commission has mentioned of some important legislations to be made immediately to augment the finances of the States. As suggested by the Sarkaria Commission, the hon. Finance Minister has now brought forward this vital amendment.

The Union Government has, by this amendment, given to the State Governments an unpleasant task also to further tax the over-burdened taxpayer. The State Governments have to act judiciously in this matter.

Madam, by this amendment specially, the States having metropolitan towns will generate more funds whereas the States based on agrarian economy and rural base cannot get much funds. Anyhow, as the amendment is going to help the States, I am prepared to support this Bill.

Madam, in this connection, let me submit to the Finance Minister that the Government should take immediate steps to generate more funds for the States as recommended by the Sarkaria Commission. The Forty-sixth amendment was passed in 1982 with a view to facilitate introduction of a consignment tax. The Chief Minister's Conferences held in November 1983 and May, 1984 unanimously recommended that there should be an enactment so that consignment tax can be collected by the States. It was decided that 50 per cent has to be taken by the collecting State and the other 50 per cent is to be devolved into a common pool. This amendment has not yet been brought by the Finance Minister and I request him to immediately take steps in that direction so that more funds are made available to the States.

I would like to draw the attention of the hon. Minister to another aspect. The Eighth Finance Commission in 1984-85 recommended that the Union Government should release to the States the amount representing the devolution of the finance resources to the States. These amounts have not yet been released to the States. Since the prices have risen by 50 per cent, I would request the hon. Minister to release these funds and in the context of price rise, the Central Government should also release these funds together with interest at 12 per cent. The States are already over-burdened. Take for instance increase in dearness allowance to the employees. Every three or six months, D.A. is raised for the employees and the State Governments have to bear this burden. I therefore request the hon. Finance Minister to take immediate measures to help the States in this regard. Thank you.

SHRI JAGESH DESAI (Maharashtra): Madam Deputy Chairperson, I congratulate the Finance Minister for bringing this amendment to the Constitution and raising the limit of professional tax from Rs. 250 to Rs. 2500. But I would like to place before this august House some figures to show that the Centre is giving all kinds of financial assistance to the State Governments. I have always pleaded for more funds to the States. But at the same time, I would like to place some figures before this House. In the Third Five-Year Plan, the total resources by way of revenue generated by the States and the States and the Centre was of this order. The revenue of the Centre, after transferring funds to the States, was to the tune of Rs. 7,553 crores; 50.7 per cent. In the case of the States, it was Rs. 7,357 crores; 49.3 per cent. In the Third Five-Year Plan, the resources by the States was higher than that of the Centre. I would also like to place before the House the figures in regard to the Fourth Five Year Plan-1969-74. The total resources retained by the Centre on account of revenue was Rs. 15,959 crores and that of the States was Rs. 20,426 crores. The Centre's share was 43.9 per cent of

[Shri Jagesh Desai]

the total resources and the share of the States was 56.1 per cent. The same was the case in the Fifth Five-Year Plan also. The share of the States was more. In the Sixth Five-Year Plan, the total resources on account of revenue retained by the Centre was Rs. 69,871 crores, whereas, in the case of the States, it was Rs. 1,01,941 crores. The share of the States was 60 per cent and that of the Centre was 40 per cent. Therefore, to say that the Centre takes more is not correct. At the same time, I want that the Centre should give more funds to the States. For this purpose, I would like to give one or two suggestions.

In the Chief Ministers Conference held in 1984, it was decided that consignment tax should be levied. It was also decided that in regard to exemptions, State Governments should be given the power. Subsequently, however, some of the Ministries in the Central Government wanted that along with the States, concurrently, the Centre should also have the power to exempt certain items. This was with a valid reason because in respect of some goods, it should be the policy of the Government to see that the same rate is there in all the States. Barring that, I do not think there was any dispute. Now, five years have passed. The Sarkaria Commission also recommended that without any loss of time this Bill should be brought forward. Otherwise, there will be a lot of revenue leak. Transfer of goods takes place from one State to another. It is not taxed. Sales are really sales. It is not consignment. But in the name of consignment, they are selling it on telephone. They say it is consignment. Crores of rupees are being evaded in this manner. Therefore, I would request the hon. Finance Minister to bring forward the Bill at the earliest.

My last point. The Ninth Finance Commission has recommended—the Eighth Finance Commission has also suggested this—that penalty and interest levied under the Income-tax Act should also be in the divisible pool and distributed to the State Governments. Unfortunately, the Government of India have

not accepted this saying that penalty and interest will not come under this. But Madam, the Supreme Court has decided in many cases that penalty and interest arise because of assessment and, therefore, it has held that it is in the nature of income-tax and as such penalty and interest levied under the Income-tax Act should also go into the divisible pool to be distributed to the State Governments. I am sure the hon. Finance Minister would look into this. This kind of injustice which is being done to the States should be removed. With these words, I support the Bill.

SHRI E. BALANANDAN (Kerala): Madam Deputy Chairman, this is a small amendment. According to the Finance Minister, it is going to help the State Governments to get a little more revenue. The point that I want to raise is that the State Governments' economic position in general is in an absolute chaotic condition. To cite my State, Kerala is facing an absolute and very serious economic problem. The State is not able to pay wages, salaries because of the story which I do not want to repeat. The Central Government took a lenient view towards the previous State Government. This previous Government took loans after loans. The present Government has to pay back those loans. Our Finance Minister is very strict in the matter of taking the loans back from the State Government. Therefore, I am using this opportunity to make a request to the Finance Minister that he should be the guardian of all States. The Centre is only one, there are no two Centres here. The State Governments are functioning under certain laws of the Centre. Therefore, I request the Finance Minister to take a broader view of the things, while he is bringing this Bill to enable the State Governments to improve their financial position. May I ask the Finance Minister, through you Madam, that the Finance Minister should have a lenient view towards the Kerala State Government which is facing very serious financial crisis. They should be helped. This is all that I want to say on this Bill.

THE DEPUTY CHAIRMAN: You have always been very brief and to the point.

SHRI KAPIL VERMA (Uttar Pradesh):

Madam, I rise to support this Bill and I hope this will receive the support from all sections of the House. The ceiling for levying profession tax was fixed in 1949. Since then the wages have increased and the State Governments have also asked for these powers to raise the ceiling. Sarkaria Commission also, as has already been pointed out, has recommended this. I would like to suggest one or two things in brief.

I welcome this Bill because I think it is the responsibility of all those people who earn more to part with some share of their income for the poor people. Our AICC has also passed a resolution suggesting that the Government should provide at least one job for every family. For this a lot of money and resources are needed. I very strongly suggest that all the income generated as a result of the provisions of this Bill should be earmarked and spent only on employment and related things for the benefit of the poor people. This must be done.

This is only an enabling measure. It is not compulsory for the State Governments to levy any tax. For instance, in U.P. this profession tax was levied for some years, but later on given up and that also I remember, I was paying the tax upto the ceiling of Rs. 250. I know the Centre cannot issue guidelines but it can persuade the State Government in regard to one thing. As for those who are in the higher income brackets, it is their moral obligation to part with some money. The salaried people are already paying income-tax. But there are other poorer classes, like shopkeepers, Khonche-walas and other small self-employed people, they should be exempted from this Bill. This is my suggestion and the Government may kindly consider this.

With these words I support the Bill. I also support the suggestion made at the Chief Ministers' Conference that consignment tax should be levied as soon as possible. I will not take more time of the House. I am grateful to you for allowing me to speak on this Bill. I support the Bill.

श्री ईश दत्त यादव (उत्तर प्रदेश) : माननीय उपसभापति महोदया, संविधान के अनुच्छेद 276 के उपबंध 2 में जो संशोधन प्रस्तावित किया गया है मैं उसका विरोध करता हूँ और माननीया इसलिए विरोध करता हूँ कि टैक्स लगाना अच्छी चीज नहीं होती है। टैक्स बढ़ाना तो बहुत बुरी चीज होती है और इस देश के लोगों पर अनेक प्रकार के टैक्स पहले से लगे हुए हैं। माननीया, गांव पंचायतों से लेकर केन्द्र सरकार तक सबने अलग अलग टैक्स लगाये हुए हैं। यह जो प्रस्तावित संशोधन है इसका प्रभाव मध्यम वर्गीय और गरीब लोगों पर पड़ेगा। ठाई सी रुपये से बढ़ाकर ठाई हजार रुपये एक बार में कर दिया गया है। जिनके ऊपर यह टैक्स लगाया जायेगा उनको लगभग 2 सौ सवा 2 सौ की दर से प्रतिमाह ज्यादा देना पड़ेगा। सरकार की ओर से यह कहा गया है कि चूकि महंगाई बढ़ी है इसलिए इस महंगाई के कारण टैक्स बढ़ाने का यह प्रस्ताव किया गया है। महोदया, सरकार की ओर से अभी इसी सदन में कहा गया कि महंगाई अब कम हो रही है, दूसरी ओर सरकार कहती है कि महंगाई बढ़ रही है। मैं कहना चाहूंगा कि महंगाई बढ़ने का व्यक्ति के ऊपर प्रभाव पड़ेगा, किसी संस्था के ऊपर नहीं पड़ेगा, किसी प्रदेश सरकार के ऊपर महंगाई बढ़ने का प्रभाव नहीं पड़ेगा, नगरपालिका या स्थानीय निकायों के ऊपर महंगाई बढ़ने का प्रभाव नहीं पड़ेगा, महंगाई का प्रभाव तो व्यक्ति के ऊपर पड़ना है। इसलिए मैं इसका विरोध करता हूँ और मैं सुझाव देना चाहता हूँ कि सरकार और स्थानीय निकायों ने जो टैक्स लगा रखे हैं अगर उन्हें टैक्सों को कड़ाई के साथ वसूल करें तो इनके संसाधन पर्याप्त हो जायेंगे। नगरपालिकाओं में जैसे हाउस टैक्स है, वाटर टैक्स है, आक्टाय है, तमाम टैक्स हैं ये ही वसूल नहीं किये जाते हैं और वसूल किये जाते हैं तो वे वहां काम कर रहे अधिकारियों और कर्मचारियों के भ्रष्टाचार के माध्यम से समाप्त कर दिये जाते हैं। इसलिए उनके पास संसाधनों की कमी होती है। इसलिए मैं अनुरोध करूंगा माननीय वित्त

[श्री ईश दत्त यादव]

मंत्री जी की कि आप ऐसी व्यवस्था करें कि प्रदेश सरकारों में या स्थानीय निकायों में जो भ्रष्टाचार है वह भ्रष्टाचार दूर हो। टैक्स बढ़ाने के कारण इस देश के अंदर जो पैरेलल इकनामी चल रहा है उसको आप रोके और जो कालाधन इस देश के अंदर छिपा हुआ है उस कालाधन को निकालकर संसाधन जुटाने का काम करें। इन्हां शब्दों के साथ मैं इसका विरोध कर रहा हूं और अनुरोध करता हूं कि यह जो प्रस्तावित संशोधन है माननीय वित्त मंत्री जो इसको वापस ले लें। इस देश के आदमी को कमरता करों के भार से यूँ ही टेढ़ी हो गयी, है टूट रही है अतः आप उनके ऊपर और बोझ मत लादिये। धन्यवाद।

SHRI ALADI ARUNA *alias* V. ARUNACHALAM (Tamil Nadu): Madam, I am not against this Bill. The object of the Bill is to help the State Governments to increase their financial resources. The founding fathers of our Constitution conferred powers on the Centre to levy Income Tax. Normally in all federal countries, States also are allowed that power to levy Income Tax. Unfortunately such right has been denied to the States in India. So to please the States, the founding fathers found another alternative of allowing the State Governments to levy a tax on profession, calling, trade and employment. But unfortunately in this area too, they have imposed certain conditions. The States have not been conferred with absolute powers to levy the Profession Tax or other taxes mentioned in Art 261.7. There is a ceiling of Rs. 250 which was fixed in 1949. Now hon. Minister has come forward to help the States by increasing the ceiling to the level of Rs. 2500. Some of the Members have expressed the apprehension that it will affect the poor. Even though the State Governments are being allowed to levy to the extent of Rs. 2500, to the best of my learning, no State Government, no local body will come forward to utilise this maximum limit. They are quite aware of the practical difficulties. At the same time my objection is against the ceiling itself, because already the State Governments have

been deprived of the power to levy Income Tax. Only to please the States, tax on profession was allowed by the founding fathers. In that area there is a limitation, there is a restriction. My point is that tax on profession, trade and calling may be levied as per the policy and principle of the State Government then and there. That will be suitable. That alone will be helped to mobilise, to increase the resources. Madam, for example, as far as the professional tax is concerned, it is difficult to levy the maximum permitted in this Amendment. But, at the same time, the State Government is authorised to levy tax on trade which is getting more profit, which is earning much amount. Then, the State Government may come forward to levy more tax. At that time your ceiling of Rs. 2,500 prevents the States from getting more amount from the trade which is earning much. That is why, I am against the ceiling. I appreciate that at least you have come forward to increase the tax ten-fold. At the same time, if you remove the ceiling and allow the State Government according to its convenience to levy the tax, that will be more helpful to increase its resources.

With these words, I conclude.

SHRI V. RAMANATHAN (Tamil Nadu): Madam Deputy Chairman, I thank you for giving me this opportunity to say a few words on the subject.

As stated by many of our friends here, the States suffer for want of funds. Particularly the States are entrusted with the work of taking social welfare measures. If the social welfare measures are not taken, the States will be blamed for that, not the Government of India. Therefore, when the State Governments are entrusted with this work, they have to seek for more funds. Naturally, when the funds are limited, they have to go in for getting loans from outside. It is also not possible. Therefore, now this Bill will help them to get more funds to improve their resources and to take social welfare works.

But Rs. 2,500 becomes very high. It can be somewhat low because from Rs. 250 to Rs. 2,500, it is ten times increase. It may not be possible for the local

bodies to raise to that extent, and it will have its own repercussions. It may not be possible for the State Governments to increase to that level all of a sudden. But anyway, no government can run without taxes. So, there should be tax on the rich. As suggested by my friend, by levying taxes on some trades or some other industries, on higher level of income, if the powers are given to the States, it will be possible for the States to increase the resources.

All of a sudden, if the tax is increased, it may lead to evasion of taxes, and it may lead to corruption also. That too, in municipalities and local bodies where there is not much of control, corruption and evasion will be the maximum, it may go to the maximum level. Therefore, we must be very cautious.

Anyway, to increase the resources of the States, such a Bill is necessary. Therefore, with these words, I welcome the Bill and conclude.

Thank you, Madam.

**SHRI GURUDAS DAS GUPTA** (West Bengal): Madam, when federalism in this country is being seriously jeopardised with the increasing trends and tricks of over-centralisation not excluding the spheres of economy and collection of resources, this step of the Government of India can be termed to be in a different or in a reverse direction because it seeks to strength the financial strength of the States. Therefore, from a broad perspective concerning the nation, it is a welcome step.

But, I must say that the application should be most judicious because the professionals earn their money not in a dubious way. When the Government seems to be so much lenient so far as the big business is concerned, when this tax-structure is being rescheduled to decrease the tax-burden so as to foster the so-called economic growth of the country, the tax burden on the professionals should not appear to be unequal and devoid of a sense of propriety. Therefore, while supporting the amendment that the Government seeks to bring about, I must caution that the application of this amendment must be in a way which does not put

forward unreasonable burden on the professionals of the country, while at the same time agreeing that all reasonable steps have to be taken to augment the resources of the States of our country. Therefore, this is a step in a right direction, but the application has to be reasonable and the burden on the professionals has also to be equitable.

**श्रीमती सत्या बहिन** (उत्तर प्रदेश) : माननीया उप सभापति महोदया, साठवाँ संविधान संशोधन विधेयक संविधान के अनुच्छेद 276 खंड 2 में जिसने राज्य सरकारों को कर वृद्धि की सीमा 250 से 2500 करने का अधिकार प्रदान किया गया है, में इस प्रस्ताव का जोरदार समर्थन करते हुए निवेदन करना चाहती हूँ कि यह विलम्ब से उठाया गया जनहित में बिल्कुल सही कदम है। महंगाई अत्यधिक बढ़ जाने के 4 दशक बाद भी कर न बढ़ाया जाना संसाधनों को प्रतिबंधित करना होगा। मंडम, इस प्रस्ताव से निश्चित रूप से जन कल्याण कार्यों के लिए आर्थिक स्रोत खुलेंगे और लोकल बाडीज ठीक से कार्य कर सकेंगी, किन्तु मैं आश्वासन चाहूंगी कि इस बड़े हुए कर का बोझ आर्थिक बोझ जो है, श्रमिक वर्ग या वेतनभोगी कर्मचारियों पर नहीं पड़ना चाहिये अन्यथा उनके जीवन स्तर में गंभीर गिरावट आ सकती है, क्योंकि वेतनभोगी व्यक्ति पहले से ही अपने वेतन पर एक सीमा तक आयकर देते हैं और अपनी आमदनी को छिपा भी नहीं सकते, मंडम, राज्य सरकारों को यह निर्देश भी दिया जाना चाहिए कि लोकल बाडी या नगरपालिकाओं, को फिजूलखर्ची को रोका जाए और भ्रष्टाचार पर प्रतिबंध लगाया जाए तथा संपन्न लोगों पर जो बकाया कर है लोकल बाडी के या नगरपालिकाओं के उनको वसूल किया जाये और उससे भी कुछ काम चलाया जाए ताकि आर्थिक संसाधनों का सही सदुपयोग हो सके। इस जरूरत को सरकारिया आयोग ने भी अपनी सिफारिश में स्वीकार किया है।

अतः मैं इस बिल का समर्थन करती हूँ और माननीय मंत्री जी को धन्यवाद देती हूँ।

**SHRI GHULAM RASOOL MATTO** (Jammu and Kashmir): I rise to support the Bill, but I have one observation to make, which the hon. Minister may kindly take into consideration.

In the Statement of Objects and Reasons, he has stated and I quote:

"...two hundred and fifty rupees, which was fixed in 1949, needs to be revised upwards taking into consideration the price rise and other factors."

He has taken the main reason for enhancement of this as the price rise. I do not understand by what stretch of imagination Rs. 2.50 only becomes Rs. 2,500 in the year of the Lord, 1988, when it was Rs. 2.50 in 1949. To my understanding the value of the Rupee in 1960 was 100 paise and now it is 13 paise only. From this calculation the value of the Rupee in 1949 would have been a lot more. When so much value was there in 1949, in 1988 it should be much more. So, I would suggest to him if it is possible for him to consider that instead of the words Rs. 250, he should amend it like this:

"Clause (2) of article 276 of the Constitution specifies that the total amount payable in respect of any one person to the State or to any one municipality, district board, local board or other local authority in a State by way of taxes on profession, trades, callings and employments leviable by a State Legislature under clause (1) of that article shall not exceed Rs. 250..."

Instead of "shall not exceed Rs. 250", it should be "shall be an amount to be specified by the Government from time to time." Why I say this is that today the price index is so much. Does it mean that the Minister will have to come after two years again to revise it to Rs. 3,000 or Rs. 4,000 when the price index has again arisen? I think it would be better if he takes the blanket approval from the House. Madam, I also take this opportunity to thank the hon. Minister for the steps which he has taken to augment the resources of the States. In this connection, I have got two or three points to make. The budget is under his consideration and I want to make one or two points for his consideration for the budget purpose.

Number one is with regard to the corporation tax. I think the time has come just like the income tax the corporation tax also should be divisible. This may kindly be considered because it is a simple affair. In partnership firms whatever income tax is levied, it is divisible with the States. Why not the corporation tax be divisible when the same individuals from themselves into a private limited company for all practical purposes? Why should not this tax also be shared by the States as income tax?

The second point that I would like to say is about the consignment tax to which Mr. Jagesh Desai has already referred. This House has passed a Constitution (Amendment) Bill when Shri Pranab Mukherjee was the Finance Minister. Then, I was a Member of this House. This legislation was put through and, in fact, it was put through at the fag end of the session simply saying that we want to augment the resources of the States and this Constitutional Amendment should be approved. It is more than four or five years since that Constitution (Amendment) Bill was passed. I request the Minister to kindly give consideration to this also and see to it that the consignment tax is also levied by the States.

The third and most important point to which no reference has been made is with regard to the Central Sales Tax. Madam, when the Central Sales Tax concept was evolved, it was stated that in the interstate State transactions, the particular State from where these manufactured goods were going to the other States should charge half a per cent. Then, later on it was increased to 1 per cent. This remained at 1 per cent for some time. Now, that tax has been increased to 4 per cent. The result is that the consuming States like Jammu and Kashmir, North-Eastern Hill States and other States are suffering a lot because we are consuming States. I would suggest for his consideration in the budget that for the purpose of Central Sales Tax the rate now is 4 per cent if the other party supplies goods under 'C' form, if he does not supply under 'C' form, then, it is 10 per cent 50 per cent of that Central Sales Tax should go to the State from where the goods are originating to the consu-

mer and 50 per cent should be in the pool of the Centre to be given to smaller and less developed consuming States like Jammu and Kashmir, Himachal Pradesh and North-Eastern States. This should be in the form of a fund to be created in the Centre because being a consumer why we should not get this tax for no fault of ours.

With these observations, I hope that the hon. Finance Minister would take them into consideration. I support the Bill.

SHRI CHITTA BASU (West Bengal): Madam Deputy Chairman, I also rise to support the measure. The main ground of my support for this measure is that at long last the Government of India, particularly, the Finance Minister has been aware of the financial constraints of the State Governments. It is a happy augury and he has brought about this measure in terms of the recommendations of the Sarkaria Commission. But my pointing out this in this respect is there are other recommendations in the Sarkaria Commission in order to augment further the financial resources of the States. I want to know from the hon. Minister whether he is in a position to assure this House which happens to be the Council of States representing the States that other positive recommendations made by the Sarkaria Commission in respect of Centre-State financial relations will also be accepted by the Government as early as possible.

Now, I am happy to see that the Government is aware of the financial constraints of the State Governments. In this connection I also want to add a few words in relation to the consignment tax. Now, you may be aware that the Forty-sixth amendment of the Constitution was passed late in the year 1982, in order to enable the State Governments to have some share of the consignment tax. There were further steps taken in this direction also. The Chief Ministers' conference in November 1983, ratified that idea and also the Chief Ministers' conference held in May 1984, unanimously adopted that certain steps should be taken by the Centre in order to enable the imposition of the consignment tax and this tax will go to help the State Governments. In this

connection, I am reminded of the statement made by the Finance Minister himself while he was the Chief Minister of Maharashtra that his State was losing about Rs. 2600 crores annually because of non-passages of the consignment tax. Now, that former Chief Minister of Maharashtra, was also a party to the decision of the Chief Ministers' conference held in 1984, I suppose. (*Interruption*). I am sorry. You were not there. Anyway, in the capacity of Chief Minister, you made the remark that your State was losing about Rs. 2600 crores, in the Assembly (*Interruptions*).

THE DEPUTY CHAIRMAN: There are three former Chief Ministers sitting over here, at the moment. (*Interruptions*)....

SHRI CHITTA BASU: Now, will the Finance Minister recollect his experiences as the Chief Minister of the State? (*Interruptions*)....

SHRI VITHALRAO MADHAVRAO JADHAV (Maharashtra): The position of the Chief Minister of the State is entirely different from the position of the Finance Minister, Mr. Chitta Basu. You must understand this.

SHRI ALADI ARUNA *alias* V. ARUNACHALAM: They have forgotten the States.

SHRI CHITTA BASU: At least, I may have his assurance from him that he would be reminded of his experiences as the Chief Minister of the State while deciding upon the quantum of transfer from the Centre to the States. In this connection, I want that the obstruction in the path or the passage of the consignment tax should be removed as early as possible.

The Sarkaria Commission also recommended for the corporate tax to be in the divisible pool. When do we expect that amendment or that practical measure from this Finance Minister? Then, I also refer that if we really want to augment the financial resources of the States, there is an urgent need of restructuring the Centre and the State financial relations. In that respect, I would refer to the formulation of the terms of reference for



[Shri Chitta Basu]

the Finance Commission. Madam, you are aware of the fact that when the terms of reference for the Ninth Finance Commission were finalised, objections were raised by several Chief Ministers of the States. I think, he should apply his mind in this matter and have this policy that before finalising the terms of reference of the Finance Commission, the State Chief Ministers should be consulted and the terms of reference should be formulated, as agreed upon by the States.

Another matter to which I want to refer and which is very much connected with this is the Pandey Committee's recommendation for the phased abolition of freight equalisation scheme. The freight equalisation scheme has done a lot of harm to the eastern part of the country and the north eastern part of the country. The Government is committed for phased abolition of that scheme and unfortunately, I hear that the Government is about to revise its decision in that regard. I hope, the Finance Minister will reconsider this matter and see that the decision of the Government, in principle, for the abolition of the freight equalisation scheme should be implemented as early as possible because all these steps, taken together, can really strengthen the States and allow them to meet their requirements so far as the welfare activities of the States are concerned.

THE DEPUTY CHAIRMAN: Mr. Malaviya, you have given your name for the third-reading stage. I think I will ask you to speak for two minutes now so that...

SHRI SATYA PRAKASH MALAVIYA (Uttar Pradesh): I will take only one minute.

THE DEPUTY CHAIRMAN: That is fine.

श्री सत्य प्रकाश मालवीय : माननीय उप सभापति जी, जितने अधिक कर लगते हैं उतनी ही अधिक परेशानी कर-दाताओं को होती है और कभी-कभी तो ऐसा हो जाता है कि एक ही व्यक्ति को एक-एक-

दो-दो दिन विभिन्न कार्यालयों में कर के संबंध में घूमना पड़ता है क्योंकि एक ही व्यक्ति को मृत्यु कर देना पड़ता है, आयकर देना पड़ता है, विज्ञापन कर देना पड़ता है जो लोकल बाडी लगाती है और इसी प्रकार सिनेमा कर है, सैल्स टैक्स है। सैल्स-टैक्स के बारे में तो यहाँ तक कहा गया है कि इसे खत्म किया जाए लेकिन सरलीकरण किया जाए। तो मैं केवल एक ही बात जानना चाहता हूँ कि जो-जो प्रदेश की सरकारें इस प्रकार के कानून बनाती हैं, और केन्द्र की सरकार को भी अधिकार है कानून बनाने का, तो इस संबंध में मंत्री महोदय उत्तर देने की कृपा करें कि नागरिकों को और कर-दाताओं को कम से कम परेशानी हो क्योंकि जितने अधिक कर लगते हैं उतना ही अधिक भ्रष्टाचार बढ़ता है, दफ्तरों में जाना पड़ता है, तो कर-दाताओं के ऊपर भी कर लगता है, कर आसानी से दे दें लेकिन उनकी परेशानी दूर हो और कर देने के संबंध में जो नियम हैं उनका सरलीकरण हो। इसके संबंध में मंत्री महोदय अपने उत्तर में स्पष्टीकरण करें।

THE MINISTER OF FINANCE (SHRI S. B. CHAVAN): Madam Deputy Chairman, I am indeed grateful to hon. Members from both sides of the House for participating in the debate. Taking the opportunity of the amendment of Article 276, they seem to have discussed almost all the questions, Centre-State relations, Sarkaria Commission's report and a number of other issues.

THE DEPUTY CHAIRMAN: Within a very short time.

SHRI S. B. CHAVAN: Yes. I should say so. I do not propose to take more time of the House, but it becomes my responsibility to react at least to some of the points which hon. Members have made. I cannot possibly take shelter by saying that they are not relevant to the Bill which I have moved though, in the stricter sense of the term, they are not relevant so far as the Bill is concerned.

[Mr. Chairman in the Chair]

Sir, the first point which was made, and made rather seriously, is that it very good that the Government has tried to implement the recommendations of the Sarkaria Commission, but there are a large number of other suggestions which are made by the Sarkaria Commission and what the attitude of the Government of India is going to be. I am sure hon. Members have not forgotten the kind of discussion they had on the report of the Sarkaria Commission in this very House. And the position was made clear by my colleague, the hon. Home Minister, saying that the Government would be taking a final decision on the recommendations of the Sarkaria Commission only after both the Houses discussed the report.

**SHRI GHULAM RASOOL MATTO:** State Governments also.

**SHRI S. B. CHAVAN:** Of course, after all those who are concerned have got a full opportunity to discuss the implications of the Sarkaria Commission's report. Thereafter, the Government will certainly apply its mind and take a final view about the recommendations. So it will not be proper on my part to prejudge as to what the decision is ultimately going to be. Therefore, I would request hon. Members to kindly wait till we take a final view in this matter.

Sir, barring one hon. Member, I do not think there was any opposition to the Bill as such. One hon. Member seems to have opposed the Bill on the ground that ultimately it is the middle-class which are going to be affected by the introduction of this profession tax by the State Governments. I have not been able to understand what exactly the hon. Member has in mind. If you go through the Bill, you will find that it is just an enabling provision. We are not going to force any of the State Governments to levy this tax. Ultimately, it is in the total discretion of the State Governments. If they feel that they should levy profession tax, they have to decide as to what classes of people should be covered. It is for them to take a decision about it. It is ultimately for the State Governments to take a decision on...

**SHRI CHITTA BASU:** Quantum?

**SHRI S. B. CHAVAN:** Quantum, everything, it is entirely in their discretion. It is not that since we have raised the limit to Rs. 2500 all the State Governments should reach the ceiling limit. One honourable Member on our side also said that it should not be levied on Government employees or some other employees...

**SHRI KAPIL VERMA:** I said poorer classes.

**SHRI S. B. CHAVAN:** I think it was a lady Member who said it. That is why I would like to enlighten the House that this is just an enabling provision giving powers by raising the ceiling from Rs. 250 to Rs. 2500. Whether it should be Rs. 500 or Rs. 1000 or less is ultimately to be decided by the State Government concerned. The honourable Member, Shri Matto, asked, since you have taken recourse to raising the price why do you want to limit it to Rs. 2500? These are two contradictory statements. In fact, the first is, why burden the middle class at all. And now he says this Rs. 2500 seems to be a very low limit, it has to be increased beyond that. If trades, professions, are going to be taxed, all the more the reason why confine yourself to Rs. 2500. We can go even further. But I will be very happy if you can at least try to reach Rs. 2500. If you reach Rs. 2500 you will be able to augment enough resources for developmental purposes. There seems to be reluctance on the part of both State Governments and local bodies. So far as local bodies are concerned, I am sure honourable Members are aware of the fact that local bodies do not enjoy any powers of enactment. Ultimately it is the State Governments who have to enact and while enacting, there are certain provisions under their Act by which they say these are your obligatory functions and obligatorily these taxes have to be levied and these others the local bodies can levy if they want; it enables the local bodies if they want, to levy those others. So, why should we assume that we are the only people who can take care of the different sections of the people? Our brethren who are in the State Assemblies are equally responsible

[Shri S. B. Chavan]

people and I don't think we can possibly level the charge that they do not have any sense of responsibility. That would be too wild a statement. I don't think we should think that they will not consider all these aspects which we are worried about here. As we are worried here, similarly are our counterparts in the State Assemblies worried and they are equally competent people. They know the feelings of the people. So there is no reason why we should consider that all the aspects which we are considering here they will not be considering at all. So on that basis I don't think it will be proper on my part to say instead of Rs. 2500, have no limit at all. One honourable Member said, why not circulate the Bill for public opinion. What is public opinion? This is just an enabling provision. If the State Governments do not want to levy the tax, certainly we are not forcing them. There are some States which are not interested in levying this profession tax at all. So, by this enabling provision if the State Governments want to levy, we are just allowing them to levy. That is the only point which, I am sure, the honourable Members will appreciate. Shri Jagesh Desai and other honourable Members who participated in the discussions talked about devolution of resources. What was the position before the Third Five Year Plan and what is the position obtaining now? After the devolution, more resources have been now transferred to the State Governments. That is the stand which the honourable Shri Jagesh Desai took in the matter...

PROF. C. LAKSHMANNA (Andhra Pradesh): However, the former Chief Minister has different ideas.

SHRI S. B. CHAVAN: I do not know why honourable Members are not still forgetting that I am no more the Chief Minister of Maharashtra...

PROF. C. LAKSHMANNA: I said 'the former Chief Minister'.

SHRI S. B. CHAVAN: As a Chief Minister whatever responsibilities were there, I was able to discharge them to the extent that it was possible for me. And

now I have a responsibility as the Finance Minister of the Government of India and I am going to discharge this responsibility with the same consciousness. That is why I think that it will not be proper on my part or on the part of any honourable Member to say, "You had raised this point. Now what is your reply as Finance Minister to the same point which you had raised earlier?" I do not think that you would expect me to reply to that kind of a discussion in this House. If the honourable Member privately sees me, certainly, I would explain.

SHRI PARVATHANENI UPENDRA (Andhra Pradesh): Your private views are different.

SHRI S. B. CHAVAN: Sir, all the points which the honourable Members have raised either about the consignment tax or...

SHRI CHITTA BASU: You say something on it.

SHRI S. B. CHAVAN: I cannot say anything positively now. I am not in a position to say anything positively on the consignment tax. Mr. Salve is looking at me, he being the Chairman of the Ninth Finance Commission. Now, Sir, it is for the Ninth Finance Commission to suggest what measures the Government has to take in order to see that the States are provided with greater resources. So, I cannot positively pre-judge as to what recommendations the Ninth Finance Commission can possibly make in the matter.

SHRI JAGESH DESAI: What about penalty on Income-tax?

SHRI S. B. CHAVAN: Ultimately, we have to collectively see that the Government of India also is in a position to discharge its own responsibility and so also the State Governments. It is a question of combined effort that we have to put in in order to see that both the State Governments and the Central Government are able to create conditions by which developmental work in the country as a whole we are able to encourage. That is the attitude we will take. Whether it belongs to the Centre or, ultimately, to the

States is a matter which is not relevant so far as the development of the country as a whole is concerned. I think, Sir, with regard to the points which were raised by the honourable Members, to the extent possible I have tried to explain.

I will request one honourable Member who was opposing it to kindly withdraw his opposition and I would request the Members to pass this Bill unanimously the interest of the States.

MR. CHAIRMAN: I shall now put the motion regarding consideration of the Constitution (Sixtieth Amendment) Bill, 1988, to vote.

The question is:

"That the Bill further to amend the Constitution of India, as passed by the Lok Sabha, be taken into consideration."

The House divided.

MR. CHAIRMAN:

Ayes	155
Noes	Nil

Ayes-155

Ahluwalia, Shri S. S.  
Aladi Aruna, Shri alias V. Arunachalam  
Alva, Shrimati Margaret  
Amla, Shri Tirath Ram  
Amrita Pritam, Shrimati  
Anand Sharma, Shri  
Ansari, Shri Mohammed Amin  
Antony, Shri A. K.  
Ashwani Kumar, Shri  
Baby, Shri M. A.  
Bagrodia, Shri Santosh  
Balanandan, Shri E.  
Barongpa, Shri Sushil  
Basu, Shri Chitta  
Basumatari, Shri Dharanidhar  
Bekal Utsahi, Shri  
Bhajan Lal, Shri  
Bhardwaj, Shri Hansraj  
Bhatia, Shri Madan

Bhattacharjee, Shri Kamalendu  
Bhim Raj, Shri  
Birla, Shri Krishna Kumar  
Chakravarty, Shrimati Bijoya  
Chatterjee, Prof. (Mrs.) Asima  
Chavan, Shri S. B.  
Chowdhary, Shri Ram Sewak  
Darbara Singh, Shri  
Desai, Shri Jagesh  
Deshmukh, Shri Shankarrao Narayanrao  
Dharam Pal, Shri  
Dhusiya, Shri Sohan Lal  
Dronanraju, Shri Satyanarayana  
Dubey, Shri Bindeshwari  
Faguni Ram, Dr.  
Fernandes, Shri John F.  
Fotedar, Shri Makhan Lal  
Ganeshwar Kusum, Shri  
Gupta, Shri Vishwa Bandhu  
Gurupadaswamy, Shri M. S.  
Hanspal, Shri Harvendra Singh  
Hanumanthappa, Shri H.  
Heptulla, Dr. (Shrimati) Najma  
Islam, Shri Baharul  
Jacob, Shri M. M.  
Jadhav, Shri Vithalrao Madhavrao  
Jamuda, Shri Durga Prasad  
Jani, Shri Jagadish  
Javali, Shri J. P.  
Jogi, Shri Ajit P. K.  
Joshi, Shrimati Sudha Vijay  
Kadharsha, Shri M.  
Kailashpati Shrimati  
Kakodkar, Shri Purushottam  
Kaldade, Dr. Babu  
Kalmadi, Shri Suresh  
Kalvala, Shri Prabhakar Rao  
Kar, Shri Narayan  
Kesri, Shri Sitaram  
Khan, Dr. Abrar Ahmed  
Khaparde, Miss Saroj  
Kidwai, Dr. Mohd. Hashim  
Kollur, Shri M. L.

Kuthiravattom, Shri Thomas  
Lakshmana, Prof. C.  
Lenka, Shri Kahnu Charan  
Mahendra Prasad, Shri  
Mahto, Shri Bandhu  
Majhi, Shri Prithibi  
Malaviya, Shri Radhakishan  
Malaviya, Shri Satya Pradesh  
Malik, Shri Mukhtiar Singh  
Manhar, Shri Bhagatram  
Masodkar, Shri Bhaskar Annaji  
Mathur, Shri Manmohan  
Matto, Shri Ghulam Rasool  
Meena, Shri Dhuleshwar  
Mehta, Shri Chimanbhai  
Mirza Irshadbaig, Shri  
Mishra, Dr. Jagannath.  
Mishra, Shri Sheo Kumar  
Mishra, Shri Shiv Pratap  
Mittal, Shri Sat Paul  
Mohanty, Shri Subas  
Mohapatra, Shri Basudeb  
Moopnar, Shri G. K.  
Naik, Shri G. Swamy  
Naik, Shri L. Narsingh  
Naik, Shri R. S.  
Narayan, Shri R. K.  
Narayanasamy, Shri V.  
Natarajan, Shrimati Jayanthi  
Pachouri, Shri Suresh  
Pahadia, Shrimati Shanti  
Palaniyandi, Shri M.  
Pande, Shri Bishambhar Nath  
Pandey, Shrimati Manorama  
Pandey, Dr. Ratnakar  
Panwar, Shri B. L.  
Parmar, Shri Rajubhai A.  
Patel, Shri Chhotubhai  
Patel, Shri Vithalbhai M.  
Patil, Shrimati Pratibha Devisingh  
Patil, Shrimati Suryakanta Jayawantrao  
Patil, Shri Vishwasrao Ramrao  
Pattnaik, Shri Sunil Kumar  
Pugulfa, Shri Naresh C.

Radhakrishna, Shri Puttapaga  
Rafique Alam, Shri  
Rahman, Shri Mohd. Khaleelur  
Rai, Shri Kalpnath  
Rajangam, Shri N.  
Ramamurthy, Shri Thindivanam K.  
Ramanathan, Shri V.  
Rao, Shri Moturu Hanumantha  
Rao, Shri Yalla Sesi Bhushana  
Rathwa, Shri Ramsinh  
Ravi Shankar, Pt.  
Razi, Shri Syed Sibtay  
Reddy, Shri B. Satyanarayan  
Reddy, Shri T. Chandrashekhar  
Richharia, Dr. Govind Das  
Sahay, Shri Dayanand  
Sahu, Shri Baikuntha Nath  
Sahu, Shri Santosh Kumar  
Saikia, Dr. Nagen  
Salve, Shri N. K. P.  
Satya Bahin, Shrimati  
Shiv Shanker, Shri P.  
Siddiqi, Shri Shamim Ahmed  
Silvera, Dr. C.  
Singh, Shri Bir Bahadur  
Singh, Shri Bir Bhadra Pratap  
Singh, Shri R. K. Dorendra  
Singh, Shrimati Pratibha  
Singh, Shri Surender  
Singh, Shri Vishvijit P.  
Sivaji, Dr. Yelamanchili  
Solanki, Shri Madhavsinh  
Sukul, Shri P. N.  
Swaminathan, Shri G.  
Taimur, Shrimati Syeda Anwara  
Talari Manohar, Shri  
Thakur, Jagatpal Singh  
Thakur, Shri Rameshwar  
Thangkabalu, Shri K. V.  
Tiria, Kumari Sushila  
Tripathi, Shri Chandrika Prasad  
Upendra, Shri Parvathaneni

Valiullah, Shri Raoof  
Verma, Shri Ashok Nath  
Verma, Shri Kapil  
Verma, Shrimati Veena  
Vikal, Shri Ram Chandra  
Vincent, Shri M.  
Vora, Shri Motilal  
Yadav, Shri Ish Dutt

The motion was carried by a majority of the total membership of the House and by a majority of not less than two-thirds of the Members present and voting.

MR. CHAIRMAN: We shall now take up clause by clause consideration of the Bill.

Clause 2 (Amendment of article 276)  
SHRI ALADI ARUNA alias V. ARUNACHALAM: Sir, I beg to move:

"That at page 1, for lines 6-7 the following be substituted, namely:—

"(a) for the words "two hundred and fifty rupees", the words "the amount as may be prescribed by law of the Legislature of a State" shall be substituted",

*The question was proposed.*

SHRI ALADI ARUNA alias V. ARUNACHALAM: I may be allowed to speak for one minute, Sir.

MR. CHAIRMAN: You have already spoken.

SHRI ALADI ARUNA alias V. ARUNACHALAM: Sir, I have a right to speak. Sir, under Article 276, the States have been conferred with the power to levy tax on profession, trade, employment and calling subject to a ceiling. It is against the interests of the States. The hon. Minister has proposed one amendment now. If the principle is allowed to continue, he may come with another amendment to increase the ceiling after 5 years or 10 years. Instead, I have moved the amendment that "for the words 'two hundred and fifty rupees', the words 'the amount as may be prescribed by law of the Legislature of a State' shall

be substituted." The benefits of this amendment are two. Firstly, it will avoid a future amendment. Secondly, the States will be allowed a free hand in levying the profession tax according to the situation prevailing there. This amendment is more wise and more fruitful than the amendment moved by the hon. Finance Minister. So, I appeal to the hon. Minister to accept my amendment.

MR. CHAIRMAN: I shall put the amendment moved by Shri Aladi Aruna to vote.

The question is:

"That at page 1, for lines 6-7 the following be substituted, namely:

"(a) for the words "two hundred and fifty rupees", the words "the amount as may be prescribed by the law of the Legislature of a State" shall be substituted."  
The motion was negatived.

SHRI ALADI ARUNA alias V. ARUNACHALAM: Sir, the Minister should have said something. I did not oppose it in principle. I suggested certain modifications.

MR. CHAIRMAN: The question is:

"That Clause 2 stand part of the Bill."

The House divided.

MR. CHAIRMAN: Ayes 155

Noes Nil

#### Ages-155

Ahluwalia, Shri S. S.  
Aladi Aruna, Shri alias V. Arunachalam  
Alva, Shrimati Margaret  
Amla, Shri Tirath Ram  
Amrita Pritam, Shrimati  
Anand Sharma, Shri  
Ansari, Shri Mohammed Amin  
Antony, Shri A. K.  
Baby, Shri M. A.  
Bagrodia, Shri Santosh  
Balanandan, Shri E.

Barongpa, Shri Sushil  
 Basu, Shri Chitta  
 Basumatari, Shri Dharanidhar  
 Bekal Utsahi, Shri  
 Bhajan Lal, Shri  
 Bhardwaj, Shri Hansraj  
 Bhatia, Shri Madan  
 Bhattacharjee, Shri Kamalendu  
 Bhim Raj, Shri  
 Birla, Shri Krishna Kumar  
 Chakravarty, Shrimati Bijoya  
 Chatterjee, Prof. (Mrs.) Asima  
 Chavan, Shri S. B.  
 Chowdhary, Shri Ram Sewak  
 Darbara Singh, Shri  
 Desai, Shri Jagesh  
 Deshmukh, Shri Shankarrao Narayanrao  
 Dharam Pal, Shri  
 Dhusiya, Shri Sohan Lal  
 Dronamraju, Shri Satyanarayana  
 Dubey, Shri Bindeshwari  
 Faguni Ram, Dr.  
 Fernandes, Shri John F.  
 Fotedar, Shri Makhan Lal  
 Ganeshwar, Kusum, Shri  
 Gupta, Shri Vishwa Bandhu  
 Gurupadaswamy, Shri M. S.  
 Hanspal, Shri Harvendra Singh  
 Hanumanthappa, Shri H.  
 Heptulla, Dr. (Shrimati) Najma  
 Islam, Shri Baharul  
 Jacob, Shri M. M.  
 Jadhav, Shri Vithalrao Madhavrao  
 Jamuda, Shri Durga Prasad  
 Jani, Shri Jagadish  
 Javali, Shri J. P.  
 Jogi, Shri Ajit P. K.  
 Joshi, Shrimati Sudha Vijay  
 Kadharsa, Shri M.  
 Kailashpati Shrimati  
 Kakodkar, Shri Purushottam  
 Kaldote, Dr. Bapu  
 Kalmadi, Shri Suresh  
 Kalvala, Shri Prabhakar Rao

Kar, Shri Narayan  
 Kesri, Shri Sitaram  
 Khan, Dr. Abrar Ahmed  
 Khaparde, Miss Saroj  
 Kidwai, Dr. Mohd. Hashim  
 Kollur, Shri M. L.  
 Kuthiravattom, Shri Thomas  
 Lakshman, Prof. C.  
 Lenka, Shri Kahnu Charan  
 Mahendra Prasad, Shri  
 Mahishi, Dr. (Shrimati) Sarojini  
 Mahto, Shri Bandhu  
 Majhi, Shri Prithibi  
 Malaviya, Shri Radhakishan  
 Malaviya, Shri Satya Prakash  
 Malik, Shri Mukhtiar Singh  
 Manhar, Shri Bhagatram  
 Masodkar, Shri Bhaskar Annaji  
 Mathur, Shri Manmohan  
 Matto, Shri Ghulam Rasool  
 Meena, Shri Dhuleshwar  
 Mehta, Shri Chimanbhai  
 Mirza Irshadbaig, Shri  
 Mishra, Dr. Jagannath  
 Mishra, Shri Sheo Kumar  
 Mishra, Shri Shiv Pratap  
 Mohanty, Shri Subas  
 Mohapatra, Shri Basudeb  
 Moopananar, Shri G. K.  
 Naik, Shri G. Swamy  
 Naik, Shri L. Narsingh  
 Naik, Shri R. S.  
 Narayan, Shri R. K.  
 Narayanasamy, Shri V.  
 Natarajan, Shrimati Jayanthi  
 Pachouri, Shri Suresh  
 Pahadia, Shrimati Shanti  
 Palaniyandi, Shri M.  
 Pande, Shri Bishambhar Nath  
 Pandey, Shrimati Manorama  
 Pandey, Dr. Ratnakar  
 Panwar, Shri B. L.  
 Parmar, Shri Rajubhai A.  
 Patel, Shri Chhotubhai

Patel, Shri Vithalbhai M.  
 Patil, Shrimati Pratibha Devisingh  
 Patil, Shrimati Suryakanta Jayawantrao  
 Patil, Shri Vishwasrao Ramrao  
 Pattnaik, Shri Sunil Kumar  
 Puglia, Shri Naresh C.  
 Radhakrishna, Shri Puttapaga  
 Rafique Alam, Shri  
 Rahman, Shri Mohd. Khaleelur  
 Rai, Shri Kalpnath  
 Rajangam, Shri N.  
 Ramamurthy, Shri Thindivanam K.  
 Ramanathan, Shri V.  
 Rao, Shri Moturu Hanumantha  
 Rao, Shri Yalla Sesi Bhushana  
 Rathwa, Shri Ramsinh  
 Ravi Shankar, Pt.  
 Razi, Shri Syed Sibte  
 Reddy, Shri B. Satyanarayan  
 Reddy, Shri T. Chandrashekhar  
 Richharia, Dr. Govind Das  
 Sahay, Shri Dayanand  
 Sahu, Shri Baikunthnath  
 Sahu, Shri Santosh Kumar  
 Saikia, Dr. Nagen  
 Salve, Shri N. K. P.  
 Satya Bahin, Shrimati  
 Shiv Shanker, Shri P.  
 Siddiqi, Shri Shamim Ahmed  
 Silvera, Dr. C.  
 Singh, Shri Bir Bahadur  
 Singh, Shri Bir Bhadra Pratap  
 Singh, Shri R. K. Dorendra  
 Singh, Thakur Kamakhya Prasad  
 Singh, Shrimati Pratibha  
 Singh, Shri Surender  
 Singh, Shri Vishvjit P.  
 Sivaji, Dr. Yelamanchili  
 Solanki, Shri Madhavsinh  
 Sukul, Shri P. N.  
 Swaminathan, Shri G.  
 Taimur, Shrimati Syeda Anwara  
 Talari Manohar, Shri  
 Thakur Jagatpal Singh

Thakur, Shri Rameshwar  
 Thangkabalu, Shri K. V.  
 Tiria, Kumari Sushila  
 Tripathi, Shri Chandrika Prasad  
 Upendra, Shri Parvathaneni  
 Valiullah, Shri Raoof  
 Verma, Shri Ashok Nath  
 Verma, Shri Kapil  
 Verma, Shrimati Veena  
 Vikal, Shri Ram Chandra  
 Vincent, Shri M.  
 Vora, Shri Motilal  
 Yadav, Shri Ish Dutt

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

*Clause 2 was added to the Bill.*

**SHRI GHULAM RASOOL MATTO:**  
 Sir, the Board is showing a different figure. It is not working at all. Something is basically wrong with the machine.

**MR. CHAIRMAN:** Some Members failed to record their voting. We have got their slips and we have added that number.

The question is:

That Clause 1, the Enacting Formula and the Title stand part of the Bill.

*The House divided.*

**MR. CHAIRMAN:** Ayes—155;

Noes—

Nil.

Ahluwalia, Shri S. S.  
 Aladi Aruna, Shri *alias* V. Arunachalam  
 Alva, Shrimati Margaret  
 Amla, Shri Tirath Ram  
 Amrita Pritam, Shrimati  
 Anand Sharma, Shri  
 Ansari, Shri Mohammed Amin  
 Antony, Shri A. K.  
 Baby, Shri M. A.  
 Bagrodia, Shri Santosh  
 Balanandan, Shri E.  
 Barongpa, Shri Sushil  
 Basu, Shri Chitta



Basumatari, Shri Dharanidhar  
Bekal Utsahi, Shri  
Bhajan Lal, Shri  
Bhardwaj, Shri Hansraj  
Bhatia, Shri Madan  
Bhattacharjee, Shri Kamalendu  
Bhim Raj, Shri  
Birla, Shri Krishna Kumar  
Chakravarty, Shrimati Bijoya  
Chatterjee, Prof. (Mrs.) Asima  
Chavan, Shri S. B.  
Chowdhary, Shri Ram Sewak  
Darabara Singh, Shri  
Desai, Shri Jagesh  
Deshmukh, Shri Shankarrao Narayanrao  
Dharam Pal, Shri  
Dhusiya, Shri Sohan Lal  
Dronamraju, Shri Satyanarayana  
Dubey, Shri Bindeshwari  
Fagunj Ram, Dr.  
Fernandes, Shri John F.  
Fotedar, Shri Makhan Lal  
Ganeshwar Kusum, Shri  
Gupta, Shri Vishwa Bandhu  
Gurupadaswamy, Shri M. S.  
Hanspal, Shri Harvendra Singh  
Hanumanthappa, Shri H.  
Heptulla, Dr. (Shrimati) Najma  
Islam, Shri Baharul  
Jacob, Shri M. M.  
Jadhav, Shri Vithalrao Madhavrao  
Jamuda, Shri Durga Prasad  
Jani, Shri Jagadish  
Javali, Shri J. P.  
Jogi, Shri Ajit P. K.  
Joshi, Shrimati Sudha Vijay  
Kadharsha, Shri M.  
Kailashpati, Shrimati  
Kakodkar, Shri Purushottam  
Kaldate, Dr. Babu  
Kalmadi, Shri Suresh  
Kalvala, Shri Prabhakar Rao  
Kar, Shri Narayan

Kesri, Shri Sitaram  
Khan, Dr. Abrar Ahmed  
Khaparde, Miss Saroj  
Kidwai, Dr. Mohd. Hashim  
Kollur, Shri M. L.  
Kuthiravattom, Shri Thomas  
Lakshmanna, Prof. C.  
Lenka, Shri Kahnu Charan  
Mahendra Prasad, Shri  
Mahishi, Dr. (Shrimati) Sarojini  
Mahto, Shri Bandhu  
Majhi, Shri Prithibi  
Malaviya, Shri Radhakishan  
Malaviya, Shri Satya Prakash  
Malik, Shri Mukhtiar Singh  
Malik, Shri Satya Pal  
Manhar, Shri Bhagatram  
Masodkar, Shri Bhaskar Annaji  
Mathur, Shri Manmohan  
Matto, Shri Ghulam Rasool  
Meena, Shri Dhuleshwar  
Mehta, Shri Chimanbhai  
Mirza Irshadbaig, Shri  
Mishra, Dr. Jagannath  
Mishra, Shri Sheo Kumar  
Mishra, Shri Shiv Pratap  
Mohanty, Shri Subas  
Mohapatra, Shri Basudeb  
Moopanar, Shri G. K.  
Naik, Shri G. Swamy  
Naik, Shri L. Narsingh  
Naik, Shri R. S.  
Narayan, Shri R. K.  
Narayanasaamy, Shri V.  
Natarajan, Shrimati Jayanthi  
Pachouri, Shri Suresh  
Pahadia, Shrimati Shanti  
Palaniyandi, Shri M.  
Pande, Shri Bishambhar Nath  
Pandey, Shrimati Manorama  
Pandey, Dr. Ratnakar  
Panwar, Shri B. L.  
Parmar, Shri Rajubhai A.

Patel, Shri Chhotubhai  
Patel, Shri Vithalbhai M.  
Patil, Shrimati Pratibha Devisingh  
Patil, Shrimati Suryakanta Jayawantrao  
Patil, Shri Vishwasrao Ramrao  
Pattnaik, Shri Sunil Kumar  
Puglia, Shri Naresh C.  
Radhakrishna, Shri Puttapaga  
Rafique Alam, Shri  
Rahman, Shri Mohd. Khaleelur  
Rai, Shri Kalpnath  
Rajangam, Shri N.  
Ramamurthy, Shri Thindivanam K.  
Ramanathan, Shri V.  
Rao, Shri Moturu Hanumantha  
Rao, Shri Yalla Sesi Bhushana  
Rathwa, Shri Ramsinh  
Ravi Shankar, Pt.  
Razi, Shri Syed Sibte-M.  
Reddy, Shri B. Satyanarayan  
Reddy, Shri T. Chandrashekhar  
Richharia, Dr. Govind Das  
Sahay, Shri Dayaband  
Sahu, Shri Baikunthnath  
Sahu, Shri Santosh Kumar  
Saikia, Dr. Nagen  
Salve, Shri N. K. P.  
Satya Bahin, Shrimati  
Shiv Shanker, Shri P.  
Siddiqi, Shri Shamin Ahmed  
Silvera, Dr. C.  
Singh, Shri Bir Bahadur  
Singh, Shri Bir Bhadra Pratap  
Singh, Shri R. K. Dorendra  
Singh, Shrimati Pratibha  
Singh, Shri Surrender  
Singh, Shri Vishvjit P.  
Sivaji, Dr. Yelamanchili  
Solanki, Shri Madhavsinh  
Sukul, Shri P. N.  
Swaminathan, Shri G.  
Taimur, Shrimati Syeda Anwara  
Talari Manohar, Shri

Thakur, Jagatpal Singh  
Thakur, Shri Rameshwar  
Thangkabalu, Shri K. V.  
Tiria, Kumari Sushila  
Tripathi, Shri Chandrika Prasad  
Upendra, Shri Parvathaneni  
Valiullah, Shri Raoof  
Verma, Shri Ashok Nath  
Verma, Shri Kapil  
Verma, Shrimati Veena  
Vincent, Shri M.  
Vora, Shri Motilal  
Yadav, Shri Ish Dutt

Ayes— 155.

Noes— Nil.

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

*Clause 1, the Enacting Formula and the Title were added to the Bill.*

SHRI S. B. CHAVAN: Sir, I beg to move:

"That the Bill be passed."

MR. CHAIRMAN: The question is:

"That the Bill be passed."

*The House divided.*

MR. CHAIRMAN:

Ayes—155; Noes—Nil.

Ahluwalia, Shri S. S.  
Aladi Aruna, Shri alias V. Arunachalam  
Alva, Shrimati Margaret  
Amla, Shri Tirath Ram  
Amrita Pritam, Shrimati  
Anand Sharma, Shri  
Ansari, Shri Mohammed Amin  
Antony, Shri A. K.  
Baby, Shri M. A.  
Bagrodia, Shri Santosh  
Balanandan, Shri E.  
Barongpa, Shri Sushil

Basu, Shri Chitta  
Basumatari, Shri Dharanidhar  
Bekal Utsahi, Shri  
Bhajan Lal, Shri  
Bhardwaj, Shri Hansraj  
Bhatia, Shri Madan  
Bhattacharjee, Shri Kamalendu  
Bhim Raj, Shri  
Birla, Shri Krishna Kumar  
Chakravarty, Shrimati Bajoya  
Chatterjee, Prof. (Mrs.) Asima  
Chavan, Shri S. B.  
Chowdhary, Shri Ram Sewak  
Darbara Singh, Shri  
Desai, Shri Jagesh  
Deshmukh, Shri Shankarrao Narayanrao  
Dharam Pal, Shri  
Dhusiya, Shri Sohan Lal  
Dronamraju, Shri Satyanarayana  
Dubey, Shri Bindeshwari  
Faguni Ram, Dr.  
Fernandes, Shri John F.  
Fotedar, Shri Makhan Lal  
Ganeshwar Kusum, Shri  
Gupta, Shri Vishwa Bandhu  
Gurupadaswamy, Shri M. S.  
Hanspal, Shri Harvendra Singh  
Hanumanthappa, Shri H.  
Heptulla, Dr. (Shrimati) Najma  
Islam, Shri Baharul  
Jacob, Shri M. M.  
Jadhav, Shri Vithalrao Madhavrao  
Jamuda, Shri Durga Prasad  
Jani, Shri Jagadish  
Javali, Shri J. P.  
Jogi, Shri Ajit P. K.  
Joshi, Shrimati Sudha Vijay  
Kadharsha, Shri M.  
Kailashpati, Shrimati  
Kakodkar, Shri Purushottam  
Kaldote, Dr. Bapu  
Kalmadi, Shri Suresh  
Kalvala, Shri Prabhakar Rao

Kar, Shri Narayan  
Kesri, Shri Sitaram  
Khan, Dr. Abrar Ahmed  
Khaparde, Miss Saroj  
Kidwai, Dr. Mohd. Hashim  
Kollur, Shri M. L.  
Kuthiravattom, Shri Thomas  
Lakshmana, Prof. C.  
Lenka, Shri Kahnu Charan  
Mahendra Prasad, Shri  
Mahishi, Dr. (Shrimati) Sarojini  
Mahto, Shri Bandhu  
Majhi, Shri Prithibi  
Malaviya, Shri Radhakishan  
Malaviya, Shri Satya Prakash  
Malik, Shri Mukhtiar Singh  
Manhar, Shri Bhagatram  
Masodkar, Shri Bhaskar Annaji  
Mathur, Shri Manmohan  
Matto, Shri Ghulam Rasool  
Meena, Shri Dhuleshwar  
Mehta, Shri Chimanbhai  
Mirza Irshadbaig, Shri  
Mishra, Dr. Jagannath  
Mishra, Shri Sheo Kumar  
Mishra, Shri Shiv Pratap  
Mohanty, Shri Subas  
Mohapatra, Shri Basudeb  
Moopnar, Shri G. K.  
Naik, Shri G. Swamy  
Naik, Shri L. Narsingh  
Naik, Shri R. S.  
Narayan, Shri R. K.  
Narayanasaamy, Shri V.  
Natarajan, Shrimati Jayanthi  
Pachouri, Shri Suresh  
Pahadia, Shrimati Shanti  
Palaniyandi, Shri M.  
Pande, Shri Bishambhar Nath  
Pandey, Shrimati Manorama  
Pandey, Dr. Ratnakar  
Panwar, Shri B. L.  
Parmar, Shri Rajubhai A.  
Patel, Shri Chhotubhai

Patel, Shri Vithalbhai M.  
 Patil, Shrimati Pratibha Devisingh  
 Patil, Shrimati Suryakanta Jayawantrao  
 Patil, Shri Vishwasrao Ramrao  
 Pattnaik, Shri Sunil Kumar  
 Puglia, Shri Naresh C.  
 Radhakrishna, Shri Puttapaga  
 Rafique Alam, Shri  
 Rahman, Shri Mohd. Khaleelur  
 Raj, Shri Kalpnath  
 Rajangam, Shri N.  
 Ramamurthy, Shri Thindivanam K.  
 Ramanathan, Shri V.  
 Rao, Shri Moturu Hanumantha  
 Rao, Shri Yalla Sesi Bhushana  
 Rathwa, Shri Ramsinh  
 Ravi Shankar, Pt.  
 Razi, Shri Syed Sibte  
 Reddy, Shri B. Satyanarayan  
 Reddy, Shri T. Chandrashekhara  
 Richharia, Dr. Govind Das  
 Sahay, Shri Dayanand  
 Sahu, Shri Baikunthnath  
 Sahu, Shri Santosh Kumar  
 Saikia, Dr. Nagen  
 Salve, Shri N. K. P.  
 Satya Bahin, Shrimati  
 Shiv Shanker, Shri P.  
 Siddiqi, Shri Shamim Ahmed  
 Silvera, Dr. C.  
 Singh, Shri Bir Bahadur  
 Singh, Shri Bir Bhadra Pratap  
 Singh, Shri R. K. Dorendra  
 Singh, Shrimati Pratibha  
 Singh, Shri Surender  
 Singh, Shri Vishvijit P.  
 Sivaji, Dr. Yelamanchili  
 Solanki, Shri Madhavsingh  
 Sukul, Shri P. N.  
 Swaminathan, Shri G.  
 Taimur, Shrimati Syeda Anwara  
 Talari Manohar, Shri  
 Thakur Jagatpal Singh  
 Thakur, Shri Rameshwar

Thangkalu, Shri K. V.  
 Tiria, Kumari Sushila  
 Tripathi, Shri Chandrika Prasad  
 Upendra, Shri Parvathaneni  
 Valiullah, Shri Raoof  
 Verma, Shri Ashok Nath  
 Verma, Shri Kapil  
 Verma, Shrimati Veena  
 Vikal, Shri Ram Chandra  
 Vincent, Shri M.  
 Vora, Shri Motilal  
 Yadav, Shri Ish Dutta

**Ayes** — 155

**Noes** — Nil

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

**MR. CHAIRMAN:** The Bill is passed by the required majority. Now the House stands adjourned till 2 O'clock for lunch.

The House then adjourned for lunch at thirty-two minutes past one of the clock.

The House reassembled after lunch at two minutes past two of the clock, The Deputy Chairman in the Chair.

# **THE BANKING, PUBLIC FINANCIAL INSTITUTIONS AND NEGOTIABLE INSTRUMENTS LAWS (AMENDMENT) BILL, 1988.**

**THE MINISTER OF FINANCE (SHRI S. B. CHAVAN):** Madam, I beg to move:

"That the Bill further to amend the Negotiable Instruments Act, 1881, the Reserve Bank of India Act, 1943, the Banking Regulation Act, 1949, the State Bank of India Act, 1955, the State Bank of India (Subsidiary Banks) Act, 1959, the Deposit Insurance and Credit Guarantee Corporation Act, 1961, the Industrial Development Bank of India Act, 1964, the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, the Regional Rural Banks Act, 1976, the