

There is one other point on which I should like to know the views of the Government of India. The leader of the Indian delegation to the U. N. also said in the course of the speech that I have already referred to—he was referring to the presence of foreign troops in Hungary—as follows :

“The only justification, if there was one, for the presence of Soviet troops in Hungary was if they were called to the aid of the civil power in conditions where there was an attempt at a *coup d' état*.”

I should like to know whether in expressing his opinion he expressed the opinion of the Government of India.

THE DEPUTY MINISTER FOR EXTERNAL AFFAIRS (SHRI ANIL K. CHANDA): The Prime Minister unfortunately is held up elsewhere. We have had no notice of this request before and, therefore, we are not prepared with our answer. If you so like, I will inform the Prime Minister about it and, if it is possible, he may make a statement tomorrow.

MR. CHAIRMAN: All right.

PAPERS LAID ON THE TABLE

- (i) DISSENTIENT REPORT BY SHRI SURESH CHANDRA BOSE, MEMBER, NETAJI ENQUIRY COMMITTEE.
- (ii) AMENDMENT IN THE RULES FOR INITIAL CONSTITUTION OF INDIAN FOREIGN SERVICE BRANCH 'B'.

THE DEPUTY MINISTER FOR EXTERNAL AFFAIRS (SHRI ANIL K. CHANDA): Sir, on behalf of Shri Jawaharlal Nehru, I beg to lay on the Table (i) a copy of the Dissentient Report by Shri Suresh Chandra Bose, non-official Member, Netaji Enquiry Committee. [Placed in Library. See No. S-555/56.]

(ii) Sir, on behalf of Shri Jawaharlal Nehru, I beg to lay on the Table a copy of the Ministry of External Affairs Office Memorandum

No. 4(5)-FSB/56, dated the 28th August, 1956, regarding an amendment in the Rules for the Initial Constitution of the Indian Foreign Service Branch 'B' [Placed in Library. See No. S-556/56.]

- (i) AMENDMENTS IN THE COAL MINES BATH RULES, 1946
- (ii) AMENDMENTS IN THE COAL MINES LABOUR WELFARE FUND RULES, 1949
- (iii) ACTION TAKEN OR PROPOSED TO BE TAKEN ON CONVENTION AND RECOMMENDATIONS ADOPTED BY THE INTERNATIONAL LABOUR CONFERENCE AT ITS 38TH SESSION

THE MINISTER FOR LABOUR (SHRI KHANDUBHAI DESAI): Sir, I beg to lay on the Table, (i) under sub-section (7) of section 59 of the Mines Act, 1952, a copy of the Ministry of Labour Notification S.R.O. No. 2465, dated the 22nd October, 1956, publishing further amendments in the Coal Mines Pithead Bath Rules, 1946. [Placed in Library. See No. S-559/56.]

(ii) I also lay on the Table a copy of the Ministry of Labour Notification S.R.O. No. 2778, dated the 20th November, 1956, publishing certain amendments in the Coal Mines Labour Welfare Fund Rules, 1949. [Placed in Library. See No. S-560/56.]

(iii) I also beg to lay on the Table a statement on the action taken or proposed to be taken by the Government of India on the Convention and Recommendations adopted by the International Labour Conference at its 38th Session, June, 1955 [Placed in Library. See No. S-516/56.]

(i) AMENDMENT TO THE COFFEE RULES, 1955

(ii) AMENDMENTS TO THE TEA RULES, 1954

THE MINISTER FOR CONSUMER INDUSTRIES (SHRI N. KANUNGO): Sir, I beg to lay on the Table, (i) under sub-section (3) of section 48 of the Coffee Act, 1942, a copy of the Ministry of Commerce and Consumer

Industries Notification S. R. O. No. 2676 [15(7)-Plant (B)/56] dated the 10th November, 1956, publishing an amendment to the Coffee Rules, 1955. [Placed in Library. See No. S-533/56.]

(ii) I also beg to lay on the Table, under sub-section (3) of section 49 of the Tea Act, 1953, a copy of the Ministry of Commerce and Consumer Industries Notification S.R.O. No. 2791 [No. 32 (12) Plant (A)-55], dated the 20th November, 1956, publishing certain amendments in the Tea Rules, 1954. [Placed in Library. See No. S-534/56.]

NOTIFICATIONS PUBLISHING RATES OF DUTY OF CUSTOMS AND DUTY OF EXCISE ON COFFEE AND EXPLANATORY MEMORANDUM THEREON.

THE MINISTER FOR CONSUMER INDUSTRIES (SHRI N. KANUNGO): Sir, I also lay on the Table a copy each of the following papers:—

(i) Ministry of Commerce and Industry Notification S.R.O. No. 1668, dated the 1st August, 1955, fixing the rate of duty of customs on coffee.

(ii) Ministry of Commerce and Industry Notification S.R.O. No. 1669, dated the 1st August, 1955, fixing the rate of duty of excise on coffee.

(iii) Explanatory Memorandum on the Notifications referred to at (i) and (ii) above.

[Placed in Library. See No. S-561/56 for (i) to (iii)]

AMENDMENT TO THE AIR CORPORATIONS RULES, 1954

THE MINISTER FOR REHABILITATION (SHRI MEHR CHAND KHANNA): Sir, on behalf of Shri H. V. Pataskar, I beg to lay on the Table, under sub-section (3) of section 44 of the Air Corporations Act, 1953, a copy of the Ministry of Communications Notification No. 7-CA(8)/56, dated the 19th November, 1956, publishing an amendment to the Air Corporations Rules, 1954 [Placed in Library. See No. S-515/56.]

GOVERNMENT'S VIEWS ON THE RECOMMENDATIONS OF AMBAR CHARKHA ENQUIRY COMMITTEE

THE DEPUTY MINISTER FOR PRODUCTION (SHRI SATISH CHANDRA): Sir, I beg to lay on the Table a copy of the Ministry of Production Resolution No. 12/43/56-A. C., dated the 26th September, 1956, publishing Government's views on the recommendations of the Ambar Charkha Enquiry Committee [Placed in Library. See No. S-517/56.]

TARIFF COMMISSION REPORT ON THE PRICES OF LOCOMOTIVES AND BOILERS PRODUCED BY TATAS AND GOVERNMENT RESOLUTION.

THE MINISTER FOR HEAVY INDUSTRIES (SHRI MANUBHAI SHAH): Sir, I beg to lay on the Table a copy each of the following papers under sub-section (2) of section 16 of the Tariff Commission Act, 1951:—

(i) Report of the Tariff Commission on the prices of Locomotives and Boilers produced by Tata Locomotive and Engineering Company Limited.

(ii) Government Resolution No. Eng. Ind. 17(17)-56, dated the 23rd November, 1956. [Placed in Library. See No. S-521/56 for (i) and (ii)]

MESSAGE FROM LOK SABHA

THE INDIAN MEDICAL COUNCIL BILL, 1956

SECRETARY: Sir, I have to report to the House the following message received from the Lok Sabha, signed by the Secretary of the Lok Sabha:

"I am directed to inform Rajya Sabha that the Indian Medical Council Bill, 1956, which was passed by Rajya Sabha at its sitting held on the 2nd August, 1956, has been passed by Lok Sabha at its sitting held on the 10th December, 1956, with the following amendments:—

Clause 2

(1) Page 1, line 17, omit 'comprised in the States'.

Clause 3

(2) Page 2, line 22, after 'each State' insert 'other than a Union Territory'.

(3) Page 2, for lines 25 to 27, substitute '(b) one member from each University to be elected from amongst the members of the medical faculty of the University by members of the Senate of the University or in case the University has no Senate, by members of the Court ;'.

(4) Page 2, line 37, for 'six members' substitute 'eight members'.

(5) Pages 2 and 2, omit lines 39 to 42 and 1 to 6 respectively.

(6) Page 3, line 7, for 'The Chairman and Vice-Chairman' substitute 'The President and Vice-President'.

Clause 4

(7) Page 3, for lines 12 to 14, substitute '4. (1) An election under clause (b), clause (c) or clause (d) of sub-section (1) of section 3 shall be conducted by the Central Government in accordance with such rules as may be made by it in this behalf, and any rules so made may provide that pending the preparation of the Indian Medical Register in accordance with the provisions of this Act, the members referred to in clause (d) of sub-section (1) of section 3 may be nominated by the Central Government instead of being elected as provided therein.'

Clause 7

(8) Page 3, line 30 for 'The Chairman or Vice-Chairman' substitute 'The President or Vice-President'.

Clause 9

(9) Page 4, lines 32 and 33, for 'The Chairman, Vice-Chairman' substitute 'the President, Vice-President'.

Clause 10

(10) Page 4,—

(i) line 36, for 'The Chairman and Vice-Chairman' substitute the President and Vice-President';

(ii) lines 40 and 41, for 'the Chairman and Vice-Chairman' substitute 'the President and Vice-President'.

Clause 12

(11) Page 5, line 22 omit 'may apply to, or'.

Clause 13

(12) Page 6, for lines 18 to 22, substitute '(3) The medical qualifications granted by medical institutions outside India which are included in Part II of the Third Schedule shall also be recognised medical qualifications for the purposes of this Act, but no person possessing any such qualification shall be entitled to enrolment on any State Medical Register unless he is a citizen of India and has undergone such practical training after obtaining that qualification as may be required by the rules or regulations in force in the country or State granting the qualification, or if he has not undergone any practical training in that country or State, he has undergone such practical training as may be prescribed.'

Clause 14

(13) Page 6, line 38, after 'Central Government' insert 'after consultation with the Council'.

(14) Page 7, line 6, for 'and for so long as they continue to do such work' substitute 'and shall

[Secretary.]

be limited to the period specified in this behalf by the Central Government by general or special order.'

Clause 18

(15) Page 8,—

(i) lines 4 and 5. for 'the Chairman' substitute 'the President'; and

(ii) line 9, for 'the Chairman' substitute 'the President.'

Clause 20

(16) Page 9, line 7, for 'and' occurring for the second time substitute 'or'.

Clause 33

(17) Page 12, lines 24 and 25, for 'the Chairman and Vice-Chairman' substitute 'the President and Vice-President.'

The First Schedule

(18) Page 14, lines 29 to 33, omit 'This qualification shall be a recognised medical qualification only when granted after the 20th May 1952.'

(19) Page 14, lines 58 to 61, omit 'This shall be recognised medical qualification only when granted after the 1st April, 1954'.

The Third Schedule

(20) Page 18, after line 43, insert:

East Punjab
State Medical
Faculty.

Licentiate in
Medicine
and
Surgery.

L. M. S., East Punjab.
'This qualification shall be a recognised one only when granted on or after the 15th August, 1947, to a person other than any person referred to in the entry relating to East Punjab State Medical Faculty in the First Schedule, provided he had passed the premedical examination.'

I am, therefore, to return herewith the said Bill in accordance with the provisions of rule 158 of the Rules of Procedure and Conduct of Business in Lok Sabha with the request that the concurrence of

Rajya Sabha to the said amendments be communicated to Lok Sabha."

I lay the Bill, as returned by the Lok Sabha, on the Table.

THE MOTOR VEHICLES (AMENDMENT) BILL, 1956

THE DEPUTY MINISTER FOR
RAILWAYS AND TRANSPORT
(SHRI O. V. ALAGESAN): Sir, I beg to move:

"That the Bill further to amend the Motor Vehicles Act, 1939, as passed by the Lok Sabha, be taken into consideration."

Sir, I would like to say a few words about the changes made by the Joint Committee in the Bill as originally introduced. These changes related mainly to the development and regulation of inter-State transport, period of validity of permits for operation of transport vehicles, payment of compensation to operators in case of nationalisation and some other matters. I am glad to say that the Committee, realising the need for developing and expanding road transport facilities in the country, proceeded to make changes so as to produce the desired result.

✓The Committee felt that the development of inter-State transport is not such as can be taken care of solely by the State Governments as was the case hitherto, and the time has come for the Central Government to step in and take powers to develop, co-ordinate and regulate the operation of transport vehicles in respect of areas or routes common to two or more States. They accordingly endorsed the principle contained in clause 57 for setting up a Central authority for this purpose, but considered that, instead of two separate authorities as proposed in the original Bill, there need be only one, namely the inter-State Transport Commission which should have powers to associate with itself representatives of the concerned State Governments as and when considered necessary. This is a distinct improvement

over the previous arrangement envisaged in the Bill. The Committee also amended clause 52 and decided to remove the mileage restrictions for grant of public carriers' permits between places connected by Railways. This will give greater freedom of movement to vehicles for inter-State operation.

As regards the period of validity of a permit, the Committee was generally of the opinion that as the prices of vehicles had gone up, the operators needed security of business if they were to invest large amounts of money for providing transport facilities to the general public. One method of ensuring this, it was thought, would be by increasing the period of validity of permits and another, by retaining the present provision of giving preference to applications for renewal of permits over new applications. Clause 52 of the Bill was accordingly amended so that a permit for a stage carriage shall be effective without renewal for a period of three to five years and a public or private carrier's permit will be effective for a period of five years. It was also decided to retain the original proviso in section 58 of the Motor Vehicles Act that, other conditions being equal, an application for renewal shall be given preference over new applications for permits.

In this connection, I may mention that the Committee also made a provision in the Bill that, other things being equal, the co-operative societies running transport services should be given preference over new operators.

This preference for co-operative societies will, to some extent, help the policy of Government to encourage the formation of viable units which, it is considered, can promote operational efficiency and better utilisation of vehicles, leading to general economy.

The question of payment of compensation to operators displaced as a result of introduction or expansion of nationalisation of road transport services was discussed by the Commit-

tee at great length. It was generally felt that the amount of compensation provided in the original Bill was far from adequate. It was also urged that compensation should be paid for non-renewal of permits and that the amount payable for the cancellation of a permit or the modification of the terms thereof should be fixed with reference to the earnings of the individual operator concerned. A view was also expressed that it should be obligatory on a State transport undertaking to acquire all the assets of a private operator in whose case permits were cancelled or the terms thereof were modified in implementation of an approved scheme for introduction or expansion of nationalised road transport services.

After careful consideration of all these points, the Committee decided that the amount of compensation originally proposed under clause 68-G should be doubled. The Committee thought that there was no question of compensation so far as non-renewal of a permit was concerned as it did not involve any loss of business. Compulsory acquisition of assets was also not favoured as it was feared that a good deal of unserviceable vehicles would be passed on to nationalised transport undertakings and that would involve loss to the tax-payer. The question can very well be left to State Governments who would be willing to take over serviceable vehicles and other useful equipment from private operators by negotiation.

The Committee also amended clause 37 to provide for directions being issued by State Governments to the State Transport Authorities to grant permits for alternative routes or areas to operators displaced as a result of nationalisation. This will help in rehabilitation of displaced operators and also lead to opening of more routes.

It will be seen that the Bill as amended by the Joint Committee and passed by the Lok Sabha would substantially help in the overall development of road transport. It provides

[Shri O. V. Alagesan.]

for both the public and private sectors to play a co-ordinated and complementary role in handling the traffic that will be generated as a result of the Second Plan. This Bill; I venture to claim, paves the way for road transport to play an increasing part by ending all the uncertainties that were operating in this field.

Sir, I commend my motion.

MR. CHAIRMAN : Motion moved :

"That the Bill further to amend the Motor Vehicles Act. 1939, as passed by the Lok Sabha, be taken into consideration."

SHRI RAJENDRA PRATAP SINHA (Bihar): Mr. Chairman, the Bill as now reported by the Joint Committee is no doubt a great improvement and the Joint Committee have introduced some very good provisions which will go a long way to help the development of road transport. I particularly invite your attention to the clause which was referred to by the hon. Minister for the creation of an inter-State Transport Commission, but this measure still falls short of the requirements of the day. Today there is an imperative need to develop our road transport. You know that under the impact of the First and the Second Five Year Plans our production is increasing in geometrical proportions and transport must keep pace with this increase in our production. Otherwise the entire Plan will be put into jeopardy.

Now, Sir, you may be aware that it is estimated that there would be a gap of 30 million tons between the capacity offered by the Railways and the demands on the railway transport by the year 1960-61. In spite of the fact that we are probably spending about Rs. 1,125 crores—maybe some more money on our railway development, there will be this gap of 30 million tons. I am very doubtful whether the community will be in a position to spare more money—and, if so, to what extent—in order that this gap may be filled by the Railways.

Now, the second important consideration that weighs with us today is this that by the end of 1960-61 we shall have spent about Rs. 700 crores on our roads alone. The figures are that during the course of the First and Second Five Year Plans we shall be spending about Rs. 400 crores and the investment on roads before the year 1950-51 was Rs. 300 crores. Now, are we getting adequate returns on our investments on the roads which amount to about Rs. 700 crores? That is a very pertinent question that can be posed at this hour. If you see the density of traffic in other countries on the road and in this country, you will see that the return that we are getting from our roads is very meagre. In the U. S. A. we have got 17 motor vehicles per mile; in the U. K. 22 motor vehicles per mile; whereas in India we have got only two motor vehicles per mile—mind that, this 'two' includes the truck equivalent of bullock carts in India. Therefore, it is quite clear that there is a very big room for the development of our road transport, because there is enough capacity for our roads to carry them.

Now, there is another very important question that must be borne in mind while considering this Bill and it is this that our road transport today can provide as cheap transport as Railways themselves. With the improvement in the technology, with the coming in of improved types of vehicles and with the articulated vehicles the trailer and truck combination the cost of operation has been considerably brought down and we can now have practically at the same rate both the road and rail transport. A very interesting study of this question was made by one of the transport experts in an article—"the economics of goods transportation by road" by Mr. B. V. Vagh. Now, I find from this that under a set of conditions, under which road transport operates in other countries, the cost of carriage of goods on long distances in India will work out to from about 29 pies to 42 pies per ton mile in the case of trucks; and from 22 to 33 pies per ton mile in the case of truck-trailer

combinations. These figures compare well with the figures of railway freight given by Mr. K. B. Mathur, one of the Members of the Railway Board, on page 14 of the 'Indian Railways' of the 16th April 1956 wherein he has said that the cost of rail transport including incidentals ranges from about 20½ to 38 pies per ton mile in the case of certain raw materials and about 21½ to 40 pies per ton mile in the case of certain other commodities. Therefore, my submission is that we should go all out of our way to encourage road transport.

There is another very pertinent question that has to be considered and it is this. What would be the amount of money required to be invested in rail transport and road transport if we

12 NOON want to fill up this gap? It is estimated that we shall require about Rs. 150 crores in order to fill this gap of 30 million tons by road transport. This question is under examination, and there is a great deal of controversy going on in this country as to what will be the cost of lifting this gap by the road and the rail. But from my study of the question I would not like to bore the House with the different sets of figures and the different kinds of controversies that are going on—I have come to the conclusion that the lifting of this gap by the road will be very much cheaper than by the rail. I hope the hon. Minister will be able to clarify and confirm whether what I am saying is correct or not. Therefore, we must give all assistance in order that the road transport may develop.

Now, Sir, having given that background I would like to examine the provisions of the Bill to see whether we have done all that is necessary in order that the road transport may develop to meet this requirement. Sir, as I said, the greatest contribution that the Joint Committee has made to this Bill is the composition of this inter-State Transport Commission. But, Sir, I would like that this Commission should be given more powers than what it is proposed to be given. They should have similar powers and res-

pensibilities as are assigned to the inter-State Transport Commission of the United States of America. Therefore, Sir, I think that this Commission should be particularly asked to see that so much quantity of road transport is provided during this limited period of four years. Therefore, it is not only enough to ask the Commission to prepare a scheme, but the Commission should be empowered to implement the scheme that they may formulate, of course, after obtaining the sanction of the Government. Sir, the United States' inter-State Transport Commission has these powers—I am reading from my note of dissent itself:

"In the U. S. A. a similar Commission has powers 'of the procurement thereof and of the provision of facilities therefor' in respect of 'the regulation of the transport of passengers and property by motor carriers in Inter-State or foreign commerce'."

Therefore, my first submission is that this Commission must be given under section 63A(2) powers to implement its own scheme.

Then, Sir, as has been stated by my hon. friend, we have provided that the life of a permit will be from three to five years with regard to buses for passenger traffic and five years with regard to vehicles for goods traffic. As I told you, the requirement of Rs. 150 crores is there in order that the road transport may be made available to meet the gap. If the period of the permit is limited to five years, I am very doubtful whether this amount of money will be forthcoming from the private sector for investment even for the goods traffic. We know the mentality of our businessmen. As a matter of fact it is the human psychology that they do not want to invest money if there is no certainty of the business being permanent. If there is no continuity in it, then nobody would like to invest—I am not talking of individuals or limited companies—no body of persons would like to put in Rs. 150 crores just five years. What is going to happen after

[Shri Rajendra Pratap Sinha.]

that? There must be some guarantee that they will be continuing in business after five years; that is very important. You cannot expect that people will come forward with Rs. 150 crores when there is no certainty about that.

Then I may also state here, Sir, that this amount of money cannot come from the private sector alone. Loans of all types will have to be arranged—I understand that the Government is considering this matter—from the I.F.C. and international organisations. I am told that even the International Monetary Fund and other international finance organisations are willing to advance the necessary funds to acquire the number of trucks required. They are willing to advance about Rs. 100 or 150 crores. All these organisations, whether it is the Finance Corporation of India or the International Finance Corporation, would not like to advance loans unless there is a permanency of the business, unless they are assured of the fact that people who take the loan will remain in business for a certain number of years till their money at least is returned. You cannot get back all the money in five years' time. Therefore, what I suggest is that I am prepared to let this remain so far as inter-States traffic is concerned. Let us try that period of five years or whatever that may be, although I am not satisfied with that. But at least for the inter-State traffic if they feel that it is necessary that the period of the permit should be raised, if the Government is empowered, then on the recommendation of the inter-State Transport Commission the Government can authorise the Commission to issue permits for a longer period. I do not say that you should do that straightaway. I say let the power be there. If the Commission feels that it is not possible for it to attract enough investment in road transport, industry then let the permit period be extended. What I have suggested is I have also given an amendment that the Government be given this power in order to take this course in case of

necessity. In case the Government find that enough money is not forthcoming, that road transport is not expanding to the desired extent, they may raise this period. I am prepared to trust my hon. friend sitting over there.

Now, Sir, with regard to compensation, I would like to submit that we are suffering from very wrong notions. I would put it in that way. It is not a question of renewal of permits involved in this business of compensation. If you don't take those assets, what are the operators going to do with them? My suggestion is this: do not nationalise unless you provide them with an alternate route. This will create a psychological atmosphere, a climate in which investment will be forthcoming on the part of private operators in the transport industry.

SHRI B. K. P. SINHA (Bihar): That is not socialism.

SHRI RAJENDRA PRATAP SINHA: You have vague notions of socialism. What I say is that there is enough room for expansion. Does socialism mean that you waste national assets? You want operators to invest money. Poor operators! Ninety-five per cent. of the operators own not more than one to five vehicles. You want them to invest money and at the end of five years you say 'good-bye' to them. You cannot pay them compensation. Is this not a national waste?

SHRI P. S. RAJAGOPAL NAIDU (Madras): They are poor people indeed.

SHRI RAJENDRA PRATAP SINHA: A man owning one vehicle is a poor man indeed. I am not talking of big people who are owning a fleet of buses. You are not considering poor people who are owning a few vehicles. My suggestion is this: provide them with alternate routes. Apart from this, scramble for permits leads to all kinds of corruption. Give the man who is in the business the chance to open up new routes. If you want to nationalise a particular route,

by all means do it, but there are still other routes available which you can pass on to displaced operators.

You have made a provision also in the Bill that the State Government can give a direction that alternative route will be provided to them. When an alternative route is provided, that will create a proper atmosphere and climate. Now, in case you cannot do it, why can't you take over the assets? In England also, this was done. There was a Labour Government, a Socialist Government. What have they done? They have provided that the assets must be compulsorily acquired. What have you done here? Take the case of the Air Transport Corporation. I know—and my hon. friend knows—that the Air Corporation was owned by Birlas, Dalmias and Tatas. When acquiring the assets of big people, they have provided that even a junk will be taken at the scrap price. I have got the Air Corporations Act before me. They will value the assets and even the junk aeroplanes or parts will be taken over at a scrap value. Take these assets at a scrap value if they are junk, and show that you are not discriminating between the Dalmias and the truck owner. You have nationalised the Imperial Bank. I spoke on that Bill and proved that the original investors had got back about 400 or 500 times over the investment by way of dividends. Even to them you have paid compensation at the market value. Where was your socialism then?

I say, "Have a tribunal. Give the displaced person what may be the worth of his asset. If it is a junk, give the value of the junk. If it is worthy of operation, take it at the market value." That was done by a Labour Government in England also.

Then, this question was gone into in very great detail by the Select Committee on the Road Transport Corporations Bill of 1949 and I have quoted in my note of dissent from their unanimous report. I would like to read it out to you. This is what the Select Committee of the Road

Transport Corporations Bill, 1949, says :—

"We note that this clause does not specify the principles which should be taken into account in assessing compensation to be paid when an undertaking is acquired under this Act. Such principles have been laid down in Section 47 of the U. K. Transport Act, 1947.

"We, however, feel that the matter is of such importance that the Central Government should take necessary steps to lay down the principles of compensation either by rules under this Act or by separate legislation.

"There may also be cases in which certain routes at present operated by private parties may be handed over to a Corporation by refusal to renew their permits. We feel that even in such cases, fair compensation is due to the displaced operators. We note that such a provision exists in the U. K. Transport Act, 1947. We recommend that the Government should take necessary steps to examine this question with a view to see that such cases are suitably dealt with and that no unfair use is made of the Motor Vehicles Act, 1939."

What is happening, Sir? We are merely making an unfair use of this.

Sir, I hope that the hon. Minister in charge will take note of what I have said and at least have the powers which I am pleading for.

Thank you, Sir.

SHRI H. P. SAKSENA (Uttar Pradesh): Mr. Chairman, Sir, till a short time ago, my hon. friend, Mr. Sinha, and I were on the same Select Committee on the Motor Vehicles (Amendment) Bill, and so far as I recollect, there was almost complete agreement in our views.

SHRI RAJENDRA PRATAP SINHA: My views are also there in the Minute of Dissent.

SHRI H. P. SAKSENA: Yes, it was at the eleventh hour and at the last minute, and that too, in a surreptitious way, in conspiracy with another Member, my friend. Mr. Sinha, manipulated to append a note of dissent to the Select Committee's Report which I was pretty sure and certain would be a unanimous one. But whatever it may be, during the short time that has elapsed since then, I find no ground for changing any of my opinions and views that I formed at that time.

Sir, I was startled to hear my friend Mr. Sinha, recommending the taking over of the junk vehicles by the Government. I wonder what philosophy it was—was it a socialist philosophy or a Praja-Socialist philosophy? The representative of which party could recommend to the Government the taking over of junk vehicles and wasting the precious money of the nation on the purchase of things which are only intended for *kabadis*.

Sir, the Bill aims at the development, expansion and co-ordination of road transport. That is admitted on all hands and all conceivable, thinkable and possible efforts have to be made to see that this purpose is achieved so far as road transport is concerned. There are two important means of transport in our country—road as well as rail. The two are complementary or even supplemental and in the interest of both, they have got to be taken care of. Neither are their interests to be ignored, nor the one is to be given preference over the other. Happily enough, the same gentleman happens to be the Minister of Transport as well as Railways and therefore, it is of the greatest necessity that the two should be interlinked and intertwined and there should be no rivalry between them. There is such a great scope for the expansion of transport by rail as well as road that there is no apprehension of any rivalry. But the two have got to be adjusted in such a way that the interest of both of them are safeguarded.

My friend, Mr. Sinha, very strongly recommended the inter-State Transport Commission being empowered

for making its own rules and laws, casting to the winds all other considerations which handicap us. There are the autonomous Road Corporations of the State Governments and the fields of activity of the Central Government as well as the State Governments are separately mentioned and yet, he wanted this inter-State Transport Commission to be given additional powers. Of course, it is for others to say that the one very important thing that this Select Committee has done is to include the formation of an inter-State Transport Commission. I hope that the Commission will justify its formation and will help co-ordinate the development of road transport. But I may tell you that I was never even for a moment swayed from my national duty which was to sit like a watch-dog on the finances of the country, while there were other friends who had a soft corner for the conductors, for the motor-vehicle owners and for the firms that were carrying on this sort of transport.

Then, Sir, I was simply surprised to find the hon. ex-Minister for Railways one morning in a meeting of the Select Committee in a very very generous mood and granting money like waste to the conductors and owners. I think they are called conductors. If Rs. 100 had been provided in the Bill of 1949 or in the draft Bill, it was put at Rs. 200. If Rs. 50 were provided, they were put at Rs. 100. He was in a very generous mood. We allowed him to have that generous temperament. Sometimes it is good to be in a very generous mood. Now, the question of compensation which was troubling the owners of vehicles has been satisfactorily and happily settled and there is nothing more to be done.

Then, the other thing that troubled the owners was the period of the permit which my friend, Mr. Sinha, described as insufficient. It was unanimously agreed that five years was quite a sufficient time for a permit for a passenger bus and eight years for a goods bus, and yet I find that my friend, Mr. Sinha, has appended a Minute of Dissent. We came to the

conclusion that three years are quite sufficient for recouping the cost involved in going in for a passenger bus and eight years for a goods bus.

SHRI J. S. BISHT (Uttar Pradesh): Did they calculate the cost of the permit also?

SHRI H. P. SAKSENA: The permits do not cost anything except a licence fee.

SHRI J. S. BISHT: They are a costly affair.

SHRI H. P. SAKSENA: Now, my friend Mr. Bisht will see, if he cares to examine the provisions, that the whole picture will be changed beyond recognition, and there will be very very little, if any, of corruption, or race for the acquisition of permits. This will change the entire complexion in the old state of things.

SHRI P. D. HIMATSINGKA (West Bengal): What is there to change?

SHRI H. P. SAKSENA: It can only be judged by experience. The renewal of permits was again a debatable point, and the owners of vehicles put up a very tough fight. There is no doubt about that, but then they could not succeed, because permits could be granted only on those routes which are not to be nationalised; and if the Government in public interest is thinking of nationalising some of the passenger routes, there should be no difficulty in the way of that nationalisation. Goods traffic has been exclusively and entirely left to be managed by them, and that is a very paying proposition. They were questioned at length as to whether they would be agreeable to taking over coal transport from one place to another, but they said 'No'. They wanted only those varieties of transport which are easier to be managed and which bring in more money.

So, this amending Bill has been looked at from various angles of vision, and it has been made as perfect as is humanly possible.

Now, Sir, so far as this inter-State Transport Commission is concerned, I am not prepared to give it any such powers which will weaken the hands of the Central Government in that important transport business, and therefore I think that this inter-State Transport Commission should enjoy only those privileges and powers that are given to it in this amending Bill.

There was a lot of debate about private and public sectors also. Regarding this matter, I have always felt that there is enough scope, there is enough room, for both sectors to work harmoniously in the national interests and both could live.

[MR. DEPUTY CHAIRMAN in the Chair.]

We took all possible care to give a patient hearing to the representatives of the motor vehicles transport industry. Representatives came from Calcutta, from Madras, from Delhi, etc., and they were given a very patient hearing. Their case was fully heard and very sympathetically treated, and then at the end we have brought forward this amending Bill which in my estimation is complete in every respect and should receive the approval of this House.

SHRI PERATH NARAYANAN NAIR (Kerala): Mr. Deputy Chairman, there are some really welcome features in this Bill which will go a long way in developing the motor transport industry in our country. For once in some form a judicial authority has been created to handle applications for permits and we can hope that hereafter at least the corrupt practices which all of us had associated with the issue of these permits would be less, and that the inordinate delays which have been occurring in the grant of these permits would also be avoided to a great degree. Preference also is to be given to co-operatives in the matter of permits. That is also a welcome feature.

I am inclined to accept and generally agree that no compensation need be paid on non-renewal of permits. and I am not convinced that there

[Shri Perath Narayanan.]

should be any statutory provision in this Bill for the compulsory acquisition of assets. After all, road transport in our country, as the previous speakers have emphasised, has not reached the saturation point. There is so much scope for development; and so, even without having any statutory provision for the compulsory acquisition of the vehicles of owners, even without the obligation to provide an alternative route, I think it is possible in the present set-up in our country to accommodate these small owners. After all, it must be to the interest of the country also that this new authority we are creating must pay heed to the interests of the real small owners. The request to have a statutory provision for the compulsory acquisition of assets and for the provision of an alternative route, I do not think, will be in the real interests of the development of our road transport.

I agree with Mr. Sinha's arguments that some consideration must be shown and it is possible also, because after all, in the immediate period ahead, we see the possibilities of our motor transport expanding like anything. In case we decide to take over and nationalise particular routes, important routes, other alternative new routes can be found and even without a statutory provision, that is possible. That is my attitude regarding that.

Regarding the quantum of compensation to be given in case of cancellation or modification of permits, I find that an increase has been made. The provision in the original Bill was for about Rs. 100 per vehicle. That has been increased to Rs. 200. My feeling is, I am definite, that it is quite unjustified. Regarding this quantum of compensation to be paid in case of non-renewal of licences, I want to know on what basis, scientific or otherwise, it has been agreed to. Some enquiry has been made into this aspect. People have been heard, but after all, in the coming period the State Governments and even to a certain extent, the Central Government will depend for their finance so much on the nationalisation of road transport. That

being so, why, without even a scientific basis to go upon, the Committee has been called upon to increase the quantum I am not in a position to understand. I think, even if there was no scientific basis for Rs. 100 per vehicle, at least that must be retained and I have given notice of an amendment on that because, after all, we cannot put a strain on the very slender resources of our State Governments and even the Central Government. This transport nationalisation will increasingly become a source of revenue and to come by that right, if we are to pay additional compensation, I cannot understand it. So, though I welcome this question that no compensation will be paid on renewal, this quantum paid in case of modification or cancellation of the permit is too much.

Again I cannot understand why there has been this statutory assurance given that there will be no nationalisation of goods carriers, lorries and other things in the next five years. After all, if I remember correctly, the allotment for this road transport under the Second Five Year Plan is just about Rs. 27 crores and if we are to nationalise all our transport, one calculation was that it would require a minimum of Rs 100 crores. That was worked out some time ago and we have made a provision for only Rs. 27 crores. That means, the very fact that we have made such a poor allotment shows, that even if we want, we cannot go all out to nationalise the whole transport. At best 25 per cent. may be nationalised and, therefore, the facts being like that, why should we go out of our way and give an assurance that freight carriers will not be nationalised? It is quite unjustified. It was not necessary. After all, the authority must be left to the State Governments to nationalise as much as possible. The only difficulty is that they are suffering from want of funds. So, I think that provision is not called for. After all only 9 per cent. of our road transports. If I remember correct, is nationalised. So, we have to go a long way in further nationalising this parti-

cular sector and so, to go out of our way and give this assurance is not called for, and is unjustified. That is my criticism of that aspect.

Then there are certain omissions and I wish to make some general observations on them. After all about 350,000 workers are there in this motor transport business. There are certain labour legislations in force. It is a fact that many of the owners don't conform to those healthy labour practices. They don't observe these various provisions of the labour legislations in the matter of minimum wages etc. A nine-hour working day has been the case in regard to these transport workers. Even this has not been observed. So, in regard to such of the operators who don't conform to these provisions of the labour legislation that must be made a ground for cancellation of the licences without compensation. If such a provision could have been included in this, it would have been a very salutary provision and I think it is a serious omission which I would like to bring to the notice of the hon. Minister.

SHRI J. S. BISHT: Would that apply to a factory also?

SHRI PERATH NARAYANAN NAIR: One other thing. Mr. Bisht has raised the question and I would like to tell him that in regard to plantation, factories and mines, we have got certain statutory labour legislations governing those workers. If you would go through the report of the Planning Commission, in the section relating to road transport, you will find that the Commission has recommended that so far as the motor transport is concerned, there must be a comprehensive legislation brought forward giving healthy conditions of service for the workers. In this particular road transport sector, we have not got them and it is a serious omission and that particular aspect should be borne in mind by the hon. Minister. After all more than 350,000 workers are involved. They have absolutely no statutory regulation regarding their service conditions now.

In regard to factories and plantations and mines, at least to a certain extent, these conditions have been secured and that has not been secured in the case of motor transport workers. The Planning Commission has been obliged to...

SHRI J. S. BISHT: I don't differ from the hon. Member on that point. What I am saying is, you are suggesting complete confiscation of their property without compensation merely for a breach of certain labour laws. I ask: would a factory be confiscated also if the factory commits breach of labour laws?

SHRI PERATH NARAYANAN NAIR: I don't suggest that there must be confiscation. It may not be to the extent of confiscation, but then these operators day in and day out, never observe the labour laws. They go scot-free and I don't find any provision to keep them in proper check. That is my point. That is very unhelpful from the point of view of the workers. All-out confiscation and other things, however much I would personally like to have, because it is a primary duty of every operator at least to conform to labour practices which have been accepted by the Parliament and which have been embodied in the pieces of legislation and any breach of such regulations must be considered a very serious thing in all conscience, but I may not go to that extent now.

These are the points which I have to raise in this. Regarding the quantum of compensation, I have given notice of certain amendments and I think I will have an opportunity to speak later.

SHRI P. D. HIMATSINGKA: Mr. Deputy Chairman, I agree with the previous speakers that there have been considerable improvements made in the recommendations of the Joint Select Committee on the Motor Vehicles Bill and certain provisions will go a great way in removing a lot of difficulties that are at present experienced by persons who want to ply between two States and who want to

[Shri P. D. Himatsingka.]

apply for a licence. At present, this needs the counter signature of the two States and sometimes it has been found impossible. Now that the recommendation is for the setting up of an inter-State transport authority that special difficulty that used to be felt, I hope, will be removed and that will also enable the licences to be issued rather quickly.

Sir, I had been following the speech of the hon. Shri Saksena and Shri Nair and I am rather surprised at the ignorance that I feel they are suffering under. Nationalisation is very good; nationalisation is intended, I think, mainly for two purposes, that is, one, the income should go to the coffers of the State and, two, there should be better service. These are, I think, the two principal objectives that we should have in view when we think of nationalisation. There is no charm in this word 'nationalisation' unless these two conditions are fulfilled, but let us see what the position is so far as this question of nationalisation of transport is concerned. Unfortunately, the State Governments which are running transport vehicles do not keep any separate accounts. Whatever they pay for the vehicle is shown as expenditure in the year of purchase and subsequently whatever income is earned goes to the income side. Therefore, there is no check.

SHRI PERATH NARAYANAN NAIR: Is the hon. Member sure that no separate accounts are kept in Travancore-Cochin or Madras.

SHRI P. D. HIMATSINGKA : I do not know of Travancore-Cochin or of Madras. I know of Bengal, Bihar and Assam. They do not show the value, the depreciation, the income and the expenditure separately to enable one to judge whether the transport services are being run at a profit or whether the State is losing. Suppose you buy a vehicle for Rs. 20,000 and it becomes scrap in two years while you have been able to earn a gross profit of only Rs. 10,000.....

SHRI PERATH NARAYANAN NAIR: I would like to inform the hon. Member that that experience is not true of all States.

SHRI P. D. HIMATSINGKA: I am talking of the States about which I have experience. I am confining my remarks to the eastern part of India. Unfortunately, as I said, no separate accounts are kept and, therefore, it is not possible to point your finger definitely to show what amount is being lost in running these transport services. In Bihar, before the Government started the State Transport, the rate was six pies per mile. That was the maximum that a transport operator could charge. Since Government introduced their own vehicles, they have raised the fare to 7½ pies. The same thing happened in Assam. There was a company running a monopoly service between Shillong and Gauhati and that company used to pay a lakh of rupees as monopoly fee to the Government. Now, the Government are running their own services and the fare has been considerably increased. The same thing is happening in Calcutta also. The fare now charged by Government is more than the fare charged by the owners of private vehicles. It would be, Sir, very good if these vehicles run parallel to certain private vehicles so that we may be able to know and judge the difference between the two services. As I was trying to point out, nationalisation will be welcomed if it serves the two purposes. So far as I can judge and so far as I know from the working of certain transport services in the eastern part of India, Bengal, Bihar and Assam, I do not think we are making any profit. On the contrary, they are perhaps a source of definite loss. Therefore, the main ground on which we are talking of nationalisation, I feel, is not there; but if the Government feel that they can make money and large revenue could be expected by operating these vehicles, well, I certainly support it wholeheartedly because we need funds for all kinds of things, for our Five Year Plan and for other various improvements. As

I said, this is far from the correct position and, therefore, I think that Government should take steps to have separate accounts from the States, where such services are being operated by the States, in regard to the cost of the vehicles, the income that they have got, and then come to a decision as to whether it is giving any money to the State or not. Then it will be appropriate for us to say that we ought to support nationalisation of transport and so on.

Another factor so far these vehicles are concerned is—I do not know much about Travancore-Cochin or Madras and, therefore, my friend will excuse me; I am talking about Bihar, Bengal and Assam—that most of these are operated by persons who own one vehicle or at the most two. They take the vehicles on hire-purchase and just make a living. To nationalise such vehicles means that you throw the man out of his business, you throw him out of employment. In the provisions that we have made there is no question or obligation of any assets being taken over when the permit is not renewed. If the permit is canceled during the currency of the permit, a provision is made for the payment of certain compensation but if the period of the permit is over and if it is not renewed, no compensation is paid and there is naturally no question of taking over the assets. Just imagine the fate of such a person who had spent money in procuring the vehicle. It remains in his hands but he cannot use it because he has not got any permit; it will not be taken over by the State and, therefore, he gets no money. He loses his job and is out of employment. Is it not necessary for the State to see that persons who depend for their living and for their employment on the running of these vehicles are not ousted from the field simply because we have a charm for nationalisation and unless the other objectives, as I said, are also fulfilled? That is the main aspect, Sir, that I wanted to touch and I feel that Government should take steps to have separate accounts so that they may be able to know how things are moving.

There are one or two more points that I wish to speak about. So far as compensation is concerned, I find that Mr. Nayar has given an amendment about reducing the compensation that has been proposed, that is to say, a payment of Rs. 200 for every month of the outstanding period of the permit. That was the figure that had been agreed to by the Committee at the instance of the hon. Minister in charge of the Bill. On the contrary, Sir, I feel that there should be some provision—when a route is nationalised and when certain permits are not allowed to be utilised, there should be some arrangement whereby those assets also may be taken over by the State. Pay them whatever is reasonable; if they are not of much value, don't pay them anything at all, but certainly the national assets which are there should be taken over and reasonable compensation or even less than reasonable compensation should be paid so that those vehicles may be utilised.

With these remarks, Sir, I support the Bill.

SHRI J. S. BISHT: Sir, this Bill is welcome in so far as it goes because it tries to improve upon the old Motor Vehicles Act, but we in this country today are faced with a much more difficult task. It is not possible to implement the Second Five Year Plan unless we are able or we are in a position to remove the transport bottleneck and that is one of the important points on which there has been correspondence and controversy between the President of the World Bank and our Finance Minister. The President of the World Bank himself has laid great emphasis on this transport bottleneck; and at such a moment when we are anxious to implement the Second Five Year Plan, it becomes our paramount duty to remove every obstacle in the way of free transport or movement of goods.

Now, Sir, the old Motor Vehicles Act was passed at a time when the circumstances were different. That was the age when our Railways were

[Shri J. S. Bisht.]

run more or less on deficit and the deficit on the Railway Budget had to be made good by subsidy from the general revenues. And I remember very well that the then Finance Minister—I think it was Sir James Grigg—took a very strong stand on this point. He said that the Railways must pave their way and that the general revenues would not be able to subsidise the Railways for ever. That was the position then; the Government of India was very anxious that the competition from the motor vehicles on the road should be minimised, and I remember that the Provincial Governments were told that motor vehicles should be allowed to operate only on routes that were a sort of feeder routes to railway stations and not on those routes that were running, so to say, parallel to the railways. Those were the circumstances under which the old Motor Vehicles Act was passed and we find there so many checks made against the free flow of traffic by motor vehicles. Sir, I do not know when this amending Bill was drafted and whether the draftsmen had this particular point of view or whether they only wanted to correct certain defects that had crept into the working of the old Act. So far as those anomalies and irregularities are being removed, this Bill is very welcome because they have to be removed, but the larger question still remains. Are the Railways still there to see that there is no competition from road transport or will the Railways allow the road transport to develop as early as possible? Sir, in a country like the United States of America which has a highly developed transport system—it has, I think, two lakh route miles of railways—even there, if I remember correctly, more than 25 per cent of the goods load is lifted by road transport. Now, is there any reason why, in a country like India with an area of nearly 12 lakh sq. miles and with only 34,000 route miles of railways, it should not allow road transport to develop as early as possible? I would, therefore, strongly urge that this bottleneck should be removed if not in this particular Bill, at least

soon after this. Steps should be taken soon, so that all these anomalies and all these implements in the free flow of traffic by road should be removed and so that it may not be said that the Railways are standing in the way of the development of road transport. In fact, I am personally of the opinion that it would be to the good of this country if the Railway Ministry were separated from the Transport Ministry altogether, because then the suspicion in the public mind that the Railways come in the way of the development of other forms of transport like river transport, road transport, etc., could be removed. I do not think that there is any substance in that particular suspicion but there it is. It remains in the public mind that somehow the Railways do not want that there should be any sort of competition from the road. It may be cut-throat competition or any sort of competition. Even if there is cut-throat competition why should the Railways be afraid of it, if they are run efficiently, properly and in a commercial way? In fact, they should welcome such competition because that will put them on their test.

So, I submit that there are some provisions here which are welcome no doubt, as far as they go. For instance, take clause 39. It says:

“Every application for a permit shall be made to the Regional Transport Authority of the region in which it is proposed to use the vehicle or vehicles:

Provided that if it is proposed to use the vehicle or vehicles in two or more regions lying within the same State, the application shall be made to the Regional Transport Authority of the region in which the major portion of the proposed route or area lies, and in case the portion of the proposed route or area in each of the regions is approximately equal, to the Regional Transport Authority of the region in which it is proposed to keep the vehicle or vehicles”.

SHRI H. P. SAKSENA: Page and clause please.

SHRI J. S. BISHT: I am referring to clause 39 on page 22—23. It goes on to say :

“Provided further that if it is proposed to use the vehicle or vehicles in two or more regions lying in different States, the application shall be made to the Regional Transport Authority of the region in which the applicant resides or has his principal place of business.”

Now, this is an improvement of course, but I do not see any reason why this cannot be simplified. For instance, if a person has got a radio permit he may use his radio in a particular station and if he moves on to another place he only submits an application within three months notifying the change and he can use his radio in the other place. Why should not a similar provision be incorporated here? If I have a permit from the Road Transport Authority of a particular region and if I get custom to carry some goods to another place, why should it be necessary that I should go to half a dozen bureaucrats to get my permit to move from this place to another place? I myself was a member of a Road Transport Authority for 15 years and it so happened that that particular Transport Authority was on the border of another Transport Authority and this sort of difficulty was cropping up almost every day. For instance, permit holders from Kumaon Transport Authority could not go into the region of the Rohilkhand Transport Authority although in the plains area the two met together. There was constant movement of goods from one region to another and the difficulty was that they had to disembark all the goods there and another person had to take it on further. This sort of impediment comes in the way of free flow of goods traffic.

There is another provision here which is quite welcome so far as it goes. It is clause 57, which relates to inter-State Transport Commission. I hope they will be liberal and will allow people to carry on their business and trade in different regions of the State; as for instance, between Delhi

and the particular portion of Punjab or as between Punjab and Western U. P. the traffic is always moving here and there. Why should there be any impediment in the free flow of traffic and business between Delhi and Meerut, Karnal and other places or between Madhya Pradesh and eastern part of U.P. or between portions of Bihar and Bengal? All sorts of impediments are there under the Motor Vehicles Act and I submit that they should all be removed. If there is any rule-making power it should be used liberally for this purpose so that goods may move very freely.

Now, we know that the Railways cannot move all the goods and, of course, production is increasing. Cement factories are going up; steel plants are going up and all sorts of productive industries are going up and all those goods have to be moved. We have seen difficulties cropping up constantly. For instance, only last year there was trouble about *gur*. There was demand for *gur* in certain areas. In fact, there were large quantities of *gur* in areas where *gur* was in production but there were no wagons available to move it. All such difficulties can be greatly mitigated, if not completely eliminated, by encouraging road transport and by removing all those impediments that stand in the way, whether they are procedural or whether they are as a result of the provisions of the Act, or in any other way. The Ministry of Transport and the Ministry of Railways are under the same Minister and it is an additional reason why these difficulties should be removed because there should be some sort of co-ordination so that every form of transport can be utilised for the purpose of free movement of goods. In fact, I would go further and say that the Railways should not lift goods except on long distance routes, say, exceeding 30, 40 or 50 miles, and they should encourage motor vehicles to lift goods on small distance routes except in the case of goods which are of a heavy nature and which cannot be moved by any other kind of transport.

Now, Sir, I come to another point.

MR. DEPUTY CHAIRMAN: You can continue after lunch. The House stands adjourned till 2 o'clock.

The House then adjourned for lunch at one of the clock.

The House reassembled after lunch at two of the clock, MR. DEPUTY CHAIRMAN in the Chair.

MR. DEPUTY CHAIRMAN : There is a message from the other House.

MESSAGE FROM THE LOK SABHA

THE ELECTRICITY (SUPPLY) AMENDMENT BILL, 1956

SECRETARY: Sir, I have to report to the House the following message received from the Lok Sabha, signed by the Secretary of the Lok Sabha :—

“In accordance with the provisions of Rule 133 of the Rules of Procedure and Conduct of Business in Lok Sabha, I am directed to enclose herewith a copy of the Electricity (Supply) Amendment Bill, 1956, as passed by Lok Sabha at its sitting held on the 11th December 1956.”

I lay the Bill on the Table.

THE MOTOR VEHICLES (AMENDMENT) BILL, 1956— *Continued*

SHRI J. S. BISHT : Mr. Deputy Chairman, before we rose for lunch, I was referring to certain difficulties with regard to the Regional Transport Authority. One of the difficulties that I find is that sometimes the number of licences issued to private carriers, private owners, is limited and sometimes it so happens that in certain regions all these licence or permit holders form themselves into a syndicate which is in the nature of a monopoly and then they have their

own rates and fares—a sort of monopoly over the lifting of passengers and goods. And the result is that when the number of licences or permits is limited, the market value of these permits goes up. In fact, the value of the permit in certain areas is higher than the value of the lorry or the truck that he has to purchase. Now, this sort of undesirable practice should be eliminated and I do not see any provision for eliminating such abuses as have crept in in the working of the Regional Transport Authorities and in the issuing of the licences. I suggest that in every Regional Transport Authority or an authority which is in the nature of an inter-State Transport Commission, etc., in those routes which are left to private owners or those sectors of road haulage which are left to private owners, there should not be any fixed maximum for these permits. That is to say, permits should be issued to all those people who are willing and able to carry on that business efficiently. After all, the Regional Transport Authorities have got ample powers to see that the vehicles that are put on the road are safe and that they meet all the demands and there are other powers which regulate all the requirements of safety and efficiency on the roads. Therefore, there is no reason why any sort of ring should be formed by these private owners or they should be allowed to form a ring. Therefore, it is desirable that the price of permits should not be allowed to go so high.

Now, Sir, there is another point. Personally, I am in favour of nationalising all the road transport in the same manner as the Railways are nationalised. But I know that our resources are very limited and that it is not possible even if we want to nationalise all the roadways. In the alternative, therefore, we should not adopt the policy of ‘dog in the manger’. We should allow this private sector, the private enterprise to fill up the gap and when we do that we must give them sufficient assurance and sufficient time to enable them to earn their living. Now, under this Bill the time that has been granted is about

five years and I submit that five years is too small, because as Mr. Narayan Nair pointed out, even if you want to nationalise after five years, you want a hundred crore of rupees and you have provided only Rs. 27 crores, which is only a little more than 25 per cent. Therefore, even if you want to do it, you cannot do it. Therefore, to put in such a short period, when you are not in a position to nationalise it, is to create a sort of adverse psychology in those who want to invest their earnings in this particular business. Therefore, the minimum that you can do is to extend it to about ten years at least, so that the other owners can come in and fill the gap.

Then, there is this point with regard to compensation. In case it is decided to nationalise any particular line, it is only fair that those who have invested money into this business should be compensated. My hon. friend, Mr. Saksena, said that somebody had suggested that even the junk should be paid for. He was quite right. The junk has to be paid for, not for the junk but because the price of the permit is more than the price of the lorry.

SHRI H. P. SAKSENA: Now, my hon. friend has been repeatedly making mention of something which he terms as price of the permit. I would like him to enlighten me on this point.

SHRI J. S. BISHT: I am surprised that a Member, who was a member of the Joint Select Committee, is still in the dark about the price of the permit which is prevalent throughout India and most Regional Transport Authorities. My friend, Mr. Rajagopal Naidu, is not here. He was telling me just now that in Madras the price of a permit goes up to Rs. 50,000.

(Interruption.)

MR. DEPUTY CHAIRMAN: Order, order.

SHRI GOPIKRISHNA VIJAI-VARGIYA (Madhya Pradesh): If that price is unlawful, it should be stopped.

SHRI J. S. BISHT: That is what I say.

DR. R. P. DUBE (Madhya Pradesh): It differs from State to State.

SHRI J. S. BISHT: Even in my own area I can say that the price is in the neighbourhood of about Rs. 15,000 and that is the price of a truck. Therefore, I submit that you must find ways and means of limiting this bad practice, and the only way to do it is to freely grant permits and licenses so that they have no market value at all, so that anybody who wants to run a bus can go to the Regional Transport Authority, satisfy the conditions and then get the permit. If you limit the number, the demand is greater and naturally the price goes up. The remedy is in your hands and you do not adopt the remedy at all. Therefore, I submit that if you want to nationalise any particular route, you must compensate them properly for all that they have invested. One famous labour leader of England came to India—I think it was Mr. Morrison, he was perhaps flying from Australia to England—and somebody asked him this particular question about nationalisation. The Labour Government in England is a socialist government and their objective is socialism, the same as ours, and Mr. Morrison said that their position was very clear, viz., when they wanted to nationalise a particular undertaking, they took two points into consideration: firstly, that it must be demonstrably in the public interest to nationalise that undertaking. They do not do it merely for the sake of nationalisation or merely for theoretical or doctrinaire reasons. The first condition is that it must be demonstrably in the public interest. Secondly they compensate it at full market rate. That is quite fair, and we should not indulge in legalised loot in any form. If a man has invested his money in any form of undertaking and if we want to take it for the sake of the community, let us pay the full price. That is quite right and fair.

With regard to the zonal areas, inter-State areas, I would submit to

[Shri J. S. Bisht.]

the hon. Deputy Minister to see whether it would not be desirable to form inter-State Commissions on zonal basis, as they have certain zonal areas under the States Reorganisation Act. Could we not make use of those Zonal Councils, as they are called, and form inter-State Commissions to cover those particular areas? But there will be certain difficulties. For instance, U.P. is put in the North Zone, that is to say, it is bound with Madhya Pradesh; whereas U. P.'s main trade, commerce and industry are on the western side with the Punjab and on the eastern side with Bihar. In forming these Commissions these complications are likely to arise and, therefore, I submit that there should be certain special permits which should enable the permit-holder to operate in particular regions in different States without going to a particular Regional Authority for a special permit to operate on a particular line.

SHRI H. P. SAKSENA: On an all-India basis.

SHRI J. S. BISHT: So much the better, although in practice nobody is operating from the U. P. to Travancore-Cochin. They will operate in a particular locality—western U.P. and eastern Punjab or western Bihar and eastern U.P. This is all very necessary.

With regard to the goods transport, the goods route should be left entirely to the private operators for a period of at least ten years. There is a certain misapprehension in certain minds that these private operators are some sort of big capitalists who are running big fleets. There may be here and there one or two such people who are running such fleets, but ordinarily, at least in Uttar Pradesh, we know that they are mostly small people.

SHRI RAJENDRA PRATAP SINHA: In 95 per cent. of the cases.

SHRI J. S. BISHT: 95 per cent. of them are very small owners, people

who themselves drive the motor vehicle and themselves own it and the cleaner or somebody else is one of their relations. Sometimes they have got two or at the most three vehicles, one of which a brother is running or a son is running. All these questions that Mr. Narayanan Nair raised about the hours of work are not applicable at all. It is merely a family concern. If they want to work ten or fourteen hours, why should you prevent them at all. If they want to earn more money, as some of them are very hard working, there should be no obstacles placed in their way. Sir, if this particular point is accepted, I have no doubt that it will serve a very good purpose. As I submitted before, if the national highways, the shipping yards, the coastal shipping traffic, the riverways and the roadways are all put under one particular branch of the same Ministry, the Railways being in a different branch and the Railway Ministry merely co-ordinating them, then the transport by road and river will develop simultaneously with the development of the Railways, and there may not be any sort of suspicion that the Railways try to discourage or hamper the development of these alternate routes lest they should at some distant future suffer from the consequences of such development.

With these words I conclude my observations.

DR. R. P. DUBE: Mr. Deputy Chairman, Sir, I want to draw the attention of the Government to one point, and that is with regard to payment of no compensation in those cases where the permits are not renewed. I have stressed this point during the meetings of the Select Committee as well, but somehow I could not succeed. I am going to have my last try here because I think the Deputy Minister told me a little while ago that he did not think he could change anything now. He realises it is a hardship, still he cannot help it.

SHRI H. C. DASAPPA (Mysore): Has he admitted the fact?

DR. R. P. DUBE: He should admit it. If he does not admit it openly, it does not matter. I personally think that it is a hardship. A man is deprived of his livelihood and he gets nothing for being deprived of that, and on the top of that the Government ask, "What is he going to do with his vehicle?" Since the public will know that he has not got any route to work on and as all these trucks are with him, they will ask them for very very low prices. I personally think that if the Government do not want to give him any compensation, at least they can take his assets which are worth taking. As I said in the Select Committee, they could make a schedule something like this, *i.e.* for buses that have run for a year the depreciation will be so much, for two year the depreciation will be so much, for three years so much, and so on. Let the man get something. After all we are taking away his livelihood and we are also not paying anything to him. The man has lost his livelihood and he has trucks lying with him which he cannot sell in the market at the proper price. He cannot also get a reasonable price because people know that he has not got any route to work, and naturally he will have to dispose them off for a song. I do not say that Government will have to take junks as they have been passed over by some companies. But who forces Government to take junks? Government themselves close their eyes. They have taken junks in other cases and paid compensation, fabulous compensation. Here I am asking for a reasonable compensation. I am saying, let the Government open their eyes, depute a man who can value things and then at least pay the man something. I am not asking for anything unreasonable. If the Government do not want to pay, then I have nothing to say.

SHRI R. M. DESHMUKH (Bombay): Compensation is paid only to those organised.

DR. R. P. DUBE : Organised or disorganised, I cannot say. I know a man who had a permit and who was

running a route. Because he was running the route, because he was looking after that particular route, he was organised—I do not know what my hon. friend means by organised and disorganised. I am taking the specific case of a man who has been permitted to ply his vehicles on a certain route. His permit has not been renewed. What would be the fate of that man? Did the Minister talk about co-operatives? But there are certain people who are single-handed and they have been doing business. They have got not one, sometimes ten vehicles.

SHRI AKBAR ALI KHAN (Andhra Pradesh): They live on it.

DR. R. P. DUBE: And if you are not renewing the permit those ten vehicles with his little workshop, all will remain idle and who will take them? And even if anybody takes them, he will take them for a song. Let the Government pay proper compensation for his livelihood. It is guaranteed in the Constitution that nobody's livelihood will be taken away. But if you want to take it away still, give him some compensation at least in the shape of taking over his assets.

This is my last request, because the Bill is going to be passed now. I have tried my level best, but I could not do much. The hon. Minister was not there at that time; now he is here. He is a very kind man. I know he is always kind and he will do something for them.

SHRI P. N. SAPRU (Uttar Pradesh): Mr. Deputy Chairman, Sir, I would like, while supporting this Bill, to point out that the clauses regarding compensation are unsatisfactory. I am not one of those who think that nationalisation is bad. In fact, my opinion is always in favour of it—more and more nationalisation—and I am not very much interested in the question of compensating big men when we acquire properties from them. But most of these transport men are comparatively poor people—men of moderate means. 95 per cent. of them are owners of one or two or three trucks. In 1939, I think, we

[Shri P. N. Sapru.]
could get a truck for Rs. 5,000 or Rs. 6,000. Now, you cannot get a truck for less than Rs. 20,000 or Rs. 25,000 or Rs. 30,000. Now, it is certainly true that they will be paid compensation if their licence is cancelled. But if the licence or the permit is not renewed; they will not be eligible for any compensation at all. My feeling is that this is not fair. There is an express article in the Constitution to which I would like to draw the attention of the Minister pointedly. That article is 39. It is to be found in the chapter on "Directive Principles of State Policy". It is true that these directive principles cannot be enforced by a court of law. But they indicate the policy which Government must observe and follow. They lay down the moral precepts which it is under a constitutional obligation to follow. Take this article :—

"The State shall, in particular, direct its policy towards securing—

(a) that the citizens, men and women equally, have the right to an adequate means of livelihood".

Here, on the renewal of the licence, the principal livelihood of the person depends and if you deny him the licence, he will not be able to have a proper livelihood. I think, therefore, that it is contrary to the spirit of the Constitution when we deny the applicant any compensation on the ground that we are nationalising the route and it is no business of ours whether his business is carried on or not. The suggestion that I would like to make is that, in such cases, as far as possible, alternative routes might be provided for these transport people. There is a vast scope for the development of transport in this country if a particular route has been nationalised, then some other route may be given to him.

SHRI H. P. SAKSENA: That is what the Bill provides for.

SHRI P. N. SAPRU: No, it does not provide that; it may be done or may not be done and the Regional

Transport Authority will be an autonomous body. Therefore, what the Minister says will not be necessarily binding on that body. I should have preferred, therefore, for this reason, that some specific provision is made in the Bill to the effect that if a route is nationalised and the permits of those people are not going to be renewed, they will be provided with alternative routes as far as possible. Where you cannot provide that alternative route, give them some compensation. I think that is only fair. No principle which is opposed to socialism is involved in this, Socialism is a means of achieving social justice and I think it is social justice that these men who are not big capitalists, who are doing business in a small way, should not be deprived of perhaps their only means of livelihood. That is all that I wanted to say in regard to this measure which I generally welcome.

SHRI O. V. ALAGESAN: Sir, I am thankful to the hon. Members who have participated in this debate and generally welcomed the measure before the House. This amending measure of the Motor Vehicles Act, as hon. Members may perhaps recollect, has had a very chequered career and in fact, this amending process started 10 years back. It went to the Select Committee stage and a certain finality was given to it at that time. Then it could not be pushed through. Later events made it necessary for further changes to be made in the amending measure and I should think that this amending Bill has come at a very opportune moment before the House when the whole emphasis in the context of our planning is on the development of more and more transport capacity. I should like hon. Members to view this question in that aspect and if they do so, they will find that this Bill provides for, and enables, various steps to be taken so that transport capacity can be fully developed.

There was some mention about nationalisation and I thought the opposition to it, if any, was very mild and had become thoroughly modified in the course of these few months. It

has come to stay and that has been very well realised by hon. Members who were not perhaps so happy as others regarding this question of nationalisation. So, let us consider what is the task that is to be done by the various transport systems in the country—rail, road and so on.

There is a huge task to be performed by all these. They have to go hand in hand and perform this huge task. It is well known that the rail transport capacity that will be generated in the course of the next few years will not be able to move all the traffic. We have said so on several occasions. The allotment of resources for the purpose of railway planning and development falls very much short of the requirements. Even as per the original targets, Railways have to expand their capacity by about 42 or 43 million tons and the additional traffic that will be generated was calculated as 60 and odd million tons. So, even as per the original targets, there was a gap of 17 to 18 million tons. Now, certain targets have undergone an upward revision. For instance, cement production has been revised and the increase target has now become, I think, 8 million tons instead of 5 million tons. So also is food production. It is a vital factor of our economy. It is proposed to be increased by another 10 million tons.

The gap, as calculated by hon. Members, is about 30 million tons. The Railways have calculated the gap at about 25 million tons. We want to develop the transport capacity to the tune of 50 million more tons but even to do that, the cost of the Railway Plan will very well have to go up. It is roughly calculated that the cost of the Railway Plan will have to go up by another Rs. 100 crores to move these additional 50 million tons. So, when there is so much to move and when there is so much traffic offering, there is no question of conflict between rail and road transport. Railway and road transport have to join hands and lift the traffic that will be generated. Viewed from this angle, it will be found that there is no conflict.

One hon. Member referred to this matter and said that the Railways should not adopt a dog in the manger policy. I have no difficulty in agreeing with him. The Railways do not propose to follow a dog in the manger policy. Perhaps the hon. Member does not know that we have taken various steps towards relaxation of restrictions on inter-regional transport which he was mentioning. He spoke from experience and said that he was a member of one Regional Transport Authority. Even as far back as 1954 this subject was considered and State Governments were advised to relax the restrictions that they were having both on private carriers and public carriers. They were asked to give the utmost freedom to private carriers. Perhaps the position is not very well realised that in our country the majority of the trucks are only public carriers. In other advanced industrialised countries the majority are private carriers. It has been brought out in the report of the Study Group which went into this question that perhaps 70 or 80 per cent. of the total number of trucks there are in private hands. Here also in our country the various industrial establishments, new and old, can really go in for owning and operating more and more private carriers. They can own a large fleet and can have workshop facilities also and they need not complain against the Railways for not carrying things. So, the indication is that private industries and new plants and new units that are going to be set up can very well go in for owning a large fleet of private carriers which can carry goods over small distances. Of course, over very long distances it may not be possible to operate private carriers, though even there it will be possible to operate over long distances to some extent. So, there is no question of any conflict, as I said, between railway transport and road transport.

Coming to road transport itself, let us see whether the nationalisation policy of the State Governments really comes in the way of expansion of private road transport. I should

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very respectfully submit to hon. Members who spoke on this subject that all the difficulties that private operators have been experiencing have been sought to be removed by this Bill. All the uncertainties have been removed. If they thought that there were many hindrances and factors retarding their expansion and progress, all those factors have been now sought to be removed by means of this measure. It is not the intention of the State Governments to go and nationalise every route in every area. It is just not possible. Resources are not available. It has been stated very clearly in the Planning Commission's Report that only a sum of Rs. 27 crores has been set apart for this purpose, and if the existing holdings of private operators have to be nationalised, it will cost not less than Rs. 100 crores; perhaps it may cost even more. So, there is no question of the State Governments pursuing a policy of nationalisation for the sake of nationalisation, without reference to other conditions. As my hon. friend, Mr. Himatsingka pointed out it is not a question of nationalisation for nationalisation's sake. We have to render better service to the public at large, and we have also to see that in the process we do not incur any loss. From that point of view, I would like my friends to see that nationalisation has been forced upon the State Governments. What about road transport service in such hilly areas like Himachal Pradesh, Manipur, Tripura etc. where there are no private operators coming forward to operate on those hilly routes? We have spent large amounts of money making roads. Mention was made about the huge amounts that have been spent on road programmes and about the capital invested on them not being allowed to go waste. We have to make the best use we can, get the best return we can, out of that. When we have spent huge sums of money in the hilly areas like Himachal Pradesh, Manipur, Tripura, etc., on road making, who are there prepared to come forward and put vehicles on these roads? So, it was a question of nationalisation

being forced upon the State Governments. So also the question of better service. I should venture to say that but for nationalisation the quality of service to the public would not have improved. You can take the case of the capital city of Delhi itself. Mr. Himatsingka spoke on this. I remember the conditions here some ten years ago when he and I came into the Constituent Assembly, when a company known as the G. N. I. T. was running buses, and I have not seen worse vehicles in any part of the country. That is common knowledge, and hon. Members who were here at that time know that very well. Now, even though there are still very many improvements to be effected in the organisation of the D.T.S.—there is certainly room for improvement in the service of the D.T.S.—I suppose that the service the D. T. S. renders to the public is vastly superior to the service that was rendered by the old G. N. I. T. So, from both these points of view—to serve areas where private operators are not prepared to venture and also to raise the quality of the service that is being rendered to the public—nationalisation has become inevitable for the Governments to undertake. So, I do not think there will be any quarrel with reference to that, and I need not say anything further in justification of the process of nationalisation.

Then, several points were raised, especially with reference to the cost of railway transport *vis-a-vis* road transport. Various calculations have been made in this regard. The suggestion was made that Railways should refuse to carry goods over short distances. I do not know how far that will be feasible, because the question of the cost of transport would immediately come in. It is recognised that road transport is more feasible over short distances, but it becomes prohibitive if it is operated over long distances. So, subject to these factors, there is no objection—there could be no valid objection that could be raised—to allow road transport to operate. I have got the figures about railway and road transport, but

I do not think I should take the time of the House by quoting them. I would quote only a few figures. In the year 1954-55 the cost of carrying one ton by broad-gauge per mile was 8.37 pies and that by metre-gauge was 16.1 pies. For the same one ton of goods, if it is carried by road, the cost per mile comes to three annas, i.e., more than twice of what it would cost even on metre-gauge. But the Study Group has estimated it at even 44.2 pies.

SHRI H. C. DASAPPA: Are the railway figures the latest?

SHRI O. V. ALAGESAN: I said they are for 1954-55.

SHRI H. C. DASAPPA: But you are talking of the present value of road transport as compared to the transport charges of 1954-55.

SHRI O. V. ALAGESAN: No. These relate to the same year. So, the question of the cost of road transport has to be taken into account when we say that road transport should be allowed to play its full part.

SHRI J. S. BISHT: Is it not a fact that the motor vehicles are subjected to very heavy taxation?

SHRI O. V. ALAGESAN: There are various factors, not only heavy taxation. The initial cost of the vehicles, the condition of the roads—there are so many things which go into the cost of road transport. But all that will have to be taken as a whole. We can lighten the taxation. We can see that the initial cost of these vehicles gets considerably reduced. We can improve our routes. We can take all these steps. Still the fact remains that the cost of road transport is bound to be higher than the cost of railway transport per ton mile. So, subject to that factor there should be no objection to allow road transport to play its full part.

Then it was said that the inter-State Transport Commission that is sought to be created should be clothed with more powers. I think they

already possess the necessary powers. The Bill provides for it. If hon. Members will turn to the relevant clause they will find that under the new section 63A(2)(c) and (d), powers have been given to them to grant, revoke or suspend permits etc. It is on page 38 of the Bill. It gives all the powers that will be needed by the Commission and there should be no difficulty for the Commission exercising its powers in the interest of developing and promoting inter-State road transport.

Then the question that was very much debated was the question of the period of permits, whether it should be five years or more. Here I should like to say that hon. Members overlooked one factor that we have provided for in the Bill. There is a provision now that preference should be given for renewal permits over grant of new permits. This Bill provides for its continuance. If a man, after having worked his vehicle on a particular route for five years, comes and applies and another new operator wants to enter the field, then naturally it has been provided for in the Act and we have not omitted that provision in the amending Bill that the Transport Authority has to give preference to this man who wants to renew his permit over the person who wants to apply for a new permit. That provides for the continuity of the operation of these permits. There should be no objection. It may be five years to begin with. When the permit is renewed a second time, it is ten years and when it is renewed a third time, it is fifteen years. So it is not as if this preference for renewal is a small matter.

Another factor also should not be forgotten. Here the question of compensation for non-renewal was raised. Dr. Sapru, the constitutional expert that he is, raised the question that we should not take away the livelihood of the person concerned. Here once a person holds a permit, it does not entitle him to have the permit in his possession for all his life. He has to work it, he has to operate the road transport service satisfactorily as per

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rules and regulations and then if he still proves that he is capable of carrying on the business for another five years, it is extended. It may be that a person may operate for five years and he may not be in a position to operate in an efficient or satisfactory manner the road transport service for the next five years. When a man gets hold of a permit, it cannot be argued that he should always have the permit.

SHRI AKBAR ALI KHAN: But if he does fulfil the conditions?

SHRI O. V. ALAGESAN: Certainly he gets it. Certainly it is renewed. The preference for the renewal is already provided for. So continuity is that way taken care of.

Also it was said that alternative routes should be found for those who are displaced as a result of nationalisation. That has been provided for in the Bill. The State Government can issue directions to the State Transport Authorities to grant alternative routes to people who are displaced as a result of nationalisation. In fact apart from the quantum of compensation,—the question of whether it is liberal or not liberal, whether it is sufficient or not sufficient was raised—I should like the State Governments not to have recourse to this provision for payment of compensation. When they notify a route or area, there is going to be sufficient notice and they can think of other routes wherein they can provide for the displaced operators so that there is no question of compensation. It will enable the State Government to open more routes and to serve areas hitherto unserved. So they need not pay any compensation and the question of the compensation being on the liberal side or otherwise will not at all arise.

Then the question relating to acquisition of assets at the time of nationalisation was also raised. That also forms the subject-matter of the dissenting minute that has been appended by two hon. Members. Here we leave this question of acquiring

the assets to the practical good sense of the Government concerned and the private operator concerned. It may be that the private operator does not want to part with vehicles which are in a good condition because he may like to convert them into goods vehicles or he may like to get alternative routes. It is assumed that the private operator, as soon as he is displaced as a result of nationalisation, will be willing to hand over his assets. It may not be. The private operator may like to have it converted and put to other use or may like to go and operate his vehicles on an alternative route. He may not be willing to part with it. So compulsory acquisition may not be such a blessing as hon. Members assume to the private operators. Now, we have not vetoed the thing. We have not said that there should be no acquisition. When vehicles are found to be in a useful condition and in an efficient condition, certainly the State Government will, by means of private negotiations, acquire those vehicles. But as soon as you provide for it in an Act, it becomes rigid.

Certain rules have to be followed and certain conditions have to be met and nothing more can be done but here it becomes an open market where the private parties can freely negotiate with the transport authorities whereby the latter could take over the vehicles at a proper price. That is not ruled out. Such of the private operators whose vehicles are maintained in a proper condition and who want to hand over their vehicles to Government can certainly do so by means of private negotiation.

I think it was Shri Himatsingka who said that the nationalised undertakings were losing. I do not have the figures with respect to the nationalised undertakings in West Bengal, Bihar or Assam. I shall collect those figures and then find out whether they are really losing or are making a profit. I have got the case of the Bombay State Transport Corporation before me and I find that over a number of years they have been making sizable profits but then they are one of the

best run undertakings. With respect to the other corporations, the Railways have put in money in several of them and they have been getting returns, either in the form of interest or dividend whatever may have been agreed to at the time of investment.

SHRI AKBAR ALI KHAN: The same is the case in the old Hyderabad State.

SHRI O. V. ALAGESAN: Yes, it was a very well-run organisation.

Then, Sir, the question of legislation for workers was raised. I had occasion to point this out in the other House also. I can only say that the Labour Ministry is having this question under consideration. Certain proposals have been circulated to the State Governments and they are going to be discussed in the tripartite machinery also. As soon as this consultation is over, that Ministry will be bringing forward a measure which will provide for the service conditions of the transport workers.

I think, Sir, I have covered almost all the points and I hope that my motion will be accepted.

MR. DEPUTY CHAIRMAN: The question is:

“That the Bill further to amend the Motor Vehicles Act, 1939, as passed by the Lok Sabha, be taken into consideration.”

The motion was adopted.

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

Clauses 2 to 51 were added to the Bill.

Clause 52—Amendment of Section 58.

SHRI RAJENDRA PRATAP SINHA: Sir, I beg to move:

1. “That at page 34, line 2, for the words ‘three’ and ‘five’ the words ‘five’ and ‘eight’ respectively, be substituted.”

2. “That at page 34, line 6, for the word ‘five’ the word ‘eight’ be substituted.”

MR. DEPUTY CHAIRMAN: The clause and the amendments are now before the House.

SHRI RAJENDRA PRATAP SINHA: Mr. Deputy Chairman, I have suggested in my amendments that the period of the permits should be raised from three and five years to five and eight years respectively in the case of passenger buses and in the case of a goods truck from five to eight years. Sir, I concede that in case there is no nationalisation of a particular route, there will be continuity to the permit-holder and that he need not be afraid on that score but, Sir, the only reason which impelled me to move these amendments is that since we are not providing for any compensation in the event of non-renewal of permits when a route is nationalised, the least that we could do is to provide, for the period of the permit as such, that the man will at least get whatever investment he has made over the transport vehicle. That is number one. Number two is that we should make the fullest use of the transport vehicle. That is to say, let us make the maximum use of it in running it. If we do that, even if it is not of any further use, it will not be a national waste; otherwise, it is a national waste. If you had provided that it would be mandatory on the transport authorities to provide such a displaced operator with an alternative route, I would not have minded even if the period were short but here the period is short without that advantage and hence I have submitted these two points for your consideration.

SHRI O. V. ALAGESAN: I have already dealt with this point in my reply. I see the hon. Member's point. We have provided for alternative routes being granted only to such operators who are displaced as a result of nationalisation.

SHRI RAJENDRA PRATAP SINHA: Are you providing that?

[Shri O. V. Alagesan.]

SHRI O. V. ALAGESAN: Yes, those who are displaced as a result of nationalisation can be granted an alternative route and the State Governments can issue instructions to the transport authorities. We cannot make it mandatory because the right of an operator to continue for ever is not recognised. He has to stand in the queue along with others. It is not as if he earns a right for life to operate.

SHRI RAJENDRA PRATAP SINHA: Other things being equal, he gets it automatically in every case. It is only in the case of a nationalised transport undertaking coming in that he does not get it and his right is taken away. The State Government may not choose to issue such an instruction to the transport authorities, in which case the man will not get anything.

SHRI O. V. ALAGESAN: I need not travel the ground that I have already covered in my reply. If his vehicle is in good condition and if he is displaced from a route which has been nationalised, then certainly he can go and apply before the transport service authority and his experience in having run a transport and also the fact that he is one of the displaced operators will be taken into account by the regional or the State transport authority concerned.

DR. R. P. DUBE: These are all pious hopes.

SHRI O. V. ALAGESAN: To that extent he will be provided for, but if I were to increase the period from five to eight years or from three to five years, there will be some little compensation paid to him. Barring that, his right to operate a route is not recognised. If the period of the permit is raised from three to five years statutorily, then what happens if the route is nationalised at the end of three years is that he gets some compensation calculated for two years. That does not mean that he gets the right, but here is an opportunity for the man to get an alternative route. This is much better than getting some compensation.

DR. R. P. DUBE: The profitable route has been taken away from him and you give him some route which may be rotten.

THE MINISTER FOR REVENUE AND CIVIL EXPENDITURE (SHRI M. C. SHAH): He will be given a profitable route.

SHRI O. V. ALAGESAN: We cannot be going into the merits of the routes.

SHRI H. P. SAKSENA: Why should it be assumed that his request before the authorities concerned will not be accepted? Why should it be assumed that the request for an alternative route being provided to him will be rejected?

MR. DEPUTY CHAIRMAN: The question is:

1. "That at page 34, line 2 for the words 'three' and 'five' the words 'five' and 'eight', respectively, be substituted."

The motion was negatived.

MR. DEPUTY CHAIRMAN: The question is:

2. "That at page 34, line 6 for the word 'five' the word 'eight' be substituted."

The motion was negatived.

MR. DEPUTY CHAIRMAN: The question is:

"That clause 52 stand part of the Bill."

The motion was adopted.

Clause 52 was added to the Bill.

Clauses 53 to 56 were added to the Bill.

Clause 57—Insertion of new sections 63A, 63B and 63C

SHRI RAJENDRA PRATAP SINHA: Sir I beg to move:

3. "That at page 38, line 10, after the word 'prepare' the words 'and implement' be inserted."

4. "That at page 40, line 29, after the word 'permit' the words 'and its period' be inserted."

5. "That at page 40, after line 34, the following be inserted, namely:—

(hh) regulation of fares and freights on inter-State traffic;

(hhh) system of accounting, and the submission of returns by the operating units on the inter-State routes;

(hhhh) safety measures to be adopted by the operating units."

MR. DEPUTY CHAIRMAN: The clause and the amendments are now before the House.

SHRI RAJENDRA PRATAP SINHA: Sir, by my first amendment I want the inter-State Transport Commission to be armed with the powers to implement its own schemes and I have already explained the reasons why this authority should be charged with the responsibility of seeing that adequate transport facilities come forth from the private sector. What I would suggest is that we should not be content by merely asking the Commission to draw up schemes which cannot be implemented by them. Let them be given the power to see that their schemes are implemented because time is of great essence in this matter. We have to provide for the gap of about 25 or 30 million tons. The hon. Minister who happens to be also the Minister in charge of the Railways knows about this and the Transport Commission should be charged with this responsibility of seeing that within five years this gap of 25 million tons is filled by the transport available in the road sector. This can be done only if we provide that the Transport Commission should be charged with the responsibility of implementing their schemes. I told you, Sir, that a similar Commission functioning in the United States of America had been given such powers and authority that they implemented their own schemes.

3 P.M.

Now I have also suggested in another amendment that the Government be empowered to make regulations with regard to the period of permit. Now, the chief objection, as far as I remember, to increase the period of the permit is from the State Governments and as far as I know, the Central Government is not very much opposed to it. This is what I could gather as a member of the Joint Committee. Let them not increase the period of permit generally; let the period three to five and five years remain as provided. I only want that power may be given to the Central Government to make regulations in respect of period of permit to be issued by the Commission and if the Central Government consider that the period of permit on inter-State routes which are under the control of the inter-State Transport Commission should be more than five years, they should be able to make regulations saying that this would be the period of permit. What I say is this. Herculean effort is needed in order to put on road all the transport to fill the railway gap and to draw from the private sector Rs. 150 crores in a period of four years. It is very important that they should have this power.

Not only that; I have also suggested that the Government should have powers for regulating fares and freights on the inter-State traffic. Such a power is with the State transport authorities and such a power should be with them as well. That is why I have suggested this and I have copied this from the inter-State Transport Commission of U.S.A.

Then they must have powers to make rules and regulations regarding submission of returns by the operating units and the system of accounting to be maintained by them. Lastly, I have suggested that they must have powers to make rules with regard to safety measures that these operating units must adopt to ensure safety on these routes.

[Shri Rajendra Pratap Sinha.]

Then there is another point that I would like the hon. Minister to consider. This Commission should also be given enough powers to arrange for finances for the operating units. Operators must be able to get loans and in this connection I may point out to the hon. Minister that the various Acts—the Industrial Finance Corporation Act, the Reserve Bank Act etc., should also be suitably amended. The powers of the Industrial Finance Corporation, for instance, will have to be revised in order that they may be able to advance money to private operators against transport vehicles. I can give an example. Previously, these Industrial Finance Corporations were not permitted to advance money to the shipping companies but later by suitable amendment they were permitted to do so. It is very important that the Transport Ministry should take up this matter with the Finance Ministry and get the Act governing Industrial Finance Corporation amended just as they did previously on the recommendation of my friend, the Transport Minister himself, as a result of which the Corporations could now advance loans to shipping companies. The Corporations should be empowered to advance loans to the transport companies.

Then it is a very good thing that the co-operatives are to be encouraged. There also the Reserve Bank Act had to be amended in order that the Reserve Bank could advance money to the different co-operative banks for advancing funds against different purposes of co-operation. They had to revise the Act in such a way, that small industries working on co-operative lines could take money from the State co-operative banks. For agricultural operations the Act had to be revised so that the banks could advance money and provide facilities for agricultural purposes. Similarly, the Transport Ministry must see that the Reserve Bank Act is so amended that the State co-operative banks could advance money to the transport co-operatives, just as they were enabled to advance money to cottage in-

dustries run on co-operative lines and for agricultural operations on co-operative lines. These are the powers that must be taken by the Government. They may not be taken in this very Bill but I think the Government should move in this matter so as to strengthen the hands of the Transport Commission.

SHRI H. P. SAKSENA : Sir, I heard my friend, Mr. Sinha, very attentively and I admire the vehemence and enthusiasm with which he advocated the cause of the inter-State Transport Commission which would be formed under the provisions of this amending Bill. It is a very laudable object, but then what I apprehended was that he was going to suggest the formation of a rival Central Government because he was giving it such vast powers that one day the transport business may have to be transferred from the Central Government to the inter-State Transport Commission.

SHRI RAJENDRA PRATAP SINHA : My friend is mistaken. I was advocating that all these powers be given to the Central Government and not to the Commission.

SHRI H. P. SAKSENA : Yes; you were advocating for all these powers to be given to the Central Government and then in the same breath you advocated, if I understood you right, that this inter-State Commission should be empowered to raise finances by raising loans.

SHRI RAJENDRA PRATAP SINHA : He has not followed me at all. He has misunderstood me completely.

SHRI H. P. SAKSENA : I do not think my understanding of the speech of my hon. friend, Mr. Sinha, whom I listen almost daily, was so defective that I misunderstood him entirely and missed the entire point.

Anyway, so far as empowering the Transport Commission with additional powers is concerned, I believe that the Select Committee has thoroughly gone into the matter and has given those

powers that it thought were necessary to be given to the Transport Commission. No additional powers should, in my opinion, be given.

SHRI O. V. ALAGESAN : Sir, the hon. Member who has moved the amendments has assumed that at present there are not enough powers vested in the Transport Commission. I submit that it is not so. He has suggested that the Central Government may authorise the inter-State Transport Commission not only to prepare the schemes but also to implement them. The question of implementation has been taken up in sub-section (2) (c) and (d) of section 63A. Implementation will come in the form of granting permits. The inter-State Transport Commission will issue directions to the State Transport authorities or regional Transport authorities interested regarding the grant, revocation and suspension of permits and of counter-signatures of permits for the operation of transport vehicles in respect of any route or area common to two or more States. Then the Commission can not only issue directions to the State Transport authorities but they themselves can grant, revoke or suspend any permit and so on.

So, that is the way in which it is sought to be implemented. If my hon. friend thinks that implementation means that there should be another corporation formed for the operation of these vehicles, that is a different matter. I think he has been pleading for private operators who will be willing to come and take over these inter-State routes. What is being provided for for the first time is that an opportunity is opened, a new opportunity is created, for the operation of vehicles on the inter-State routes. Now it is subject to all sorts of restrictions, subject to mutual agreements by the State Governments which do not very easily materialise in spite of our persuasion. So, here a machinery is created. Up till now there was no instrument in the hands of the Central Government to execute the policies it wanted to with regard to inter-State routes. Now, this inter-State

Commission has been provided for and that will be the instrument through which the Central Government will execute its policies. So, the implementation is already included in the powers that will be granted to the Commission. I do not think Shri Sinha suggests that when private operators do not come forward Government should come in. Certainly then the State Governments concerned may consider the question of having a nationalised undertaking for operation on these inter-State routes. That is a different matter. So, the question of implementation is already there and provided for.

Then, Sir, another amendment seeks to provide for three matters: (i) regulation of fares and freights on inter-State traffic; (ii) system of accounting, etc., and (iii) safety measures. These are all common to vehicles which will operate both within a State and on the inter-State routes. Safety measures have to be provided for not only vehicles that will operate on inter-State routes but on other routes as well—routes lying within a State. So, these are all common things which the Act as a whole takes care of and we need not provide separately for them.

The other two suggestions that the hon. Member made are very useful. We have already taken up the matter, that the road transport industry should be enabled to be assisted in the same way as other industries are assisted by the Industrial Finance Corporation. That matter is already under consideration. Of course, he brought in the question of granting loans to shipping companies also. I think the hon. Member will realise the difference between the two. The shipping companies are huge things. They cannot raise capital in the market to the tune of crores and so the Government has to come in. But here the small owner is supposed to put his savings, to use his savings in the purchase and operation of these vehicles and the loan assistance should be only very nominal, or it can be thought of in the case of bigger units which are more viable. That does not mean that I do

[Shri O. V. Alagesan.]

not want the small operators to be helped. But the small operator, by his very nature, is expected to put his savings in the purchase of these vehicles and operate the routes. And so the question of aiding him directly does not arise. If there are viable units which will require such assistance, certainly it can be considered. It is already under our consideration. We would like them also to be entitled to assistance by the Industrial Finance Corporation.

SHRI RAJENDRA PRATAP SINHA: Co-operatives?

SHRI O. V. ALAGESAN: As far as the co-operatives go, we would like to encourage them as much as possible. If they require any assistance, certainly that will be examined and we can also take appropriate measures.

SHRI H. P. SAKSENA: It is already provided there in the Bill that when application for a permit is made, preference will always be given to co-operatives.

SHRI O. V. ALAGESAN: He was referring to loans.

MR. DEPUTY CHAIRMAN: So, you are not accepting any of the amendments?

SHRI O. V. ALAGESAN: I am sorry, no, Sir.

SHRI RAJENDRA PRATAP SINHA: I beg leave to withdraw amendments Nos. 3 and 5.

*Amendments Nos. 3 and 5 were, by leave, withdrawn.

MR. DEPUTY CHAIRMAN: The question is:

4. "That at page 40, line 29, after the word 'permit' the words 'and its period' be inserted."

The motion was negatived.

*For texts of amendments, vide Cols. 2270-2271 *supra*.

MR. DEPUTY CHAIRMAN: The question is:

"That clause 57 stand part of the Bill".

The motion was adopted.

Clause 57 was added to the Bill.

Clauses 58 to 61 were added to the Bill.

Clause 62—Insertion of new Chapter IVA

SHRI PERATH NARAYANAN NAIR: Sir, I move:

6. "That at page 46, line 5, for the words 'Two hundred' the words 'One hundred' be substituted.

7. "That at page 46, line 8, for the words 'One hundred' the word 'Fifty' be substituted."

MR. DEPUTY CHAIRMAN: The clause and the amendments are before the House.

SHRI PERATH NARAYANAN NAIR: Sir, these two amendments simply seek to restore the original quantum of compensation which was provided for in the original Bill. Now, I was a bit surprised to hear the hon. Minister when he said that the Government had not yet made up their mind as to the effect of this compensation provided being liberal or otherwise. It looks as though the Government are not prepared to take a definite stand on this question. I had occasion earlier to point out that the quantum of compensation has been fixed not on any scientific basis. The hon. Minister was pleased to say that there were several factors to be taken into consideration. But have they been taken into consideration and has this quantum been worked out on any understandable basis? It was one hundred rupees per vehicle in the original Bill. Of course, through the collective wisdom of the Joint Committee it has been doubled. But I for one cannot understand why it has become necessary to enhance it to that extent. The hon. Minister was arguing that, after all this contingency of having to pay compensation might

not arise. If that is so, if there will not be anybody who would be losing, all the more reason why the original provision must be restored here. The fact is that the Joint Committee found it necessary to enhance this. It is because they could visualise certain contingencies wherein such compensation would have to be paid, and that is my view. Occasions would arise when during the period of the permit, modifications will have to be made, cancellations will have to be made and there will be a variety of reasons, which I need not go into. This quantum is unjustified, is far too liberal and so I want to press my amendments.

SHRI O. V. ALAGESAN : This question of quantum of compensation was gone into in very great detail by the Joint Committee and it was felt, I should think, by almost all the Members—perhaps there may be a few exceptions—that the quantum of compensation provided for was rather on the low side and it should be at least doubled, to be fair and reasonable. As for the other methods of providing for compensation, you can calculate the earnings of the individual operator and two years' earnings or two years' profits can be given as compensation. In all these cases it presupposes certain enquiries, certain accounts being kept properly and audited and so on and so forth. It would have introduced all sorts of complications. It might not have enabled the displaced operator to receive his compensation quickly and in time. Disputes may go on. We may have a tribunal by which these compensations can be calculated, by certain complicated process. An award may be given. But it would not have helped the small operator to get his compensation immediately. It was with a view to having, I must say, an almost 'dispute-proof' system of compensation, that this was provided. It was true that the U. P. Government approached us for advice as to the quantum of compensation that should be provided. We tendered advice to them which was in conformity with the original provision of compensation that was provided in the Bill as

it was introduced. Then we had to take the other factor also into consideration, viz., the higher cost of the vehicles, the higher cost of operation, etc. So, taking into consideration all these factors, I am not able to agree with my friend that the compensation that has been provided is far too much or is very liberal. So, I am sorry I am unable to accept these amendments to lower the amount of compensation.

MR. DEPUTY CHAIRMAN : The question is:

6. "That at page 46, line 5, for the words 'Two hundred' the words 'One hundred' be substituted."

The motion was negatived.

MR. DEPUTY CHAIRMAN : The question is:

7. "That at page 46, line 8, for the words 'One hundred' the word 'Fifty' be substituted."

The motion was negatived.

MR. DEPUTY CHAIRMAN : The question is:

"That clause 62 stand part of the Bill."

The motion was adopted.

Clause 62 was added to the Bill

Clauses 63 to 102 were added to the Bill.

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

SHRI O. V. ALAGESAN : Sir, I beg to move:

"That the Bill be passed."

MR. DEPUTY CHAIRMAN : Motion moved:

"That the Bill be passed."

SHRI RAJENDRA PRATAP SINHA : Mr. Deputy Chairman, I am happy that this Bill will become an Act very soon and the two Houses will have given their consent to it, and I am sure that the road transport will draw the maximum advantage

[Shri Rajendra Pratap Sinha.] that we have now provided in this revised legislation. But, Sir, I would like to make one or two observations at this stage. Firstly, the Government should make every effort to bring down the prices of the motor vehicles. Unless this is done it will not be possible to encourage road transport in this country. Sir, cheap transport is very important for developing our economy, and the motor vehicle should not be merely looked upon by my friend, the hon. Minister—I am glad he is here—as a source of adding money to his exchequer.

SHRI M. C. SHAH: Why not ?

SHRI RAJENDRA PRATAP SINHA: You can make money otherwise. Let our economy develop, let the national income go up, and then you can tax the people. Don't try to curb all those factors which alone go to develop our national income, and transport is one of the very important factors which will go to improve our national income. Therefore, I hope our Transport Ministry will keep this in view because the motor vehicle is one of the commodities which is taxed the highest in the country. Therefore, the Transport Minister should take it up with his colleagues to find out whether the cost of these vehicles could be reduced.

The other point that I would like to suggest is this that the transport industry should be brought under the administrative control of the Transport Ministry—I mean the manufacturing side of the trucks and their price. I may give you the example of the sugar industry and the *vanaspatti* industry; they are under the administrative control of the Food and Agriculture Ministry, not of the Commerce Ministry. Similarly, it is the responsibility of the Transport Ministry to develop the transport industry in this country. They will decide at what cost, how many vehicles, what variety and what types must be manufactured in order to meet the needs of the time. Therefore, I would like the Minister to consider this point very seriously whether it

is not desirable to bring this transport industry under the administrative control of the Transport Ministry itself.

Sir, the other point I would like the Transport Minister to consider is this. My hon. friend has mentioned that India is the only country where we have not got enough of private carriers and where we have got more public carriers. In other countries the private carriers are much more than the public carriers. It is quite correct. Now, we must provide the incentive so that the private carriers may develop, and I think that the private carriers will develop greatly if the inter-State Transport Commission, which you are going to have, is also empowered to grant private carrier permits in case the private carrier is operating on inter-State routes. Take the case of Bengal and Bihar.

The factories are on one side, the coal-mines are on the other side of the border; the consuming centres are in one State and the production in another; the raw materials are in one, the finished goods processing industry is on the other side—all these compelling factors are there, but still there is a good deal of hindrance on the part of the State authorities to give private carrier permits. Therefore, the Central Government will do well to empower the inter-State Transport Commission to issue private carrier permits on inter-State routes.

The other point that I would like to mention is this. My hon. friend was good enough to quote some figures regarding the cost of operation. He quoted, as far as I remember, the cost of operation for the year 1954, the rail cost of operation; and then he also quoted figures of the Study Group for the cost of operation of road transport. The figures that I have got are the latest. They are the railway figures from an article appearing on the 16th April 1956—which I presume must be the latest—by no less a person than a Member of the Railway Board. Then, Sir, with regard to road transport things have improved much more than what they were when the Study Group examined this ques-

tion. There is one aspect that has to be taken into account. This Bill has increased the laden weight of the vehicles. It will be very much more than what it was previously. There is a new element which is coming in road transport. The articulate vehicles, trailer-truck combinations, these two things were not taken into account by the Study Group.

Then, Sir, it was given to understand in the Joint Committee—now it is a published document—by the witnesses that the road transport would carry even such a low rated commodity as coal and that too with profit. They said that if a proper proportion of both the so-called high rated and low rated commodities were offered to the road transport, they would be in a position to carry them, provided they were allowed all these articulated vehicles or the trailer-truck combinations. Although the Study Group figure was 36 pies, now it is calculated that the road transport could offer to carry the goods by truck-trailer combination at 22 to 33 pies per ton mile, and in the case of the trucks with the increased laden weight that we are going to have, they can ply at the rate of 29 to 42 pies per ton mile. Mr. Mathur, a Member of the Railway Board, has given the figures in the Indian Railways Journal that the rail transport including of course incidentals, ranges from 20½ to 38 pies in the case of certain raw materials and 21½ to 40 pies for certain commodities. So, it is a very heartening thing which the Transport Minister should welcome that we can provide cheaper road transport because of these technological developments.

The last point that I would like to emphasise is this that the Transport Ministry should formulate a national transport policy. Now, I find that there is a great unanimity of opinion among all those bodies and Commissions who have examined this question. They have all suggested that the Government of India should formulate a national transport policy as has been done in other countries like the United Kingdom and the United States of

America. You know, Sir, that the Government formulated their industrial policy which they enunciated in their Resolutions. Transport and industry go hand in hand and as a corollary to the Industrial Policy Resolution, they should have a Transport Policy Resolution enunciating their transport policy. Probably, transport is now under discussion everywhere, in every department of the Government. It will go a long way if the Government, after examining the various reports which have dwelt on this subject, will formulate their policy enunciating it in a Resolution. Then it will be very helpful to all those who deal in transport or all the authorities or Ministries concerned. They have got to take a decision on this matter.

I may point out to you that the Motor Vehicles Taxation Enquiry Committee, the Study Group of the Ministry of Transport and the Taxation Enquiry Commission have all unanimously recommended for this purpose that an inland transport policy should be enunciated by the Government.

In the end, I would like to quote to you what the Study Group, which, of course, was formed by the Transport Ministry itself and which was presided over by the Transport Secretary himself says. On this body, there was a representative of the Railway Board also. Now, this Study Group has very correctly stated on page 6 of their Report—

“We feel that unless the policy of co-ordinated development is embodied in a Statute, the comparatively weaker elements in the transport system such as road and inland water transport, will not have proper scope for development ... Any legislation undertaken in pursuance of that recommendation can be used for incorporating a statement of policy on the lines of the one in the U. S. Act.”

Sir, I do not say that they should be placing it on the Statute Book itself. I think the correct course would be, as I have suggested earlier, that

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a Transport Policy Resolution may be formulated enunciating the Transport Policy of the Government and issued for the information of all concerned.

SHRI O. V. ALAGESAN :

Sir, I shall take the last subject which the hon. Member has mentioned first. He read from the Report of the Study Group—"Transport Planning". As far back as 1951, the Transport Advisory Council which considered the recommendations of the Motor Vehicles Taxation Enquiry Committee adopted the following principles and they continue to operate still:—

"(a) Fair and impartial regulation of all modes of inland transport so administered as to recognise and preserve the inherent advantages of each.

(b) Promotion of safe, adequate, economic and efficient services and the fostering of sound economic conditions in transport among the several careers.

(c) Encouragement of the establishment and maintenance at reasonable charges for transport services without unjust discrimination, undue preferences or advantages or unfair or destructive competitive practices.

(d) Development, co-ordination and preservation of a nation-wide transport system by water, road and rail as well as other means adequate to meet the needs of India."

Sir, this has been enunciated by the Transport Advisory Council. It is an advisory body on which sit also the Ministers who are in charge of transport and transport policy of the various State Governments; and that Council has adopted this policy governing all forms of transport and this continues to guide the actions of Government—both State and the Central. Of course, as the hon. Member himself pointed out, there is no very big advantage in embodying these in the form of a Statute. Certainly, it can be done and if it requires reiteration, certainly it will be put in the form of

a Resolution and perhaps highlighted. More than this, I do not think there is any need for a national policy enunciated on the subject. The policy is already there. What we are doing is to implement that policy and translate it into action. And I venture to claim that the Bill on which this House is just now going to put its seal of approval goes a long way in implementing and carrying out the intentions behind this national policy on transport.

The hon. Member also referred to the price of vehicles. It is a very big question. This has been, I think, recently gone into by the Tariff Commission. They have made certain recommendations and they are under the consideration of the Government. Certainly, in this connection, the number of units that should be permitted to manufacture road transport vehicles in this country has to be taken into account. The price that should be permitted, the policy of protection that should be pursued, all these matters have to be considered in this connection. Surely, any reduction in the initial capital costs of these vehicles will go to reduce the cost of road transport operation and that will go a very long way in reducing the burden on road transport. I think these matters relating to the price of the vehicles and the policy of protection are at present under the consideration of the Government and I hope that a decision will be taken which will enable the proper number of units to come into existence for the production of motor vehicles, lorries, etc, and which will also introduce an element of competition. It is not only the question of a sheltered internal market that the industries can enjoy. Certainly, they should enjoy a protected market. But there should also be an element of competition even among the units that will be permitted to operate in this field. So, I can only say that this question is just now under the consideration of the Government and appropriate decisions will be taken on this matter.

He also mentioned that the control of the transport industry as a whole

should be taken over by the Transport Ministry. Certainly, the industry, as a whole, is being taken care of by the concerned Ministry namely, the Commerce and Industry Ministry now. It is true that the Food and Agriculture Ministry are in a special way responsible for the sugar industry. But inter-Departmental consultations are held in regard to the motor transport industry and the manufacturing industry and the Transport Ministry certainly plays its part. I do not myself think that anything more than that is needed at present.

Sir, I have nothing more to add.

MR. DEPUTY CHAIRMAN :
The question is:

“That the Bill be passed.”

The motion was adopted.

THE CENTRAL SALES TAX BILL, 1956

THE MINISTER FOR REVENUE
AND CIVIL EXPENDITURE (SHRI
M. C. SHAH): Sir, I beg to move :

“That the Bill to formulate principles for determining when a sale or purchase of goods takes place in the course of inter-State trade or commerce or outside a State or in the course of import into or export from India, to provide for the levy, collection and distribution of taxes on sales of goods in the course of inter-State trade or commerce and to declare certain goods to be of special importance in inter-State trade or commerce and specify the restrictions and conditions to which State laws imposing taxes on the sale or purchase of such goods of special importance shall be subject, as passed by the Lok Sabha, be taken into consideration.”

Sir, this House has had the opportunity of discussing this subject when the Constitution (Sixth Amendment) Bill was discussed here some time ago. Hon. Members of this House are well aware that the Taxation Enquiry

Commission had gone into this question very carefully and in great detail. Hon. Members are also aware that that Commission after a good deal of care in examining the subject, recommended that sales tax must be a State subject. At the same time they added that the power and responsibility of the States to impose sales tax must end and the power and responsibility of the Centre must begin when sales tax in a State impinges administratively on the dealers and financially on the consumers in another State. That means that there should be control of the Union so far as inter-State trade and commerce are concerned. This House is also aware that certain States were imposing sales tax on inter-State transactions before the judgment of the Supreme Court in March 1953. The Supreme Court in March 1953 decided that the States, where the goods were delivered for consumption, were entitled to tax the non-resident dealer who sold the goods to a dealer in that State, according to the interpretation they placed on Explanation (2) to article 286 (1) (a). After that judgment, almost all the States except West Bengal began to levy sales tax on the goods delivered in their States for consumption by non-resident dealers. There was a good deal of furore among the business circles, because all the traders had to study the sales tax laws of the various States where they used to send their goods; they had to fill in certain returns to be sent to the various State authorities, had to appear before the various State authorities while cases of the levy of sales tax were being considered. The Central Government, therefore, had a provisional scheme whereby all these difficulties were minimised. We asked the State Governments to send one of their officers, the Sales Tax Officers, to go to the States where they had to levy and collect sales tax from those non-resident dealers. At the same time the matter was under the consideration of the Taxation Enquiry Commission, and the Government were awaiting their recommendations on this subject. Their recommendations were soon in the hands of the

[Shri M. C. Shah.]

Government, and the Commission had recommended that sales tax, so far as intra-State sales were concerned, should be a State subject but that, so far as inter-State transactions were concerned, they should be taken over for Central legislation. They also suggested that it was necessary to amend the Constitution in order to get authority for the Centre to legislate on this subject. By that time, on the 6th September 1955 another judgment of the Supreme Court was delivered and that judgment revoked the previous judgment of the Supreme Court. The Supreme Court then decided that as long as Parliament had not provided by law for the levy of sales tax on inter-State trade transactions, no State could levy any tax on these inter-State trade and commerce transactions. Therefore it became very urgent to have this Central legislation. A Constitution (Amendment) Bill was brought before both Houses of Parliament, that Bill was passed into an Act and the President gave his assent sometime in September 1956. By that amendment of the Constitution, one item was added, namely 92A, to the Union List authorising the Centre to legislate for the levy of sales tax on inter-State trade and commerce transactions. Also we had amended item No. 54 of the State List, and there it was made subject to 92A of the Union List. We also amended article 269 where it has been provided that sales tax on inter-State transactions could be levied, collected and distributed among the States. We also amended article 286 of the Constitution. There we omitted the Explanation to 286 (1) (a), which was interpreted in a particular way by the Supreme Court and which rather made the position very difficult. In order to make the position clear, clauses (2) and (3) of article 286 were also amended. Thus it was laid down that principles might be formulated by Parliament for determining when a sale or purchase takes place inside a State or outside a State or in the course of export from or import into India as well as in the course of inter-State trade and commerce. After this

amendment of the Constitution, we have brought forward this legislation to legislate for the levy of sales tax on inter-State trade and commerce transactions.

Sir, the Bill is a very small one. There are only 16 clauses. Chapters I and III deal with the levy of sales tax. Chapter II just formulates certain principles. We had referred the matter to the Law Commission and that Commission had recommended certain basis for the formulation of these principles. We have adopted their definitions in this chapter of the Bill. Chapter III is with regard to the levy and distribution of the tax, and Chapter IV deals with the articles to be declared to be of special importance. While the Taxation Enquiry Commission recommended that sales tax on intra-State transactions must be a State subject, while inter-State transactions must be taxed by the Centre, at the same time they stated that there were certain raw materials which went into the manufacture of certain goods and that there should be certain restrictions imposed on the power of the State Governments with regard to the levy of sales tax on those raw materials. They advanced many arguments, and one of them is that if the taxes are not uniform or if the taxes are very high on those raw materials, the cost of the manufactured goods will go high and it will adversely affect the interests of the consumers. They mentioned six kinds of raw materials which should be controlled by Central legislation. We have brought in these six articles in Chapter IV. These are articles which are to be controlled so far as the levy of sales tax is concerned on intra-State transactions. They are provided for in Chapter IV.

Sir, clause 16 repeals the Essential Goods (Declaration and Regulation of Tax on Sale or Purchase) Act, 1952. Under clause (3) of article 286 of the Constitution, which was replaced recently, Parliament had declared certain items as essential for the life of the community. There, certain restrictions were placed on the State Governments before they could levy

tax on them. It was a very big list but the moment we amended the Constitution and we replaced clause (3) of article 286, that Act had become void and it had then no powers and, therefore, clause 16 repeals that Act of 1952.

Now, while we brought the Constitution (Amendment) Bill here, as well as in the other House, there were strong feelings expressed by the Members of this House and by the Members of the Lok Sabha that, while we declared only six articles, which are raw materials, which go for the purpose of manufacturing goods, we should also include certain articles which are very essential for the life of the Community, and for that purpose foodgrains, fertilisers, edible oils and other articles were mentioned. The Government assured the Members that they would take up the question with the States. We had taken up the question with the States' representatives and the States' representatives were against the expansion of the list of items that was recommended by the Taxation Enquiry Commission. They argued that after all the State Legislatures consisted of elected Members and they were responsible to the people of their States and we should not interfere with the powers of the State Legislatures. They said that they were responsible to the electors in the States and they would think twice before any tax was levied or an increase in the tax was made with regard to those essential articles. At the same time as the House is well aware, the Planning Commission in the Second Five Year Plan, has made it clear that the State Governments must augment their resources to the extent of Rs. 112 crores by additional sales taxes. Therefore, we had to consider this expression of the views of the State Governments and we did not propose to include any further item in the list that has been already proposed by the Taxation Enquiry Commission. But I may inform the hon. Members of the House, and perhaps the hon. Members of the House are well aware, that recently the National Development Council held its sittings on the 8th and 9th of

this month here. This question of foodgrains, fertilisers and edible oils was taken up there. There no definite decision was taken and a decision was deferred to the second meeting of the Council, but at the same time it was there decided that before any State levied any new sales tax on foodgrains or they altered the present structure of the sales tax on foodgrains, they would have to consult the Central Government. So these things also will be considered by the Central Government later on after getting some decisions in the next National Development Council which will meet some time afterwards. I think the House will agree with me that there is absolute necessity of having this inter-State sales tax legislation because there was a lacuna created by the latest judgment of the Supreme Court, namely that of the 6th September 1955, whereby no State can levy inter-State sales tax on all these transactions and they are losing very heavily in the finances and this lacuna, if allowed to continue, will result in a loss of good revenues to the States; and we cannot afford to allow the States to lose this important source of revenue. Otherwise, further evasions by way of dealers selling to the consumers and all sorts of things will take place. Therefore, it is absolutely necessary that there should be Central legislation empowering the Central Government to levy these taxes on transactions of inter-State trade and commerce. The House is well aware that all the proceeds of this sales tax will be kept by those State Governments who collect them. Now, the exporting States will levy the sales tax on these transactions of inter-State trade or commerce. There we have limited that to 1 per cent. and so far as the essential commodities are concerned—those raw materials we have provided that the maximum shall be 2 per cent. on the inter-State sale or purchase.

Therefore, I am sure that the House will favourably consider this motion and take into consideration the Bill that has been passed by the Lok Sabha and which I have already

[Shri M. C. Shah.]

moved. I do not think that I should take much time of the House because this matter has been discussed so often here in this House when we had the Sales Tax Validation Act, the Constitution (Amendment) Bill, or when we had discussions on the Budget or when we had the discussion on the recommendations of the Taxation Enquiry Commission. So, it will not be proper for me to take more time of the House by dilating on all these points. Sir, I move.

MR. DEPUTY CHAIRMAN: Motion moved :

“That the Bill to formulate principles for determining when a sale or purchase of goods takes place in the course of inter-State trade or commerce or outside a State or in the course of import into or export from India, to provide for the levy, collection and distribution of taxes on sales of goods in the course of inter-State trade or commerce and to declare certain goods to be of special importance in inter-State trade or commerce and specify the restrictions and conditions to which State laws imposing taxes on the sale or purchase of such goods of special importance shall be subject, as passed by the Lok Sabha, be taken into consideration.”

SHRI JASWANT SINGH (Rajasthan): Sir, we have just heard the hon. Minister for Revenue and Civil Expenditure tell us the circumstances in which this Bill has come before this House. He has also told us that it is one of the very important items of revenue so far as the States are concerned. Till the other day, we had Part B States in our country and those States used to levy internal customs duties, but after 1st April 1955, under the Constitution, those Part B States which used to levy customs duties were barred and instead the alternative revenue for the loss they sustained by giving up customs duties under

4 P.M.

the Constitution was the sales tax. I can say from my personal experience that as far as Rajasthan was concerned, when we gave up the

customs duties we were very much afraid about ways and means of filling up the gap, but it was a matter of satisfaction that during the course of a year or two, by levying this sales tax, we were, to a very great extent, able to make up that loss which we had sustained by giving up the customs duties. Till the Constitution (Sixth Amendment) Act was passed, the Central Government had no powers in regard to the passing of laws for the levy of taxes on inter-State transactions, but after that Act was passed, powers were assumed; and now it is good that the Government have come forward with the formulation of certain principles which would guide the imposition of taxes on inter-State trade. Under the last amendment of the Constitution, Government have taken power to define as to what will be an inter-State transaction and also to prescribe the rates of sales tax to be levied on such transactions. The Bill provides that in the case of certain important items, the State Governments can impose a sales tax of 2 per cent., and not more while on transactions between registered dealers there would be a uniform levy of 1 per cent. This is what the hon. Minister said and that is what has been provided for in the Bill before

One anomaly that we are seeing is that the tax varies from State to State: not only this but the method of levy also differs from State to State and the result is that there is a lot of evasion. Till the other day, before the 1st of November, 1956, Ajmer had a sales tax whereas we in Rajasthan did not have this for a long time. Motor dealers and other businessmen who had to deal with costly things used to buy them secretly at Ajmer and bring them into Rajasthan thus avoiding the sales tax. There was a regular business of evasion and this also hindered normal development of trade and commerce. If this evasion of taxation is to be avoided, if hindrance to normal development of trade and commerce is to be removed, then Government should use its good offices to see that the taxation is uniform in all the States and also there is uniformity in the method of levy. In some States

there is a single point levy while in others, when the commodity changes hands, taxes are levied at each and every change. These should be made uniform.

Sir, the repeal of the Essential Goods (Declaration and Regulation of Tax on Sale or Purchase) Act, 1952, would mean that articles which are not liable to taxation will be taxed now. The hon. Member mentioned about the repeal of this Act and further mentioned a number of articles which were essential, but under clause 14 of the Bill before us, there are only six items which have been declared as articles of special importance for purposes of inter-State trade or commerce. The State Governments are expected to raise their revenues to meet their expanding expenditure. The hon. Minister has just now said that they are the representatives of the people and that they themselves would see that they do not levy heavy taxes as otherwise they will become unpopular in their own constituencies and with the people who elected them. Sir, I would like the hon. Minister to look into the proceedings of the Rajasthan Assembly for the last two years. In a hurry to raise more money, they had passed certain Bills imposing tax on the sale of certain articles. An agitation took place and they had to change the laws. They added certain more items and then again an agitation took place resulting in those items having to be dropped again. If we look into the proceedings of the Rajasthan Assembly for the last two years, we would find that the original Act had been changed so much in the course of this period that it would be very difficult to recognise the original one. So long as there is a one party Government in this country, this sort of argument would not carry much weight—I mean the idea of the popularity or otherwise of the representatives of the people. When there are two parties, equally balanced, then this argument would count, but in the present circumstances, this argument will not count. I would like in this connection to know from the hon. Minister as to whether Government

have got power to add any items to the list included in clause 14 if they consider that certain States are levying a heavy sales tax on them without, of course, amending this Bill. If they have not got such powers, then this will naturally go against the interests of the people.

SHRI M. C. SHAH : After the amendment of the Constitution Parliament has got powers to notify certain items. Government cannot do it. If Parliament comes to the conclusion that certain items are to be added to that list, then that legislation will have to be brought in because Government has no power whatsoever.

SHRI JASWANT SINGH: This is precisely the difficulty that I am explaining and it will occur again.

I would invite the attention of the hon. Minister to clause 15. According to this clause, as far as I can see, tax can be levied more than once on the same commodity, Sir, it has been laid down that in certain cases tax up to 2 per cent. can be levied.

SHRI M. C. SHAH: That is for intra-State.

SHRI JASWANT SINGH: Yes. When the same commodity goes to some other State, one per cent, more can be charged and the importing State can also charge 2 per cent. Therefore, the total levy on an imported article would come to as much as 5 per cent.

SHRI M. C. SHAH: These are raw materials and whenever any manufacturer wants to have raw material he will not go through this channel. He will buy directly from the person who sells those raw materials. So, there will not be any question of paying two per cent more. There may be some cases but they are very rare.

SHRI JASWANT SINGH: I am going by exactly what is stated in clause 15. There is the possibility of levy up to 5 per cent as far as clause 15 is concerned and sales tax could be levied on the same commodity

[Shri Jaswant Singh.]
three times. Whether it is raw material or whether it is manufactured goods, the possibility of the same commodity being taxed thrice and the maximum burden going up to 5 per cent is definitely there and that I consider is not proper.

Then I would invite the attention of the hon. Minister to clause 3 (b). It says that a sale or purchase of goods shall be deemed to take place in the course of inter-State trade or commerce if the sale or purchase is effected by a transfer of documents of title to the goods during their movement from one State to another. In spite of all the attempts that I made, I could not understand the meaning and implication of this clause.

SHRI M. C. SHAH: If you read the report of the Law Commission that we have circulated then you will understand its meaning.

SHRI JASWANT SINGH: If we have to read so many things to understand the clause, it is not correct. It should be self-explanatory.

SHRI M. C. SHAH: We had referred this matter of formulating principles to determine what shall be a sale, what shall be a purchase, what shall be a sale in a State, what shall be a sale outside a State, when it will be a sale in the course of import into or export out and so on. Because these principles had to be formulated, the matter was referred to the Law Commission which has formulated all these principles and we have adopted them. And in order that the Members may have a complete understanding of the whole matter, we have already circulated this Report of the Law Commission also. It is only five, six or seven pages - ten pages at the most.

SHRI JASWANT SINGH: But while reading this clause, this difficulty arises. I only want to know one thing. Would this clause not mean also that even some States where the sale does not take place would also derive the benefit of the sales tax?

I should like to cite the case of the estate duty. In the place from where I come in Bikaner for example—there are umpteen millionaires. There are a large number of them. In every corner you will find a millionaire and they are popularly known as *Murwaris*. Now, what is happening in their case? Rajasthan does not derive any benefit from the estate duty when any of these millionaires die because mostly they live in Calcutta. In Rajasthan and particularly in Bikaner and...

SHRI M. C. SHAH: They should be brought to Bikaner to die.

SHRI JASWANT SINGH: So crores and crores of rupees by way of estate duty goes to Bengal. Bengal derives the whole benefit though these people belong to Rajasthan. When I read this clause, at once I had the apprehension that this will have the same effect in the different States, just as in the case of the estate duty Bengal particularly derives the benefit at the cost of Rajasthan. My fear is that probably the same thing might happen in the matter of this sales tax also.

THE MINISTER FOR REVENUE AND DEFENCE EXPENDITURE (SHRI A. C. GUHA): They earn their money in Bengal; their property is in Bengal and...

SHRI M. C. SHAH: And the Minister also is from Bengal.

SHRI JASWANT SINGH: I would submit that the hon. Minister is welcome to come and see those places in Rajasthan and he will see what properties they own there. They own large amount of property here also. But then all the benefit from estate duty goes to other places though it is Rajasthan that is entitled to get the benefit.

Lastly, I come to the question of foodgrains. The hon. Minister referred to the various meetings that seemed to have taken place between the various Finance Ministers and between the various Chief Ministers of States.

They were very adamant that these items in clause 14 should not be expanded. I would submit that the argument which has been given by the hon. Minister is not very convincing. I have submitted already that in certain cases levy could be made on the same commodity even three times and it could go up to five per cent. The States will be anxious to get more and more money and as long as there is no agitation by the people they would try to levy this sales tax on foodgrains also. Those States which are surplus in the matter of foodgrains and which have got foodgrains to export, they are bound to levy this tax. If we see clause 14 and the list of commodities which have been declared to be of special importance in inter-State trade or commerce, we see even things like oil seeds and hides and skins have been included. I cannot understand why 'foodgrains' is not here, as also fodder which plays a very important part in certain areas. For instance, Rajasthan is a scarcity area because there the vagaries of the monsoon are unpredictable and if we have one good year we have two or three successive bad years when we have to import not only foodgrains but also fodder for our cattle, because cattle is our wealth. We have to import it from Punjab, U.P. and other places and we have to pay heavily for it because of taxes, so much so the fodder when it reaches us becomes very costly. So, if surplus States are allowed to levy sales tax on foodgrains, it will affect the poor people more than the rich people. When oil seeds and hides and skins have been declared to be of special importance, I cannot at all understand why foodgrains should have been left out. Particularly, I would draw the attention of the hon. Minister that in the Defence of India Rules, which were framed during war time, foodgrains had a very important place and similarly the Essential Goods (Declaration and Regulation of Tax on Sale or Purchase) Act, 1952, gave a first place of importance to cereals and pulses. It cannot for a moment be understood why the Government has thought it fit not to include foodgrains

in this list of essential articles. This is a matter which would affect the poor especially, more than others.

Sir, we have been told that the State Governments resent interference by the Central Government. I would say that ours is a Federal State, not of the type where the constituent units have got much more powers. The Central Government has often to go to their rescue whenever they are in trouble, whenever they are in financial trouble or they have financial stringency. The States will have to look up to the Centre to come to their aid whenever they are in trouble. Sir, many instances can be quoted where, even in regard to ordinary matters, like law and order, the State Governments have failed and where the Central Government had to intervene and successfully intervene. This is a matter which affect a very large number of people, especially the poor people. A commodity like foodgrains has always, at least for the last 15 years, been considered an essential commodity and it had an important place both in the Defence of India Rules and in the Essential Goods Act, 1952. But that has been left out from here.

I feel that this Bill which we are going to pass will have some defects and if the hon. Minister is pleased to remove these defects, it will go a long way to the relief of the poor people. Only then this Bill can be called a satisfactory Bill.

SHRI P. D. HIMATSINGKA (West Bengal) : Mr. Deputy Chairman, I welcome the Bill in the sense that it is likely to remove a certain amount of difficulties that are created by different States in respect of sales which take place in the course of inter-State trade or commerce. I find that in clause 3 the principles have been laid down which make it clear as to which sales will be regarded as having taken place in the course of inter-State trade or commerce. The law provides that if it is a transaction between one registered dealer and another registered dealer, the tax will be one per cent. And it also appears that if it is a sale between non-regis-

[Shri P. D. Himatsingka.]
tered dealers even when the transaction is of an inter-State nature, the tax will be at the full rate applicable in the State from where the goods come, that is to say the State which sells the goods. So far as that is concerned it is good. But here I find that a dealer has to be registered in two categories: one, under the sales tax law of the State in which he carries on business; and another, under the Central sales tax law. Thus he will be liable to two different kinds of taxes, though the same will be realised by the same authorities operating in the State in which the dealer carries on business. That will obviate, to my mind, the complications that are being raised in some of the States, especially in Orissa. They are trying to tax transactions which are really of an inter-State nature. And in that connection, I would invite the co-operation of the hon. the Finance Minister to make it clear to the States that the moment goods go out from one State to another for being used in the other state, they should forget it. They should take it that they are not entitled to tax that transaction so far as the State sales tax is concerned. But that is not being done and cases are being re-opened now in the year 1956.

SHRI M. C. SHAH: Cases of ?

SHRI P. D. HIMATSINGKA:
Cases of sales where goods have gone out from one State for consumption in another State. The State from where the goods have gone and moved into another State, that State is trying to re-open cases and trying to levy sales tax.

SHRI M. C. SHAH: There I might inform the hon. Member that the Central Government have already advised the State Governments only to ask the dealers to pay those taxes which they have collected already; but not to levy new taxes.

SHRI P. D. HIMATSINGKA:
Exactly. There would be no objection if the activities of the State authorities collecting sales tax were confined

to cases where the man intended to be taxed has realised something from his purchasers. But I am talking of cases where he is not a dealer of the State—dealer of the State in the sense that he carries on business there. All those goods have been purchased and despatched to other States, to Railways and parties at other places, outside the State. In such cases also, unfortunately, some of these States are trying to interpret the law in a manner which is palpably wrong, which cannot stand scrutiny in any court. But that is a fact and I am talking from personal experience. The State of Orissa, in fact, has realised and is realising and now they are trying to re-open cases. Therefore, I thought that if these facts were brought to the notice of the hon. the Finance Minister, he would take up the matter with the State authorities. . .

SHRI M. C. SHAH: You may write to me and I shall certainly take it up.

SHRI P. D. HIMATSINGKA:
. . .—thank you—so that such cases of hardship, such cases of harassment may not take place. As a matter of fact, it is no good hiding the fact that there is a lot of evasion in sales tax. But the trouble is that those who do not evade taxes, those who are registered dealers, those who file their returns, they are the persons who are put to this harassment. That is why steps should be taken to see that that kind of harassment might cease, so that people may not have any hesitation in producing their accounts and paying taxes at the proper rates. So far as that is concerned, it is definitely an improvement and it will also help in raising taxes. But if the Government had gone a little further and tried to realise this sales tax by either increasing the excise duty or something like that, all this trouble of keeping accounts and rendering accounts by the dealers will be over. As a matter of fact, you might remember that that was one of the main suggestions at the time the Constitution was framed. Instead of allowing these different States to levy sales tax at different

States to levy sales tax at different points, why not levy the tax on a uniform rate, at the stage where the goods are either manufactured or imported ?

SHRI M. C. SHAH: About three items, already the National Development Council have discussed and the States have agreed to examine the position. These are textiles, sugar and tobacco.

SHRI P. D. HIMATSINGKA: To that extent it will be all right. But I was suggesting that in cases where goods are either manufactured in India on a large scale or imported, if this principle which is going to be applied in regard to three particular commodities, is extended, that will bring in a very large sum of money to the coffers of the States and of the Centre. And I think it will be easier for the States to meet the expenditure of the Plans. Therefore, it is absolutely necessary, I suggest, that the Government do explore the possibilities of increasing the number of commodities which can be taxed at the source where they are manufactured or the source of import. That will obviate all chances of any escape of sales tax. Otherwise, in spite of this, if a man can send goods by means which perhaps cannot be detected, he will still be able to avoid sales tax. And when certain persons avoid tax, the incidence of tax on others necessarily becomes heavier. Therefore, if that line of approach is explored and adopted, the income of the States will be very much increased and the expenditure will be very much minimised. At present you have got to have so many officers at different stages for taxing the different dealers and examining their accounts. The dealers have also got to spend a large amount of money in keeping accounts and filing returns, getting certificates and vouchers signed by various persons, and so on. This will obviate that also. Therefore, I make that suggestion for the consideration of the hon. Minister and I hope he will apply his mind to the possibilities of extending

the provision to more important items which are giving the largest amount of sales tax in the different States.

That will also obviate the present difficulty of having different rates in different States and different exemptions in different States. As a matter of fact, in Bengal there is no tax on kerosene, in Bihar there is tax on kerosene. Therefore, people in the border purchase kerosene from Bengal, bring it to Bihar and sell it, and they thus avoid the tax. If the procedure stated is followed, there will be uniformity and there will be no difficulty in the case of any particular dealer.

With these remarks I support the principles of the Bill.

SHRI M. C. SHAH: Sir, I am grateful to the House for having accorded its approval to the motion for consideration. My friend Shri Himatsingka made certain constructive suggestions. Certainly, those suggestions are worth looking into. As I have already stated, the National Development Council has suggested these three items, and certainly while considering those items we can just explore the possibilities of surcharge or excise duty on other articles too.

With regard to uniformity also, it is absolutely necessary and, therefore, the National Development Council have also stated that for automobiles and radio sets there should be uniformity. In regard to these things there is a good deal of evasion. As suggested by my friend, Shri Himatsingka, there is much scope for improvement. If we can catch hold of all those evaders, then there will be a good deal of increase in the financial resources of all the States.

My friend from Rajasthan just complained about varying taxes in the different States. As I have already stated, sales tax is a State subject. We had no control over it whatsoever except tax on certain articles which are considered essential for the life of the community. There too the Act

[Shri M. C. Shah.]
was passed in 1952 and we have tried to exercise some control.

SHRI GOPIKRISHNA VIJAI-VARGIYA (Madhya Pradesh) : Will Minister kindly speak into the mike ? I am not able to hear.

SHRI M. C. SHAH: All right. There were certain difficulties mentioned by my hon. friend from Rajasthan. He said that there was no uniformity and that various States had various rates. It is correct, but for that the Centre is not responsible because under the Constitution sales tax is a State subject. Only so far as the commodities which are essential for the life of the community are concerned, we had enacted an Act in 1952 and thereafter there has been some uniformity about those articles. But now under this Bill that Act is repealed. It has already been void after the amendment to the Constitution. We desire that there should be uniformity. But the States resist any interference in this sales tax administration by the Centre. They say "we are responsible for that; we have to go before the electors and we will certainly see to the interests of the electors much more and in a better way than the Central Government can do". Therefore, we are just trying to bring the States to fall in line with us and at the last meeting of the National Development Council for these three important commodities, viz., textiles, sugar and tobacco, they have almost agreed to have the surcharge on excise duty to be distributed according to the income they used to get. Therefore, it is difficult to find a way out. Really speaking, sales tax is a very useful instrument for augmenting resources. It falls on all those who consume the goods. As I had said, if Rs. 112 crores additional revenue were to be raised from the sales tax, there ought to be some laxity allowed to the States to adjust it according to their own needs and according to interests that they consider best to serve their electorate.

With regard to foodgrains and other articles, I have already explained that we have tried our level best—we had

assured both Houses of Parliament when we brought the Constitution (Sixth Amendment) Act—but the States were not at all inclined to accept our suggestions. Only the National Development Council have been persuaded to take a decision about these foodgrains and fertilisers and edible oils, and a decision will be taken later on. Therefore, that what we can do we have done by way of Central legislation. We have tried to have uniformity so far as the inter-State sales tax or purchase tax is concerned. With regard to declared goods, there may be 5 per cent tax. It is all right. In the case of raw materials which are to be taxed, the sales tax is a maximum of 2 per cent, and now it will be 1 per cent, more in inter-State trade transaction. Therefore, it may be 3 per cent. Ordinarily, those who want to have these raw materials will always prefer to have direct dealings with those who are in possession of the raw materials. They would not like to pay 2 per cent, more to those dealers where the goods are to be manufactured. I cannot say there is no such possibility whatsoever but the possibility is practically negligible. Therefore, I do not think that there will be any hardship. The objective of not allowing the cost of manufacture of goods to go up will be served by the clauses that we have inserted.

I have nothing further to add and I am grateful to the House for not speaking on this Bill at length, thereby signifying their assent to the Bill.

MR. DEPUTY CHAIRMAN: The question is:

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

commerce and specify the restrictions and conditions to which State laws imposing taxes on the sale or purchase of such goods of special importance shall be subject, as passed by the Lok Sabha, be taken into consideration."

The motion was adopted.

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

Clauses 2 to 16 were added to the Bill.

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

SHRI M. C. SHAH: Sir, I move:

"That the Bill be returned."

MR. DEPUTY CHAIRMAN:

The question is :

"That the Bill be returned".

The motion was adopted.

MR. DEPUTY CHAIRMAN :
We have no other business today
The House stands adjourned till 11
A.M. tomorrow.

The House then adjourned
at forty minutes past four of
the clock till eleven of the
clock on Thursday, the 13th
December 1956.