

SHRI K. S. HEGDE: Have any of the States disagreed with the circular or not?

SHRI M. C. SHAH: Other States have stated that the matter is under consideration. Interim replies have been received. We have already sent reminders to those State Governments to send their replies very early.

SHRI B. V. KAKKILAYA: May I know if Madras has sent any reply and, if so, what reply it has sent?

SHRI M. C. SHAH: I have stated that West Bengal has replied, and recently the State Governments of Sau-rashtra and Hyderabad have replied. From other States we have received only interim replies. The matter is still under consideration.

SHRI D. NARAYAN: Having experienced all these difficulties, is it not desirable to have a common Sales Tax Act for the whole country?

SHRI M. C. SHAH: That will require an amendment of the Constitution. Under the Constitution, sales tax is a subject in the State List, and the Central Government, unless the Constitution is amended, cannot take that step.

SHRI B. C. GHOSE: Presumably the desire of the Constitution-makers is that inter-State trade should not be taxed. If the Supreme Court judgment has the effect that State Governments may so tax, does not the Government think it desirable that the Constitution should be amended so that such taxation cannot be levied?

SHRI M. C. SHAH: The intention of the makers of the Constitution is that there should not be double taxation on the same transaction. The Supreme Court has now decided that the tax can be levied only where the goods are delivered for consumption. So, regarding double taxation, there is already some relief.

SHRI B. C. GHOSE: Does the hon. Minister realise that it has the same

effect now? Although the Constitution states that there should not be double taxation, under the Supreme Court judgment, inasmuch as a State can tax goods coming from another State, it virtually means interference with inter-State trade.

SHRI M. C. SHAH: Therefore, Sir, I have already replied to my hon. friend that the Officials' Committee will meet and discuss all these issues arising from the judgment of the Supreme Court and thereafter the Government will consider what further steps are necessary and then they will consult the State Governments.

SHRI B. C. GHOSE: Does this mean that the Government of India have no opinion on this matter themselves?

MR. CHAIRMAN: Yes.

SHRI M. C. SHAH: The Government knows that sales tax is a subject in the State List, and only because of the hardship caused by the recent interpretation of the Supreme Court, this situation has arisen. As a matter of fact, this matter was discussed in the Finance Ministers' Conference, but in the absence of an authoritative statement from the Supreme Court, the Finance Ministers' Conference also, could not come to any conclusion.

SHRI B. C. GHOSE: If the Government consider that the promotion of trade and commerce in this country is the direct concern of the Government of India, and if the imposition of this sales tax impedes such trade and commerce, should not the Government take action?

SHRI M. C. SHAH: The Finance Ministry has already forwarded a memorandum to the Ministry of Commerce and Industry asking for their comments as to whether this judgment of the Supreme Court interferes with inter-State trade or the export trade, and we are awaiting their comments.

SHRI K. S. HEGDE: Do the Government consider that, so far as the sales-tax is concerned, it is primarily the concern of the States?