HYDERABAD LEGISLATIVE ASSEMBLY
DEBATES
Official Report

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Price Eight Annas
THE HYDERABAD LEGISLATIVE ASSEMBLY

TUESDAY 14TH APRIL 1958

The House met at Three of the Clock

[Mr Speaker in the Chair]

L A Bill No XIII of 1953 the Hyderabad Sales Tax (Amendment) Bill 1953

Mr Speaker I do take up the first item of the Agenda First Reading of L A Bill No XIII of 1953

Munir for Finance and Statistics (Dr G S Mehta) Sir I beg to move

That L A Bill No XIII of 1953 the Hyderabad General Sales Tax (Amendment) Bill 1953 be read a first time

Mr Speaker Motion moved

That L A Bill No XIII of 1953 the Hyderabad General Sales Tax (Amendment) Bill 1953 be read a first time

*Dr G S Mehta Mr Speaker Sir During the Budget Session and even during the course of the last year either at the Assembly itself or during the course of individual representations Members had approached the Government to further amend the Sales Tax Act. It was generally felt by the hon members that the Sales Tax Act as is in vogue in the State does not give the same amount of relief that is obtained in other States. They were saying that the Central Excise Commodity Act itself has not been accepted by this State in its entirety. Certain items from the exempted list have been removed and we have been taxing them also. Hon Members will recall that last time while speaking on the amendments to General Sales Tax Act, I gave the history of the Sales Tax in this State. In Madras Bombay and other places this Act was brought in as a general revenue raising measure somewhere about 1938. In our State the proposal to levy sales tax was deferred till 1946 by the previous Government. I think probably they must have had in their

*Confirmation not received
view the difficulties that people would have to encounter both by the customs duty which was prevalent then— as well as the sales tax. After the Police Action the Government felt that they should also fall in line with the neighbouring sister States. So what I mean to say is though the sales tax was in vogue in the State from 1948 it was only a sales tax on luxuries. In 1950 this was amended and a General Sales Tax Act was brought into force, but even then the tax was only one dab in a rupee. Then again the Government felt that burden of tax on the people would be too much because the customs duty— both imports and exports had undergone a slight variation from 5% on either side to 4% and some of the essential commodities had also been completely exempted then. Even then the sales tax would be heavy on the people and hence they imposed only one dab in a rupee. In 1952 when the Government came into power it felt that in keeping with the desire of the people the tax structure should conform to the conditions prevalent in the adjoining States and as a first step it abolished the rupee tax 4/ of the custom duty thereby losing a revenue of Rs. 2 to 3 crores. Till 1953 the sales tax was bringing to the coffers of the Government an income of about Rs. 80 to 90 lakhs and we wanted to raise this income up to Rs. 5 crores. So we raised the sales tax from one dab to two dabs in a rupee and thereby expected an income of roughly about Rs. 2 1/4 crores altogether. I should say that our expectations ought to have been fulfilled completely but for the fact of slump in the market as hon members are aware. This amendment to the Act was brought into force in the month of July or August last year and till then we were having the sales tax at one dab per rupee. During the discussion on Budget I intimated the House that the Government had by that time collected about Rs. 1 45 00 000 by way of sales tax. I am now glad to say that my officers have exerted their utmost and have been able to collect so far about Rs. 1 96 70 000. There are still about 2 000 to 3 000 cases pending. Some of them we bade line cases and we may not be able to expect very much out of them. But I may assure the House that we would be more or less reaching the target though a little less than what we had anticipated. That is the present position. While increasing the tax from one dab to two dabs I stated that when demonetisation of O S Currency takes place from 1st April 1958 and it has already taken place and since O S pieces could not be collected because coins less than one dab are
not prevalent in the State I would bring down the tax to three pies IG. The amendment that is placed before the House to-day fulfils that promise on the part of the Government both to the House and to the people. But that is not all.

The exemption list that was placed before the House was criticised during last time. In the Central Act there are about 11 items or so on the exemption list. We had accepted about 7 or 8 items in total. In three or four items we had given partial relief and on a few items we had imposed the multiple point tax. Whenever a certain item was removed from the exemption list and brought into the pay of General Sales Tax Act people start criticising us. If they go through the list in our Act and compare it with the neighbouring States or other States in India or with the exempted list of the Central Govt. they would notice that Hyderabad had exempted nearly 22 different kinds of articles which were not exempted anywhere else. In other States either they have partially accepted the Central Essential Commodities exemption list or modified it to some extent. Here we might have modified it to some extent but we have increased the items in the exemption list in conformity with the needs of people and we have tried to give relief to the people. But the pity is whenever relief is given people never remember it. It is only the other side of the picture that is brought before the House constantly. The points that were placed before the House by the Hon. Members as the grievances of the people were one that our exemption list was not in conformity with the Central Act secondly that the turnover limit of Rs. 7,500 was too low. The turn over limit at Bombay is Rs. 30,000 and in Madras it is somewhere about Rs. 12,000 or Rs. 15,000. I don't exactly remember but I am sure it is much higher than what we are having here. This sum of Rs. 7,500 comes to IG Rs. 6,500 roughly. When our turn over limit was criticised I pleaded before the House the fact that the needs of our State as well as the items on which tax could be collected was certainly much different from that of other States. During the last Finance Ministers' Conference, many Ministers from the States made representations to the effect that the licences for export or import should not be issued to the merchants at Bombay only but should be spread over to all the States in India because it is the merchants at Bombay that are gaining at the cost of other States. If this is done,
there would be direct import to the States and thereby our people would be benefited. I do not know when this suggestion will be accepted. In Bombay what is happening is that all the trade that is transacted there does not pertain to the City of Bombay alone but pertains to the whole of India. In that manner the Bombay City is benefited by the whole of India. If this is distributed Bombay Govt. will have to think twice and bring down its turn over limit. In such an event possibly we may be able to raise the turn over limit to somewhere about Bombay level. When such a thing will take place I am not in a position to say when but certainly I would press this point. I am just placing all these facts to keep the house informed all our difficulties.

When members criticise various items, they refer to the advantageous position that prevails in other States with regard to those items. If it is cotton they refer to Bombay, if it is salt they refer to Mysore, if it is cloth they refer to some other place, and if it is indes and skins they quote Assam. In that way the concession that each State gives to a particular article is sought to be brought in here at one and the same time. Nobody can accept such arguments. If we manufacture or get lot of cotton here and then export it cotton will be one of the essential commodities I can understand if they argue that removal of this tax would be beneficial to our peasants. We have got a surcharge on oilseeds and other goods. The reason why we were compelled to resort to this surcharge itself is a history. If the price structure of our State is compared with that of the neighbouring States we find that the peasant there gets about Rs. 180 per ton whereas our peasant gets about Rs. 120 to Rs. 140. That is to say our merchants are being benefited enormously at the cost of the farmers. The State having realised this fact wanted the demotion to come up quickly so that all the prices would be in IG and would conform to the price structure either of Madras Bombay CP or other States. We thought that our peasants would be benefited thereby. But at present that is not the case. If such a day comes, I shall be very much pleased. And this surcharge may possibly be removed even earlier than what some hon. members imagine. If all this money goes to the farmer I will certainly be pleased. Out of the enormous profits the merchants are making I tried to take some for the benefit of the State that is why this surcharge is there. Regarding the sales tax,
whereas it is the merchant who is affected. It is said that the burden falls on the primary producer. In this connection I would like to say that I have examined the price structure of the different commodities when the tax was at one dub and when it was raised to two dub. I found that the price structure has not varied. It means that through out the year whatever extra money I have been able to collect has come from the merchant classes and not from the primary producers. This is a pertinent point to be borne in mind.

The State is permitted to continue the customs duty till 1954. What would happen after that period it is very difficult for me to say. In the meanwhile with the demonetisation if the price level of the commodities goes up and if we feel that the sales tax is imposition on the former and not on the merchants then I would consider the question of the merchants and do something but not till then I feel I should respect the sentiments expressed in the House sometime back and try to give a little relief to the merchants. That is the reason why the turnover limit was changed from O S Rs 7,500 to I G Rs 7,500 which roughly amounts to O S Rs 8,500. I am sure hon. Members will agree with me that this makes a very big difference. The total number of merchants in Hyderabad as I said would roughly work out to about 2 lakhs out of whom the number of people from whom we would collect tax would be about 30,000. That means about 1,60,000 or 1,70,000 would be merchants whose turnover level would be less than Rs 7,500. If this limit is used to O S Rs 8,500 the number of merchants from whom we would be able to collect tax would come down to about 25,000 or more than 7/8ths of the merchants would be exempted from any kind of sales tax. It is only the remaining 1/8th that would have to pay the sales tax. If on the other hand the turnover level is raised to Rs 30,000 or even Rs 15,000 nearly half of 1/2 the number from whom we are now collecting the sales tax had to be exempted and the amount that we would be able to collect from such people may work out to only 20 or 30 lakhs of rupees. So every pie after Rs 7,500 I G is very important for me. I have fixed this level after carefully looking into the needs of the State. When we have lost nearly Rs 250 lakhs due to the abolition of the unpoit customs duty I had to find out alternative sources of income. In spite of some difficulties we have raised the turnover to a higher level with a view to giving some
relief to the merchants. I would certainly try to give more relief at the earliest moment when our State is able to go up by various methods as by the implementation of five-year plan and the advantages that would accrue by virtue of being a welfare State etc. When the standard of living goes higher and the State is able to get through some other measures more income I would certainly be the first to raise the turn over level.

With regard to the list of exempted goods as I said I have included this time in this list some of the items on which tax was imposed last time but at the same time there were certain items like medicine which is not in the list of exempted goods either in the Central Act or in any other particular State. Last year at the time of bringing in amendments to the Sales Tax Act I felt medicines were a necessity and were therefore included in the list of exempted goods. But people took advantage of it and the so-called tonics which were nothing more than alcohol given a coloured tinge were also not subjected to sales tax. Things became difficult and it was difficult to distinguish between these tonics and real medicines. Through this Amending Bill however we have tried as much as possible to exempt those medicines which are absolutely necessary which are life-saving in nature which have got to be purchased in larger quantities and on which the imposition of sales tax would be a burden to the poorer section of the people.

The opposition at one time felt that we should keep multiple point tax today they say they are not wedded to any particular principle. But as a responsible person I have got to be wedded to a principle which in my opinion is good to the people. I feel that the multiple point tax is the only method by which we can collect the tax in an equitable manner but in the actual working of it I had experienced various difficulties. There are certain items on which I could collect at only one or two points. There were certain other items on which even though the tax was collected at three points, it was contended that the turn over of some of the merchants dealing in them was small and I was trying to assess the tax in respect of such merchants on the basis of their accounts. These merchants felt that they were being harassed though in actual fact they were not. Still much ado was made and was put forth as a grievance.
I therefore looked into the whole structure and tried to examine the situation. For instance, there are books. All notified books by the Education Department, slate pencils, exercise books, and slates were exempted from sales tax but there was a multiple point tax on other books. The public have been grievous at this and they said that we were taxing on knowledge. That is a psychological feeling and I will not be able to argue with the public. I thought that at least to satisfy sentiments I should remove this tax to the extent possible. I therefore made it a single point tax.

With regard to fruits, there are two varieties — dry fruits and fresh fruits. Dry fruits like Raisins, Pistachio etc. costing anything between Rs 9 to Rs 10 per 100 grams are imported to the tune of nearly Rs 1 cr more. These fruits are mostly used by the richer classes. There are other types of fruits like Man goos which though costly are produced by the grower. They are fresh fruits and deteriorate quickly and the merchants as well as the consuming public are hit. Again there are fruits like Sathaphal and Plantains which are cheap and are consumed by the poorer section. These are fresh fruits. In order to give relief to the consumers as well as to the merchants dealing in these fruits, we have brought down the tax on these items to single point which was imposed at multiple point so far. Last year the House has empowered the Government to collect sales tax in a particular manner. Looking into the various items in the schedule of the Act and feeling that a certain amount of relief could be given, the Government have issued a notification in regard to the reliefs they wanted to give by imposing the tax only at two points on certain items and at a single point on certain others. I may add here that it is only when the Government desire to increase the tax that they have to come before the House and take the consent of the House, but when they want to give some relief, they can do so by means of a notification.

I shall now come to the question of licence fees. There are people whose turnover is Rs 5,000 or less and who pay a fee of Rs 6. People with a turnover of a lakh and more also pay a fee of Rs 6 as things stand. I felt that was not quite correct. I therefore raised this licensing fee and I have kept one level from Rs 5,000 to Rs 15,000 another level from Rs 16,000 to Rs 80,000 a different level from Rs 80,000 to 50,000 another level from Rs 50,000 to Rs 1 lakh and so on. The
more the turnover, the more the income to the merchant and the more he has to pay to the State. This kind of equitable distribution and greater income thereby to the State would I am sure be welcomed by this House.

There is another point regarding the turnover of Rs. 7,500 itself. The merchants represented that they were illiterate and could not keep accounts and said that it was difficult for them to keep an accountant to maintain their accounts when their actual sale was about Rs. 20 per day and their profit varies from Rs. 2 to Rs. 280 per day. To obviate this difficulty of the merchants we said that we would compound the tax. We told them to keep a purchase book if at all if it is not possible for them to keep the less account and we would assess on their purchases. In Bombay a small percentage is added to these purchases and the tax is assessed on that. If the merchants feel that the assessment is wrong, it is up to them to show the accounts and satisfy the Department. Otherwise they can pay the amount assessed. Invariably when it is compounded it will be an average. If the turnover on the basis of purchases in one month comes to Rs. 10,000 in another month it may be Rs. 12,000 in the third it may be Rs. 18,000 the average is taken and assessment is made though it is very difficult to assess it accurately. This gives relief to the merchant to some extent inasmuch as he need not engage an accountant to write his accounts.

Some of the merchants represented that their accounting year starts from varying dates—for some it is March for others it is Divali and so on—according to their respective new Years. We did not want to stand in their way provided the merchant informs the authority concerned in advance of his intention to change the assessment year. We have given the merchants full freedom in this respect. If the merchant wants to change the assessment year he has to give notice and inform the authorities. That is another relief. These are the various measures of relief which we have given to the merchant class.

The most important measure of relief which I desire to bring to the notice of the House is in respect of the peasants. So far the peasants who used to take the commodities grown by them to the market and whose sales turnover was more
than Rs 7,500 were being taxed. We had to go to the villages and ask the peasants for their accounts and tax them. The village was naturally upset. In order to obviate this difficulty and with a view to giving some relief to the agricultural community we felt that primary producers be kept the owner of the land or the tiller of the soil should be exempted from the tax on the quantum of the produce he grows on his land. The person who purchases the produce or commodities should keep the account. For instance there are 10 primary growers whose annual yield is Rs 500 or so. I would have to go and find out with regard to each individual about his sales turnover etc. But now when a merchant purchases from 10 of 15 such primary growers I can go to him and find out exactly his turnover and tell that he would be taxed at the purchase point. In this way the agricultural produce is entirely exempted from the payment of sales tax and relieved from the burden of keeping accounts. This is the main feature.

We have in these ways tried to give relief to the different classes—by changing over from 2 dull OS to 8 pics IG by exempting some articles by imposing the tax only at one point on some articles instead of at three points etc. For instance on clothing instead of imposing a multiple point tax at 3 pics we have made it 9 pics at one point only.

I would also like to bring to the notice of the House one or two main items. We have removed the multiple point tax on coarse and medium cloth. Now the tax will be imposed only at two points. Only the manufacturer and the wholesaler have to pay the tax and the dealers down below that level need not pay any tax. With regard to books we have made it only at one point on books other than those notified by the Education Department. On fresh fruits the tax imposed only at one point. Khadi of all types, stitched or unstitched is exempted. Hand woven cloth but of null yarn has been exempted—even towels and other things—up to a cost of Rs 4. By adopting these various measures the income will come down by nearly Rs 60 lakhs. We had to make good this deficit and some of the items such as chilis and tamarind had to be removed from the list of exempted goods. Last time I distinctly remember the Members of the Opposition saying that we are taxing the poor man's food. I therefore exempted these items then. I did not want to
tax them. But this year with the experience that I have gained I come to the House to say that I have fixed these items at only one point. It is only Bombay where tamanand is exempted—I do not know about chillies—but all other States are imposing tax both on tamanand and chillies. I would like to make it clear that the amount of tamanand and chillies that we grow is 3 times more than our requirements and double the quantity that we are consuming is being exported to other States where it is taxed. I thought if we impose a tax on these items we would be able to licit tax from those merchants who import it into the other States with which we would be able to help our own State.

I wanted to bring in further amendments but I shall be able to do so next year. I have studied the impact of sales tax as much as I could and I wanted to be thorough. But I could not gather the facts and figures abundantly. I would try to study the tax structure of China, Russia, and some capitalist countries also and try to benefit by it. Next year if I should be fortunate enough to present the Budget I shall try to make it as idealistic as possible. In the meanwhile three days back I had brought in these amendments. I have got a book with me on the subject of sales tax which is well worth reading. I am sure the hon Speaker would like to keep a few copies of the same in the library of the Assembly for the benefit of the Members. Its name is 'Current Sales Tax Acts in the States of India' and contains the Sales Tax Acts of other States in India and various other matters on the subject. I am not satisfied even with this and have asked my Department to collect statistics state wise and find out the turnover limits the exempted goods etc. So that I would be in a position to place before the hon Members a correct picture and make the Sales Tax Act as idealistic as possible keeping in view the amount that is needed for our State and other things.

Lastly I would like to inform the hon Members that I am introducing today an important amendment. Many of the Members might have known from a perusal of the newspapers yesterday or day before yesterday that the Chief Minister of Madras had introduced a bill to amend the Sales tax on tobacco raising it from 1½% to 80%. So far tobacco was not taxed in Madras and lot of smuggling into our State was taking place and we are not getting any benefit. Today
our tax on tobacco is 4½ / while in Madras it is 80 / and so now there will be smuggling from this State into Madras. No doubt we also get some revenue but that is only incidental. The States of Bombay and C P have not imposed this tax on tobacco but we have to keep a close watch on our borders to prevent smuggling. In Mysore also a similar tax had been imposed. I have not given sufficient thought to the matter but I have got an amendment on the subject which I shall be moving at the time of the second reading and would like to ask the permission of the House for using the tax to 30 / and would propose that I would impose it only if it is going to be helpful and the only way to get the House to pass the bill is through an Ordinance but when the House is in session it will not be proper and I have to take its assent.

I have clearly stated the facts regarding Surtax and I have nothing more to say except to request the House to pass the first reading of the Bill unanimously.

Thank you.
III

In answer to the query

(Adjoining states)

We take note of the observations of the Government of India and the Government of Pakistan on the proposed amendment to the Hyderabad Sales Tax (Amendment) Bill 1953.

We are of the view that the amendment is necessary to meet the requirements of the Government of India and the Government of Pakistan.

We propose to add the following provisions to the amendment:

1. The amendment shall come into force on 1st January 1954.
2. The amendment shall apply to the entire State of Hyderabad.
3. The amendment shall not apply to the areas under the jurisdiction of the Federal Government of India.

We hereby submit the amended Bill for your consideration.

Yours faithfully,

[Signature]

[Date: 14th April 1953]
Section 125 of the Income Tax Act 1961

The new rate of Income Tax for the year 2018-19 is as follows:

1. Rs. 5,000 per annum
2. Rs. 10,000
3. Rs. 20,000
4. Rs. 30,000
5. Rs. 50,000
6. Rs. 1,00,000
7. Rs. 5,00,000
8. Rs. 1,00,00,000

Note: This rate is applicable to individuals and not to companies.
ला बिल नं. XIII ऑफ 1953 the
ह्यदराबाद सेल्स टैक्स (अमेन्डमेंट) बिल 1953

14th अप्रैल 1958 9202

किस्मति बाय बुस्टरी शीर्ष यत है। कर न दिये जाने पर 2 पाकी देखभाल तथा ढूँढ़े बायमें 6 पाकी कर दिया गया था। बुहुते पूरा बाय ब्रह्मण उपहार यह है कि कमाल बने कि बुहूते बुहूते के साथ
कस्टम बाज़ार (Custom Duty) देना पड़ा। कस्टम बाज़ार बहाना कर दी जाती के बाय नामांकण का कार्य दूसरा जारी कराना नीति जुड़नें दू बुहूते के निम्न यह देखा देखा
1 कर्म हो जाता पाकी दिया गया था। और खुद बब दिये के तथ्य नदी हो जाते हैं पूर्ण बाज़ार
विभाग कर पाकाना दिया 4 पानी के बायमें ठीन पाकी ती बायमें बाय करा। जहाँ तीन पानी बाज़ार रह जा जाता पाकी दिया 3 है।

जिन तरीकों में बाह्य हैं वहाँ उन्मूलन कर दिया है। बाय तरीकों में बाह्य देखा है।

बुहुते पूरी यह वह यह विनम्र किए कि निम्न में रहे 45 कर्म होकर थी। किसी
नीचे बेहोश की देखभाल देखा नाम निकाली थी। बाय दिखाया मयूरण पर वही रगड़ 45
कर्म कर जाता जी की जा रही है। 45 हाथ मिला लिखे के कोकी हालै कर बाय कर जाता हुबार
होजानी। तबियत नस्ल रहे जा रहे है। बिहारियों की बायका सृणाि महोगी।

और बेह जो बाह्य तरीकों की जा रही है वह बाय 9 में की जा रही है। यह बाय 6 की
वादक द्वारा बाय का प्रयोग दिया गया है। जिस बाय 6 के बाय हिस्सें है।

(१) झोला बाजार
(२) प्रत्याश राजस (Precious Stones) दिया जै अन्य। कस्तर (Real & Culture) किंवड़क प्रयोग लेने में गोरेब और खिस्कर (Imitation Precious stones & Gold (1 Silver ))
(३)मुर्दा भाग दीन रेत पर पहुँचे जो दिया देते पर मल्टिपल बाज़ार टैक्स (Multipoint Tax) या वह दिया देवी देवी (Single point Tax) करके गांव देखा हनुमपूर कर दिया।
(४) भिडिया (Medium) और कोटा कोट (Consecutive) का
बेजल देखा की कर कर दिया गया है। देखा बाय का वामा देखा तर वही कर कोता देखा नाम जा दिया है।

और बेह जो बाय के यह है कि वहीं नवीन वसे 8 में यह तरीकों की जा रही है कि कस्तरी
मुक्तांगित में किसी के दिये की दिशानि कार्यान्वित थी जहाँ बाय बने के कर्म वही कुलकी
हुजज्ज कर दिया गया है।

बेह जो बाय नहीं कही गही की मल्टिप्ले पाबिल (Multiple Point) की वामाय
किला पाबिल बेजल टैक्स (Single Point Sales Tax) रहा जाय। केलिक मत यथा
है कि मुसलिमा युरुबाजा में मल्टिप्ले बाज़ार टैक्स है। यह बुहुते कर कर जाता निम्न विभाग
पाबिल उदर होकर हूँ तबावर हुई वही किला पाबिल बेजल टैक्स नहीं रहा रहा रहा हैं। अर्थ है कि बाय
बीजने बढ़े हुभे में मल्टिप्ले बेजल टैक्स है। यह चूँक जाना है कि वही बाय उदर जाता है बुहू पर.
2680 14th April 1958  L A Bill No XIII of 1953 the Hyderabad Sales Tax (Amend ment) Bill 1953

क्षय उसा होते ते तीनवषो म सवाला होता और हुमायूँ मात्र की हेतु (V/vae) का होता।
केलित अर्थतः हृदय में सिंह पापित तथा न हो हृदया मे सिंह पापित तथा रवाना की जा
1 होगा।

अभी हो वहा पर हुक्के पर दर्शन आया लगाके के बारे में यही कहा जा रहा है 1। नेता
मिशितर साहब यह बताते है कि सदास्य वाली हुक्के में यह तथा पदा गया और यहुँ
हम यह आया होता है कि जब हुक्का पता होगी तुमधु बुखारी में (1948) करा दिया
से निम्न कई लाख तो रहेंगे कि मिशितर साहब को यह बयान पाए कि वही सत्ता
पर ही और कायम रखी हो एवं हृदय के हो तथा पदा विज्ञाना जाम।
मिशितर साहब की विशििनां देखाने म जतना साधना करता हूँ

सरी एसी और (Appreciate) से २४० किलो हवाई गार्ड है।

(Exempted List) और (Matches) नामक दो रूपांतर नाम आए है।
L A Bill No XIII of 1958, the Hyderabad Sales Tax (Amendment) Bill 1958

Sir,

Speaker Sir,

Sales tax Amendment Bill is the sixth one that is brought before us in the current session. One amendment Bill was brought to amend another Amendment Bill. I do not understand why Amendment Bills are brought here so often. If Amendment Bills are brought at this rate, I am afraid that there will be no Bills at all. The amendments will remain amendments only and it will boil down to zero.

When amendments are brought in the concensus opinion of the House should be taken into consideration and also the expert advice of the competent officials or the non-official public opinion of this House should be taken. It may be said that after all, we gain experience from time to time. The world

*Shri K.R. Venugowamy (Kulvakuty Reserved)*

14th April 1958
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Hyderabad Sales Tax (Amendment) Bill 1958

is dynamic the word is not still we have to go experience and have to advance by experience. We understand that at one time the Government takes more items into the Schedule of exempted goods which they feel are the essential necessities of the public and in the time they bring in amendments saying that these things are not essential goods and they should be taxed. When they bring any amendment Bill giving exemptions to certain items should they not think that it will cause when these goods will become taxable? I want an Amendment Bills such as brought it is not to give relief to the people but to impose tax. I don't think it is confusion not only in the department but in the public it large

We find from Section 6 clause (10) of the Bill that coarse cloth, would be taxed at two points and that no relief is given in respect of this item. It is often said that we want a welfare State. What is meant by a welfare State? It is reducing the tax burden on the people in other words the poor people should get goods at the cheapest rates so that by the income they get they will be able to purchase larger quantity of goods, i.e., essential goods and then the purchase power goes up. Coarse cloth is the most needed cloth by the entire public. We do not mind up to fine and medium cloth being taxed even at six pies. We the police feel that coarse cloth should be exempted from this tax. Not only should the word coarse be removed from this clause but also coarse cloth should be added to the list of exempted goods in the Schedule. If coarse cloth is taxed a large section of the public will be put to great loss. Specially on account of the demonetisation which has been brought into vogue the purchasing power of the people has been reduced. In the light of demonetisation if more tax is imposed on the poorest section of the people they will be crushed. The same what I plead for is that coarse cloth should be exempted from Sales tax.

Through clause 9 sub clause (16) of the Bill items 18 and 19 in Schedule I of the Act are sought to be omitted. In other words Chilkes and tamarind are going to be taxed. Chilkes and tamarind are mono or less the main necessities of the people, they are as a matter of fact the spice of life of the people. If these things are taxed the general public, who are
hard put to by so many taxes will be further hit. The Finance Minister has stated that the production of chilies and tamarind in the State is nearly three times our consumption, and that double the quantity that is consumed in the State is being exported outside the State and that therefore these items have been taxed from the export point of view. We do understand the contention of the Finance Minister but we feel that things which are largely used by the common people should not be taxed. We do not mind the Finance Minister bringing another amendment through which chilies and tamarind will be taxed only for export purposes but not for internal consumption. Chilies and tamarind which are the most commonly used commodities being taxed for the sake of those people who import it is not at all in accordance with the canons of financial propriety or with the policy of equitable taxation.

Then, coming to the third point, i.e., about medicines as at present according to Schedule I of the Act medicines have been exempted from tax. Now the Finance Minister says that only those items mentioned in Clause (iii) of section 9 of the Bill would be exempted from tax and the remaining items or tonics of medicinal use would be taxed. Perhaps the Finance Minister is not aware of the fact that it is very difficult to distinguish and discriminate between medicines and tonics. If we go to the basis we will find that the merchants call a tonic also a medicine. The Finance Minister may ask his Departmental Official about the difficulty they experience in calculating the tax on medicines because it is difficult to distinguish between tonics and medicines. Tonic is meant for recouping health if these tonics (or medicines) which are meant for promoting the health of the public are taxed the poorer section of the people will be hard hit. After all the amount of tax that is collected on these tonics or medicines is not much. Specially a large section of the poor people use Ayurvedic and Herbal Medicine. As it is we find that these herbs Ayurvedic medicines are being taxed. The hon. Finance Minister must have received a memorandum on behalf of the poor merchants and druggists selling these herbs. I feel that tonics as well as herbs and medicines should be exempted from taxation and should be included in Schedule I of the Act.

As I have already said, this is the sixteenth amendment Bill that has been brought before the House and we have discussed and debated the whole subject. Our view point
on the matter had been put forward time and again and therefore I do not think it necessary to repeat what has already been stated.

I finally appeal to the Finance Minister that coarse cloth which is being used by the largest section of the people should be exempted from taxation. By this the people would not be taxed to the extent of Rs. 20 lakhs which do not reduce the finances of the State to any appreciable extent. I also feel that tobacco and chillies should be exempted from taxation. These items were exempted in the Third Amendment Bill and I do not know what made the Finance Minister to impose tax on these items now. These items should be included in Schedule I. I would also appeal to the Finance Minister once more that not only medicines but also tonics and herbal medicines should be exempted which would give a large measure of relief to the common people.

*Dr G S Mulkute* Mr Speaker Sir, I carefully heard the various arguments advanced by the hon. Members and I should say that I was totally unconvinced by the arguments put forward by them. One of the hon. Members said that within the course of one year we have brought as many as six Amending Bills and that these amendments to amendments are filling up the book thereby drowning the main Act itself. I agree with him. I would like to tell him that possibly within the next two years I might bring a dozen more amendments. There is a great necessity for that. I tried to explain in the very beginning that the history of the Sales tax Act in Hyderabad had a peculiar feature that there was a customs duty in lieu of which we had been trying to impose sales tax and that when customs duty on some of the items is abolished, naturally we have to think of revising the sales tax on certain items—either decrease or increase. The last one is one of the main reasons for the frequent revision of the imposition of sales tax. Apart from this, the Speaker himself agreed that we should gain experience.

*Shri V D Deshpande* The Speaker did not express any view.

*Mr Speaker* No means the hon. Member who spoke.

*Confirmation not received*
L A Bill No XIII of 1958 the
Hyderabad Sales Tax (Amend-
ment) Bill 1953

Dr G S Mehta The facts and figures before me were very meagre. I have been able to collect more facts and figures now and by next year I might be able to bring a more fundamental amendment than this year. As it is, I thought I had gone a long way in satisfying both the people and the hon. Members of this House. I must, however, confess that I myself am left unsatisfied with what I have done. I would on one side like to give greater relief for the poorer section of the people, and on the other devise ways and means of taxing others which would bring more money to the coffers of the State which amount can again be expended on the poorer section of people. I have been searching for such measures and as and when I glean information either from the Members of the Opposition or from the outside public, I would naturally think of bringing an amendment which would be to our advantage and not disadvantage.

With regard to some of the items I said in the beginning that I am left totally unconvincing. The logic placed before the House by Members of the Opposition is merely sentimental and does not bear relation to the facts of the situation. Take for instance the question of medicines I have not specified in the Bill either Ayurvedic or Allopathic or any other system. I would like to ask what is the percentage of the people who make use of these things and who use the people that pay this tax or purchase these medicines? If we go into details, we will find that 80% of our population go without medicines when they are taken ill. Either nature cures them or they resort to some quackery in the village, which is certainly not taxable. I am not taxing any of it. The remaining 20% of the people live in cities and even here people are so poor that they are not able to pay for medicines. Ultimately it boils down to this that 1 or 2 percent of the population will go in for these medicines and which comprises mostly of the richer section of the people. I feel that it is right that the richer section should be taxed. But there are certain medicines which are life-saving. Even a poor man, when he knows that there is a medicine which can save life would sell away his property and try to save his life by purchasing that medicine. Such medicines of his saving nature, I have tried to exempt completely from taxation. With regard to the rest, the actual cost of the medicines is less and the druggists and others have made enormous profits from the richer section. To tax that amount
I consider it not sinful if it is only proper. No other States have given this exception. After having considered all the facts, I am sure the House would agree with me when I say that I am only trying the richer section of the people and those merchants who are making enormous profits.

Shri V. D. Deshpande. There are many kinds of medicines which the middle classes purchase. Will they not be hit by this tax?

Dr. G. S. Makhote. It is only about 1% of the population. The middle classes do not purchase them.

Shri V D Deshpande. The hon. Minister wants to make it impossible for them.

Dr. G. S. Makhote. I am not doing that. With regard to the turnover levy itself, it has been asked why we should look at other States and that we must make fundamental changes. I certainly agree with the hon. member who said that I would like to make more fundamental changes. With more experience it may be possible for me to do so. I have got some facts before me here. For instance, Madhya Pradesh, Orissa, and West Bengal have kept a turnover limit of Rs. 7,000. Why not look at them? The only State which has kept a turnover limit of Rs. 80,000 is Bombay, it is normal to do so. Even West Bengal could not do it.

The turnover limits in Assam, Madhya Pradesh is Rs. 7,500. All the remaining States (excepting Uttar Pradesh, whose turnover limit is Rs. 12,000) have turnover limits of Rs. 10,000. Thus the situation Bombay is an exception. Thus maximum turnover is Rs. 10,000 and the minimum is Rs. 5,000. No State can increase its turnover limit beyond Rs. 10,000 because it will not gain anything. Keeping this in view, we fixed our turnover limit at Rs. 7,500. G (Previously it was Rs. 7,500 O/S). No doubt, a big jump!

With regard to tamarind and chillies, I made it abundantly clear that no agriculturalist would be directly taxed by thus. As every hon. member knows, 80 per cent of the population live in villages and their chillies and tamarind go untouched.
altogether. The remaining 20 per cent of the population that live in cities have to pay a little. But the maximum amount that I get would be by export duties. There is inter State trade, and I am not in a position to tax. I am not taxing the producer. The criticism is that I am taxing an essential commodity. But as I said, 80 per cent of the population is going scotfree and of the 20 per cent that live in cities the middle class and poor section of the people in cities as compared to villages are a little above the middle class and poor class of the villagers. That is the situation. The imposition of tax on these articles and getting more money from other States (by way of export duties) to help my State people is not, I believe, wrong.

Coming to skins and hides much of it is exported. We do not manufacture and if at all manufacture we do it very little from the hides and skins in the State. The criticism levelled is that the village patel and patwari is often harassing. I will certainly look into the matter. If I find that I cannot suitably recompense the villager without taxing him I shall consider what measures I should take through notification. Hence, I have removed this (hides and skins) from the exempted list.

Next cattle. It is the agriculturist's main need. A single individual occasionally goes into the market. He can never have a turnover limit of Rs 7,500. Cases of people whose turnover limit is above Rs 7,500 and who are actually buyers and sellers of cattle are few and far between in the State. It is only such people that make a profit that I intend to tax.

About Khaghans these people are just like weavers. From it, he earns his livelihood. It is not merely a question of their livelihood. they want to become richer as compared to others. They have agreed to the tax when the turnover limit is Rs 7,500.

As regards cloth, I made the Congress viewpoint very clear before the House. Cloth manufactured under certification of the All India Spinners Association is exempted. Those people who stay in villages who are weavers who use mill yard but whose number is very great and over which no capital or very little capital is spent are also exempted.
they run a primitive type of industry and their entire livelihood depends upon that. Government feel that this type of weavers should be accorded relief and that the relief they get should be a little less than that given to handloom weavers. So we have given exemption under yarn from 2 per cent to half per cent. That would come by a notification. Then considerable relief has been granted in respect of coarse cloth and medium cloth. Again the tax of 2 1/2 ahs is reduced to 8 paise I G and from 8 points it is reduced to 2 points. Thus, competition with handloom weavers is reduced. With regard to fine cloth I have kept it at 9 paise. These are the various gradations and this is the principle behind taxation.

I have tried to answer all the points. We are in the First Reading Stage. Much of what the amendments seek to remedy has also been answered. I thank the hon. Members who have spoken on this Bill making certain useful suggestions. I request the House to pass the First Reading of the Bill.

Shri V D Deshpande: At how many points will the tax be on tamaanid and chullees?

Dr G S Melkote: Only at one point; that is at the purchase point.

Mr Speaker: The question is

That L A Bill No XIII of 1958 a Bill further to amend the Hyderabad General Sales Tax Act 1950 be read a first time.

The motion was adopted.

Dr G S Melkote: Sir, I beg to move.

That L A Bill No XIII of 1958 a Bill further to amend the Hyderabad General Sales Tax Act 1950 be read a second time.

Mr Speaker: The question is

That L A Bill No XIII of 1958 a Bill further to amend the Hyderabad General Sales Tax Act 1950 be read a second time.

The motion was adopted.

4
Mr Speaker We shall now take up the clause by clause reading. There are no amendments to clause 2 of the Bill.

The Question is
That clause 2 stand part of the Bill.

Clause 2 was added to the Bill.

Clause 2 A

Dr G S Melkote I beg to move

That for the second line for the words

four pies in the rupee the words and letters three pies in the rupee in I G currency be substituted and for

the fourth line for the words

six pies in the rupee the words and letters six pies

in the rupee in I G currency

be substituted.

Mr Speaker Motion moved.

That for the second line for the words

four pies in the rupee the words and

letters three pies in the rupee in I G currency be substi

tuted and for the fourth line for the words

six pies in the rupee the words and letters six pies

in the rupee in I G currency be substituted.

D G S Melkote The amendment is quite clear and
I need not say anything in support thereof.

Mr Speaker The question is

That for the second line for the words

four pies in the rupee the words and letters

three pies in the rupee in I G currency be substituted

and for the fourth line for the words

six pies in the rupee the words and letters

six pies in the rupee in I G currency be substituted.

The motion was adopted.
Mr Speaker  The question is
That Clause No 2 A as amended stand part of the Bill
The motion was adopted
Clause 2 A was added to the Bill

Clause 3

Mr Speaker  There are no amendments to Clause 3 of the Bill
The Question is
That clause No 3 stand part of the Bill
The motion was adopted
Clause 3 was added to the Bill

Clause 4

Shri K R Veniaswmy  I am not moving the amendment standing in my name

Dr G S Milkota  I beg to move
That after clause (v) of the proposed section 6 the following be inserted namely

(v) Government may at any time by notification in the Janda impose a tax on the all of cigarettes costing more than annas 2 per packet of 10 cigarette pipe tobacco and cigars at a rate not higher than annas five in the rupees at such stage or stages as the Government may deem fit

Mr Speaker  Motion moved
That after clause (v) of the proposed section 6, the following be inserted namely

(vi) Government may at any time by notification in the Janda impose a tax on the all of cigarettes costing more than annas 2 per packet of 10 cigarettes pipe tobacco and cigars at a rate not higher than annas five in the rupees at such stage or stages as the Government may deem fit
Dr G S Malhotra  Sir the honourable Leader of the Opposition said that this is too drastic a measure and that we should wait and watch before empowering me as per this amendment. I am certainly not in a hurry to bring this amendment. But I shall be having it out of respect for the House. If I feel that it is necessary to bring this amendment, we shall do it. I am not sure whether this amendment will be brought before the House. The intention of this amendment is to bring Hyderabad within the ambit of the Ordinance. I am not sure whether this amendment will be brought before the House. The intention of this amendment is to bring Hyderabad within the ambit of the Ordinance. I am not sure whether this amendment will be brought before the House. The intention of this amendment is to bring Hyderabad within the ambit of the Ordinance. I am not sure whether this amendment will be brought before the House. The intention of this amendment is to bring Hyderabad within the ambit of the Ordinance.

Shri V D Deshpande  Heavy armament is always bad. Secondly the Finance Minister says that during next session we could bring in amendments. But non-official members are not in a position to bring in any amendments for a money bill.

Dr G S Malhotra  I myself shall bring and create an opportunity to discuss them.

Shri V D Deshpande  StII I continue to believe that such a drastic measure should not be passed. Though I believe the statement of the Finance Minister when he says that he will not act under it unless it is absolutely necessary, still we are apprehensive of giving such wide powers without the House having had sufficient chance to deliberate over it. In Madras this point appears to have been discussed for a long time in the Assembly while we have had no such opportunity. Further it is a question of taxing at the rate of five annas in every rupee not a small matter. I would like to inspect the circumstances under which the Finance Minister that he should withdraw his amendment and wait till the next Session. In the meantime it is desirable to watch how it would work in Madras, Madhya Pradesh and Bombay.

*Confirmation not received*
As has been said, recourse to ordinances is always here at the disposal of the hon. Minister. But why not give a chance to the House to discuss at great length?

Mr. Mirkat: Of course, I can bring in an Ordinance for the desired purpose at any time, but as the House is still in Session, I thought it desirable to place before the House my moves and get myself empowered to act under the proposed amendment. I know what is going to happen, but I have not listened to the facts and figures before me and I have instructed my office to collect all the facts and figures as quickly as possible. I am not sure whether Bombay is not following suit. Under circumstances, should our State suffer. In the circumstances, I felt it necessary to place my intention before the House and assure myself assume the House I am not going to misuse it if the House can depend upon my word.

Shri V. D. Deshpande: We want our conscience to be clear and we feel that we cannot give such powers to the Minister at this juncture.

Mr. Speaker: The Question is

That after clause (v) of the proposed section 6, the following be inserted, namely:

(v) Government may at any time by notification in the Honâda impose a tax on the sale of cigarettes costing more than three annas and not less than five annas in the rupee at such stage or stages as the Government may deem fit.

The motion was adopted.

Mr. Speaker: The Question is

That Clause No. 4 as amended stand part of the Bill.

The motion was adopted.

Clause No. 4 was added to the Bill.

Clauses 5, 6, 7 and 8.

Mr. Speaker: The Question is

That clauses 5 to 8 stand part of the Bill.

The motion was adopted.

Clauses 5 to 8 were added to the Bill.
44 14th April, 1959  
L A Bill No XIII of 1958  
the  
Hyderabad Sales Tax (Amend- 
ment) Bill, 1958  

Clause 9

Shri K R Veeraswamy  
Sir I beg to move  

"That para (a) of Clause 9 of the Bill be omitted.

Mr Speaker  It means that items 18 to 19 shall be there 
as before. Motion moved.

"That para (a) of Clause 9 of the Bill be omitted.

Shri Shamrao Naik  
(Hingoli General) I want to move  
Amendment (a) only and not amendment (b)

Mr Speaker  Then, amendment (a) also need not be moved  
as it is exactly the same as the one moved just now by Shri  
K R Veeraswamy.

Mr Speaker  Shri Ankushrao Ghare

Shri Ankushrao Ghare  
(Partur) Sir I beg to move  

That the following item be added at the end of item  
18 in paragraph (ii) of clause 9 of the Bill, namely  
18 A. Raw cotton and cotton seed.

Mr Speaker  Motion moved.

That the following item be added at the end of item  
15 in paragraph (iv) of clause 9 of the Bill, namely  
15 A. Raw cotton and cotton seed.

Shri K R Veeraswamy  
Sir I beg to move.

That the following be substituted for item No. 24  
in para (iii) of Clause 9 of the Bill, namely —

24 Medicines (used both internally and externally) Herbs  
and Tonics.
Mr Speaker Motion moved

That the following be substituted for item No 24 in para (iv) of Clause 9 of the Bill namely

Medicines (used both internally and externally) II Herbs and Tonics

Shri Makhdoom Mohsinuddin (Husurnagar) Sir I don't want to move my amendment

Shri Shamrao Nark (Ningoli General) Sir I beg to move

That the following paragraph be added at the end of clause 9 of the Bill, namely

(iv) After item 25 of Schedule I of the Act add the following items namely

26 Oil seeds used in Kolughanas
27 Cattle Hides and Skins

I may say in explanation that I don't want to move the amendment regarding Meat since it has already been inserted in the Schedule No 1 and exempted from the levy of tax. I was not aware of that at the time of giving notice of my amendment

Mr Speaker Motion moved

That the following paragraph be added at the end of clause 9 of the Bill namely

(iv) After item 25 of Schedule I of the Act add the following items namely

26 Oil seeds used in Kolughanas
27 Cattle, Hides and Skins

Dr G S Melkote Sir I think it will be better if we carry on without recess. I am sure within half an hour we will be able to finish the work

Mr Speaker Does Shri Vearaswamy want to say anything in support of his amendment, in view of the fact that he has already spoken at the first reading?

Shri K R Vearaswamy No, Sir
Shri Ankhush Rao G hare Mr Speaker Sir The hon Finance Minister has expressed the view that the tax that is collected on raw cotton and cotton seed is a tax on the purchase and not on the agriculturists. I would only suggest to the hon Finance Minister to go meagrely to examine the case of raw cotton and cotton seed. When raw cotton and cotton seeds are brought to the market the merchant actually deducts the amount of the tax and the remaining amount only will be handed over to the agriculturist. So this is a case where practice and precepts differ. We are thinking that we are giving reliefl to the agriculturist but in fact the burden of the tax fell on the agriculturist. As cotton seed forms an essential part of the agricultural economy I would request the hon Finance Minister not to levy any tax on cotton seeds. At the most if it is considered necessary to levy tax on raw cotton I would point out that it should not be imposed on the purchase point when it is brought to the market but it should be collected when it is first lifted from the purchase and sent to the mills for ginning.

With these few words, I take my seat.

*Shri Sham Rao Nask Mr Speaker Sir my first amendment is regarding the tax on tamarind and chillies. It has been admitted by the hon Finance Minister himself that tamarind and chillies are mostly used by the poor section of the people and that is why he wanted to levy tax at the purchase point only. These are chillies used mostly by the common people and being daily necessaries of life feel they should not be taxed at all. I am of the view that the tax on chillies is not justified by any canons of financial or even moral principles of our sojety. There is no doubt that the poor section of our people should be given relief. The hon Finance Minister has explained that the incidence of this tax will not fall on the shoulders of the consumers but will only fall on purchasers who may purchase for export to other States. The argument given in support of this measure that the adjoining States at 1 levy such a tax cannot stand good here. For instance in Telangana people require badly chillies for their daily food and it is absolutely necessary to maintain good health. Even in Marathwada*

*Confirmation not received*
chillies are considered to be essential necessaries of food and
without them the duties to be paid by the people will not be complete.
So from all these considerations I am of the opinion that the
burden of this tax which falls on the poor section of the population
is unwarranted. It will be beyond their capacity to pay this tax and I would therefore plead with the hon
Minister for Finance not to levy the tax on these commodities.

My second amendment is regarding the tax on oil seeds used
in Kohluhanas. If I understand correctly the policy of the Gov-
ernment is to afford protection specially to industries and Koh-
luhanas are one of the important oil seeds industries. I am afraid
to know the necessity for this taxation. In our State more
than 30,000 Kohluhanas are run on man power and only
3,000 men are in this industry. In these circum-
stances I think the levy of tax on oil seeds in Kohluhanas
will not be conducive to the well being of this industry parti-
scularly when the Government has accepted the policy of encour-
ging cottage industries. I think Government’s policy in
this regard is quite contradictory. On the one hand they
are not able to give protection to this industry and on the
other they are not creating conditions conducive to the
existence of this industry. I am afraid the levy of this tax
would adversely affect the growth of this industry. The
result will be that a greater section of the population will
have to stop work and face the problem of unemployment.
Due to these circumstances I request the hon
Finance Minister to exempt the oil seeds used in Kohluhanas from the
levy of this taxation. In this connection I would invite the
attention of the hon Finance Minister to the practice in
Bombay where protection is afforded to this industry and I
would request him to follow the same example here.

In the end, I would like to express the hope that my sug-
gestions will be accepted by the hon Finance Minister.
Mr. Speaker, Dr. G. S. Mehmood

Dr. G. S. Mehmood, Mr. Speaker, Su Loo

Mr. Speaker, the Hon. Minister may give his reply to all the amendments that have been moved.

*Dr. G. S. Mehmood, Mr. Speaker, Su Loo, and hard facts face me. I have made it clear that sentiments have got their own value and their own place. Hon. Members appeal to me that I should help the poor and labour section of the people and thereby I am proud of myself. I always keep this in mind but if I have to do that I have to face facts and see whether sentiments would help them or not. When I am not really hitting the poor section and the other hand giving them benefits I am not in a position to understand how some Hon. Members say that I am doing injustice to either the labourers or the poor section of the population. It is a fact that children's...
and turmeric and even matches were sold by the poor
and rich alike at a price of 10 mos. But it was more than
50% of the agricultural produce and grew on even child-
like they get医务人员 in their own villages and even on a small scale
but it takes place there that no sales tax is imposed in that
case. It is only when they get transferred to the hands of
the merchants to be transferred to them for export taxes are
imposed as well. The point is this tax is not just in the buy-
ernation at the poor section of the population I am able to understand
the labour section'scases will certainly be able to bear this
tax because they constitute a small percent. But why
I said as you said the tax the poor people will have to bear in
the benefit that accrues to them in and much more. I am bound
to impose this tax. I have not done this with a view to make
the good the loss in revenue. That is certainly in my primary
aim. My primary objective is to give relief to the poor section
of the people. That is why I have asked different amend-
ments. So regarding the changes as well as must to that
I am not trying to give relief to the common people, and that
my Secretaries and others lead me to the wrong course etc.
I must say that they are not correct. I was supposing they have
done it hon. Members of the Opposition can come to me and
say these are the hard facts then I can certainly rectify
myself from the stand that I have taken. They have
not placed facts before me whereas I have got hard facts
before me and I personally feel that the imposition of this
tax is a step in the right direction. (Interjection by Shri
Shivaramulu)

Mr. Speaker Order

Shri G. Shivaramulu Su I want to clarify

Mr. Speaker The hon Minister may proceed with his
speech

Dr. G. S. Melkote So as I said, the agriculturists are not at
all affected until he sells his produce to the merchants.
in the villages even to day exchange of commodities on barter
basis takes place. So when the price structure goes up
he would naturally exchange his articles with something else
Agriculturists are sensible enough. They understand the whole
situation. It is only when the commodities come to the
City and are exported the sales tax is imposed. And as I said this affects only a small section of the people. The richer section can afford to pay this tax.

With regard to the cotton seed, the tax imposed is only on the purchase point. Previously, due to the lack of currency, the merchant classes were taking undue advantage of the ignorance of our villagers. Today with the coming into force of IG currency due to demonetisation and with the abolition of customs duty, the import duty had already been removed and the export duty will be removed shortly. The price structure in this State has got to be almost on par with the neighbouring States. Then the merchants cannot make more profit. The merchants are profiting due to the tax. Then it is time for me to consider suitable measures. The merchants are making huge profits and they are throwing the whole blame on the sales tax whereas the enormous profits made by the merchants are running the villages. I would plead with the hon. Members to go round the villages and see. This is the price structure at Bombay you are being squeezed do not sell the commodities to the merchants.

Government has also got to consider this aspect. I have been thinking very seriously how to help our agricultural classes to sell their commodities to their maximum benefit. I do not yet know what measures have to be taken in this regard. I have been in consultation with the Minister for Rural Development in this connection and possibly I might be in a position to indicate the measures taken at the next session.

With regard to cotton seed, the quantity that is consumed or used within the State as cattle feed etc. is not much. Most of the peasants of Maharashtra and other places grow their own cotton seeds. I am not worried about that. The quantity of oil seeds that is exported from the State to be used for making oil and Dalda etc. is valued to the tune of 1 crore of rupees. Only the merchant who export them would be affected by the tax. These are the things which I would like to emphasise. I would certainly like to give relief to the agriculturalists to the extent possible but if some people try to exploit the situation and take the produce grown here without benefit to either the Government or the people it is my first duty to help the people, after all the tax that is realised from those
people who export the commodities would be
expanded for the people. I therefore hope that the Members
of the Opposition will not oppose this measure which I have
brought in.

With regard to vegetable, the tax is imposed at the
purchase point. Most of the people affected are merchants.
The quantity of seeds that is converted into oil is exempted
from tax. But if the seeds are purchased and gum sold
away naturally it will have to be taxed.

Shri Annapurna Rao Cauana They purchase them they do
not sell them.

Dr G S Mehta If they do not sell then they need not pay.

Regarding hides and skins I have already answered.
A smaller dealer in these items need not pay. These items are
exempted to the tune of lakhs of rupees. It is only the big
dealers whose turnover limit is more than Rs 7500 that
have to pay the tax.

I have answered all the points raised by the hon. Members
and request the Members to withdraw their amendments.

Mr Speaker I shall now put the amendments to vote.
Shri K R Venkatarmany

Shri K R Venkatarmany Mr Speaker Sir I want my
amendment to be put to vote.

Mr Speaker The question is
That para (a) of Clause 9 of the Bill be omitted
The motion was negatived

Shri Anshuk Rao Ghare I beg leave of the House to with-
draw my amendment.

The amendment was, by leave of the House withdrawn.
1168 14th April 1968  I A. Bill No. VIII of 1950 the
Hyderabad Solds Law (Amend
ment) Bill [3,1]

Shri K. R. Verraswamy Mr Speaker Sir I want my
amendment to be put to vote

Mr Speaker The question is

That for item No 21 in part (iv) of Clause 9 of the
Bill, the following namely—

24 Medicines (used both internally and externally)
Herbs and Tonics

be substituted

The motion was negatived

Shri K. R. Verraswamy Mr Speaker Sir I want a divi-
sion

The division bell was rung

The division bell was stopped

(Since Shri K. R. Verraswamy did not press for division
the division was not taken)

Shri Sham Rao Naik Mr Speaker Sir I want my amend-
ment to be put to vote

Mr Speaker The question is

That at the end of Clause 9 of the Bill the following
paragraph, namely—

(10) After item 28 of Schedule I of the Act add the
following items namely—

28 Oil seeds used in Kolughanas
27 Cattle Hides and Skins

be added

The motion was negatived

Mr Speaker The question is

That Clauses 9 & 10 stand part of the Bill
The Motion was adopted

Clauses 9 & 10 were added to the Bill

CHRT II

Dh. G.S. Milkoti I beg to move

That in Clause II of the Bill for the figures and word 4 8 and 10, the following figures and word namely 4 8 10 and 12

be substituted

Mr. Speaker Motion moved

That in Clause II of the Bill for the figures and word 4 8 and 10, the following figures and word namely 4 8 10 and 12

be substituted

Shri V.D. Deshpande I beg to move

That for Clause II of the Bill the following namely—

(a) In line 2 of section 4 of the Act for the words and figures Rs 7,000 m O S substitute the words and figures Rs 20,000 m T C

(b) In line 1 of sub-section (1) of section 8 of the Act for the words and figures Rs 7,500 m O S substitute the words and figures Rs 20,000 m T C

(c) In line 1 of sub-section (1) of section 10 of the Act for the words and figures Rs 5,000 m O S substitute the words and figures Rs 15,000 m T C

be substituted

I may add here that it has been wrongly printed as in Clause (b)

Rs 50,000 m in the list of amendments it is actually Rs 20,000

Mr. Speaker Motion moved

"That for Clause II of the Bill, the following, namely—
11 (a) In line 2 of section 4 of the Act for the words and figures Rs 7,500 in Os substitute the words and figures Rs 20,000 in I G

(b) In line 2 of sub section (1) of section 9 of the Act for the words and figures Rs 7,500 in Os substitute words and figures Rs 20,000 in I G

(c) In line 4 of sub section (1) of section 10 of the Act for the words and figures Rs 5,000 in Os substitute the words and figures Rs 15,000 in I G

be substituted

(Pause)

Mr Speaker This Amendment Bill seeks to hike the amounts from Os to I G and the amendment is only in connection with deomonstration whereas Shri Deshpande wants to substitute the amounts in the sections referred to in Clause 11 Is it relevant?

Shri V D Deshpande I think it is quite relevant and amendments seeking to substitute the amounts mentioned in the sections of the Act can be tabled

Relief

Demonetization

Automatic relief

Substantial relief
Mr Speaker Article 207 of the Constitution reads

A Bill or amendment making provision for any of the matters specified in sub clause (a) to (f) of Clause (1) of Article 199 shall not be introduced or moved except on the recommendation of the Governor and a Bill making such provision shall not be introduced in a Legislative Council.

Provided that no recommendation shall be required under this Clause for the moving of an amendment making provision for the reduction or abolition of any tax.
The provision of the Constitution is clear on this point. If the hon. Member wants to reduce the tax, the amendment can be moved.

Shri V D Deshpande: In fact, my amendment seeks to reduce the tax. By enhancing the limit to Rs. 20,000 it would be reducing the tax the Government realizes.

Shri M Buchsah (Surup) Mr Speaker: Sir, It has been said that amendments to a Money Bill have to be approved by the Rajpramukh. I would like to know whether the amendments to the Sales Tax Amendment Bill which have been moved by the Finance Minister have been approved by the Rajpramukh.

Dr G S Melkote: They have all been approved by the Rajpramukh.

Shri M Buchsah: Thus has not been announced before in this House.

Mr Speaker: It is announced now.

Shri V D Deshpande: If it is announced now the whole proceedings in regard to the Bill which have taken place till now will become illegal.

Mr Speaker: No. It cannot become illegal.

Dr G S Melkote: I have informed the Speaker of the same earlier.

"Mr Speaker: When we read Article 207 along with Article 199 it is clear that a Bill shall be deemed to be a Money Bill if it contains only provisions dealing with all or any of the following matters namely:

(a) the imposition, abolition, remission, alteration or regulation of any tax.

Alteration of course definitely comes in this. Again Clause (f) of Article 199 reads:

"The receipt of money on account of the consolidated Fund of the State or the public account of the State or the custody or issue of such money."
Under Article 207 it is clear that a Bill or amendment making provision for any of the matters specified in sub clauses (a) to (f) of Clause (1) of Article 109 shall not be introduced or moved except on the recommendation of the Governor so I think this amendment cannot be allowed to be moved.

Shri V D Deshpande: I am not clear on that point Sir nor am I convinced. I submit that if a new Bill is to come or if an amendment Bill which increases taxation is to come in that case alone I believe the permission of the Governor or Raypranamukh is necessary. When a taxation Bill comes before the House I do not think the construction arises that we cannot give amendments to that. For example last time the question of 4 per cent. was risen and we suggested 3 per cent and that amendment was ruled out. It means we cannot say anything about it at all. It may be we cannot introduce ourselves but when they come before the House I believe the construction and scope of the Articles should be only with respect to new money Bills or any amendment to the money Bill but not with reference to amendments to a taxation Bill that have already come before the House. I feel that my amendment is quite clear and in keeping with the spirit of the Constitution.

Chief Minister (Shri B Ramakrishna Rao): With due deference to the interpretation that was placed by you Sir, I must say I am inclined to agree with the hon. the Leader of the Opposition in the interpretation of the two Articles of the Constitution. I believe the intention is that any non-official member of the House is not entitled to bring in himself any Bill or amendment which is de-coupled as a money Bill, without the previous consent of the Raypranamukh but if such a Bill or amendment has been introduced in the Assembly by the hon. the Finance Minister or by the Government, then certainly the whole Bill is before the House for discussion and any amendment to any section or to any clause which seeks to reduce the taxation or make any suggestion regarding the alteration of the tax or anything of the kind is permissible. That is my personal view of the matter. That apart even if the amendment is allowed, of course subject to your ruling Sir, if you are going to give a ruling, I would like to say a few words on the amendment on its merits not on its constitutional aspect.

Mr. Speaker: What would be the effect then? Will it be reduction?
Shri B Ramakrishna Rao The effect of the amendment is to reduce the sales tax. We seek to impose tax on a turnover of Rs 7,500. Previously it was Rs 7,500 (0) and we want to convert it into IG Rs 7,500. As the honorarium of the Opposition himself admitted, this itself is a rich gift given to the tax payers. He would like probably to reduce the turnover limit to Rs 20,000 and its effect would be to reduce the sales tax which we try to impose.

Mr Speaker Then it comes under Article 207. Article 207 is quite clear.

A Bill or an amendment making provision for any of the matters specified in sub-clause (a) to (f) of Clauses (1) of Article 189 shall not be introduced or moved except on the recommendation of the Governor and a Bill making such provision shall not be introduced in a Legislative Council.

Provided that no recommendation shall be required under this clause for the moving of an amendment making provision for the reduction or abolition of any tax.

Thus if the object of the amendment is reduction of the tax then of course Article 207 allows it.

Shri B Ramakrishna Rao As you have agreed with the interpretation now I think I should merely say a few words with regard to the merits of the Bill.
16th April 1968

L A Bill No XIII of 1968 the
Hyderabad Sales Tax (Amendment) Bill 1968

Mr Speaker Has the hon Finance Minister got anything to say in support of his amendment?

Dr G S Meikote I have already replied on

*Shri V D Deshpande I want to speak regarding my amendment. As per the rules (rule 41 sub rule 8) I am entitled to give a reply.

Abolition (Replacement)

There is a gap in the Finance Bill.

Regressive Tax (Middle Class)

Consumers (Agricultural Income Tax)

Despite the AGR Income Tax being payable it is the Consumer who is hit. We need an Income Tax on the Middles class to help the Consumer.
Mr. Speaker, the question is

That clause 11 as amended stand part of the Bill

The motion was adopted

Clause 11 as amended was added to the Bill

Mr. Speaker, the question is

That short title commencement and preamble stand part of the Bill
The motion was adopted

Short title commencement and preamble were added to the Bill

Sir G S Melkote : Su I beg to move

That L A Bill No. XIII of 1953—the Hyderabad Sales Tax (Amendment) Bill 1958 be read a third time
Mr. Speaker, Sir, Before the third Reading of this Bill is over and before we adjourn I would like to thank sincerely all the Sections of the House for the cordial support they have given me in passing the Budget Estimates. I think that some Members of the Opposition have put very strong terms some of the measures that the Government have brought in. But I think they should realize that if they have any fault on this side of the House it is only the Finance Minister (LAUGHING). (An hon. Minister No. I am also.) I am sure when more money is asked for various items by the members of the Treasury Bench I think all the criticisms of the Opposition side to counter them. (LOUD AND CONTINUOUS LAUGHING). So there could be no other better answer to the Opposition than myself. I am speaking here as a part of yourself and the more you criticise me the more better for me. I do realise that the Government cut has not been able to go forward to the extent it desired, but to whatever extent the Government may go to the Opposition Bench would always criticise and say that it should have gone at least another 100 miles ahead. I realise that criticisms of this nature are normal, but thinking it normal not utilising it for the welfare of the State is certainly not good. I have kept in mind all the criticism that the hon. Members made during the last year and also during this session. To the extent it is humanly possible I have gone ahead. I am sure the House will appreciate that the Government has done its very best and desires to serve the people and to go ahead as fast as the Punjab Express (LAUGHING) but the situations do not warrant. The tax structure is being examined on in all India level and if an uniformity is brought

*Confirmation not received*
about if relief is given to the people and if the amount raised from the taxes is utilized to improving the lot of the people in various directions nobody would be more pleased than the Members of the Treasury Benches (APPLAUS FROM THE CONGRESS MEMBERS). I wish to recognize all the kind sentiments expressed about the Budget and should like to thank once again all the hon. Members. In the end I would offer my thanks to you Mr. Speaker (LONG APPLAUS FROM CONGRESS BENCH).

Mr. Speaker I would invite the attention of the House to page No. 3 Clause 4 of the Bill wherein it is stated that Section 6 of the said Act the following section shall be inserted. I think, instead of inserted the word substituted will be better.

Dr. G. S. Mehta I accept your suggestion so

Mr. Speaker This change may be affected in the Bill

Now the question is

That L.A. Bill No. XIII of 1958 the Hyderabad General Sales Tax (Amendment) Bill 1959 be read a third time and passed.

The motion was adopted

Business of the House

Shri V. D. Deshpande Sir before you make the announcement about the prolongation of the Assembly I would like to raise one or two points
تعمیرات دینی عالمی اور قومی

(Constitutional) معاشرتی امور

(Ascent) رہنماؤں کی تصویب

(Rights) ہمارے حقوق

(Business of the House) ترقی کے بعد

Guidance
Announcement by the Speaker

Mr Speaker The last announcement I have to make is about the prong of the Assembly

I have received a communication from the Rajmuniakh stating that he is pleased to order under Article 171 of the Constitution of India that the present session of the Legislative Assembly be pronged from now

The Assembly was then pronged