

LOK SABHA

THE CENTRAL SALES TAX (AMENDMENT)
BILL, 1971

(REPORT OF THE SELECT COMMITTEE)

(Presented on the 17th August, 1972)



LOK SABHA SECRETARIAT
NEW DELHI

August, 1972/Sravana, 1894 (Saka)

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(ii)

Page 36, line 11, after "12.40" insert "hours"

Page 43, line 1, for "Rohtagi" read "Rohatgi"

Page 49, line 21, insert "14th" before "February"

Page 60, line 6, for "ets." read "etc."

Page 69, line 1 from bottom, after "verbatim"
insert "record"

Page 76, line 18, for "rereafter" read "hereafter"

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**SELECT COMMITTEE ON THE CENTRAL SALES TAX
(AMENDMENT) BILL, 1971**

COMPOSITION OF THE COMMITTEE

Dr. Henry Austin—*Chairman*

MEMBERS

2. Shri Dharmarao Sharanappa Afzalpurkar
3. Shri Chhatrapati Ambesh
4. Shri R.V. Bade
5. Shri Bashweshwar Nath Bhargava
6. Shri Somnath Chatterjee
7. Shri Tridib Chaudhuri
8. Shri Y. B. Chavan
9. Shri Shivaji Rao S. Deshmukh
10. Shri Tarun Gogoi
- *11. Shri N. E. Horo
12. Shri D. P. Jadeja
13. Shri Sat Pal Kapur
14. Shri B. R. Kavade
15. Shri E. R. Krishnan
16. Shri Maharaj Singh
17. Shri Prasannbhai Mehta
18. Shri D. K. Panda
19. Shri H. M. Patel
20. Shri P. Antony Reddi
21. Shri Devendra Satpathy
22. Shri P. M. Sayeed
23. Shri M. R. Sharma
24. Dr. Shankar Dayal Sharma
25. Shri Shiv Kamar Shastri
- *26. Shri Muhammed Sheriff
27. Shri B. R. Shukla
28. Shri Sant Bux Singh
29. Shri R. P. Yadav
30. Shri K. R. Ganesh

LEGISLATIVE COUNSEL

Shri R. V. S. Peri-Sastri—*Additional Legislative Counsel.*

*Fell vacant *w.e.f.* the 2nd April, 1972 on the election of Shri N. E. Horo having been declared void by the Patna High Court.

**Appointed on the 19th April, 1972 *vice* Shri M. Muhammed Ismail died.

REPRESENTATIVES OF THE MINISTRY OF FINANCE
(Department of Revenue and Insurance)

1. Shri B. D. Pande—*Secretary*
2. Shri K. Narasimhan—*Member (Tariff) Central Board of Excise and Customs*
3. Shri M. S. Sivaramakrishna—*Director (Sales Tax)*
4. Shri O. P. Mehra—*Under Secretary*

SECRETARIAT

Shri P. K. Patnaik—*Joint Secretary.*

Shri H. G. Paranjpe—*Deputy Secretary.*

REPORT OF THE SELECT COMMITTEE

1. I, the Chairman of the Select Committee to which the *Bill further to amend the Central Sales Tax Act, 1956, was referred having been authorised to submit the report on their behalf, present their Report with the Bill, as amended by the Committee, annexed thereto.

2. The Bill was introduced in Lok Sabha on the 5th August, 1971. The motion for reference of the Bill to a Select Committee was moved by Shri K. R. Ganesh, Minister of State in the Ministry of Finance on the 12th August, 1971 and was adopted on the same day (Appendix I).

3. The Committee held 34 sittings in all.

4. The first sitting of the Committee was held on the 16th August, 1971 to draw up their programme of work. The Committee at this sitting decided to take oral evidence of the interested parties bodies, chambers of commerce and industry, etc., on the provisions of the Bill and to issue a press communique inviting memoranda from them by the 15th September, 1971. The Committee also decided to address a circular letter to all State Governments, Bar Council of India, Supreme Court, High Courts, Bar Associations, Chambers of Commerce and Industry etc. inviting their views on the provisions of the Bill.

At this sitting, the Committee further decided to hold their sittings outside Delhi to hear oral evidence of interested parties.

5. 125 Memoranda on the Bill were received by the Committee from various State Governments, associations, organisations, chambers of commerce and industry, etc., (*vide* list at Appendix II).

6. The Committee heard evidence given by the representatives of various State Governments, associations, organisations, chambers of commerce and industry, individuals, etc. (*vide* list at Appendix III).

7. The Report of the Committee was to be presented by the "last day of the first week of the next session" i.e., Third Session of Fifth Lok Sabha. The Committee were granted extension of time for presentation of their report twice, the first time on the 18th November, 1971 upto the "last day of the first week of the Budget Session of 1972" i.e., Fourth Session of Fifth Lok Sabha and subsequently on the 16th March, 1972 upto the "last day of the next session of Lok Sabha" i.e., Fifth Session.

8. The Committee have decided that the evidence given before them might be printed and laid on the Table of the House.

9. The Committee considered the Bill clause-by-clause at their sitting held on the 26th July, 1972.

*Published in the Gazette of India, Extraordinary, Part II, Section 2, dated the 5th August, 1971.

10. The Committee considered and adopted the Report on the 10th August, 1972.

11. The observations of the Committee with regard to the principal changes proposed in the Bill are detailed in the succeeding paragraphs.

12. *Clause 2*.—Sub-clause (b) of this clause seeks to substitute a new sub-section for existing sub-section (2) of section 6 relating to exemption from tax on subsequent sales during the same movement of goods. Under the new sub-section such exemption is subject *inter alia* to the condition that the dealer effecting the sale furnishes to the prescribed authority in the prescribed manner and within the prescribed time certain certificates/declarations containing the prescribed particulars. The Committee feel that such certificates/declarations may also be permitted to be furnished beyond the prescribed time for sufficient cause. The clause has been amended accordingly.

13. *Clause 3*.—This clause seeks to insert a new section 6A in the principal Act for the purpose of providing that the burden of proving that any movement of goods from one State to another was occasioned otherwise than by way of sale shall be on the dealer making such claim. For the purpose of discharging this burden, the dealer may produce before the prescribed authority within the prescribed time a declaration from the person in the other State to whom the goods have been sent along with evidence of such despatch of goods. The Committee feel that the requisite declarations should be filed before the assessing authority. The Committee also feel that such declarations may, for sufficient cause, be allowed to be filed within such further time beyond the prescribed time as the assessing authority may permit.

Sub-section (2) of the proposed Section 6A stipulates that if the prescribed authority is satisfied after such enquiry as he may deem necessary that the particulars contained in the declaration are true, he shall make an order to that effect and thereupon the movement of goods to which the declaration relates shall be deemed for the purposes of this Act to have been occasioned otherwise than as a result of sale. The Committee feel that it should be provided in the section itself that the assessing authority shall make an order on the genuineness of a declaration and that such an order could be passed at the time of, or at any time before, the assessment of the tax payable by the dealer.

Accordingly, the clause has been amended to provide for the aforesaid matters.

14. *Clause 4*.—This clause seeks to amend section 7 of the principal Act to empower the registering authority to demand, in appropriate cases, security or additional security upto an amount or amounts not exceeding in the aggregate fifty thousand rupees for initial registration or for continuance of registration. The Committee feel that the amount of security or additional security payable by a dealer should be limited with reference to the tax payable by the dealer. The Committee therefore recommend that it may be provided that the security or, as the case may be, the aggregate of the security and the additional security shall not exceed the amount of tax payable on the estimated turnover of the dealer for the year in which such security/additional security is required to be furnished.

Sub-section (3C) sought to be inserted in section 7 of the principal Act provides that where a surety becomes insolvent or dies, the dealer shall within fifteen days of the occurrence of any such event inform the authority granting the certificate of registration of such event and shall within thirty days of such occurrence furnish a fresh surety bond or furnish in the prescribed manner other security for the amount of the bond.

Several trade bodies who gave evidence before the Committee stated that the period of fifteen days for giving intimation about the insolvency or death of a dealer was quite inadequate. It was stated that normally fifteen days were taken to perform the last rites of the deceased and, therefore, it would be difficult to intimate the fact of the death within this period to the appropriate authority.

In order to avoid any hardship in this respect, the Committee feel that the period of fifteen days should be increased to thirty days for the purposes of giving intimation by the dealer about the insolvency or death of the surety and the period in respect of furnishing a fresh surety bond should be raised from thirty days to ninety days.

The Committee feel that the orders regarding demand/forfeiture of security should be appealable. The Committee therefore recommend that specific provisions for the purpose should be made in section 7 of the principal Act. Accordingly, three new sub-sections (3H), (3I) and (3J) are proposed to be inserted in section 7 of the principal Act. The proposed sub-section (3H) would permit a dealer to file an appeal within thirty days of the service of an order regarding demand of security, forfeiture of security or on a dealer's application for refund of security.

Under the proposed sub-section (3H), the appellate authority is empowered to permit, for sufficient cause, a person to file an appeal even without furnishing the whole or any part of the security and also even after the expiry of the period of thirty days. The order passed by the appellate authority on such an appeal would be final under the proposed sub-section (3J).

The proposed sub-section (3I) deals with the incidental matters relating to framing of rules for prescribing the procedure to be followed in hearing such appeals and the fees payable for such appeals.

15. *Clause 5—[sub-clause (b)]*.—It seeks to amend sub-section (4) of section 8 of the principal Act for the purpose of empowering the State Government to prescribe the time within which the declaration referred to in that sub-section has to be furnished. As already explained in para 12 above, the Committee feel that the prescribed authority should have power to permit, for sufficient cause, the filing of any such declaration beyond the prescribed time. Sub-clause (b) has been amended accordingly.

16. *Clause 10—(i) Sub-clause (a)*.—Clause 10 seeks to amend section 13 of the principal Act which deals with the rule-making powers of the Central and State Governments. The Committee feel that in the interests of uniformity, the Central Government should be empowered to prescribe the time within which any certificate or declaration required to be furnished under the Act may be furnished. The sub-clause has been amended accordingly.

(ii) *Sub-clause (b)*.—The Committees on Subordinate Legislation of the Houses of Parliament have approved a revised model clause for the laying, before Parliament, of rules, etc., made by the Central Government under Central Acts. The amendments made are with a view to bringing this sub-clause in conformity with the revised model clause approved by the above-mentioned Committees.

Other amendments made in this Clause are verbal and consequential in nature.

17. *Clause 11*.—(i) *Sub-clause (a)*—This sub-clause seeks to exclude, with retrospective effect, charcoal from the definition of “coal” contained in clause (i) of section 14 of the Principal Act. The Committee feel that the retrospective effect to the amendment through this sub-clause excluding charcoal from the scope of the term “coal” should not affect the position during the intervening period from the 23rd February, 1967 (the date of the Supreme Court judgment in Jaswant Singh Charan Singh’s case) and the coming into force of the amendment. It should be ensured that the Supreme Court judgment would prevail during the aforesaid period and “charcoal” will be treated as declared goods and no dealer would be required to pay tax on “charcoal” at a rate exceeding the one applicable to “coal” in the appropriate State. The sub-clause has been amended accordingly.

(ii) *Sub-clause (b)*—This sub-clause to substitute clause (iv) of section 14 of the Principal Act by a new clause for the purpose of enumerating expressly the various sub-items falling under the item “Iron and Steel”. The sub-clause has been amended to make it clear that “iron and steel” include “iron scrap and cast iron scrap”.

18. *Clause 13*.—This clause seeks to insert a new Chapter V (containing new sections 16—18) in the principal Act to provide for collection of tax in the event of liquidation of a company. The proposed new section 17(3) has been amended with a view to remove any bar on the liquidator for parting with the assets and properties of a company in liquidation in compliance of an order of the court.

The proposed new section 18 has also been amended to substitute the expression “relevant previous year” by the expression “period for which the tax is due” as sales-tax is levied with reference to the turnover of a dealer for a specified period.

19. *Clause 14*.—This clause seeks to extend the principal Act to Kohima and Mokokchung Districts in the State of Nagaland.

In the course of their evidence before the Committee, the Government of Nagaland requested that the existing Central Sales Tax Act, 1956, might be extended to the Kohima and Mokokchung districts in the State of Nagaland at once and that the other amendments sought to be made through the Central Sales Tax (Amendment) Bill, 1971, might be enforced in the aforesaid districts from the date they were brought into force in the rest of Nagaland and in the other States. Accordingly, this clause has been amended. Under the clause as amended, the principal Act, as it stood on the 5th August, 1971 (the date of introduction of the present amending Bill in Lok Sabha) will extend to and come into force

in the Kohima and Mokokchung districts from the date the amending Bill is enacted into law and the amendments made to the principal Act by the Bill would come into force in those districts from the date they are brought into force by notification issued under sub-section (2) of section 1 of the amending Act.

20. *Clause 15.*—This clause seeks to make the necessary provision for validation of assessments, etc. made before the commencement of this amending Act notwithstanding anything contained in any judgment, decree or order of any court or other authority to the contrary. Amendment made in this clause is consequential to the amendment made in clause 1.

21. *Clause 1.*— This clause has been amended for the reasons set out in paragraph 19 above.

22. *Enacting Formula.*—Amendment made is of a formal nature.

23. The Select Committee recommend that the Bill, as amended, be passed.

NEW DELHI;
August 17, 1972.
Sravana 26, 1894 (*Saka*).

HENRY AUSTIN,
Chairman,
Select Committee.

MINUTES OF DISSENT

I

I am sorry that I am unable to agree with the majority report of the Select Committee on the following clauses:—

Clause 3.—New section 6A is regarding burden of proof in case of transfer of goods claimed otherwise than by way of sale. It lays down that the burden of proving that the movement of such goods was so occasioned shall be on the dealer. The argument advanced by a number of witnesses was that according to the Evidence Act the burden of proof should be always on the person who has special knowledge of the situation. If it is so then there is no necessity of this special provision.

In taxation cases the burden of proof would be always on the taxing authority. Therefore, I want to lay down a procedure of discharging this burden of proof and to add a provision as follows:—

“Provided the burden of proof shall be deemed to have been discharged if a declaration duly filled in according to section 6A is filed before the prescribed authority”.

Clause 4.—In the original draft Bill in the proposed new sub-section (3B) of section 7 of the principal Act there was a provision that in appropriate cases security or additional security up to an amount not exceeding in the aggregate fifty thousand rupees for initial registration or for continuance of registration can be demanded by the registering authority. The Committee is of the opinion that the amount of security or additional security payable by a dealer should be limited with reference to the tax payable by the dealer. But even with this I am not satisfied, because in many States there is no provision of taking security in the beginning who wants to start his business. Even if there is such a provision in the States the amount of security is very small. So in my opinion the amount of security which is required from a dealer should not be more than the amount of security prescribed by the law of the States in which he ordinarily resides or starts his business.

Clause 5.—In the original Bill the wording of the proviso proposed to be inserted at the end of sub-section (4) of section 8 of the principal Act was ‘provided that the declaration referred to in Clause (a) is furnished within the prescribed time’. I feel that instead of prescribed time it should be before the finalisation of assessment, because in taxing Acts one has to look merely at what is clearly said and nothing has to be read in and nothing is to be implied. Delay in filing declaration might be due to various causes and if the time is given up to the finalisation of assessment then there would be no hardship.

Clause 12.—I want to add the following proviso at the end of sub-clause (b) of clause 12:—

"Provided that this sub-section shall not in any way affect the operation of the provisions of the Central Sales Tax (Amendment) Act, 1969".

Clause 13.—Regarding this clause, my view, under the new section 18, the director of the private company should not be made personally liable unless there are reasons to believe that the non-recovery is attributable to any gross negligence, misfeasance or breach of duty on his part in relation to the affairs of the company.

NEW DELHI;
August 11, 1972.

R. V. BADE.

II

Clause 2.—Sub-clause (b) of Clause 2 seeks to substitute sub-section (2) of section 6 of the principal Act. Under first proviso to the proposed sub-section (2), the dealer is required to file the certificates/declarations within the time to be prescribed by the prescribed authority.

This proviso will cause harassment to the dealers. The Select Committee have received many representations from the various institutions and organisations of Commerce and Trade of the different States of the country. Most of these representations have indicated the difficulties for obtaining the required certificates or declarations. According to the evidence given before the Committee by various organisations, and institutions of trade and commerce, it is found that traders are experiencing hardship in obtaining the prescribed forms and if the time limit would be prescribed under the proposed Bill, it will cause further hardship resulting into litigations, etc.

I feel that there is considerable force in the contentions of the traders and their organisations. It is an open secret that stringent measures of laws do not improve the situation but give an opening to the corrupt practices for both the sides. The proposed amendment will result into harassment, litigations and unfair practices. Therefore it is suggested that the time limit should be prescribed specifically and it should not be earlier than the date of the assessment.

These remarks also apply to Clauses 3 and 5(b) of the Bill.

2. *Clause 3.*—Clause 3 of the Bill seeks to insert a new section 6A in the principal Act after section 6.

This new section is provided for putting the burden of proof etc., on the traders in case of transfer of goods claimed otherwise than by way of sale. The proposed amendment requires that where any dealer claims that he is not liable to be taxed under this Act in respect of any goods on the ground that the movement of such goods from one State to another was occasioned by reason of transfer of such goods by him to another place of his business or to his agent or principal, as the case may be, and not by reason of sale, the burden of proving that the movement of these goods was so occasioned shall be on that dealer and for this purpose he may produce before the prescribed authority within the prescribed time, a declaration, duly filled and signed by the principal officer of the other place of business, or his agent or principal, as the case may

be containing the prescribed particulars in the prescribed form obtained from the prescribed authority, alongwith the evidence of despatch of such goods.

According to the evidence given before the Committee by various Chambers of Commerce and other institutions and individuals, it is apprehended that this amendment will impose a new unnecessary burden on the trading community and will lead to corruption in the Tax Departments. Even without this provision the Sales Tax authorities have full powers to investigate to find out the nature of a particular transaction.

There is considerable substance in this contention. Apart from these apprehensions the general norms and principle of justice require that onus of proof should not be shifted to trading community in such cases. There are due powers for investigating the nature of transactions. It is also not untrue that some traders take undue advantage of the transactions between principal and branches. To prevent this unfair practice in the trade, the authorities are required to be more vigilant to use their powers to find out the nature of the transactions. Therefore it is proposed that insertion of new section 6A is not necessary.

NEW DELHI;
August 14, 1972.

PRASANNBHAI MEHTA.

Bill No. 110-A of 1971

THE CENTRAL SALES TAX (AMENDMENT) BILL, 1971

(AS REPORTED BY THE SELECT COMMITTEE)

[Words side-lined or underlined indicate the amendments suggested by the Committee; asterisks indicate omissions.]

A

BILL

further to amend the Central Sales Tax Act, 1956.

BE it enacted by Parliament in the Twenty-third Year of the Republic of India as follows:—

1. (1) This Act may be called the Central Sales Tax (Amendment) Act, 1972.

Short title and commencement.

5 (2) This section and sub-section (1) of section 14 shall come into force at once and the remaining provisions of this Act shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

74 of 1956. 10 2. In section 6 of the Central Sales Tax Act, 1956 (hereinafter referred to as the principal Act),—

Amendment of section 6.

(a) in sub-section (1), after the words "on all sales", the words "of goods other than electrical energy" shall be inserted;

(b) for sub-section (2), the following sub-section shall be substituted, namely:—

“(2) Notwithstanding anything contained in sub-section (1) or sub-section (1A), where a sale of any goods in the course of inter-State trade or commerce has either occasioned the movement of such goods from one State to another or has been effected by a transfer of documents of title to such goods during their movement from one State to another, any subsequent sale during such movement effected by a transfer of documents of title to such goods,—

(A) to the Government, or

(B) to a registered dealer other than the Government, if the goods are of the description referred to in sub-section (3) of section 8,

shall be exempt from tax under this Act:

Provided that no such subsequent sale shall be exempt from tax under this sub-section unless the dealer effecting the sale furnishes to the prescribed authority in the prescribed manner and within the prescribed time or within such further time as that authority may, for sufficient cause, permit,—

(a) a certificate duly filled and signed by the registered dealer from whom the goods were purchased containing the prescribed particulars in a prescribed form obtained from the prescribed authority; and

(b) if the subsequent sale is made—

(i) to a registered dealer, a declaration referred to in clause (a) of sub-section (4) of section 8, or

(ii) to the Government, not being a registered dealer, a certificate referred to in clause (b) of sub-section (4) of section 8:

Provided further that it shall not be necessary to furnish the declaration or the certificate referred to in clause (b) of the preceding proviso in respect of a subsequent sale of goods if,—

(a) the sale or purchase of such goods is, under the sales tax law of the appropriate State, exempt from tax generally or is subject to tax generally at a rate which is lower than three per cent. (whether called a tax or fee or by any other name); and

(b) the dealer effecting such subsequent sale proves to the satisfaction of the authority referred to in the preceding proviso that such sale is of the nature referred to in clause (A) or clause (B) of this sub-section.”

3. After section 6 of the principal Act, the following section shall be inserted, namely:—

Insertion of new section 6A.

5 '6A. (1) Where any dealer claims that he is not liable to pay tax under this Act, in respect of any goods, on the ground that the movement of such goods from one State to another was occasioned by reason of transfer of such goods by him to any other place of his business or to his agent or principal, as the case may be, and not by reason of sale, the burden of proving that the movement of those goods was so occasioned shall be on that dealer and for this purpose he may furnish to the assessing authority, within the prescribed time or within such further time as that authority may, for sufficient cause, permit, a declaration, duly filled and signed by the principal officer of the other place of business, or his agent or principal, as the case may be, containing the prescribed particulars in the prescribed form obtained from the prescribed authority, along with the evidence of despatch of such goods.

Burden of proof, etc., in case of transfer of goods claimed otherwise than by way of sale.

10 (2) If the assessing authority is satisfied after making such inquiry as he may deem necessary that the particulars contained in the declaration furnished by a dealer under sub-section (1) are true, he may, at the time of, or at any time before, the assessment of the tax payable by the dealer under this Act, make an order to that effect and thereupon the movement of goods to which the declaration relates shall be deemed for the purposes of this Act to have been occasioned otherwise than as a result of sale.

20 *Explanation.*—In this section, "assessing authority", in relation to a dealer, means the authority for the time being competent to assess the tax payable by the dealer under this Act.

4. In section 7 of the principal Act,—

Amendment of section 7.

30 (a) after sub-section (2), the following sub-section shall be inserted, namely:—

35 "(2A) Where it appears necessary to the authority to whom an application is made under sub-section (1) or sub-section (2) so to do for the proper realisation of the tax payable under this Act or for the proper custody and use of the forms referred to in clause (a) of the first proviso to sub-section (2) of section 6 or sub-section (1) of section 6A or clause (a) of sub-section (4) of section 8, he may, by an order in writing and for reasons to be recorded therein, impose as a condition for the issue of a certificate of registration a requirement that the dealer shall furnish in the prescribed manner and within such time as may be specified in the order such security as may be so specified, for all or any of the aforesaid purposes.";

40 (b) in sub-section (3), after the words "rules made thereunder", the words, brackets, figure and letter "and the condition, if any, imposed under sub-section (2A), has been complied with" shall be inserted;

(b) for sub-section (2), the following sub-section shall be substituted, namely:—

“(2) Notwithstanding anything contained in sub-section (1) or sub-section (1A), where a sale of any goods in the course of inter-State trade or commerce has either occasioned the movement of such goods from one State to another or has been effected by a transfer of documents of title to such goods during their movement from one State to another, any subsequent sale during such movement effected by a transfer of documents of title to such goods,—

(A) to the Government, or

(B) to a registered dealer other than the Government, if the goods are of the description referred to in sub-section (3) of section 8,

shall be exempt from tax under this Act:

Provided that no such subsequent sale shall be exempt from tax under this sub-section unless the dealer effecting the sale furnishes to the prescribed authority in the prescribed manner and within the prescribed time or within such further time as that authority may, for sufficient cause, permit,—

(a) a certificate duly filled and signed by the registered dealer from whom the goods were purchased containing the prescribed particulars in a prescribed form obtained from the prescribed authority; and

(b) if the subsequent sale is made—

(i) to a registered dealer, a declaration referred to in clause (a) of sub-section (4) of section 8, or

(ii) to the Government, not being a registered dealer, a certificate referred to in clause (b) of sub-section (4) of section 8:

Provided further that it shall not be necessary to furnish the declaration or the certificate referred to in clause (b) of the preceding proviso in respect of a subsequent sale of goods if,—

(a) the sale or purchase of such goods is, under the sales tax law of the appropriate State, exempt from tax generally or is subject to tax generally at a rate which is lower than three per cent. (whether called a tax or fee or by any other name); and

(b) the dealer effecting such subsequent sale proves to the satisfaction of the authority referred to in the preceding proviso that such sale is of the nature referred to in clause (A) or clause (B) of this sub-section.”

3. After section 6 of the principal Act, the following section shall be inserted, namely:—

Insertion of new section 6A.

5 '6A. (1) Where any dealer claims that he is not liable to pay tax under this Act, in respect of any goods, on the ground that the movement of such goods from one State to another was occasioned by reason of transfer of such goods by him to any other place of his business or to his agent or principal, as the case may be, and not by reason of sale, the burden of proving that the movement of those goods was so occasioned shall be on that dealer and for this purpose he may furnish to the assessing authority, within the prescribed time or within such further time as that authority may, for sufficient cause, permit, a declaration, duly filled and signed by the principal officer of the other place of business, or his agent or principal, as the case may be, containing the prescribed particulars in the prescribed form obtained from the prescribed authority, along with the evidence of despatch of such goods.

Burden of proof, etc., in case of transfer of goods claimed otherwise than by way of sale.

10 (2) If the assessing authority is satisfied after making such inquiry as he may deem necessary that the particulars contained in the declaration furnished by a dealer under sub-section (1) are true, he may, at the time of, or at any time before, the assessment of the tax payable by the dealer under this Act, make an order to that effect and thereupon the movement of goods to which the declaration relates shall be deemed for the purposes of this Act to have been occasioned otherwise than as a result of sale.

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Amendment of section 7.

30 (a) after sub-section (2), the following sub-section shall be inserted, namely:—

35 "(2A) Where it appears necessary to the authority to whom an application is made under sub-section (1) or sub-section (2) so to do for the proper realisation of the tax payable under this Act or for the proper custody and use of the forms referred to in clause (a) of the first proviso to sub-section (2) of section 6 or sub-section (1) of section 6A or clause (a) of sub-section (4) of section 8, he may, by an order in writing and for reasons to be recorded therein, impose as a condition for the issue of a certificate of registration a requirement that the dealer shall furnish in the prescribed manner and within such time as may be specified in the order such security as may be so specified, for all or any of the aforesaid purposes."

40 (b) in sub-section (3), after the words "rules made thereunder", the words, brackets, figure and letter "and the condition, if any, imposed under sub-section (2A), has been complied with" shall be inserted;

(c) after sub-section (3), the following sub-sections shall be inserted, namely:—

(3A) Where it appears necessary to the authority granting a certificate of registration under this section so to do for the proper realisation of tax payable under this Act or for the proper custody and use of the forms referred to in sub-section (2A), he may, at any time while such certificate is in force, by an order in writing and for reasons to be recorded therein, require the dealer, to whom the certificate has been granted, to furnish within such time as may be specified in the order and in the prescribed manner such security, or, if the dealer has already furnished any security in pursuance of an order under this sub-section or sub-section (2A), such additional security, as may be specified in the order, for all or any of the aforesaid purposes.

(3B) No dealer shall be required to furnish any security under sub-section (3A) by the authority referred to therein, unless he has been given an opportunity of being heard and the amount of security that may be required to be furnished by any dealer under either of the aforesaid sub-sections or the aggregate of the amount of such security and the amount of additional security that may be required to be furnished by any dealer under sub-section (3A), shall in no case exceed the tax payable, in accordance with the estimate of such authority, on the turnover of the dealer for the year in which such security or, as the case may be, additional security is required to be furnished.

(3C) Where the security furnished by a dealer under sub-section (2A) or sub-section (3A) is in the form of a surety bond and the surety becomes insolvent or dies, the dealer shall, within thirty days of the occurrence of any of the aforesaid events, inform the authority granting the certificate of registration and shall within ninety days of such occurrence furnish a fresh surety bond or furnish in the prescribed manner other security for the amount of the bond.

(3D) The authority granting the certificate of registration may by order and for good and sufficient cause forfeit the whole or any part of the security furnished by a dealer,—

(a) for realising any amount of tax or penalty payable by the dealer;

(b) if the dealer is found to have misused any of the forms referred to in sub-section (2A) or to have failed to keep them in proper custody:

Provided that no order shall be passed under this sub-section without giving the dealer an opportunity of being heard.

(3E) Where by reason of an order under sub-section (3D), the security furnished by any dealer is rendered insufficient, he shall make up the deficiency in such manner and within such time as may be prescribed.

(3F) The authority issuing the forms referred to in sub-section (2A) may refuse to issue such forms to a dealer who has failed to comply with an order under that sub-section or sub-section (3A), or with the provisions of sub-section (3C) or sub-section (3E), until the dealer has complied with such order or such provisions, as the case may be.

(3G) The authority granting a certificate of registration may, on application by the dealer to whom it has been granted, order the refund of any amount or part thereof deposited by the dealer by way of security under this section, if it is not required for the purposes of this Act.

(3H) Any person aggrieved by an order passed under sub-section (2A), sub-section (3A), sub-section (3D) or sub-section (3G) may, within thirty days of the service of the order on him, but after furnishing the security, prefer, in such form and manner as may be prescribed, an appeal against such order to such authority (hereafter in this section referred to as the "appellate authority") as may be prescribed:

Provided that the appellate authority may, for sufficient cause, permit such person to present the appeal,—

(a) after the expiry of the said period of thirty days; or

(b) without furnishing the whole or any part of such security.

(3I) The procedure to be followed in hearing any appeal under sub-section (3H), and the fees payable in respect of such appeals shall be such as may be prescribed.

(3J) The order passed by the appellate authority in any appeal under sub-section (3H) shall be final.;

(d) in sub-section (4), in clause (b), for the words "or has ceased to exist", the words, brackets, figures and letters "or has ceased to exist or has failed without sufficient cause, to comply with an order under sub-section (3A) or with the provisions of sub-section (3C) or sub-section (3E) or has failed to pay any tax or penalty payable under this Act" shall be substituted.

5. In section 8 of the principal Act,—

(a) for sub-section (2A), the following sub-section shall be substituted, namely:—

"(2A) Notwithstanding anything contained in sub-section (1A) of section 6 or sub-section (1) or sub-section (2) of this section, the tax payable under this Act by a dealer on his turnover in so far as the turnover or any part thereof relates to the sale of any goods, the sale or, as the case may be, the purchase of which is, under the sales tax law of the appropriate State,

Amend-
ment of
section 8.

exempt from tax generally or subject to tax generally at a rate which is lower than three per cent. (whether called a tax or fee or by any other name), shall be nil or, as the case may be, shall be calculated at the lower rate.

Explanation.—For the purposes of this sub-section a sale or purchase of any goods shall not be deemed to be exempt from tax generally under the sales tax law of the appropriate State if under that law the sale or purchase of such goods is exempt only in specified circumstances or under specified conditions or the tax is levied on the sale or purchase of such goods at specified stages or otherwise than with reference to the turnover of the goods.”;

(b) in sub-section (4), the following proviso shall be inserted at the end, namely:—

“Provided that the declaration referred to in clause (a) is furnished within the prescribed time or within such further time as that authority may, for sufficient cause, permit.”;

(c) for sub-section (5), the following sub-section shall be substituted, namely:—

“(5) Notwithstanding anything contained in this section, the State Government may, if it is satisfied that it is necessary so to do in the public interest, by notification in the Official Gazette, and subject to such conditions as may be specified therein, direct,—

(a) that no tax under this Act shall be payable by any dealer having his place of business in the State in respect of the sales by him, in the course of inter-State trade or commerce, from any such place of business of any such goods or classes of goods as may be specified in the notification, or that the tax on such sales shall be calculated at such lower rates than those specified in sub-section (1) or sub-section (2) as may be mentioned in the notification;

(b) that in respect of all sales of goods or sales of such classes of goods as may be specified in the notification, which are made, in the course of inter-State trade or commerce, by any dealer having his place of business in the State or by any class of such dealers as may be specified in the notification to any person or to such class of persons as may be specified in the notification, no tax under this Act shall be payable or the tax on such sales shall be calculated at such lower rates than those specified in sub-section (1) or sub-section (2) as may be mentioned in the notification.”.

Amend-
ment of
section 9.

6. In section 9 of the principal Act, in sub-section (2), for the words “refunds, penalties,” the words “refunds, rebates, penalties,” shall be substituted.

Insertion of
new
section
9B.

7. After section 9A of the principal Act, the following section shall be inserted, namely:—

“9B. The amount of tax, interest, penalty, fine or any other sum payable, and the amount of refund due, under the provisions of this Act shall be rounded off to the nearest rupee and, for this purpose, where such amount contains a part of a rupee consisting of paise, then, if such part is fifty paise or more, it shall be increased to one rupee and if such part is less than fifty paise, it shall be ignored: Round-
ing off
of tax,
etc.

Provided that nothing in this section shall apply for the purpose of collection by a dealer of any amount by way of tax under this Act in respect of any sale by him of goods in the course of inter-State trade or commerce.”

8. In section 10 of the principal Act,—

Amend-
ment of
section 10.

(a) for clause (a), the following clauses shall be substituted, namely:—

“(a) furnishes a certificate or declaration under sub-section (2) of section 6 or sub-section (1) of section 6A or sub-section (4) of section 8, which he knows, or has reason to believe, to be false; or

(aa) fails to get himself registered as required by section 7, or fails to comply with an order under sub-section (3A) or with the requirements of sub-section (3C) or sub-section (3E), of that section;”;

(b) in clause (d), for the word, brackets and letter “clause (b)”, the words, brackets and letters “clause (b) or clause (c) or clause (d)” shall be substituted.

9. In section 10A of the principal Act, in sub-section (1), for the words “the tax which would have been levied under this Act in respect of the sale to him of the goods if the offence had not been committed”, the words, brackets and figures “the tax which would have been levied under sub-section (2) of section 8 in respect of the sale to him of the goods, if the sale had been a sale falling within that sub-section” shall be substituted.

Amend-
ment of
section
10A.

10. In section 13 of the principal Act,—

Amend-
ment of
section 13.

(a) in sub-section (1),—

(i) in clause (b), after the words “the deductions which may be made”, the words, brackets, letters and figures “under clause (c) of sub-section (1) of section 8A” shall be inserted;

(ii) in clause (d), the words “the State of origin of such form or certificate and the time within which any such certificate or declaration shall be produced or furnished” shall be inserted at the end;

(b) for sub-section (2), the following sub-section shall be substituted, namely:—

“(2) Every rule made by the Central Government under sub-section (1) shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total

period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.”;

(c) in sub-section (4),—

(i) after clause (a), the following clause shall be inserted, namely:—

“(aa) the manner in which security may be furnished under sub-section (2A) or sub-section (3A) or sub-section (3C) of section 7 and the manner in which and the time within which any deficiency may be made up under sub-section (3E) of that section;”;

(ii) for clause (e), the following clauses shall be substituted, namely:—

“(e) the authority from whom, the conditions subject to which and the fees subject to payment of which any form of certificate prescribed under clause (a) of the first proviso to sub-section (2) of section 6 or of declaration prescribed under sub-section (1) of section 6A or sub-section (4) of section 8 may be obtained, the manner in which such forms shall be kept in custody and records relating thereto maintained and the manner in which any such form may be used and any such certificate or declaration may be furnished;

“(ee) the form and manner in which, and the authority to whom, an appeal may be preferred under sub-section (3H) of section 7, the procedure to be followed in hearing such appeals and the fees payable in respect of such appeals;”;

(d) in sub-section (5), for the words “the State Government”, the words “the Central Government or, as the case may be, the State Government” shall be substituted.

11. In section 14 of the principal Act,—

(a) for clause (i), the following clause shall be, and shall be deemed always to have been, substituted, namely:—

‘(i) coal, including coke in all its forms, but excluding charcoal:

Provided that during the period commencing on the 23rd day of February, 1967 and ending with the date of commencement of section 11 of the Central Sales Tax (Amendment) Act, 1972, this clause shall have effect subject to the modification that the words “but excluding charcoal” shall be omitted;’

(b) for clause (iv), the following clause shall be substituted, namely:—

“(iv) iron and steel, that is to say,—

5 (i) pig iron and cast iron including ingot moulds bottom plates, iron scrap, cast iron scrap, runner scrap and iron skull scrap;

(ii) steel semis (ingots, slabs, blooms and billets of all qualities, shapes and sizes);

10 (iii) skelp bars, tin bars, sheet bars, hoe-bars and sleeper bars;

(iv) steel bars (rounds, rods, squares, flats, octagons and hexagons, plain and ribbed or twisted, coil form as well as straight lengths);

15 (v) steel structurals (angles, joists, channels, tees, sheet piling sections, Z sections or any other rolled sections);

(vi) sheets, hoops, strips and skelp, both black and galvanised, hot and cold rolled, plain and corrugated, in all qualities, in straight lengths and in coil form, as rolled and in rivetted condition;

20 (vii) plates both plain and chequered in all qualities;

(viii) discs, rings, forgings and steel castings;

(ix) tool, alloy and special steels of any of the above categories;

25 (x) steel melting scrap in all forms including steel skull, turnings and borings;

(xi) steel tubes, both welded and seamless, of all diameters and lengths, including tube fittings;

(xii) tin-plates, both hot dipped and electrolytic and tinfree plates;

30 (xiii) fish plate bars, bearing plate bars, crossing sleeper bars, fish plates, bearing plates, crossing sleepers and pressed steel sleepers, rails—heavy and light crane rails;

(xiv) wheels, tyres, axles and wheel sets;

35 (xv) wire rods and wires—rolled, drawn, galvanised, aluminised, tinned or coated such as by copper;

(xvi) defectives, rejects, cuttings or end pieces of any of the above categories;”;

(c) for clause (v), the following clause shall be substituted, namely:—

40 “(v) jute, that is to say, the fibre extracted from plants belonging to the species *Corchorus capsularis* and *Corchorus olitorius* and the fibre known as mesta or bimli extracted from plants

of the species *Hibiscus cannabinus* and *Hibiscus sabdariffa*—*Var altissima* and the fibre known as *Sunn* or *Sunnhemp* extracted from plants of the species *Crotalaria juncea* whether baled or otherwise;”;

(d) for clause (vi), the following clause shall be substituted. 5
namely:—

“(vi) Oilseeds, that is to say,—

- (i) Groundnut or Peanut (*Arachis hypogaea*);
- (ii) Sesamum or Til (*Sesamum orientale*);
- (iii) Cotton seed (*Gossypium Spp.*); 10
- (iv) Soyabean (*Glycine seja*);
- (v) Rapeseed and Mustard—
 - (1) Toria (*Brassica campestris var toria*);
 - (2) Rai (*Brassica juncea*);
 - (3) Jamba—Taramira (*Eruca Satiya*); 15
 - (4) Sarson, yellow and brown (*Brassica nigra*);
var sarson);
 - (5) Banarsi Rai or True Mustard (*Brassica nigra*);
- (vi) Linseed (*Linum usitatissimum*);
- (vii) Castor (*Ricinus communis*); 20
- (viii) Coconut (*i.e.* Copra excluding tender coconuts) (*Cocos nucifera*);
- (ix) Sunflower (*Helianthus annus*);
- (x) Niger seed (*Guizotia abyssinica*);
- (xi) Neem, vepa (*Azadirachta indica*); 25
- (xii) Mahua, illupai, Ippe (*Madhuca indica M. Latifolia*, *Bassia, Latifolia* and *Madhuca longifolia* syn. *M. Longifolia*);
- (xiii) Karanja, Pongam, Honga (*Pongamia pinnata* syn. *P. Glabra*);
- (xiv) Kusum (*Schleichera oleosa*, syn. *S. Trijuga*); 30
- (xv) Punna, Undi (*Calophyllum inophyllum*);
- (xvi) Kokum (*Carcinia indica*);
- (xvii) Sal (*Shorea robusta*);
- (xviii) Tung (*Aleurites fordii* and *A. montana*);
- (xix) Red palm (*Elaeis guinensis*); 35
- (xx) Safflower (*Carthamus tinctorius*);”.

Amend-
ment of
section 15.

12. In section 15 of the principal Act, in clause (b),—

(a) for the words “the tax so levied”, the words “and tax has been paid under this Act in respect of the sale of such goods in the course of inter-State trade or commerce, the tax levied under such 40 law” shall be, and shall be deemed to have been, substituted, with effect from the 1st day of October, 1956;

(b) for the words "shall be refunded to such person", the words "shall be reimbursed to the person making such sale in the course of inter-State trade or commerce" shall be substituted.

13. In the principal Act, after Chapter IV, the following Chapter shall
5 be inserted, namely:—

Insertion
of new
Chapter V.

‘CHAPTER V

LIABILITY IN SPECIAL CASES

16. In this Chapter,—

Defini-
tions.

10 (a) "appropriate authority", in relation to a company, means the authority competent to assess tax on the company;

(b) "company" and "private company" have the meanings respectively assigned to them by clauses (i) and (iii) of sub-section (1) of section 3 of the Companies Act, 1956.

of 1956.

17. (1) Every person—

Com-
pany in
liqui-
dation.

15 (a) who is the liquidator of any company which is being wound up, whether under the orders of a court or otherwise; or

(b) who has been appointed the receiver of any assets of a company,

20 (hereinafter referred to as the liquidator) shall, within thirty days after he has become such liquidator, give notice of his appointment as such to the appropriate authority.

25 (2) The appropriate authority shall, after making such inquiry or calling for such information as it may deem fit, notify to the liquidator within three months from the date on which he receives notice of the appointment of the liquidator the amount which, in the opinion of the appropriate authority would be sufficient to provide for any tax which is then, or is likely thereafter to become, payable by the company.

30 (3) The liquidator shall not part with any of the assets of the company or the properties in his hands until he has been notified by the appropriate authority under sub-section (2) and on being so notified, shall set aside an amount equal to the amount notified and, until he so sets aside such amount, shall not part with any of the assets of the company or the properties in his hands:

35 Provided that nothing contained in this sub-section shall debar the liquidator from parting with such assets or properties in compliance with any order of a court or for the purpose of the payment of the tax payable by the company under this Act or for making
40 any payment to secured creditors whose debts are entitled under law to priority of payment over debts due to Government on the date of liquidation or for meeting such costs and expenses of the winding up of the company as are in the opinion of the appropriate authority reasonable.

(4) If the liquidator fails to give the notice in accordance with sub-section (1) or fails to set aside the amount as required by, or parts with any of the assets of the company or the properties in his hands in contravention of the provisions of sub-section (3), he shall be personally liable for the payment of the tax which the company would be liable to pay: 5

Provided that if the amount of any tax payable by the company is notified under sub-section (2), the personal liability of the liquidator under this sub-section shall be to the extent of such amount.

(5) Where there are more liquidators than one, the obligations and liabilities attached to the liquidator under this section shall attach to all the liquidators jointly and severally. 10

(6) The provisions of this section shall have effect notwithstanding anything to the contrary contained in any other law for the time being in force. 15

Liability of directors of private company in liquidation.

18. Notwithstanding anything contained in the Companies Act, 1956, when any private company is wound up after the commencement of this Act, and any tax assessed on the company under this Act for any period, whether before or in the course of or after its liquidation, * * * cannot be recovered, then, every person who was a director of the private company at any time during the period for which the tax is due shall be jointly and severally liable for the payment of such tax unless he proves that the non-recovery cannot be attributed to any gross neglect, misfeasance or breach of duty on his part in relation to the affairs of the company. 20 25

Extension of the principal Act to Kohima and Mokokchung districts in the State of Nagaland.

14. (1) The principal Act, as in force on the 5th day of August, 1971, is hereby extended to, and shall be in force in, the Kohima and Mokokchung districts in the State of Nagaland.

(2) The amendments made to the principal Act by this Act shall come into force in the Kohima and Mokokchung districts in the State of Nagaland on the date on which this sub-section comes into force. 30

Validation of assessments, etc.

15. (1) Notwithstanding anything contained in any judgment, decree or order of any court or other authority to the contrary, any assessment, re-assessment, levy or collection of any tax made or purporting to have been made, any action or thing taken or done in relation to such assessment, re-assessment, levy or collection under the provisions of the principal Act before the commencement of this section shall be deemed to be as valid and effective as if such assessment, re-assessment, levy or collection or action or thing had been made, taken or done under the principal Act as amended by clause (a) of section 11 and clause (a) of section 12 of this Act, and accordingly— 35 40

(a) all acts, proceedings or things done or action taken by the State Government or by any other officer of the State Government

or by any other authority in connection with the assessment, re-assessment, levy or collection of such tax shall, for all purposes, be deemed to be and to have always been done or taken in accordance with law;

5 (b) no suit or other proceedings shall be maintained or continued in any court or before any authority for the refund of any such tax; and

 (c) no court shall enforce any decree or order directing the refund of any such tax.

10 (2) For the removal of doubts, it is hereby declared that nothing in sub-section (1) shall be construed as preventing any person—

 (a) from questioning in accordance with the provisions of the principal Act, as amended by this Act, the assessment, re-assessment, levy or collection of such tax for any period, or

15 (b) from claiming refund of any tax paid by him in excess of the amount due from him under the principal Act as amended by this Act.

APPENDIX I

(Vide para 2 of the Report)

Motion in Lok Sabha for reference of the Bill to Select Committee.

"That the Bill further to amend the Central Sales Tax Act, 1956, be referred to a Select Committee consisting of 30 members, namely:--

- (1) Shri Dharmarao Sharanappa Afzalpurkar
- (2) Shri Chhatrapati Ambesh
- (3) Dr. Henry Austin
- (4) Shri R. V. Bade
- (5) Shri Bashweshwar Nath Bhargava
- (6) Shri Somnath Chatterjee
- (7) Shri Tridib Chaudhuri
- (8) Shri Y. B. Chavan
- (9) Shri Prasannbhai Mehta
- (10) Shri Shivaji Rao S. Deshmukh
- (11) Shri Tarun Gogoi
- (12) Shri N. E. Horo.
- (13) Shri M. Muhammad Ismail
- (14) Shri D. P. Jadeja
- (15) Shri Sat Pal Kapur
- (16) Shri B. R. Kavade
- (17) Shri E. R. Krishnan
- (18) Shri Maharaj Singh
- (19) Shri D. K. Panda
- (20) Shri H. M. Patel
- (21) Shri P. Antony Reddi
- (22) Shri Devendra Satpathy
- (23) Shri P. M. Sayeed
- (24) Shri M. R. Sharma
- (25) Dr. Shankar Dayal Sharma
- (26) Shri Shiv Kumar Shastri
- (27) Shri B. R. Shukla
- (28) Shri Sant Bux Singh
- (29) Shri R. P. Yadav; and
- (30) Shri K. R. Ganesh

with instructions to report by the last day of the first week of the next session."

APPENDIX II

(Vide para 5 of the Report)

List of State Governments, Associations, Chambers of Commerce and Industry, Individuals etc. from whom Memoranda/Representations/Comments etc. were received by the Select Committee.

- (1) East Nimar Chamber of Commerce, Khandwa (M.P.).
- (2) R. N. Rustomji & Co., Bombay.
- (3) The Madura-Ramnad Chamber of Commerce, Madurai.
- (4) Gujarat Chamber of Commerce & Industry, Ahmedabad.
- (5) Karnatak Chamber of Commerce & Industry, Hubli (Mysore).
- (6) Government of Nagaland, Kohima.
- (7) Federation of Andhra Pradesh Chambers of Commerce & Industry, Hyderabad.
- (8) Mysore Chamber of Commerce & Industry, Bangalore.
- (9) Delhi First Point Sales Tax Action Committee, Delhi.
- (10) The Indian Chamber of Commerce & Industry, Tuticorin.
- (11) Bhavnagar Small Industries Association, Bhavnagar.
- (12) The Ahmedabad Mill & Gin Stores Merchants' Association, Ahmedabad.
- (13) Federation of all India Automobile Spare Parts Dealers' Association, Delhi.
- (14) The Sales Tax Practitioners' Association, Bombay.
- (15) The Southern India Millowners' Association, Coimbatore.
- (16) Indian Oil Corporation Ltd. (Marketing Division), Bombay.
- (17) Rajasthan Chamber of Commerce and Industry, Jaipur.
- (18) Indian Chamber of Commerce, Coimbatore.
- (19) Instrument Forum, Bombay.
- (20) The Indian Chamber of Commerce, Cochin.
- (21) Government of Madhya Pradesh, Bhopal.
- (22) Government of Himachal Pradesh, Simla.
- (23) Delhi Hindustani Mercantile Association, Delhi.
- (24) The South India Yarn Trade Federation, Madras.
- (25) Punjab, Haryana & Delhi, Chamber of Commerce and Industry, New Delhi.
- (26) The All India Manufacturers Organization, Bombay.
- (27) The Chemical & Alkali Merchants' Association, Bombay.
- (28) Nag-Vidarbha Chamber of Commerce, Nagpur.
- (29) Chotanagpur Chamber of Commerce & Industries, Ranchi.
- (30) Government of Mysore, Bangalore.

- (31) The East India Cotton Association Ltd., Bombay.
- (32) Madhya Pradesh Chamber of Commerce & Industry, Gwalior.
- (33) National Chamber of Industries & Commerce, U.P. Agra.
- (34) The Southern Gujarat Chamber of Commerce & Industry, Surat.
- (35) Kirana Committee Delhi (Regd.), Delhi.
- (36) The Indian Merchants' Chamber, Bombay.
- (37) Bombay Chamber of Commerce and Industry, Ballard Estate, Bombay-1.
- (38) Indian Chamber of Commerce, Calcutta
- (39) Bharat Chamber of Commerce, Calcutta-1.
- (40) The Bengal Chamber of Commerce & Industry, Calcutta.
- (41) Madras Chamber of Commerce & Industry, Madras.
- (42) Government of West Bengal, Calcutta.
- (43) M/s. N. C. Mehta & Co., Chartered Accountants, Bombay.
- (44) The Sales Tax Practitioners' Association, Jamnagar.
- (45) The Nawanagar Chamber of Commerce, Jamnagar.
- (46) Government of Gujarat, Gandhinagar.
- (47) Andhra Chamber of Commerce, Madras.
- (48) The Madras Provincial Foodgrain Merchant's Association, Madras.
- (49) Tamilnad Varthagar Kazhakam, Kumbakonam.
- (50) All India Importers Association, Bombay.
- (51) Calcutta Motor Dealers' Association, Calcutta.
- (52) The Forest Contractors Association, Itarsi.
- (53) Southern India Chamber of Commerce & Industry, Madras
- (54) Hindustan Chambers of Commerce, Madras.
- (55) Tamilnad Foodgrains Merchants Association, Ltd., Madurai.
- (56) Southern India Skin and Hides Merchants' Association, Madras
- (57) The Madras Kirana Merchants' Association, Madras.
- (58) Iron, Steel and Hardware Merchants and Manufacturers Chamber of India, Bombay.
- (59) West Bengal Jute Fabrics Shippers Association Ltd., Calcutta.
- (60) Gunny Trades Association, Calcutta.
- (61) Government of Meghalaya, Shillong.
- (62) The Institute of Chartered Accountants of India, New Delhi.
- (63) Merchants Chamber of Commerce, Calcutta.
- (64) Export Promotion Council for Finished Leather and Leather Manufacturers, Kanpur.
- (65) Western U.P. Chamber of Commerce and Industry, Meerut.
- (66) Merchants Chamber of Uttar Pradesh, Kanpur.
- (67) United Chamber of Trade Associations, Delhi.
- (68) Indian Drug Manufacturers' Association, Bombay.
- (69) Dimapur Chamber of Commerce, Dimapur (Nagaland).

- (70) Davanagere Trades Association.
- (71) Saurashtra Chamber of Commerce, Bhavnagar.
- (72) Government of Rajasthan, Jaipur.
- (73) Padamshi Kunwarji, Calcutta.
- (74) Government of Punjab Chandigarh.
- (75) The Bombay Kariana, Colour & Chemical Merchants' Association, Bombay.
- (76) Commissioner of Sales Tax, Maharashtra, Bombay.
- (77) Government of Bihar, Patna.
- (78) Government of Uttar Pradesh, Lucknow.
- (79) Government of Kerala, Trivandrum.
- (80) Vijayawada Grain Merchants' Association, Vijayawada.
- (81) Vijayawada Iron and Hardware Merchants' Association (Regd.) Vijayawada.
- (82) Cuddapah District Oil Manufacturers' Association, Proddatur Cuddapah District (Andhra Pradesh).
- (83) Bhimavaram Kirana Paddy & Rice and Jaggery Merchants' Association, Bhimavaram (Andhra Pradesh).
- (84) The Kurnool District Chamber of Commerce, Kurnool (Andhra Pradesh).
- (85) Cuddapah District Chamber of Commerce and Industry.
- (86) Travancore Chamber of Commerce, Alleppy.
- (87) Indian Plastics Federation, Calcutta.
- (88) Raniganj Chamber of Commerce, Raniganj.
- (89) Coalfield Chamber of Commerce, Raniganj.
- (90) Calcutta Kirana (Spices) Merchants' Association, Calcutta.
- (91) Uttar Pradesh Oil mill Association, Kanpur.
- (92) U.P. General Merchants' Federation, Lucknow.
- (93) Shri Bihari Lal Goyal and Shri Mahesh Chandra, Lucknow.
- (94) Calcutta Jute Goods Merchants' Association, Calcutta.
- (95) Government of Andhra Pradesh, Hyderabad.
- (96) Bar Council of Maharashtra, Bombay.
- (97) Chamber of Commerce, Sangli.
- (98) Vegetable Oil Association of India, Bombay.
- (99) The Gujarat Sales Tax Bar Association, Ahmedabad.
- (100) Shri Saurashtra Oil Mills Association, Jampur.
- (101) Calcutta Trades Association, Calcutta.
- (102) Madurai Paruthurithai Punnaku Viyaparikal Sangam, Madurai.
- (103) Kerala State Small Industries Association, Ernakulam.
- (104) The Rubber Dealers' Association, Kottayam.
- (105) The Stationery & Fancy Goods Merchants' Association, Vijayawada.
- (106) Vijayawada Chamber of Commerce & Industry, Vijayawada.
- (107) The General Merchants' Association, Nandyal, Kurnool District (A.P.)

- (108) The Malabar Produce Merchants' Association, Calicut.
 - (109) The Madras Motor Parts' Dealers Association, Madras.
 - (110) Shri V. P. Menon, Ex-Member, Kerala State Sales Tax Advisory Committee.
 - (111) Punjab Pradesh Beopar Mandal, Ludhiana.
 - (112) Threadball Manufacturers and Yarn Merchants' Association, Amritsar.
 - (113) Ludhiana Cycle Parts Suppliers Association (Regd.) Ludhiana.
 - (114) United Cycle and Parts Manufacturers' Association (Regd.) Amritsar.
 - (115) Chamber of Commerce, Trivandrum.
 - (116) Government of Tamil Nadu, Madras.
 - (117) Andhra Pradesh Grain & Seeds Merchants' Association, Hyderabad.
 - (118) Kirana Merchants' Association, Kanpur.
 - (119) Upper India Chamber of Commerce, Kanpur.
 - (120) Sales Tax Bar Association, Kanpur.
 - (121) The Kashmir Chamber of Commerce and Industry, Srinagar.
 - (122) Chamber of Commerce, Jammu.
 - (123) Frontier Chamber of Commerce, Shillong.
 - (124) Government of Assam, Shillong.
 - (125) Kamrup Chamber of Commerce, Gauhati.
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APPENDIX III

(Vide para 6 of the Report)

List of State Governments/Associations/Chambers of Commerce and Industry etc. who gave evidence before the Select Committee on the Central Sales Tax (Amendment) Bill, 1971.

S. No.	Names of Parties	Date on which evidence was taken
(1)	(2)	(3)
1.	Mysore Chamber of Commerce and Industry, Bangalore	23-10-1971
2.	Karnatak Chamber of Commerce and Industry, Hubli (Mysore)	23-10-1971
3.	Government Andhra Pradesh, Hyderabad	23-10-1971
4.	Government of Mysore, Bangalore	23-10-1971
5.	Hyderabad Karnatak Chamber of Commerce and Industry, Gulbarga	23-10-1971
6.	All India Manufacturers' Organisation, Bombay	26-10-1971
7.	Indian Merchants Chamber, Bombay	26-10-1971
8.	Indian Oil Corporation, Bombay	26-10-1971
9.	Bombay Chamber of Commerce and Industry, Bombay	26-10-1971
10.	All Indian Importers' Association, Bombay	26-10-1971
11.	Sales Tax Practitioners' Association, Bombay	26-10-1971
12.	Bar Council of Maharashtra, Bombay	26-10-1971
13.	Chamber of Commerce, Sangli (Maharashtra)	26-10-1971
14.	Instrument Forum, Bombay	26-10-1971
15.	Government of Maharashtra, Bombay	27-10-1971
16.	East India Cotton Association Ltd., Bombay	27-10-1971
17.	Vegetable Oils Association of India, Bombay	27-10-1971
18.	M/s. N.C. Mehta & Co., Chartered Accountants, Bombay	27-10-1971
19.	Gujarat Chamber of Commerce and Industry, Ahmedabad	28-10-1971

(1)	(2)	(3)
20.	Saurashtra Oil Mills Association, Jamnagar	28-10-1971
21.	Government of Gujarat, Gandhinagar	29-10-1971
22.	Gujarat Sales Tax Bar Association, Ahmedabad	29-10-1971
23.	Bhavnagar Small Scale Industries Association, Bhavnagar	29-10-1971
24.	Southern Gujarat Chamber of Commerce and Industry, Surat	29-10-1971
25.	Indian Chamber of Commerce, Calcutta	4-11-1971
26.	Bihar Chamber of Commerce, Calcutta	4-11-1971
27.	Gunny Trades Association, Calcutta	4-11-1971
28.	Indian Plastics Federation, Calcutta	4-11-1971
29.	Commercial Taxes Practitioners' Association, Calcutta	4-11-1971
30.	Raniganj Chamber of Commerce, Raniganj	5-11-1971
31.	Bengal Chamber of Commerce and Industry, Calcutta	5-11-1971
32.	Calcutta Trades Association, Calcutta	5-11-1971
33.	Coalfield Chamber of Commerce, Raniganj	5-11-1971
34.	West Bengal Jute Fabrics Shippers' Association Ltd., Calcutta	5-11-1971
35.	Calcutta Jute Goods Merchants' Association, Calcutta	5-11-1971
36.	Government of West Bengal, Calcutta	6-11-1971
37.	Calcutta Kirana (Spices) Merchants' Association, Calcutta	6-11-1971
38.	Merchants, Chamber of Commerce, Calcutta	6-11-1971
39.	Calcutta Motor Dealers' Association, Calcutta	6-11-1971
40.	U.P. General Merchants' Federation, Lucknow	8-11-1971
41.	(i) Shri Mahesh Chandra, Lucknow. (ii) Shri Bihari Lal Goyal, Lucknow.	{ 8-11-1971
42.	U.P. Electric Contractors Merchants' Association, Lucknow	8-11-1971
43.	U.P. Oilmillers' Association, Kanpur	8-11-1971
44.	The Institute of Chartered Accountants of India, New Delhi	4-1-1972
45.	Delhi Electrical Traders Association, Delhi	4-1-1972
46.	Punjab Haryana and Delhi Chamber of Commerce and Industry, New Delhi	5-1-1972
47.	Delhi Hindustani Mercantile Association, Delhi	5-1-1972

(1)	(2)	(3)
48.	Federation of all India Automobile Spare Parts Dealers, Association, Delhi	5-1-1972
49.	Delhi First Point Salex Tax Action Committee, Delhi	6-1-1972
50.	National Chamber of Industries and Commerce, U.P. Agra	6-1-1972
51.	The Indian Chamber of Commerce, Cochin	14-2-1972
52.	Ernakulam Chamber of Commerce, Ernakulam	14-2-1972
53.	Cochin Chamber of Commerce and Industry, Cochin	14-2-1972
54.	Rubber Dealers' Association, Kottayam	14-2-1972
55.	Kerala State Small Industries Association, Cochin	14-2-1972
56.	Chamber of Commerce, Trivandrum	15-2-1972
57.	Grains Merchants' Association, Trivandrum	15-2-1972
58.	Government of Kerala, Trivandrum	15-2-1972
59.	Malabar Chamber of Commerce, Calicut	16-2-1972
60.	Malabar Produce Merchants' Association, Calicut	16-2-1972
61.	Hindustan Chamber of Commerce, Madras	17-2-1972
62.	The Madras Kirana Merchants' Association, Madras	17-2-1972
63.	Tamilnad Varthaga Kazhakama, Kumbakonam	17-2-1972
64.	The South India Yarn Trade Federation, Madras	17-2-1972
65.	Southern India Skin and Hides Merchants' Association, Madras	17-2-1972
66.	Government of Tamilnadu, Madras	18-2-1972
67.	The Madras Chamber of Commerce and Industry, Madras	18-2-1972
68.	The Madras Provincial Foodgrains Merchants' Association, Madras	18-2-1972
69.	The Southern India Chamber of Commerce and Industry, Madras	18-2-1972
70.	Federation of Andhra Pradesh Chamber of Commerce and Industry, Hyderabad	19-2-1972
71.	Bhimavaram Kirana, Paddy and Rice and Jaggery Merchants' Association, Bhimavaram	19-2-1972
72.	Andhra Pradesh Grain and Seeds Merchants' Association, Hyderabad	19-2-1972
73.	Government of Himachal Pradesh, Simla	7-5-1972

(1)	(2)	(3)
74.	Punjab Pradesh Beopar Mandal, Patiala	7-5-1972
75.	Government of Haryana, Chandigarh.	7-5-1972
76.	Government of Punjab, Chandigarh	7-5-1972
77.	Chamber of Commerce, Jammu	9-6-1972
78.	The Kashmir Chamber of Commerce and Industry, Srinagar	12-6-1972
79.	Government of Meghalaya, Shillong	11-7-1972
80.	Frontier Chamber of Commerce, Shillong	11-7-1972
81.	Government of Assam, Shillong	11-7-1972
82.	Kamrup Chamber of Commerce, Gauhati	12-7-1972
83.	Dimapur Chamber of Commerce, Dimapur (Nagaland)	14-7-1972
84.	Government of Nagaland, Kohima	14-7-1972

APPENDIX IV

*Minutes of the sittings of the Select Committee on the Central Sales Tax
(Amendment) Bill, 1971.*

First Sitting

PRESENT

Dr. Henry Austin—*Chairman.*

MEMBERS

2. Shri Dharmarao Sharanappa Afzalpurkar
3. Shri Chhatrapati Ambesh
4. Shri R. V. Bade
5. Shri Bashweshwar Nath Bhargava
6. Shri Y. B. Chavan
7. Shri Shivaji Rao S. Deshmukh
8. Shri Tarun Gogoi
9. Shri N. E. Horo
10. Shri M. Muhammad Ismail
11. Shri D. P. Jadeja
12. Shri B. R. Kavade
13. Shri Maharaj Singh
14. Shri Prasannbhai Mehta
15. Shri Devendra Satpathy
16. Shri P. M. Sayeed
17. Shri M. R. Sharma
18. Dr. Shankar Dayal Sharma
19. Shri Shiva Kumar Shastri
20. Shri Sant Bux Singh
21. Shri R. P. Yadav
22. Shri K. R. Ganesh

LEGISLATIVE COUNSEL

Shri R. V. S. Peri-Sastri, *Additional Legislative Counsel, Ministry of Law.*

REPRESENTATIVES OF THE MINISTRY OF FINANCE (DEPARTMENT OF REVENUE AND INSURANCE)

1. Shri K. Narasimhan, *Member (Tariff), Central Board of Excise and Customs.*
2. Shri M. S. Sivaramakrishna, *Director, Sales Tax.*
3. Shri O. P. Mehra, *Under Secretary.*

SECRETARIAT

Shri H. G. Paranjpe—*Deputy Secretary.*

2. At the outset, the Chairman apprised members of the Committee of the importance and implications of the proposed legislation. He also informed the Committee briefly of the work done by the previous Select Committee on the Central Sales Tax (Amendment) Bill, 1970 (Fourth Lok Sabha) (Annexure I).

3. The Committee then considered their future programme of work. They decided to take oral evidence of the interested parties/bodies/Chambers of Commerce and Industry etc. on the provisions of the Bill. The Committee then approved the Press Communique which they decided to issue in this behalf (Annexure II). The Committee fixed the 15th September, 1971 as the last date for the receipt of Memoranda from the State Governments, individuals, public bodies, business organisations, Chambers of Commerce and Industry and the associations concerned. The Committee also decided to address a letter to all State Governments, Bar Council of India/Supreme Court/High Courts Bar Association, Chambers of Commerce and Industry etc. to invite their comments or views on the Bill.

4. The Committee desired that the Ministry should furnish their comments on the various points raised in the Memoranda that might be submitted to the Committee for their consideration.

5. The Committee felt that in view of the very short time at their disposal coupled with the fact that the State Governments, Chambers of Commerce and Industry etc., who were vitally concerned with the Bill need some time to submit the memoranda, it would not be possible for them to submit a Report to the House by the appointed day *viz.*, the last day of the first week of the next Session (Winter Session). The Committee, therefore, decided to ask for an extension of time for presentation of their Report upto the last day of the first week of the Budget Session (1972).

6. On the suggestion made by the Minister of Finance (Shri Y. B. Chavan), the Select Committee decided to sit at the places indicated against each of the following four zones for the purposes of taking oral evidence from interested parties:

Northern Zone—Delhi and Lucknow.

Eastern Zone—Calcutta and Gauhati/Shillong.

Western Zone—Bombay and Ahmedabad.

Southern Zone—Bangalore and Madras.

The Committee authorised the Chairman to finalise the programme of their sittings at these places and to select parties for the purpose of taking oral evidence on the Bill.

7. The Committee then approved the following tentative programme of their work:

- | | |
|--|--|
| (i) Evidence of officials and non-official bodies outside Delhi | October-November, 1971. |
| (ii) Evidence of officials and other non-official bodies in Delhi. | November-December, 1971. |
| (iii) Notices of amendments on the Bill from the Members of Committee and the Governments. | |
| (iv) Clause-by-clause consideration of the Bill. | January, 1972. |
| (v) Presentation of their Report | Last day of the first week of the Budget Session (1972). |

8. The Committee authorised the Chairman to move a motion in the House for extension of time for presentation of their Report by the last day of the first week of the next session (Winter Session).

9. The Committee then adjourned.

ANNEXURE I

Select Committee on the Central Sales Tax (Amendment) Bill, 1970— Fourth Lok Sabha

[Brief Summary of the work done by the Select Committee]

The Select Committee on the Central Sales Tax (Amendment) Bill, 1970 was constituted on a motion adopted by Lok Sabha on the 3rd September, 1970. The Committee consisted of 30 members of Lok Sabha.

Constitution and Composition of Committee.

2. From the time of its constitution till the dissolution of the Lok Sabha, the Committee held 6 sittings. At their first sitting held on the 3rd October, 1970, the Committee drew up their future programme of work. The Committee decided to issue a Press Communique inviting memoranda and also request for oral evidence from the various Chambers of Commerce, Trade Organisations, State Governments and individuals etc., on the provisions of the Bill. A circular letter was also issued to the Chief Secretaries of all States/Union Territories Governments and Secretaries of various Chambers of Commerce & Industry, inviting their comments/suggestions on the provisions of the proposed legislation. At their second sitting held on the 4th November, 1970, the Committee considered the suggestions made at first sitting to hold the sittings of the Committee at some of the principal trade centres like Calcutta, Bombay, Hyderabad, Bangalore and Madras. The Committee at their sitting held on 23rd November, 1970 authorised the Chairman to finalise the programme of visits to Calcutta, Imphal, Kohima, Bombay, Hyderabad, Bangalore and Madras to hear the evidence of the representatives of various trade organisations.

Sittings held and subjects discussed.

3. 61 Memoranda/Representations etc. on the Bill were received by the Select Committee.

Memoranda/Representations received.

Extension of time for presentation of Report.

4. The Report of the Committee was to be presented to the House on the first day of the Winter Session (1970) of Lok Sabha. As the work of the Committee was not likely to be completed by that date, it was decided to ask for an extension of time for presentation of their Report upto the 3rd May, 1971, which was granted by the House on the 9th November, 1970.

Hearing of evidence.

5. The Committee at their Fifth & Sixth sittings held on the 26th and 27th December, 1970 heard evidence given by six Trade/Commerce Organisations of Delhi. The Committee ceased to exist on dissolution of Lok Sabha on the 27th December, 1970.

ANNEXURE II

PRESS COMMUNIQUE

The Select Committee on the Central Sales Tax (Amendment) Bill, 1971 at their first sitting held today under the Chairmanship of Dr. Henry Austin, M.P. decided that State Governments, individuals, public bodies business organisations, chamber of commerce and industry and other associations desirous of submitting memoranda on the Bill for consideration of the Committee should send 60 copies of each memorandum, if possible, so as to reach the Secretary, Lok Sabha, Parliament House, New Delhi on or before the 15th September, 1971. The memoranda which might be submitted to the Committee would form part of the records of the Committee and should be treated as strictly confidential and not circulated to anyone, as such an act would constitute a breach of privilege of the Committee.

Those who are desirous of giving oral evidence before the Committee, besides sending memoranda, are requested to intimate to this effect to the Lok Sabha Secretariat for consideration of the Committee.

The Central Sales Tax (Amendment) Bill, 1971 as introduced in Lok Sabha, was published in the Gazette of India, Extraordinary, Part II, Section 2, dated the 5th August, 1971.

The Bill seeks to make certain important changes in the Central Sales Tax Act, 1956 as regards to the problems of evasion of tax, realisation of tax in the event of liquidation of a company and reimbursement of local sales-tax on payment of tax on inter-State sale of goods. This Bill also seeks to extend the principal Act to Kohima and Mokokchung districts of Nagaland.

New Delhi;

Dated the 16th August, 1971.

No. 4|1|71|CII.

August 16, 1971.

Copy forwarded for information to the News Editor, All India Radio, New Delhi.

It is requested that this may please be broadcast from all stations of the A.I.R. on three successive days.

P. K. PATNAIK,
Joint Secretary.

II

Second Sitting

The Committee sat on Saturday, the 23rd October, 1971 from 10.30 to 13.10 and again from 15.00 to 17.00 hours in Vidhana Soudha, Bangalore.

PRESENT

Shri Tridib Chaudhuri—*In the Chair.*

MEMBERS

2. Shri Dharmarao Sharanappa Afzalpurkar
3. Shri Chhatrapati Ambesh
4. Shri R. V. Bade
5. Shri Bashweshwar Nath Bhargava
6. Shri Somnath Chatterjee
7. Shri Tarun Gogoi
8. Shri D. P. Jadeja
9. Shri Maharaj Singh
10. Shri Prasannbhai Mehta
11. Shri D. K. Panda
12. Shri P. Antony Reddi
13. Shri M. R. Sharma
14. Shri B. R. Shukla
15. Shri R. P. Yadav
16. Shri K. R. Ganesh.

REPRESENTATIVES OF THE MINISTRY OF FINANCE

(DEPARTMENT OF REVENUE AND INSURANCE)

1. Shri M. S. Sivaramakrishna, *Director (Sales Tax).*
2. Shri O. P. Mehra, *Under Secretary.*

SECRETARIAT

Shri H. G. Paranjpe—*Deputy Secretary.*

2. In the absence of the Chairman, Shri Tridib Chaudhuri was elected as the Chairman for the sitting under Rule 258(3) of the Rules of Procedure and Conduct of Business in Lok Sabha.

3. Before the representatives of the following Chambers of Commerce and State Governments of Andhra Pradesh and Mysore proceeded to give evidence, the Chairman drew their attention to the provisions of Direction 58 of the Directions by the Speaker:

I. *Mysore Chamber of Commerce and Industry, Bangalore.*

Spokesmen:

1. Shri G. Ramarathnam—*Vice-President.*
2. Shri S. Kotrabasappa
3. Shri K. Srinivasan
4. Shri D. M. Shankarappa

5. Shri C. G. Rama Rao

6. Shri C. M. Reddy.

[10.30 to 11.45 hours]

II. *Karnatak Chamber of Commerce and Industry, Hubli*

Spokesmen:

1. Shri V. M. Chigateri—*President.*
2. Shri R. G. Wali—*Vice-President.*
3. Shri R. V. Sirur—*Ex-President.*
4. Shri K. D. Shah—*Member.*
5. Shri P. L. Thacker—*Member.*
6. Shri B. M. Burli—*Secretary.*

[11.50 to 12.20 hours]

III. *Government of Andhra Pradesh*

Spokesmen:

Shri S. N. Reddy—*Joint Secretary, Board of Revenue (C.T.), Government of Andhra Pradesh, Hyderabad.*

[12.25 to 13.10 hours]

The Committee then adjourned for Lunch at 13.15 hours and re-assembled at 15.00 hours.

IV. *Government of Mysore*

Spokesmen:

1. Shri Mani Narayanswami, *Secretary to Government, Finance Department.*
2. Shri N. S. Bharath, *Joint Secretary, Finance Department.*
3. Shri M. Veeraraj Urs, *Commissioner of Commercial Taxes in Mysore, Bangalore.*
4. Shri M. L. Ramaswamy, *Joint Secretary to Government, Department of Law and Parliamentary Affairs, Bangalore.*

[15.00 to 16.15 hours]

V. *Hyderabad Karnatak Chamber of Commerce and Industry, Gulbarga.*

Spokesmen:

1. Shri H. M. Kheny—*President.*
2. Shri A. G. Desai—*Member.*

[16.20 to 17.00 hours]

4. A verbatim record of evidence was kept.

5. Before the Committee adjourned, they placed on record their warm appreciation of the very valuable assistance rendered to them by the Secretary, Mysore Legislative Assembly and all the officers and members of the staff of the Assembly Secretariat in the holding of the Committee's sitting in the Vidhana Soudha, Bangalore.

The Committee also placed on record their warm appreciation of the very valuable assistance rendered to them by the Finance Secretary to the Government of Mysore, and the officers and staff of the Commercial Taxes Department in holding the sitting of the Committee in Bangalore. They spared no pains in making the stay of the Committee comfortable.

5. The Committee then adjourned to meet on the 26th October, 1971 in Council Hall Building, Bombay.

III

Third Sitting

The Committee sat on Tuesday, the 26th October, 1971 from 10.00 to 13.15 hours and again from 15.00 to 17.00 hours in Council Hall, Bombay.

PRESENT

Shri Tridib Chaudhuri—*In the Chair.*

MEMBERS

2. Shri Dharmarao Sharanappa Afzalpurkar
3. Shri Chhatrapati Ambesh
4. Shri R. V. Bade
5. Shri Bashweshwar Nath Bhargava
6. Shri Somnath Chatterjee
7. Shri Tarun Gogoi
8. Shri B. R. Kavade
9. Shri Maharaj Singh
10. Shri Prasannbhai Mehta
11. Shri D. K. Panda
12. Shri H. M. Patel
13. Shri P. Antony Reddi
14. Shri Devendra Satpathy
15. Shri M. R. Sharma
16. Dr. Shankar Dayal Sharma
17. Shri B. R. Shukla
18. Shri R. P. Yadav
19. Shri K. R. Ganesh.

REPRESENTATIVES OF THE MINISTRY OF FINANCE

(DEPARTMENT OF REVENUE AND INSURANCE)

1. Shri M. S. Sivaramakrishna, *Director (Sales Tax).*
2. Shri O. P. Mehra, *Under Secretary.*

SECRETARIAT

Shri H. G. Paranjpe—*Deputy Secretary.*

2. In the absence of the Chairman, Shri Tridib Chaudhuri was elected as the Chairman for the sitting under Rule 258(3) of the Rules of Procedure and Conduct of Business in Lok Sabha.

o. Before the representatives of the following Chambers of Commerce/Associations etc. proceeded to give evidence, the Chairman drew their attention to the provisions of Direction 58 of the Directions by the Speaker:

I. *All India Manufacturers' Organisation, Bombay*

Spokesmen:

1. Shri Ojas P. Roy
2. Shri R. V. Patel
3. Shri Pradip A. Shah
4. Shri Firoz S. Baldiwala
5. Shri J. K. Sheth
6. Shri P. L. Badami.

[10.00 to 11.20 hours]

II. *Indian Merchants Chamber, Bombay.*

Spokesmen:

1. Shri Charandas V. Marivala—*Vice-President.*
2. Shri V. B. Haribhakti—*Member.*
3. Shri P. M. Trivedi—*Member.*
4. Shri D. S. Pendurkar—*Deputy Secretary.*

[11.25 to 11.55 hours]

III. *Indian Oil Corporation, Bombay.*

Spokesmen:

1. Shri D. A. N. Murty—*Accounts Officer, Indian Oil Corporation.*
2. Shri D. P. Bhave—*Tax Accountant, Esso Eastern Inc.*
3. Shri H. K. Khandalauala—*Sales Tax Officer, Burmah Shell Oil Co. of India Ltd.*
4. Shri K. R. Raman—*Supervisor, Caltex (India) Ltd.*

[12.00 to 12.30 hours].

IV. *Bombay Chamber of Commerce and Industry, Bombay.*

Spokesmen:

1. Shri S. H. Gursahani—*Chairman, Sales Tax Sub-Committee.*
2. Shri S. C. Khanna—*Member, Sales Tax Sub-Committee.*
3. Shri S. Mathews—*Member, Sales Tax Sub-Committee.*
4. Shri J. B. Bowman—*Vice-President.*
5. Shri V. Parasuram—*Assistant Secretary.*

[12.35 to 12.55 hours]

V. *All India Importers Association, Bombay.*

Spokesmen:

1. Shri P. G. Vaidya

2. Shri K. K. Manseta.

[12.55 to 13.15 hours]

The Committee then adjourned for lunch at 13.15 hours and re-assembled at 15.00 hours.

VI. (i) Sales Tax Practitioners Association, Bombay and (ii) Bar Council of Maharashtra, Bombay.

Spokesmen:

- (i) 1. Shri Prakash Vishnu Surte, *President*.
 2. Shri Ratibhai Vallabhvai Patel, *Member*.
 3. Shri Balabhadra Chunilal Joshi, *Member*.
 4. Shri Prafulla Chunilal, *Secretary*.

Spokesmen:

- (ii) 1. Shri Balabhadra Joshi, *Member*.
 2. Shri Shyamsundar Rajaram Swar, *Secretary*.
 [15.00 to 16.10 hours]

VII. Chamber of Commerce, Sangli.

Spokesmen:

1. Shri Rasiklal Balchand Shah, *President*.
 2. Shri K. B. Kayastha, *Member*.
 3. Shri S. T. Arwade, *Member*.
 4. Shri C. N. Shete, *Secretary*.
 [16.15 to 16.40 hours]

VIII. Instrument Forum, Bombay.

Spokesman:

Shri N. C. Dalal—*Chairman*.

[16.45 to 17.00 hours]

4. A verbatim record of the evidence was kept.
 5. The Committee then adjourned.

IV

Fourth Sitting

The Committee sat on Wednesday, the 27th October, 1971 from 10.30 to 13.00 hours in Council Hall Building, Bombay.

PRESENT

Shri Tridib Chaudhuri—*In the Chair*.

MEMBERS

2. Shri Dharmarao Sharanappa Afzalpurkar
 3. Shri Chhatrapati Ambesh
 4. Shri R. V. Bade
 5. Shri Bashweshwar Nath Bhargava
 6. Shri Somnath Chatterjee

7. Shri Tarun Gogoi
8. Shri Maharaj Singh
9. Shri Prasannbhai Mehta
10. Shri H. M. Patel
11. Shri P. Antony Reddi
12. Shri Devendra Satpathy
13. Shri M. R. Sharma
14. Dr. Shankar Dayal Sharma
15. Shri B. R. Shukla
16. Shri R. P. Yadav.

REPRESENTATIVES OF THE MINISTRY OF FINANCE
(DEPARTMENT OF REVENUE AND INSURANCE)

1. Shri M. S. Sivaramakrishna, *Director (Sales Tax)*.
2. Shri O. P. Mehra, *Under Secretary*.

SECRETARIAT

Shri H. G. Paranjpe—*Deputy Secretary*.

2. In the absence of the Chairman, Shri Tridib Chaudhuri, was chosen to act as Chairman of the sitting in terms of Rule 258(3) of the Rules of Procedure and conduct of Business in Lok Sabha.

3. Shrimati Sushila Rohtagi, Deputy Minister in the Ministry of Finance, who is not a member of the Committee, attended the sitting with the permission of the Chairman in terms of proviso to Rule 299 of the Rules of Procedure and Conduct of Business in Lok Sabha.

4. Before the representatives of the following Associations Government of Maharashtra etc. proceeded to give evidence, the Chairman drew their attention to Direction 58 of the Directions by the Speaker:

I. *Representatives of the Government of Maharashtra, Bombay.*

Spokesmen:

1. Shri K. A. Gafoor, *Commission of Sales Tax*.
2. Shri M. G. Sabnis, *Additional Commissioner of Sales Tax*.
3. Shri V. R. Kulkarni, *Deputy Commissioner of Sales Tax*.

[10.30 to 11.50 hours]

II. *East Indian Cotton Association Ltd., Bombay.*

Spokesmen:

1. Shri J. K. S. Nicholson, *Director, East India Cotton Association*.
2. Shri V. C. Dalal, *Director, Narandas Rajaram Co. Pvt. Ltd. and Member EICA*.
3. Shri P. L. Thacker, *Agent, International Cotton Corporation Pvt. Ltd., and Member EICA, Ltd.*
4. Shri D. G. Damle, *Secretary, EICA Ltd., Bombay*.

[11.55 to 12.35 hours]

III. Vegetable Oils Association of India, Bombay.

Spokesman:

Shri Lillaney Haridas H., *Hony. Treasurer.*

[12.35 to 12.45 hours]

IV. M/s. N. C. Mehta and Company, Chartered Accountants, Bombay.

Spokesman:

Shri N. C. Mehta.

[12.45 to 13.00 hours]

5. A verbatim record of evidence was kept.

6. Before the Committee adjourned, they placed on record their warm appreciation of the valuable assistance rendered to them by the Secretary, Maharashtra Legislature Secretariat, their Reporters and other members of the staff in the holding of their sitting in the Council Hall, Bombay.

The Committee also placed on record their warm appreciation of the very valuable assistance rendered to them by the Commissioner of Sales Tax and other Officers and staff of the Sales Tax Department at Bombay in holding the sittings. They spared no pains in making the stay of the members of the Committee at Bombay comfortable.

7. The Committee then adjourned to meet again at 10.30 hours on the 28th October, 1971 in Vidhan Sabha Building, Gandhinagar.

V

Fifth Sitting

The Committee sat on Thursday, the 28th October, 1971 from 11.00 to 13.00 hours in Vidhan Sabha Building, Gandhinagar.

PRESENT

Shri Tridib Chaudhuri—*In the Chair.*

MEMBERS

2. Shri Chhatrapati Ambesh
3. Shri R. V. Bade
4. Shri Somnath Chatterjee
5. Shri Tarun Gogoi
6. Shri Maharaj Singh
7. Shri Prasannbhai Mehta
8. Shri H. M. Patel
9. Shri M. R. Sharma
10. Dr. Shankar Dayal Sharma
11. Shri B. R. Shukla
12. Shri R. P. Yadav

REPRESENTATIVES OF THE MINISTRY OF FINANCE

(DEPARTMENT OF REVENUE AND INSURANCE)

1. Shri M. S. Sivaramakrishna, *Director (Sales Tax).*
2. Shri O. P. Mehra, *Under Secretary.*

SECRETARIAT

Shri H. G. Paranjpe—*Deputy Secretary.*

2. In the absence of the Chairman, Shri Tridib Chaudhuri was chosen to act as Chairman of the sitting in terms of Rule 258(3) of the Rules of Procedure and Conduct of Business in Lok Sabha.

3. Shrimati Sushila Rohtagi Deputy Minister in the Ministry of Finance, Department of Revenue and Insurance, Government of India, with the permission of the Chairman in terms of proviso to Rule 299 of the Rules of Procedure and Conduct of Business in Lok Sabha.

4. Before the representatives of the following Association/Chamber proceeded to give evidence, the Chairman drew their attention to Direction 58 of the Directions by the Speaker:

I. *Gujarat Chamber of Commerce and Industry, Ahmedabad*

Spokesmen:

1. Shri Chandulal Premchand, *Ex-President.*
2. Shri Rasiklal V. Vasa, *Ex-Hony. Secretary.*
3. Shri S. L. Mody, *Member, Taxation Sub-Committee.*
4. Shri R. D. Pathak, *Member, Taxation Sub-Committee.*
5. Shri C. H. Vakil, *Member, Taxation Sub-Committee.*
6. Shri K. M. Shah, *Assistant Secretary.*

[11.00 to 12.00 hours]

[Shri M. S. Sivaramakrishna, Director (Sales Tax), Ministry of Finance, Department of Revenue and Insurance, Government of India, then explained the various points which arose out of the evidence given by the representatives of the Gujarat Chamber of Commerce and Industry, Ahmedabad.]

[12.20 to 12.40 hours]

II. *Saurashtra Oil Mills Association, Jamnagar.*

Spokesmen:

1. Shri Maganlal N. Patel, *Member Working Committee.*
2. Shri H. V. Shah.

[12.40 to 13.00 hours]

5. A verbatim record of evidence was kept.

6. The Committee then adjourned to meet again at 10.30 hours on the 29th October, 1971 in Vidhan Sabha Building, Ahmedabad.

VI

Sixth Sitting

The Committee sat on Friday, the 29th October, 1971 from 10.30 to 13.00 hours in Vidhan Sabha Building, Gandhinagar.

PRESENT

Shri Tridib Chaudhuri—*In the Chair.*

MEMBERS

2. Shri Chhatrapati Ambesh
3. Shri R. V. Bade
4. Shri Somnath Chatterjee
5. Shri Tarun Gogoi
6. Shri Maharaj Singh
7. Shri Prasannbhai Mehta
8. Shri H. M. Patel
9. Shri M. R. Sharma
10. Dr. Shankar Dayal Sharma
11. Shri B. R. Shukla
12. Shri R. P. Yadav.

REPRESENTATIVES OF THE MINISTRY OF FINANCE
(DEPARTMENT OF REVENUE AND INSURANCE)

1. Shri M. S. Sivaramakrishna, *Director (Sales Tax).*
2. Shri O. P. Mehra, *Under Secretary.*

SECRETARIAT

Shri H. G. Paranjpe—*Deputy Secretary.*

2. In the absence of the Chairman, Shri Tridib Chaudhuri was chosen to act as Chairman of the sitting in terms of Rule 258(3) of the Rules of Procedure and Conduct of Business in Lok Sabha.

3. Shrimati Sushila Rohtagi, Deputy Minister in the Ministry of Finance, who is not a member of the Committee, attended the sitting with the permission of the Chairman in terms of proviso to Rule 299 of the Rules of Procedure and Conduct of Business in Lok Sabha.

4. Before the representatives of the Government of Gujarat and the following Associations proceeded to give evidence, the Chairman drew their attention to Direction 58 of the Directions by the Speaker:

1. *Government of Gujarat, Gandhinagar*

Spokesmen:

1. Shri H. T. Sadhwani, *Secretary to the Government of Gujarat, Finance Department.*
2. Shri K. V. Hari Har Das, *Commissioner of Sales Tax, Gujrat State.*
3. Shri S. R. Modi, *Deputy Commissioner of Sales Tax.*

[10.30 to 11.40 Hours].

II. *Gujarat Sales Tax Bar Association, Ahmedabad.*

Spokesmen

1. Shri R. C. Patel, *President.*

2. Shri S. L. Mody, *Vice-President*.
3. Shri S. N. Shah, *Secretary*.
4. Shri C. H. Vakil, *Member*.
5. Shri C. K. Shah, *Member*.
6. Shri L. M. Shukla.

[11.40 to 12.23 hours]

III. *Bhavnagar Small Scale Industries Association, Bhavnagar.*

Spokesmen:

1. Shri Punamchandbhai S. Shah, *Treasurer*.
2. Shri Jasvantrai C. Gandhi, *Secretary*.

[12.25 to 12.40].

IV. *Southern Gujarat Chamber of Commerce and Industry, Surat.*

Spokesmen:

1. Shri D. B. Patel, *Secretary*.
2. Shri A. G. Chapatwala, *Member*.
3. Shri I. S. Rudalal, *Sales Tax Practitioner, (Adviser)*.

[12.40 to 12.55 hours]

5. The representatives of the Government of Gujarat requested that their evidence might not be made public. Their request was acceded to.

6. A verbatim record of the evidence was kept.

7. Before the Committee adjourned, they placed on record their warm appreciation of the valuable assistance rendered to them by the Secretary, Gujarat Legislature Secretary, their Reporters and other members of the staff in the holding of their sittings in the Gujarat Vidhan Sabha Building, Gandhinagar.

The Committee also placed on record their warm appreciation of the very valuable assistance rendered to them by the Finance Secretary to the Government of Gujarat, Commissioner of Sales Tax Department at Gandhinagar. They spared no pains in making the stay of the members of the Committee at Gandhinagar comfortable.

The Committee then adjourned.

VII

Seventh Sitting

The Committee sat on Wednesday, the 4th November, 1971 from 10.30 to 13.30 hours in Council Chamber, Legislative Assembly Building, Calcutta.

PRESENT

Shri Tridib Chaudhuri—*In the Chair.*

MEMBERS

2. Shri Chhatrapati Ambesh
3. Shri R. V. Bade
4. Shri Bashweshwar Nath Bhargava
5. Shri D. P. Jadeja
6. Shri Maharaj Singh
7. Shri Prasannbhai Mehta
8. Shri D. K. Panda
9. Shri P. Antony Reddi
10. Shri Devendra Satpathy
11. Shri M. R. Sharma
12. Shri B. R. Shukla
13. Shri Sant Bux Singh
14. Shri R. P. Yadav
15. Shri K. R. Ganesh.

REPRESENTATIVES OF THE MINISTRY OF FINANCE
(DEPARTMENT OF REVENUE AND INSURANCE)

1. Shri M. S. Sivaramakrishna, *Director (Sales Tax)*.
2. Shri O. P. Mehra, *Under Secretary*.

SECRETARIAT

Shri K. K. Saxena—*Under Secretary*.

2. In the absence of the Chairman, Shri Tridib Chaudhuri was chosen to act as Chairman of the sitting in terms of Rules 258 (3) of the Rules of Procedure and Conduct of Business in Lok Sabha.

3. Before the representatives of the following Chambers/Associations etc. proceeded to give evidence, the Chairman drew their attention to Direction 58 of the Directions by the Speaker:

I. *Indian Chamber of Commerce, Calcutta.*

Spokesmen:

1. Shri M. C. Parekh
 2. Shri S. S. Kothari
 3. Shri M. Chaudhuri
 4. Shri S. C. Roy
- [10.35 to 11.40 hours]

II. *Bharat Chamber of Commerce, Calcutta.*

Spokesmen

1. Shri R. R. Bhiwaniwalla—*President*
2. Shri M. L. Gupta
3. Shri R. N. Mody
4. Shri A. K. Rungta*

5. Shri K. C. Mukherjee—*Secretary*
6. Shri R. P. Sur Roy—*Asstt. Secretary.*
[11.40 to 12.10 hours]

III. *Gunny Trades Association, Calcutta.*

Spokesmen:

1. Shri B. L. Kheruka—*President*
2. Shri Shree Narayan Bagla
3. Shri H. K. Rai—*Asstt. Secretary*
[12.10 to 12.25 hours]

IV. *Indian Plastics Federation, Calcutta.*

Spokesmen:

1. Shri J. N. Singh
2. Shri S. K. Basu
3. Shri S. N. Kasera
[12.25 to 12.40 hours]

V. *Commercial Taxes Practitioners' Association, Calcutta.*

Spokesmen:

1. Shri S. R. Sen
 2. Shri G. C. Mookerjee
 3. Shri S. S. Sen
[12.40 to 13.30 hours]
4. A verbatim record of the evidence was kept.
 5. The Committee then adjourned to meet again at 10.30 hours on the 5th November, 1971 in Council Chamber, Calcutta.

VIII

Eighth Sitting

The Committee sat on Thursday, the 5th November, 1971 from 10.30 to 13.00 hours in Council Chamber, Legislative Assembly Building, Calcutta.

PRESENT

Shri Tridib Chaudhuri—*In the Chair.*

MEMBERS

2. Shri Chhatrapati Ambesh
3. Shri R. V. Bade
4. Shri Bashweshwar Nath Bhargava
5. Shri Somnath Chatterjee

6. Shri Tarun Gogoi
7. Shri D. P. Jadeja
8. Shri Maharaj Singh
9. Shri Prasannbhai Mehta
10. Shri P. Antony Reddi
11. Shri Devendra Satpathy
12. Shri M. R. Sharma
13. Shri B. R. Shukla
14. Shri Sant Bux Singh
15. Shri R. P. Yadav

REPRESENTATIVES OF THE MINISTRY OF FINANCE
(DEPARTMENT OF REVENUE AND INSURANCE)

1. Shri M. S. Sivaramakrishna—*Director (Sales Tax)*
2. Shri O. P. Mehra—*Under Secretary.*

SECRETARIAT

Shri K. K. Saxena—*Under Secretary.*

2. In the absence of the Chairman, Shri Tridib Chaudhuri was chosen to act as Chairman of the sitting in terms of Rule 258(3) of the Rules of Procedure and Conduct of Business in Lok Sabha.

3. At the outset, the Chairman informed the Committee that due to indisposition, Shri K. R. Ganesh, Minister of State in the Ministry of Finance, will not be able to attend the sitting.

4. Before the representatives of the following Chambers/Associations etc. proceeded to give evidence, the Chairman drew their attention to Direction 58 of the Directions by the Speaker:

I. *Raniganj Chamber of Commerce, Raniganj (Burdwan)*

Spokesmen:

1. Shri G. R. Khaitan
2. Shri O. P. Jhunjhunwala

[10.40 to 11.00 hours]

II. *Bengal Chamber of Commerce and Industry, Calcutta.*

Spokesmen:

1. Shri T. K. Ramasubramanyan, Dunlop India Ltd.
2. Shri J. D. Majoo, India Tobacco Co. Ltd.
3. Shri P. Das Gupta, Bengal Chamber of Commerce and Industry.

[11.00 to 12.15 hours]

[Shri Prasannbhai Mehta was in the Chair from 12.00 hours]

III. *Calcutta Trades Association, Calcutta*

Spokesmen:

1. Shri Bhuramall Saraf

2. Shri Ramen Ghosh
3. Shri Santosh Kumar Maskara

[12.15 to 12.40 hours]

IV. *Coalfield Chamber of Commerce, Raniganj (Burdwan)*

Spokesmen:

1. Shri Ramkrishna Saraf
2. Shri Purusotam Lal Satnalika

[12.40 to 12.45 hours]

- V. (i) *West Bengal Jute Fabrics Shippers' Association Ltd., Calcutta*

Spokesmen:

1. Shri Mulji K. Shroff—*Acting President*
2. Shri Harilal C. Shah—*Secretary.*

- (ii) *Calcutta Jute Goods Merchants Association, Calcutta*

Spokesmen:

1. Shri Keshab Dutt Joshi J.P.—*President*
2. Shri Prem Chand Agarwala—*Secretary*

[12.45 to 13.00 hours]

5. A verbatim record of evidence was kept.

6. The Committee then adjourned to meet again at 10.00 hours on Saturday, the 6th November, 1971 in Council Chamber, Legislative Assembly Building, Calcutta.

IX

Ninth Sitting

The Committee sat on Saturday, the 6th November, 1971 from 10.00 to 12.55 hours in Council Chamber, Legislative Assembly Building, Calcutta.

PRESENT

Shri Tridib Chaudhuri—*In the Chair*

MEMBERS

2. Shri R. V. Bade
3. Shri Bashweshwar Nath Bhargava
4. Shri Somnath Chatterjee
5. Shri Tarun Gogoi
6. Shri D. P. Jadeja
7. Shri B. R. Kavade
8. Shri Maharaj Singh
9. Shri Prasannbhai Mehta
10. Shri P. Antony Reddi
11. Shri Devendra Satpathy

12. Shri M. R. Sharma
13. Shri B. R. Shukla
14. Shri Sant Bux Singh
15. Shri R. P. Yadav

REPRESENTATIVES OF THE MINISTRY OF FINANCE
(DEPARTMENT OF REVENUE AND INSURANCE)

1. Shri M. S. Sivaramakrishna—*Director (Sales Tax)*.
2. Shri O. P. Mehra—*Under Secretary*.

SECRETARIAT

Shri K. K. Saxena—*Under Secretary*.

2. In the absence of the Chairman, Shri Tridib Chaudhuri was chosen to act as Chairman of the sitting in terms of Rule 258(3) of the Rules of Procedure and Conduct of Business in Lok Sabha.

3. Before the representatives of the following Chambers/Associations etc. proceeded to give evidence, the Chairman drew their attention to Direction 58 of the Directions by the Speaker:—

I. *Government of West Bengal, Calcutta.*

Spokesmen:

1. Shri A. Neogy—*Financial Commissioner*.
2. Shri J. L. Kundu—*Ex-Financial Commissioner*.
3. Shri S. Dutta—*Joint Secretary, Finance Department*.
4. Shri S. K. Bose—*Commissioner, Commercial Taxes*.
5. Shri A. K. Roy—*Addl. Commissioner, Commercial Taxes*.

[10.00 to 11.35 hours]

II. *Calcutta Kirana (Spices) Merchants' Association, Calcutta.*

Spokesmen:

1. Shri M. L. Tambi
2. Shri H. N. Agarwala
3. Shri S. B. Chakraborty.

[11.35 to 12.10 hours]

III. *Merchants' Chamber of Commerce, Calcutta*

Spokesmen:

1. Shri B. K. Swaika
2. Shri M. L. Saraf
3. Shri D. P. Garg.

[12.10. to 12.45 hours]

IV. *Calcutta Motor Dealers' Association, Calcutta.*

Spokesmen:

1. Shri P. K. Basu
2. Shri S. S. Sahni.

[12.45 to 12.55 hours]

4. The Committee placed on record their warm appreciation of the valuable assistance rendered to them by the Secretary, West Bengal Legislature, their Reporters and other members of the staff in holding of their sittings in the Council Chamber.

The Committee also placed on record their warm appreciation of the valuable assistance rendered to them by the State Government, Commissioner of Commercial Taxes, Security Officers and other officers and staff of the Finance Department at Calcutta in holding the sittings. They had spared no pains in making the stay of the members of the Committee at Calcutta comfortable.

5. The Committee then adjourned to meet again on Monday, the 8th November, 1971 in Vidhan Bhavan, Lucknow.

X

Tenth Sitting

The Committee sat on Monday, the 8th November, 1971 from 10.30 to 12.50 hours and again from 15.15 to 16.00 hours in Vidhan Bhavan, Lucknow.

PRESENT

Shri Tridib Chaudhuri—*In the Chair*

MEMBERS

2. Shri Chhatrapati Ambesh
3. Shri R. V. Bade
4. Shri Bashweshwar Nath Bhargava
5. Shri D. P. Jadeja
6. Shri Maharaj Singh
7. Shri Prasannbhai Mehta
8. Shri P. Antony Reddi
9. Shri M. R. Sharma
10. Shri B. R. Shukla
11. Shri Sant Bux Singh
12. Shri R. P. Yadav

REPRESENTATIVES OF THE MINISTRY OF FINANCE

(DEPARTMENT OF REVENUE AND INSURANCE)

1. Shri M. S. Sivaramakrishna—*Director (Sales Tax)*
2. Shri O. P. Mehra—*Under Secretary.*

SECRETARIAT

Shri K. K. Saxena—*Under Secretary.*

2. In the absence of the Chairman, Shri Tridib Chaudhuri was chosen to act as Chairman of the sitting in terms of Rule 258(3) of the Rules of Procedure and Conduct of Business in Lok Sabha.

3. Shrimati Sushila Rohtagi, Deputy Minister in the Ministry of Finance, who is not a member of the Committee, attended the sitting with the permission of the Chairman in terms of proviso to Rule 299 of the Rules of Procedure and Conduct of Business in Lok Sabha.

4. Before the representatives of the following Federation|Associations, etc. proceeded to give evidence, the Chairman drew their attention to Direction 58 of the Directions by the Speaker:

I. *U.P. General Merchants' Federation, Lucknow.*

Spokesman:

Shri J. B. L. Gupta

[10.45 to 11.20 hours].

II. 1. Shri Mahesh Chandra, Lucknow.

2. Shri Bihari Lal Goyal, Lucknow.

[11.20 to 12.35 hours].

III. *U.P. Electric Contractors Merchants' Association, Lucknow.*

Spokesman:

Shri H. N. Bhargava.

[12.35 to 12.50 hours].

The Committee adjourned for lunch at 13.00 hours and reassembled at 15.00 hours.

IV. *U.P. Oilmillers' Association, Kanpur.*

Spokesmen:

1. Shri Daya Ram.

2. Shri P. C. Kanodia

[15.15 to 16.00 hours].

5. A verbatim record of the evidence was kept.

6. The Committee then adjourned to meet again on Tuesday, the 9th November, 1971 at 10.30 hours in Vidhan Bhavan, Lucknow.

XI

Eleventh Sitting

The Committee sat on Tuesday, the 9th November, 1971 from 10.30 to 11.45 hours in Vidhan Bhavan, Lucknow.

PRESENT

Shri Tridib Chaudhuri—*In the Chair*

MEMBERS

2. Shri Bashweshwar Nath Bhargava

3. Shri D. P. Jadeja

4. Shri Maharaj Singh

5. Shri Prasannbhai Mehta
6. Shri P. Antony Reddi
7. Shri M. R. Sharma
8. Dr. Shankar Dayal Sharma
9. Shri B. R. Shukla
10. Shri Sant Bux Singh
11. Shri R. P. Yadav

REPRESENTATIVES OF THE MINISTRY OF FINANCE
(DEPARTMENT OF REVENUE AND INSURANCE)

1. Shri M. S. Sivaramakrishna—*Director (Sales Tax)*
2. Shri O. P. Mehra—*Under Secretary.*

SECRETARIAT

Shri K. K. Saxena—*Under Secretary.*

2. In the absence of the Chairman, Shri Tridib Chaudhuri was chosen to act as Chairman of the sitting in terms of Rule 258(3) of the Rules of Procedure and Conduct of Business in Lok Sabha.

3. Shrimati Sushila Rohtagi, Deputy Minister in the Ministry of Finance, who is not a member of the Committee, attended the sitting with the permission of the Chairman in terms of proviso to Rule 299 of the Rules of Procedure and Conduct of Business in Lok Sabha.

4. The Chairman informed the Committee that members of the Committee had informal discussions to-day with the Minister of Finance, the Minister of State for Finance and officers of the U.P. Government in regard to the provisions of the Central Sales Tax (Amendment) Bill, 1971. The Chairman also mentioned that the Minister of Finance, Uttar Pradesh, had presented to him a memorandum containing the comments of the Uttar Pradesh Government on the provisions of the said Bill.

5. The Committee authorised the Chairman to see the representatives of the Associations etc. which might come for the purpose of giving evidence before the Committee at Lucknow, today.

6. Before the Committee adjourned, they placed on record their appreciation of the assistance rendered to them by the Secretary, Uttar Pradesh Legislature and their Reporters in holding of their sittings in Vidhan Bhavan, Lucknow.

The Committee also placed on record their appreciation of the assistance rendered to them by the Secretary and other officers and staff of the Finance Department at Lucknow in holding the sittings. They had taken all steps to make the stay of the members of the Committee at Lucknow comfortable.

7. A verbatim record of the evidence was kept.

8. The Committee then adjourned.

Twelfth Sitting

The Committee sat on Tuesday, the 4th January, 1972 from 10.30 to 12.50 hours.

PRESENT

Dr. Henry Austin—*Chairman*

MEMBERS

2. Shri Dharmarao Sharanappa Afzalpurkar
3. Shri Chhatrapati Ambesh
4. Shri R. V. Bade
5. Shri Bashweshwar Nath Bhargava
6. Shri Shivaji Rao S. Deshmukh
7. Shri Tarun Gogoi
8. Shri D. P. Jadeja
9. Shri B. R. Kavade
10. Shri E. R. Krishnan
11. Shri Maharaj Singh
12. Shri P. Antony Reddi
13. Dr. Shankar Dayal Sharma
14. Shri R. P. Yadav
15. Shri Sant Bux Singh
16. Shri K. R. Ganesh

LEGISLATIVE COUNSEL

Shri R. V. S. Peri-Sastri—*Additional Legislative Counsel.*

REPRESENTATIVES OF THE MINISTRY OF FINANCE
(DEPARTMENT OF REVENUE AND INSURANCE)

1. Shri M. S. Sivaramakrishna—*Director (Sales Tax).*
2. Shri O. P. Mehra—*Under Secretary.*

SECRETARIAT

Shri H. G. Paranjpe—*Deputy Secretary.*

2. Before the representatives of the following Institute|Association proceeded to give evidence, the Chairman drew their attention to the provision of Direction 58 of the Directions by the Speaker:

I. *The Institute of Chartered Accountants of India, New Delhi*

Spokesmen:

1. Shri A. B. Tandan, *President.*
2. Shri R. K. Khanna, *Vice-President.*
3. Shri N. C. Krishnan, *Chairman, Taxation Committee.*
4. Shri Bansi S. Mehta, *Member of the Council.*
5. Shri C. Balakrishnan, *Secretary.*

[10.30 to 12.05 hours].

II. Delhi Electrical Traders Association, Chandni Chowk, Delhi

Spokesmen:

1. Shri Jagdish Rai
2. Shri Dipty Mal Jain
3. Shri R. B. Nandi
4. Shri S. N. Bansal
5. Shri O. P. Bansal

[12.05 to 12.50 hours]

3. A verbatim record of evidence was kept.

4. The Committee then adjourned to meet at 11.00 hours on the 5th January, 1972.

XIII

Thirteenth Sitting

The Committee sat on Wednesday, the 5th January, 1972 from 11.00 to 13.20 hours.

PRESENT

Dr. Henry Austin—Chairman.

MEMBERS

2. Shri Dharmarao Sharanappa Afzalpurkar
3. Shri Chhatrapati Ambesh
4. Shri R. V. Bade
5. Shri Bashweshwar Nath Bhargava
6. Shri Tridib Chaudhuri
7. Shri Shivaji Rao S. Deshmukh
8. Shri Tarun Gogoi
9. Shri N. E. Horo
10. Shri D. P. Jadeja
11. Shri Sat Pal Kapur
12. Shri E. R. Krishnan
13. Shri Maharaj Singh
14. Shri P. Antony Reddi
15. Shri M. R. Sharma
16. Dr. Shankar Dayal Sharma
17. Shri R. P. Yadav
18. Shri K. R. Ganesh

LEGISLATIVE COUNSEL

Shri R. V. S. Peri-Sastri—Additional Legislative Counsel.

**REPRESENTATIVES OF THE MINISTRY OF FINANCE
(DEPARTMENT OF REVENUE AND INSURANCE)**

1. Shri K. Narasimhan—Member (Tariff), Central Board of Excise and Customs.

2. Shri M. S. Sivaramakrishna, *Director (Sales Tax)*.
3. Shri O. P. Mehra, *Under Secretary*.

SECRETARIAT

Shri H. G. Paranjpe—*Deputy Secretary*.

2. Before the representatives of the following Chamber of Commerce/Associations proceeded to give evidence, the Chairman drew their attention to the provisions of Direction 58 of the Directions by the Speaker:

I. *Punjab, Haryana and Delhi Chamber of Commerce and Industry, New Delhi.*

Spokesmen:

1. Shri Man Phool Chopra, *Chairman of the Chamber*.
2. Shri M. L. Manchanda, *Chairman, State and Municipal Taxes Panel of the Chamber*.
3. Shri G. S. Gargya, *Co-Chairman, State and Municipal Taxes Panel*.
4. Shri B. R. Ghaiye, *Member, State and Municipal Taxes Panel*.
5. Shri M. L. Nandrajog, *Secretary*.
6. Shri S. Ganapathi, *Sr. Asst. Secretary*.

[11.00 to 11.45 hours]

[Shri M. S. Sivaramakrishna, Director (Sales Tax), Ministry of Finance, Department of Revenue and Insurance, Government of India, then explained certain points which arose out of the evidence given by the representatives of the Punjab, Haryana and Delhi Chamber of Commerce and Industry, New Delhi.]

II. *Delhi Hindustani Mercantile Association, Chandni Chowk, Delhi*

Spokesmen:

1. Shri Brij Bhushan Saran, *President*.
2. Shri Kishan Lal Gupta, *Member, Managing Committee*.
3. Shri Gopi Chand Gupta.

[12.05 to 12.35 hours]

III. *Federation of All India Automobile Spare Parts Dealers' Association, Daryaganj, Delhi*

Spokesmen:

1. Shri Kulwant Rai Bangia, *Vice-President*.
2. Shri Ratan Lal Kohli, *Hon. Treasurer*.
3. Shri B. R. Jain, *Senior Member*.
4. Shri Kulwant Singh Hazooria, *Member*.
5. Shri Prahalad Singh, *Member*.
6. Shri Sham Sunder, *Asstt. Secretary*.

[12.35 to 13.20 hours]

3. A verbatim record of evidence was kept.

4. The Committee then adjourned to meet at 10.30 hours on the 6th January, 1972.

XIV

Fourteenth Sitting

The Committee sat on Wednesday, the 6th January, 1972 from 10.30 to 12.40 hours.

PRESENT

Dr. Henry Austin—*Chairman.*

MEMBERS

2. Shri Dharmarao Sharanappa Afzalpurkar
3. Shri Chhatrapati Ambesh
4. Shri R. V. Bade
5. Shri Bashweshwar Nath Bhargava
6. Shri Tridib Chaudhuri
7. Shri Shivaji Rao S. Deshmukh
8. Shri Tarun Gogoi
9. Shri N. E. Horo
10. Shri Sat Pal Kapur
11. Shri E. R. Krishnan
12. Shri Maharaj Singh
13. Shri H. M. Patel
14. Shri P. Antony Reddi
15. Shri M. R. Sharma
16. Dr. Shankar Dayal Sharma
17. Shri Sant Bux Singh
18. Shri R. P. Yadav
19. Shri K. R. Ganesh

LEGISLATIVE COUNSEL

Shri R. V. S. Peri-Sastri—*Additional Legislative Counsel.*

REPRESENTATIVES OF THE MINISTRY OF FINANCE
(DEPARTMENT OF REVENUE AND INSURANCE)

1. Shri K. Narasimhan—*Member (Tariff), Central Board of Excise and Customs.*
2. Shri M. S. Sivaramakrishna, *Director (Sales Tax).*
3. Shri O. P. Mehra, *Under Secretary.*

SECRETARIAT

Shri H. G. Paranjpe—*Deputy Secretary.*

2. Before the representatives of the following organisations proceeded to give evidence, the Chairman drew their attention to the provisions of Direction 58 of the Directions by the Speaker:—

I. *Delhi, First Point Sales Tax Action Committee, Delhi.*

Spokesman:

Shri Mahabir Pershad Gupta, *Convenor.*

[10.30 to 11.05 hours]

II. National Chamber of Industries and Commerce, U.P., Agra

Spokesmen:

1. Shri Bal Krishna Khandelwal.
2. Shri M. M. Agarwal, Secretary.

[11.20 to 12.10 hours]

3. Shri M. S. Sivaramakrishna, Director (Sales Tax), Ministry of Finance (Department of Revenue and Insurance), then explained certain points which arose out of the evidence given by the representatives of the aforesaid organisations.

4. A verbatim record of evidence was kept.

5. The Committee also decided to hold their sittings at Cochin, Travandrum, Madras and Hyderabad, in the Southern sector and at Shillong, Kohima, Imphal and Agartala in the Eastern sector during February, 1972 to hear oral evidence of the representatives of the State Governments, local Chambers of Commerce and Trade Organisations etc. The Minister of State in the Ministry of Finance (Shri K. R. Ganesh) who was present in the sitting agreed to the suggestion.

The Committee then adjourned.

XV

Fiteenth Sitting

The Committee sat on Monday, the February, 1972 from 11.00 hours to 13.15 hours, in Corporation Council Hall, Ernakulam (Cochin)

PRESENT

Dr. Henry Austin—*Chairman*.

MEMBERS

2. Shri Dharmarao Sharanappa Afzalpurkar
3. Shri Chhatrapati Ambesh
4. Shri Tarun Gogoi
5. Shri D. P. Jadeja
6. Shri Maharaj Singh
7. Shri P. Antony Reddi
8. Shri Devendra Satpathy
9. Shri P. M. Sayeed
10. Shri M. R. Sharma
11. Shri Shiv Kumar Shastri
12. Shri B. R. Shukla
13. Shri R. P. Yadav
14. Shri K. R. Ganesh

REPRESENTATIVES OF THE MINISTRY OF FINANCE (DEPARTMENT OF REVENUE AND INSURANCE)

1. Shri K. Narasimhan—*Member (Tariff), Central Board of Excise and Customs.*

2. Shri M. S. Sivaramakrishna, *Director (Sales Tax)*.
3. Shri O. P. Mehra, *Under Secretary*

SECRETARIAT

Shri H. G. Paranjpe—*Deputy Secretary*.

2. Before the representatives of the following Chambers/Associations proceeded to give evidence, the Chairman drew their attention to Direction 58 of the Directions by the Speaker:—

I. *The Indian Chamber of Commerce, Cochin.*

Spokesmen:

1. Shri A. C. Raghava Menon—*President*
2. Shri Ahamed Usman Sait—*Vice-President*
3. Shri T. Tharanath Shet—*Member of the Committee*
4. Shri V. K. Raja—*Secretary*.

[11.00 to 12.25 hours].

II. *Ernakulam Chamber of Commerce.*

Spokesmen:

1. Shri M. A. Kumarapillai
2. Shri A. M. Alimohamed.

[12.25 to 12.35 hours]

III. *Cochin Chamber of Commerce and Industry, Cochin.*

Spokesmen:

1. Shri Venugopal—*Chairman, Taxation Committee.*
2. Shri P. Sethuram—*Secretary.*

[12.35 to 12.50 hours].

IV. *Rubber Dealers Association, Kottayam.*

Spokesmen:

1. Shri V. M. Kurian, *Advocate.*
2. Shri T. J. George, *Secretary.*

[12.50 to 13.00 hours]

V. *Kerala State Small Industries Association, Chittoor Road, Cochin.*

Spokesmen:

1. Shri P. Ramnarayan, *Advocate.*
2. Shri M. Vasudevan, *Secretary.*

[13.00 to 13.15 hours].

3. A verbatim record of evidence was kept.

4. The Committee placed on record their warm appreciation of the valuable assistance rendered to them by the Officers of the Revenue Department, Deputy Commissioner of Sales Tax and other Officers and

staff of the Sales Tax Department and the Corporation of Cochin in holding the sitting. They spared no pains in making the stay of the members of the Committee at Cochin comfortable.

5. The Committee then adjourned to meet again at 12.00 hours on Tuesday, the 15th February, 1972 in Kanakakunnu Palace, Trivandrum.

XVI

Sixteenth Sitting

The Committee sat on Tuesday, the 15th February, 1972 from 12.00 to 13.45 hours in Kanakakunnu Palace, Trivandrum.

PRESENT

Dr. Henry Austin—*Chairman*.

MEMBERS

2. Shri Dharmarao Sharanappa Afzalpurkar
3. Shri Chhatarpati Ambesh
4. Shri Tarun Gogoi
5. Shri D. P. Jadeja
6. Shri Maharaj Singh
7. Shri P. Antony Reddi
8. Shri Devendra Satpathy
9. Shri M. R. Sharma
10. Shri Shiv Kumar Shastri
11. Shri B. R. Shukla
12. Shri B. R. Yadav.

REPRESENTATIVES OF THE MINISTRY OF FINANCE

(DEPARTMENT OF REVENUE AND INSURANCE)

1. Shri K. Narasimhan—*Member (Tariff), Central Board of Excise and Customs.*
2. Shri M. S. Sivaramakrishna, *Director (Sales Tax).*
3. Shri O. P. Mehra, *Under Secretary.*

SECRETARIAT

Shri H. G. Paranjpe—*Deputy Secretary.*

2. Before the representatives of the following Chambers/Associations proceeded to give evidence, the Chairman drew their attention to Direction 58 of the Directions by the Speaker:—

- I. *Chamber of Commerce, Trivandrum.*
- II. *Grains Merchants' Association, Trivandrum.*

Spokesmen:

1. Shri V. Subramoniam
2. Shri K. Arunachalam
3. Shri S. Gopal

[12.00 to 12.35 hours].

III. Government of Kerala.

Spokesmen:

1. Shri M. M. Abdul Khadir, *Advocate General*
2. Shri P. Gopalakrishna Warriar, *Law Secretary*
3. Shri K. S. Paripooranan, *Government Pleader.*
4. Shri K. Viswanathan Nair, *Joint Secretary (Law).*
5. Shri C. Thomas, *First Member, Board of Revenue.*
6. Dr. V. Venkitanarayanan, *Secretary to Government, Taxes Department.*
7. Shri M. Mohammed Ibrahim, *Member, Agri. Income Tax and Sales Tax Appellate Tribunal.*
8. Shri K. A. Krishnan, *Secretary, Board of Revenue (Taxes).*
9. Shri M. Hyder Ali Khan, *Dy. Commissioner (Int.).*
10. Shri K. P. P. Namboodiripad, *Asstt. Secretary, Board of Revenue (Taxes).*
11. Shri K. C. Balagangadharan, *Law Officer, Agri. Income Tax and Sales Tax Department.*

[12.35 to 13.45 hours]

3. A verbatim record of evidence was kept.
4. The Committee then adjourned to meet again at 11.30 hrs. on Wednesday, the 16th February, 1972 in Kanakakunnu Palace, Trivandrum.

XVII

Seventeenth Sitting

The Committee sat on Wednesday, the 16th February, 1972 from 11.30 to 12.15 hours in Kanakakunnu Palace, Trivandrum .

PRESENT

Dr. Henry Austin—*Chairman.*

MEMBERS

2. Shri Dharmarao Sharanappa Afzalpurkar
3. Shri Chhatrapati Ambesh
4. Shri Tarun Gogoi
5. Shri D. P. Jadeja
6. Shri Maharaj Singh
7. Shri P. Antony Reddi
8. Shri Devendra Satpathy
9. Shri M. R. Sharma
10. Shri Shiv Kumar Shastri
11. Shri B. R. Shukla
12. Shri R. P. Yadav

REPRESENTATIVES OF THE MINISTRY OF FINANCE
(DEPARTMENT OF REVENUE AND INSURANCE)

1. Shri K. Narasimhan, *Member (Tariff), Central Board of Excise and Customs.*
2. Shri M. S. Sivaramakrishna, *Director (Sales Tax).*
3. Shri O. P. Mehra, *Under Secretary.*

SECRETARIAT

Shri H. G. Paranjpe—*Deputy Secretary.*

2. Before the representatives of the following Chamber|Association proceeded to give evidence, the Chairman drew their attention to Direction 58 of the Directions by the Speaker:—

I. *Malabar Chamber of Commerce, Calicut.*

II. *Malabar Produce Merchants Association, Calicut.*

Spokesmen:

1. Shri V. Hassan Koya
2. Shri K. V. Moosa Koya Haji
3. Shri P. V. Mohammed Koya Haji

[11.30 to 12.15 hours]

3. A verbatim record of evidence was kept.

4. The Committee placed on record their warm appreciation of the valuable assistance rendered to them by the Secretary, Kerala Legislative Assembly, their Reporters and other members of the staff in the holding of their sittings in Ernakulam and Trivandrum.

The Committee also placed on record their warm appreciation of the very valuable assistance rendered to them by the Secretary (Taxes) to the Government of Kerala and other officers of the Sales Tax Department at Trivandrum. They spared no pains in making the stay of the members of the Committee at Trivandrum comfortable.

5. The Committee then adjourned to meet again at 14.30 hours on Thursday, the 17th February, 1972 in the Central Hall, Old Legislators' Hostel, Madras.

XVIII

Eighteenth Sitting

The Committee sat on Thursday, the 17th February, 1972 from 14.30 to 16.35 hours in Central Hall, Old Legislators' Hostel, Madras.

PRESENT

Dr. Henry Austin—*Chairman.*

MEMBERS

2. Shri Dharmarao Sharanappa Afzalpurkar
3. Shri Chhatrapati Ambesh
4. Shri Tarun Gogoi
5. Shri D. P. Jadeja,

6. Shri E. R. Krishnan
7. Shri Maharaj Singh
8. Shri H. M. Patel
9. Shri P. Antony Reddi
10. Shri Devendra Satpathy
11. Shri M. R. Sharma
12. Shri Shiv Kumar Shastri
13. Shri B. R. Shukla
14. Shri R. P. Yadav
15. Shri K. R. Ganesh.

REPRESENTATIVES OF THE MINISTRY OF FINANCE
(DEPARTMENT OF REVENUE AND INSURANCE)

1. Shri K. Narasimhan, *Member (Tariff), Central Board of Excise and Customs.*
2. Shri M. S. Sivaramakrishna, *Director (Sales Tax).*
3. Shri O. P. Mehra, *Under Secretary.*

SECRETARIAT

Shri H. G. Paranjpe—*Deputy Secretary.*

2. Before the representatives of the following Chambers/Associations proceeded to give evidence, the Chairman drew their attention to Direction 58 of the Directions by the Speaker:—

I. *Hindustan Chamber of Commerce, Madras.*

Spokesmen:

1. Shri K. D. Shah—*President.*
2. Shri V. Ramachandran
3. Shri G. Narayanaswami
4. Shri G. R. Rao—*Secretary.*

[14.30 to 15.30 hours].

II. *The Madras Kirana Merchants' Association, Madras.*

Spokesmen:

1. Shri Brijmohan Mohunta
2. Shri Baboolal P. Rathore
3. Shri M. Chhaganlal Jain

[15.30 to 15.50 hours].

III. *Tamilnad Varthaga Kazhakam, Kumbakonam.*

Spokesmen:

1. Shri Kesavalal Kalidoss Sait—*President.*
2. Shri P. A. N. Rajaratnam—*Vice-President.*

[15.50 to 16.05 hours]

IV. *The South India Yarn Trade Federation, Madras.*

Spokesmen:

1. Shri T. N. K. Govindarajulu Chetty
2. Shri N. M. Ponnambalam Pillai
3. Shri S. S. Murthy.

[16.05 to 16.20 hours]

V. *Southern India Skin and Hides Merchants' Association, Madras*

Spokesmen:

1. Shri A. Subramanian, *Committee Member.*
2. Shri K. Kamal Basha, *Committee Member.*

[16.20 to 16.35 hours]

3. A verbatim record of evidence was kept.

4. The Committee then adjourned to meet again at 10.30 hours on Friday, the 18th February, 1972 in Central Hall, Old Legislators' Hostel, Madras.

XIX

Nineteenth Sitting

The Committee sat on Friday, the 18th February, 1972, from 10.30 to 13.10 hours in Central Hall, Old Legislators' Hostel, Madras.

PRESENT

Dr. Henry Austin—*Chairman.*

MEMBERS

2. Shri Dharmarao Sharanappa Afzalpurkar
3. Shri Chhatrapati Ambesh
4. Shri E. R. Krishnan
5. Shri Maharaj Singh
6. Shri H. M. Patel
7. Shri P. Antony Reddi
8. Shri Devendra Satpathy
9. Shri M. R. Sharma
10. Shri Shiv Kumar Shastri
11. Shri B. R. Shukla
12. Shri R. P. Yadav
13. Shri K. R. Ganesh.

**REPRESENTATIVES OF THE MINISTRY OF FINANCE
(DEPARTMENT OF REVENUE AND INSURANCE)**

1. Shri K. Narasimhan, *Member (Tariff), Central Board of Excise and Customs.*

2. Shri M. S. Sivaramakrishna, *Director, (Sales Tax)*.
3. Shri O. P. Mehra, *Under Secretary*.

SECRETARIAT

Shri H. G. Paranjpe—*Deputy Secretary*.

2. Before the representatives of the following Chambers/Associations proceeded to give evidence, the Chairman drew their attention to Direction 58 of the Directions by the Speaker:—

I. *Government of Tamil Nadu, Madras.*

Spokesmen:

1. Shri B. Vijaya Raghavan, *Addl. Secy. to Government*.
2. Shri S. Narasimhan, *Deputy Commissioner (Commercial Taxes)*.
[10.30 to 11.55 hours]

II. *The Madras Chamber of Commerce and Industry, Madras.*

Spokesmen:

1. Shri A. Ramamurthi
2. Shri R. Krishnaswami
3. Shri K. R. Sitaram
4. Shri T. Srinivasan.
[11.55 to 12.10 hours]

III. *The Madras Provincial Foodgrains Merchants' Association, Madras.*

Spokesmen:

1. Shri Badluram Aggarwal
2. Shri M. A. Thangappan
3. Shri Hari Kishan
[12.10 to 12.25 hours]

IV. *The Southern India Chamber of Commerce and Industry, Madras.*

Spokesmen:

1. Shri S. Narayanaswamy—*Vice-President*.
2. Shri L. Srinivasan
3. Shri K. V. S. Raghvan
4. Shri D. Srinivasan.
[12.25 to 13.10 hours]

3. A verbatim record of evidence was kept.

4. The Committee placed on record their appreciation of the Assistance rendered to them by the Secretary, Tamil Nadu Legislative Assembly and their Reporters in holding of their sittings in the Old Legislators' Hostel, Madras.

The Committee also placed on record their appreciation of the assistance rendered to them by the Secretary and other officers and staff of the Revenue Department at Madras in holding the sittings. They have taken all steps to make the stay of the members of the Committee at Madras comfortable.

5. The Committee then adjourned to meet again at 10.30 hours on Saturday, the 19th February, 1972 in Committee Room of Andhra Pradesh Legislative Assembly, Hyderabad.

XX

Twentieth Sitting

The Committee sat on Saturday, the 19th February, 1972 from 10.50 to 13.10 hours in Committee Room of the Andhra Pradesh Legislative Assembly, Hyderabad.

PRESENT

Shri H. M. Patel—*in the Chair.*

MEMBERS

2. Shri Dharmarao Sharanappa Afzalpurkar
3. Shri Chhatrapati Ambesh
4. Shri Shivaji Rao S. Deshmukh
5. Shri D. P. Jadeja
6. Shri Maharaj Singh
7. Shri P. Antony Reddi
8. Shri M. R. Sharma
9. Shri Shiv Kumar Shastri
10. Shri B. R. Shukla
11. Shri R. P. Yadav.

REPRESENTATIVES OF THE MINISTRY OF FINANCE (DEPARTMENT OF REVENUE AND INSURANCE)

1. Shri M. S. Sivaramakrishna, *Director, (Sales Tax).*
2. Shri O. P. Mehra, *Under Secretary.*

SECRETARIAT

Shri H. G. Paranjpe—*Deputy Secretary.*

2. In the absence of the Chairman, Shri H. M. Patel, was chosen to act as Chairman of the sitting in terms of Rule 258(3) of the Rules of Procedure and Conduct of Business in Lok Sabha.

3. Before the representatives of the following Chambers|Associations proceeded to give evidence, the Chairman drew their attention to Direction 58 of the Directions by the Speaker:—

I. *Federation of Andhra Pradesh Chamber of Commerce and Industry, Hyderabad.*

Spokesmen:

1. Shri R. C. Lahoti, *Vice-President.*
2. Shri T. L. Kapadia, *Committee Member (Oil Millers)*
3. Shri W. V. S. Ramalingam, *Committee Member (Oil Millers)*
4. Shri C. L. Gupta, *Committee Member (Oil Millers)*
5. Shri C. A. Rebello, *Secretary*
6. Shri M. Venkata Rao, *Dy. Secretary.*

[10.50 to 11.45 hours]

II. *Bhimavaram Kirana, Paddy and Rice and Jaggery Merchants' Association, Bhimavaram*

Spokesmen:

1. Shri Ch. V. Subba Rao
2. Shri P. Venkateswarlu
3. Shri Sunkara Musalayya.

[11.45 to 11.55 hours]

III. *Andhra Pradesh Grain and Seeds Merchants' Association, Hyderabad*

Spokesmen:

1. Shri Satyanarayana Gupta
2. Shri K. Venkataratnam
3. Shri Nandlal
4. Shri Nageswara Rao.

[11.55 to 12.25 hours]

[Shri M. S. Sivaramakrishna, Director (Sales Tax), Ministry of Finance (Department of Revenue and Insurance), Government of India, then explained the various points which arose out of the evidence given by the representatives of the above-mentioned organisations.]

4. A verbatim record of the evidence was kept.

5. The Committee placed on record the warm appreciation of the very valuable assistance rendered to them by the Secretary, Andhra Pradesh Legislative Assembly and all the officers and members of the staff of the Assembly Secretariat in the holding of the Committee's sitting in the Vidhan Sabha, Hyderabad.

The Committee also placed on record the warm appreciation of the very valuable assistance rendered to them by the Secretary to the Government of Andhra Pradesh Revenue Department and the Commissioner and officers and staff of the Commercial Taxes Department in holding the sitting of the Committee at Hyderabad and making the stay of members of the Committee comfortable.

6. The Committee then adjourned.

XXI

Twenty-first Sitting

The Committee sat on Tuesday, the 14th March, 1972 from 15.00 to 15.45 hours.

PRESENT

Dr. Henry Austin—*Chairman*

MEMBERS

2. Shri Dharmarao Sharanappa Afzalpurkar
3. Shri R. V. Bade
4. Shri Tridib Chaudhuri
5. Shri D. P. Jadeja
6. Shri B. R. Kavade
7. Shri H. M. Patel
8. Shri P. Antony Reddi
9. Shri M. R. Sharma
10. Dr. Shankar Dayal Sharma
11. Shri Shiv Kumar Shastri
12. Shri B. R. Shukla
13. Shri K. R. Ganesh.

LEGISLATIVE COUNSEL

Shri C. Raman Menon, *Deputy Legislative Counsel*.

REPRESENTATIVES OF THE MINISTRY OF FINANCE
(DEPARTMENT OF REVENUE AND INSURANCE)

1. Shri K. Narasimhan, *Member (Tariff), Central Board of Excise and Customs*.
2. Shri M. S. Sivaramakrishna, *Director (Sales Tax)*.
3. Shri O. P. Mehra, *Under Secretary*.

SECRETARIAT

Shri H. G. Paranjpe—*Deputy Secretary*.

2. The Committee decided to seek extension of time for presentation of their Report upto the last day of the next session, as it was not possible for the Committee to finalise their Report by the appointed date i.e., 18th March, 1972. The Committee authorised the Chairman and, in his absence, Shri Tridib Chaudhuri to move necessary motion in the House to that effect on the 16th March, 1972.

3. The Committee also decided that the evidence given before them so far and in future should be got printed *in extenso* and that it might be split up into two volumes, if necessary.

4. The Chairman announced that members should give notices of their amendments to the Bill by the 10th April, 1972.

5. The Committee further decided that the Ministry of Finance might furnish their comments on points raised by various parties during the course of oral evidence before the Committee for the use of the members,

together with amendments to the Bill, if any, by that date. Notes explaining the amendments may also be furnished to the Committee.

6. The Committee then decided to visit Kanpur, Bhopal, Jaipur, Chandigarh, Patna, Gauhati, Andaman & Nicobar Islands and Srinagar for hearing evidence of the representatives of various Chambers of Commerce and Industry, State Governments etc., and authorised the Chairman to chalk out the programme of the Committee accordingly.

7. The Committee then decided to meet in the month of April, 1972 to discuss various points arising out of evidence given before the Committee so far. They also desired the Ministry of Finance to furnish a list of important points made in the various Memoranda/evidence so far together with the comments of the Government thereon.

8. The Committee then adjourned.

XXII

Twenty-second Sitting

The Committee sat on Monday, the 10th April, 1972 from 15.00 to 16.00 hours.

PRESENT

Dr. Henry Austin—*Chairman*

MEMBERS

2. Shri Dharmarao Sharanappa Afzalpurkar
3. Shri Chhatrapati Ambesh
4. Shri R. V. Bade
5. Shri Somnath Chatterjee
6. Shri Tridib Chaudhuri
7. Shri Tarun Gogoi
8. Shri B. R. Kavade
9. Shri P. Antony Reddi
10. Shri M. R. Sharma
11. Dr. Shankar Dayal Sharma.

LEGISLATIVE COUNSEL

Shri R. V. S. Peri-Sastri, *Additional Legislative Counsel*.

REPRESENTATIVES OF THE MINISTRY OF FINANCE (DEPARTMENT OF REVENUE AND INSURANCE)

1. Shri M. S. Sivaramakrishna, *Director, (Sales Tax)*.
2. Shri O. P. Mehra, *Under Secretary*.

SECRETARIAT

Shri H. G. Paranjpe—*Deputy Secretary*.

2. At the outset, the Committee mourned the death of Shri M. Muhammad Ismail, a member of the Committee and passed the following condolence resolution:

“The Committee place on record their profound sense of sorrow over the passing away of their esteemed colleague, Shri M. Muhammad Ismail and send their heartfelt condolences to members of the bereaved family.”

Thereafter, the Members stood in silence for a while as a mark of respect to the deceased.

3. The Committee then approved the tour programme of their visit to Kanpur, Chandigarh, Jaipur, Srinagar, Shillong, Kohima and Bhopal.

4. The Committee then adjourned to meet on the 24th April, 1972.

XXIII

Twenty-third Sitting

The Committee sat on Saturday, the 22nd April, 1972 from 11.30 to 13.30 hours in Corporation Hall, Kanpur.

PRESENT

Dr. Henry Austin—*Chairman*

MEMBERS

2. Shri Dharmarao Sharanappa Afzalpurkar
- *3. Shri N. E. Horo
4. Shri Maharaj Singh
5. Shri Prasannbhai Mehta
6. Shri M. R. Sharma
7. Dr. Shankar Dayal Sharma
8. Shri Shri B. R. Shukla.

REPRESENTATIVES OF THE MINISTRY OF FINANCE (DEPARTMENT OF REVENUE AND INSURANCE)

1. Shri M. S. Sivaramakrishna—*Director (Sales Tax)*.
2. Shri O. P. Mehra—*Under Secretary*.

SECRETARIAT

Shri H. G. Paranjpe—*Deputy Secretary*.

2. For want of quorum, the Committee held informal discussions with the representatives of the following Chambers of Commerce/Associations, etc.:—

1. Upper India Chamber of Commerce, Kanpur.
2. Kirana Merchants' Association, Kanpur.

*Ceased to be a Member of the Committee *w. .s f.* the 21st April, 1972 on his election having been declared void by the Patna High Court.

3. Sales Tax Bar Association, Kanpur.
4. Merchants' Chamber of Uttar Pradesh, Kanpur.

3. The Chairman announced that the next sitting of the Committee will be held at Delhi on Wednesday, the 3rd May, 1972 at 15.00 hours instead of Monday, the 24th and Tuesday, the 25th April, 1972.

XXIV

Twenty-fourth Sitting

The Committee sat on Wednesday, the 3rd May, 1972 from 15.00 to 15.40 hours.

PRESENT

Dr. Henry Austin—*Chairman*.

MEMBERS

2. Shri Dharmarao Sharanappa Afzalpurkar
3. Shri Chhatrapati Ambesh
4. Shri R. V. Bade
5. Shri Bashweshwar Nath Bhargava
6. Shri Prasannbhai Mehta
7. Shri D. K. Panda
8. Shri P. Antony Reddi
9. Shri Muhammed Sheriff
10. Shri B. R. Shukla
11. Shri R. P. Yadav
12. Shri K. R. Ganesh.

LEGISLATIVE COUNSEL

Shri R. V. S. Peri-Sastri, *Additional Legislative Counsel*.

REPRESENTATIVES OF THE MINISTRY OF FINANCE (DEPARTMENT OF REVENUE AND INSURANCE)

1. Shri K. Narasimhan, *Member (Tariff), Central Board of Excise and Customs*.
2. Shri M. S. Sivaramakrishna, *Director (Sales Tax)*.
3. Shri O. P. Mehra, *Under Secretary*.

SECRETARIAT

Shri H. G. Paranjpe—*Deputy Secretary*.

2. The Committee held a discussion on some of the important points arising out of the evidence given before them.

3. The Committee then adjourned.

Twenty-fifth Sitting

The Committee sat on Sunday, the 7th May, 1972 from 10.00 to 13.00 hours in Committee Room, Punjab Vidhan Sabha, Chandigarh.

PRESENT

Dr. Henry Austin—*Chairman*

MEMBERS

2. Shri Dharmarao Sharanappa Afzalpurkar
3. Shri Bashweshwar Nath Bhargava
4. Shri Tridib Chaudhuri
5. Shri Maharaj Singh
6. Shri Prasannbhai Mehta
7. Shri D. K. Panda
8. Shri P. Antony Reddi
9. Shri M. R. Sharma
10. Shri R. P. Yadav.

REPRESENTATIVES OF THE MINISTRY OF FINANCE
(DEPARTMENT OF REVENUE AND INSURANCE)

1. Shri K. Narasimhan, *Member (Tariff), Central Board of Excise and Customs.*
2. Shri M. S. Sivaramakrishna—*Director (Sales Tax).*
3. Shri O. P. Mehra—*Under Secretary.*

SECRETARIAT

Shri H. G. Paranjpe—*Deputy Secretary.*

2. Before the representatives of the following Chambers/Associations, etc. proceeded to give evidence, the Chairman drew their attention to Direction 58 of the Directions by the Speaker:—

I. *Government of Himachal Pradesh, Simla*

Spokesmen:

1. Shri Vinod Lal—*Deputy Secretary.*
2. Shri M. S. Mukherjee—*Excise and Taxation Commissioner.*

[10.00 to 10.50 hours]

II. *Punjab Pradesh Beopar Mandal, Patiala*

Spokesmen:

1. Shri O. P. Lamba—*President.*
2. Shri Tuls Dass Jaitwani—*General Secretary, Punjab Pradesh Beopar Mandal, Ludhiana.*
3. Shri C. B. Mittal—*Secretary, Punjab Pradesh Beopar Mandal, Jullundur.*

4. Shri Narain Prashad—*Secretary.*

5. Shri D. C. Kochar—*Secretary.*

[10.50 to 12.00 hours]

III. *Government of Haryana, Chandigarh*

Spokesmen:

1. Shri Trilochan Singh—*Excise and Taxation Commissioner.*

2. Shri M. Isa Das—*Deputy Secretary, Excise and Taxation Department.*

[12.00 to 12.05 hours]

IV. *Government of Punjab, Chandigarh*

Spokesmen:

1. Shri P. K. Kathpalia—*Excise and Taxation Commissioner.*

2. Shri K. L. Grover—*Deputy Excise and Taxation Commissioner, Patiala Division.*

3. Shri B. R. Tanwar—*Deputy Excise and Taxation Commissioner.*

[12.05 to 13.00 hours]

3. A verbatim record of evidence was kept.

4. The Committee then placed on record their warm appreciation of the valuable assistance rendered to them by the Secretaries of Haryana and Punjab Vidhan Sabhas and officers and members of the staff of these Assembly Secretariats in holding of the sitting of the Committee in Punjab Vidhan Sabha, Chandigarh and arranging the stay in the M.L.A. Hostel.

The Committee also placed on record the warm appreciation of the assistance rendered to them by the Governments of Haryana and Punjab and Union Territory of Chandigarh and Officers and staff of Excise and Taxation Department of these Governments in holding the sitting of the Committee at Chandigarh and making the stay of members of the Committee comfortable.

5. The Committee then adjourned.

XXVI

Twenty-sixth Sitting

The Committee sat on Friday, the 9th June, 1972 from 15.00 to 16.15 hours in Assembly Lobby, Jammu and Kashmir Legislative Assembly, Srinagar.

PRESENT

Dr. Henry Austin—*Chairman*

MEMBERS

2. Shri Dharmarao Sharanappa Afzalpurkar

3. Shri Chhatrapati Ambesh

4. Shri R. V. Bade

5. Shri Bashweshwar Nath Bhargava
6. Shri Shivaji Rao S. Deshmukh
7. Shri Tarun Gogoi
8. Shri Sat Pal Kapur
9. Shri B. R. Kavade
10. Shri E. R. Krishnan
11. Shri Maharaj Singh
12. Shri Prasannbhai Mehta
13. Shri P. Antony Reddi
14. Shri Devendra Satpathy
15. Shri P. M. Sayeed
16. Shri M. R. Sharma
17. Shri Shiv Kumar Shastri
18. Shri Muhammed Sheriff
19. Shri B. R. Shukla
20. Shri Sant Bux Singh
21. Shri R. P. Yadav
22. Shri K. R. Ganesh.

REPRESENTATIVES OF THE MINISTRY OF FINANCE (DEPARTMENT OF REVENUE
AND INSURANCE)

1. Shri K. Narasimhan—*Member (Tariff), Central Board of Excise and Customs.*
2. Shri M. S. Sivaramakrishna—*Director (Sales Tax).*
3. Shri O. P. Mehra—*Under Secretary.*

SECRETARIAT

Shri H. G. Paranjpe—*Deputy Secretary.*

2. Before the representatives of the Chamber of Commerce, Jammu proceeded to give evidence, the Chairman drew their attention to Direction 58 of the Directions by the Speaker.

Spokesmen:

1. Shri Behari Lal Gupta—*President.*
2. Shri Des Raj Gupta—*Sr. Vice-President*
3. Shri Narsingh Das Gupta—*General Secretary.*
4. Capt. Dewan Singh—*Member, Executive Committee.*
5. Shri Subash Chander—*Member, Executive Committee.*
6. Shri Krishan Lal Anand—*Member, Executive Committee.*
7. Shri Tara Chand—*Member, Chamber.*

3. A verbatim record of evidence was kept.

4. The Committee then adjourned to meet again at 11.00 hours on Monday, the 12th June, 1972.

XXVII

Twenty-seventh Sitting

The Committee sat on Monday, the 12th June, 1972 from 11.00 to 12.40 hours in Assembly Lobby, Jammu & Kashmir Legislative Assembly, Srinagar.

PRESENT

Dr. Henry Austin—*Chairman*.

MEMBERS

2. Shri Dharmarao Sharanappa Afzalpurkar
3. Shri Chhatrapati Ambesh
4. Shri R. V. Bade
5. Shri Bashweshwar Nath Bhargava
6. Shri Shivaji Rao S. Deshmukh
7. Shri Tarun Gogoi
8. Shri Sat Pal Kapur
9. Shri B. R. Kavade
10. Shri E. R. Krishnan
11. Shri Maharaj Singh
12. Shri Prasannbhai Mehta
13. Shri D. K. Panda
14. Shri P. Antony Reddi
15. Shri M. R. Sharma
16. Shri Muhammed Sheriff
17. Shri B. R. Shukla
18. Shri Sant Bux Singh
19. Shri R. P. Yadav.

REPRESENTATIVES OF THE MINISTRY OF FINANCE
(DEPARTMENT OF REVENUE AND INSURANCE)

1. Shri K. Narasimhan—*Member (Tariff), Central Board of Excise and Customs.*
2. Shri M. S. Sivaramakrishna—*Director (Sales Tax).*
3. Shri O. P. Mehra—*Under Secretary.*

SECRETARIAT

Shri H. G. Paranjpe—*Deputy Secretary.*

2. Before the representatives of the Kashmir Chamber of Commerce and Industry, Srinagar proceeded to give evidence, the Chairman drew their attention to Direction 58 of the Directions by the Speaker.

Spokesmen:

1. Shri P. N. Puri—*President.*
2. Shri D. S. Oberoi—*Sr. Vice-President*
3. Shri V. Dhar—*Secretary General*

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4. Shri G. R. Matto—*Ex-President*.
 5. Shri L. Bhasin—*Member*.
 6. Shri Y. P. Mehta—*Member*.
 7. Shri R. K. Sawaney—*Ex-President*.
- [11.00 to 12.00 hours]

3. A verbatim record of evidence was kept.

4. The Committee then considered their programme of future sittings at Patna, Shillong, Kohima and Bhopal in July and August, 1972. The Committee were informed that as the Assam and Meghalaya Legislative Assemblies would be in Session in July, 1972, the accommodation for the members of the Committee could not be arranged at Shillong. The Government of Assam were, however, making efforts to arrange accommodation for the members of the Committee at Gauhati. After some discussion, the Committee decided to cancel their proposed sittings at Patna in July, 1972 and decided to assemble at Gauhati on the 10th July, 1972 provided suitable arrangements could be made for holding the sittings at Gauhati and/or Shillong. The Committee authorised the Chairman to finalise their programme of sittings at Gauhati, Shillong and Kohima.

5. The Committee then decided to take up clause-by-clause consideration of the Bill as per programme given below:—

24-7-1972 (Monday)	General discussion on the proposed amendments to the Bill.
25-7-1972 (Tuesday) to 27-7-1972 (Thursday)	Clause-by-clause consideration of the Bill.

The members might send their notices of amendments, if any, by the 20th July, 1972.

6. The Committee then placed on record their warm appreciation of the valuable assistance rendered to them by the Secretary, Jammu & Kashmir Legislative Assembly, their Reporters and other members of the staff in the holding of their sittings in the Assembly Building, Srinagar.

The Committee also placed on record their thanks for the assistance rendered by the Government of Jammu and Kashmir in holding the sittings at Srinagar.

7. The Committee then adjourned.

XXVIII

Twenty-eighth Sitting

The Committee sat on Tuesday, the 11th July, 1972 from 11.50 to 13.40 hours in Congress Party Room of the Assam Legislative Assembly Building, Shillong.

PRESENT

Shri B. R. Shukla—*In the Chair*

MEMBERS

2. Shri Dharmarao Sharanappa Afzalpurkar
3. Shri Chhatrapati Ambesh
4. Shri Bashweshwar Nath Bhargava
5. Shri Tarun Gogoi
6. Shri D. P. Jadeja
7. Shri B. R. Kavade
8. Shri Maharaj Singh
9. Shri Prasannbhai Mehta
10. Shri D. K. Panda
11. Shri P. Antony Reddi
12. Shri M. R. Sharma
13. Shri Shiv Kumar Shastri
14. Shri R. P. Yadav.

REPRESENTATIVES OF THE MINISTRY OF FINANCE
(DEPARTMENT OF REVENUE AND INSURANCE)

1. Shri M. S. Sivaramakrishna—*Director (Sales Tax)*.
2. Shri O. P. Mehra—*Under Secretary*.

SECRETARIAT

Shri H. G. Paranjpe—*Deputy Secretary*.

2. In the absence of the Chairman, Shri B. R. Shukla was elected as the Chairman for the sitting under Rule 258(3) of the Rules of Procedure and Conduct of Business in Lok Sabha.

3. Before the representatives of the following State Governments/ Chamber of Commerce proceeded to give evidence, the Chairman drew their attention to Direction 58 of the Directions by the Speaker:

I. *Government of Meghalaya, Shillong*

Spokesmen:

1. Shri Ramesh Chandra—*Financial Commissioner*.
2. Shri B. Massar—*Commissioner of Taxes*.

[11.50 to 12.50 hours]

II. *Frontier Chamber of Commerce, Shillong*

Spokesmen:

1. Shri B. P. Bajoria—*Hony. General Secretary*.
2. Shri M. P. Tharad—*Member*.

[12.50 to 13.05 hours]

III. *Government of Assam, Shillong*

Spokesmen:

1. Shri Parmashivam—*Financial Commissioner*.
2. Shri C. D. Tripathi—*Commissioner of Taxes*.

[13.05 to 13.40 hours]

4. A verbatim record of the evidence was kept.
5. The Committee then adjourned to meet again at 11.30 hours on the 12th July, 1972, at Gauhati.

XXIX

Twenty-ninth Sitting

The Committee sat on Wednesday, the 12th July, 1972 from 11.25 to 13.30 hours in Circuit House, Gauhati.

PRESENT

Dr. Henry Austin—*Chairman*

MEMBERS

2. Shri Dharmarao Sharanappa Afzalpurkar
3. Shri Chhatrapati Ambesh
4. Shri Tarun Gogoi
5. Shri D. P. Jadeja
6. Shri B. R. Kavade
7. Shri Maharaj Singh
8. Shri Prasannbhai Mehta
9. Shri D. K. Panda
10. Shri P. Antony Reddi
11. Shri M. R. Sharma
12. Shri Shiv Kumar Shastri
13. Shri B. R. Shukla
14. Shri Sant Bux Singh.

**REPRESENTATIVES OF THE MINISTRY OF FINANCE
(DEPARTMENT OF REVENUE AND INSURANCE)**

1. Shri M. S. Sivaramakrishna—*Director (Sales Tax)*.
2. Shri O. P. Mehra—*Under Secretary*.

SECRETARIAT

Shri H. G. Paranjpe—*Deputy Secretary*.

2. Before the representatives of the Kamrup Chamber of Commerce, Gauhati proceeded to give evidence, the Chairman drew their attention to Direction 58 of the Directions by the Speaker:—

Spokesmen:

1. Shri B. P. Saraf—*President*.
2. Shri K. C. Jain—*Secretary*.
3. Shri B. P. Sarma—*Member, Working Committee*.
4. Shri G. K. Joshi—*Member*.

[11.25 to 13.25 hours]

3. A verbatim of the evidence was kept.

4. The Committee placed on record their warm appreciation of the valuable assistance rendered to them by the Secretary, Assam Legislative Assembly and other members of the staff in the holding of their sittings in the Legislature Building in Shillong and Circuit House, Gauhati.

5. The Committee also placed on record their warm appreciation of the valuable assistance rendered to them by the Secretary, Meghalaya Legislative Assembly and other members of the staff in the holding of their sittings at Shillong and Gauhati.

6. The Committee also placed on record their warm appreciation of the very valuable assistance rendered to them by the Finance Secretary to the Government of Assam, Commissioner of Taxes, Government of Assam and other Officers and staff of the Taxation Department at Gauhati and Shillong.

7. The Committee then adjourned to meet again at 11.00 hours on the 14th July, 1972 in Assembly Building at Kohima.

XXX

Thirtieth Sitting

The Committee sat on Friday, the 14th July, 1972 from 11.15 to 13.25 hours in Committee Room of Nagaland Legislative Assembly, Kohima.

PRESENT

Shri B. R. Shukla—*In the Chair*

MEMBERS

2. Shri Dharmarao Sharanappa Afzalpurkar
3. Shri Chhatrapati Ambesh
4. Shri Shivaji Rao S. Deshmukh
5. Shri Tarun Gogoi
6. Shri D. P. Jadeja
7. Shri B. R. Kavade
8. Shri Maharaj Singh
9. Shri Prasannbhai Mehta
10. Shri D. K. Panda
11. Shri P. Antony Reddi
12. Shri M. R. Sharma
13. Shri Shiv Kumar Shastri.

REPRESENTATIVES OF THE MINISTRY OF FINANCE (DEPARTMENT OF REVENUE AND INSURANCE)

1. Shri M. S. Sivaramakrishna—*Director (Sales Tax)*.
2. Shri O. P. Mehra—*Under Secretary*.

SECRETARIAT

Shri H. G. Paranjpe—*Deputy Secretary*.

2. In the absence of the Chairman, Shri B. R. Shukla was elected as the Chairman for the sitting under Rule 258 (3) of the Rules of Procedure and Conduct of Business in Lok Sabha.

3. Before the representatives of the Government of Nagaland and Dimapur Chamber of Commerce proceeded to give evidence, the Chairman drew their attention to Direction 58 of the Directions by the Speaker :

1. *Dimapur Chamber of Commerce, Dimapur*

Spokesmen:

1. Sardar Gurmukh Singh—*President.*
2. Shri Kishanlal Sethi—*Secretary.*
3. Shri Mangilal Jain—*Joint Secretary.*
4. Shri M. Passiey—*Member.*
5. Shri Ramsarup Agarwalla—*Member.*
6. Shri Uma Sankar Agarwalla—*Member.*

[11.15 to 12.00 hours]

II. *Government of Nagaland, Kohima*

Spokesmen:

1. Shri R. C. Chiten Jamir—*Minister of Finance.*
2. Shri Riga Thong—*Minister of State, Finance.*
3. Shri L. Lungalang—*Chief Secretary.*
4. Shri S. C. Dev—*Commissioner of Taxes.*
5. Shri R. K. Ganguly—*Secretary, Finance.*
6. Shri A. S. Mukherjee—*Assistant Commissioner of Taxes.*

[12.05 to 13.20 hours]

4. A verbatim record of the evidence was kept.

5. The Committee placed on record their warm appreciation of the valuable assistance rendered to them by the Deputy Secretary, Nagaland Legislative Assembly, Reporters and other members of the staff of the Assembly Secretariat in the holding of their sitting in the Assembly Building, Kohima.

6. The Committee also placed on record their warm appreciation of the very valuable assistance rendered to them by the Finance Minister, Chief Secretary, Finance Secretary and Commissioner of Taxes to the Government of Nagaland and other officers and staff of the Finance Department. They spared no pains in making the stay of the members of the Committee at Kohima comfortable.

7. The Committee then adjourned.

Thirty-first Sitting

The Committee sat on Monday, the 24th July, 1972 from 10.30 to 13.00 hours.

PRESENT

Shri H. M. Patel—*In the Chair*

MEMBERS

2. Shri Chhatrapati Ambash
8. Shri R. V. Bade
4. Shri Bashweshwar Nath Bhargava
5. Shri Somnath Chatterjee
6. Shri Tridib Chaudhuri
7. Shri Shivaji Rao S. Deshmukh
8. Shri Tarun Gogoi
9. Shri D. P. Jadeja
10. Shri Sat Pal Kapur
11. Shri B. R. Kavade
12. Shri Maharaj Singh
13. Shri Prasannbhai Mehta
14. Shri Devendra Satpathy
15. Shri M. R. Sharma
16. Dr. Shankar Dayal Sharma
17. Shri Shiv Kumar Shastri
18. Shri B. R. Shukla
19. Shri Sant Bux Singh
20. Shri R. P. Yadav
21. Shri K. R. Ganesh.

LEGISLATIVE COUNSEL

Shri A. V. S. Peri-Sastri—*Additional Legislative Counsel.*

REPRESENTATIVES OF THE MINISTRY OF FINANCE
(DEPARTMENT OF REVENUE AND INSURANCE)

1. Shri K. Narasimhan—*Member (Tariff), Central Board of Excise and Customs.*
2. Shri M. S. Sivaramakrishna, *Director (Sales Tax).*
3. Shri O. P. Mehra—*Under Secretary.*

SECRETARIAT

Shri H. G. Paranjpe—*Deputy Secretary.*

2. In the absence of the Chairman, Shri H. M. Patel was chosen to act as Chairman of the sitting in terms of Rule 258 (3) of the Rules of Procedure and Conduct of Business in Lok Sabha.

3. The Committee held a general discussion on the various amendments to the Bill given notice of by the Members.

4. The Committee then adjourned to meet again at 10.30 hours on Tuesday, the 25th July, 1972.

XXXII

Thirty-second Sitting

The Committee sat on Tuesday, the 25th July, 1972 from 10.45 to 13.00 hours.

PRESENT

Dr. Henry Austin—*Chairman*

MEMBERS

2. Shri Dharmarao Sharnappa Afzalpurkar
3. Shri Chhatrapati Ambesh
4. Shri R. V. Bade
5. Shri Bashweshwar Nath Bhargava
6. Shri Somnath Chatterjee
7. Shri Tridib Chaudhuri
8. Shri Satpal Kapur
9. Shri Maharaj Singh
10. Shri D. K. Panda
11. Shri H. M. Patel
12. Shri Devendra Satpathy
13. Shri M. R. Sharma
14. Dr. Shanker Dayal Sharma
15. Shri Shiv Kumar Shastri
16. Shri B. R. Shukla
17. Shri Sant Bux Singh
18. Shri K. R. Ganesh.

LEGISLATIVE COUNSEL

Shri R. V. S. Peri-Sastri—*Additional Legislative Counsel.*

REPRESENTATIVES OF THE MINISTRY OF FINANCE (DEPARTMENT OF REVENUE AND INSURANCE)

1. Shri B. D. Pande—*Secretary.*
2. Shri K. Narasimhan—*Member (Tariff), Central Board of Excise and Customs.*
3. Shri M. S. Sivaramakrishna, *Director (Sales Tax).*
4. Shri O. P. Mehra, *Under Secretary.*

REPRESENTATIVE OF THE MINISTRY OF STEEL AND MINES (DEPARTMENT OF STEEL)

Shri A. N. Rajagopalan—*Deputy Secretary.*

REPRESENTATIVE OF THE MINISTRY OF AGRICULTURE

Shri P. S. Sandhu—*Deputy Commissioner (Oilseeds)*

SECRETARIAT

Shri H. G. Paranjpe—*Deputy Secretary.*

2. The Committee held further discussion on the various amendments to the Bill given notice of by the Members.

3. The Committee decided that their proposed visits to Jaipur and Bhopal might be cancelled.

4. The Committee then adjourned to meet again at 10.30 hours on Wednesday, the 26th July, 1972.

XXXIII

Thirty-third Sitting

The Committee sat on Wednesday, the 26th July, 1972 from 10.30 to 13.30 hours.

PRESENT

Dr. Henry Austin—*Chairman*

MEMBERS

2. Shri Dharmarao Sharanappa Afzalpurkar
3. Shri R. V. Bade
4. Shri Bashweshwar Nath Bhargava
5. Shri D. P. Jadeja
6. Shri Sat Pal Kapur
7. Shri E. R. Krishnan
8. Shri Maharaj Singh
9. Shri Prasannbhai Mehta
10. Shri D. K. Panda
11. Shri H. M. Patel
12. Shri Devendra Satpathy
13. Shri M. R. Sharma
14. Dr. Shankar Dayal Sharma
15. Shri Shiv Kumar Shastri
16. Shri Muhammed Sheriff
17. Shri B. R. Shukla
18. Shri R. P. Yadav
19. Shri K. R. Ganesh.

LEGISLATIVE COUNSEL

Shri R. V. S. Peri-Sastri—*Additional Legislative Counsel.*

REPRESENTATIVES OF THE MINISTRY OF FINANCE
(DEPARTMENT OF REVENUE AND INSURANCE)

1. Shri B. D. Pande—*Secretary.*
2. Shri K. Narasimhan—*Member (Tariff), Central Board of Excise and Customs.*
3. Shri M. S. Sivaramakrishna—*Director (Sales Tax).*

4. Shri O. P. Mehra—*Under Secretary.*

REPRESENTATIVE OF THE MINISTRY OF AGRICULTURE

Shri P. S. Sandhu—*Deputy Commissioner (Oilseeds)*

SECRETARIAT

Shri H. G. Paranjpe—*Deputy Secretary.*

2. The Committee took up clause-by-clause consideration of the Bill.

3. *Clause 2*—The following amendment was accepted.

Page 2, line 5,

after "prescribed time",

insert "or within such further time as that authority may, for sufficient cause, permit".

The clause, as amended, was adopted.

4. *Clause 3*—The following amendments were accepted.

Page 2,—

(i) lines 37-38,

for "he may produce before the prescribed authority, within the prescribed time,"

substitute "he may produce before the assessing authority, within the prescribed time or within such further time as that authority may, for sufficient cause, permit,".

(ii) for lines 43 to 45, substitute—

"(2) If the assessing authority is satisfied after making such inquiry as he may deem necessary that the particulars contained in the declaration filed by a dealer under sub-section (1) are true, he may at the time of or at any time before, the assessment of the tax payable by the dealer under this Act, make an order to that effect and thereupon the".

(iii) after line 48, insert—

Explanation.—In this section, "assessing authority" in relation to a dealer means the authority for the time being competent to assess the tax payable by the dealer under this Act'.

The clause, as amended, was adopted.

5. *Clause 4*—The following amendment were accepted.

Page 3,—

(i) for lines 34 to 40, substitute—

"(3B) No dealer shall be required to furnish any security under sub-section (2A) or any security or additional security under sub-section (3A) by the authority referred to therein, unless he has been given an opportunity of being heard and the amount of security that may be required to be furnished by any dealer under either of the aforesaid sub-section or the aggregate of the amount of such security

and the amount of additional security that may be required to be furnished by any dealer under sub-section (3A), shall in no case exceed the tax payable, in accordance with the estimate of such authority, on the turnover of the dealer for the year in which such security or, as the case may be, additional security is required to be furnished."

(ii) line 44,—

for "fifteen days", substitute "thirty days".

(iii) line 46,—

for "thirty days", substitute "ninety days".

II. Page 4,

after line 25, insert

"(3H) Any person aggrieved by an order passed under sub-section (2A), sub-section (3A), sub-section (3D) or sub-section (3G) may, within 30 days of the service of the order on him, but after furnishing the security, prefer, in such form and manner as may be prescribed, an appeal against such order to such authority (hereafter in this section referred to as the 'appellate authority') as may be prescribed:

Provided that the appellate authority may, for sufficient cause, permit such person to present the appeal,—

- (a) after the expiry of the said period of thirty days; or
- (b) without furnishing the whole or any part of such security.

(3I) The procedure to be followed in hearing any appeal under sub-section (3H), and the fees payable in respect of such appeals shall be such as may be prescribed.

(3J) The order passed by the appellate authority in any appeal under sub-section (3H) shall be final."

The clause, as amended, was adopted.

6. Clause 5.—The following amendment was accepted:

Page 5, line 8,

after "prescribed time", insert

"or within such further time as that authority may, for sufficient cause, permit".

The clause, as amended, was adopted.

7. Clause 6 to 9.—These clauses were adopted without any amendment.

8. Clause 10.—The following amendment were accepted:

I. Page 6,

(i) lines 27 and 28

for "and the State of origin of such 'form or certificate",

substitute "the State of origin of such form or certificate and the time within which any such certificate or declaration shall be produced or furnished".

(ii) for lines 35 and 36, substitute

"in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both"

II. Page 7,

(i) line 5,

for "following clause",
substitute "following clauses".

(ii) for lines 13 to 17,

substitute

"shall be kept in custody and records relating thereto maintained and the manner in which any such form may be used and any such certificate or declaration may be furnished;

(ee) the form and manner in which, and the authority to whom, an appeal may be preferred under sub-section (3H) of section 7, the procedure to be followed in hearing such appeals and the fees payable in respect of such appeals;".

The clause, as amended, was adopted.

9. Clause 11.—The following amendments were accepted:

Page 7,

(i) for lines 24 and 25, substitute—

'(i) coal, including coke in all its forms, but excluding charcoal:

Provided that during the period commencing on the 23rd day of February, 1967 and ending with the date of commencement of section 11 of the Central Sales-tax (Amendment) Act, 1972 this clause shall have effect subject to the modification that the words "but excluding charcoal" shall be omitted;'

(ii) line 30,

for "runner scrap",
substitute "iron scrap, cast iron scrap, runner scrap".

The clause, as amended, was adopted.

10. Clause 12.—The clause was adopted without any amendment.

11. Clause 13.—The following amendments were accepted:—

Page 10,

(i) for lines 18 and 19, substitute,—

"the liquidator from parting with such assets or properties in compliance with any order of a court or for the purpose of

the payment of the tax payable by the Company under”;

(ii) line 44,

omit “in respect of any previous year”.

(iii) line 46,

for “relevant previous year”

substitute “period for which the tax is due”.

The clause, as amended, was adopted.

12. *Clause 14.*—The following amendments were accepted:

Page 11,

(i) for line 1, substitute—

“14(1). The principal Act, as in force on the 5th day of August, 1971, is hereby extended to,”.

(ii) after line 3, insert—

“(2) The amendments made to the principal Act by this Act shall come into force in the Kohima and Mokokchung Districts in the State of Nagaland on the date on which this sub-section comes into force.”.

The clause, as amended, was adopted.

13. *Clause 15.*—The following amendment was accepted:

Page 11, line 9,

for “commencement of this Act”,

substitute “commencement of this section”.

The clause, as amended, was adopted.

14. *Clause 1.*—The following amendments were accepted:—

Page 1,

(i) line 4,

for “1971”, substitute “1972”.

(ii) line 5,

for “It”, substitute

“This section and sub-section (1) of section 14 shall come into force at once and the remaining provisions of this Act”.

The clause, as amended, was adopted.

15. *Enacting Formula.*—The following amendment was accepted:

Page 1, line 1,

for “Twenty-second” substitute

“Twenty-third”.

The Enacting Formula, as amended, was adopted.

16. *Long Title.*—The Long Title was adopted without any amendment.

17. The Committee authorised the Legislative Counsel to correct patent errors and to carry out amendments of consequential nature in the Bill, if any.

18. The Chairman then drew the attention of the Members of the Committee to the provisions of Direction 87 of the Directions by the Speaker relating to Minutes of Dissent.

19. The Committee decided to sit on Thursday, the 10th August, 1972 at 15.00 hours for consideration and adoption of their draft Report.

The Committee then adjourned.

XXXIV

Thirty-fourth Sitting

The Committee sat on Thursday, the 10th August, 1972 from 10.15 to 10.45 hours.

PRESENT

Dr. Henry Austin—*Chairman*.

MEMBERS

2. Shri Dharmarao Sharanappa Afzalpurkar
3. Shri Y. B. Chavan
4. Shri Prasannbhai Mehta
5. Shri D. K. Panda
6. Shri H. M. Patel
7. Shri P. Antony Reddi
8. Shri Devendra Satpathy
9. Shri M. R. Sharma
10. Shri Shiv Kumar Shastri
11. Shri R. P. Yadav
12. Shri K. R. Ganesh.

LEGISLATIVE COUNSEL

Shri R. V. S. Peri-Sastri—*Additional Legislative Counsel*.

REPRESENTATIVES OF THE MINISTRY OF FINANCE (DEPARTMENT OF REVENUE AND INSURANCE)

1. Shri B. D. Pande—*Secretary*.
2. Shri K. Narasimhan—*Member (Tariff) Central Board of Excise and Customs*.
3. Shri M. S. Sivaramakrishna—*Director (Sales Tax)*.
4. Shri O. P. Mehra—*Under Secretary*.

SECRETARIAT

Shri H. G. Paranjpe—*Deputy Secretary*.

2. At the outset, the Minister of State in the Ministry of Finance read out the following assurance received from the Government of

Mysore relating to recovery of tax on transactions between 14.2.1967 and 9.6.1969:—

"After considering the suggestions made by the Select Committee and taking all aspects into consideration we agree to the suggestion of the Select Committee that dealers who did not collect tax on their transactions on and after 14.2.67 to 9.6.69 will not be required to pay tax out of their pockets. However, in the case of dealers who have already obtained refunds, this Government desires to make it clear that while no recovery of the refunded tax would be made in respect of transactions between 14.2.67 and 9.6.1969 State Government will be free to recover tax which may have been refunded if these relate to transactions for the period upto 14.2.67."

3. The Minister also clarified that the Mysore Government had since reported that no appeal to the Supreme Court was filed against the judgment in Munshi Abdul Rehman's case. The appeal was against the judgment in Mallick Hashim's case, where the question was about limitation of time for admitting claims for refund. That was still pending before the Supreme Court.

4. The Minister also communicated that the Mysore Government sincerely regret, if, inadvertently they had allowed any wrong impression to be gathered from the *evidence tendered by their spokesman on 23-10-1971, that an appeal was filed against Munshi Abdul Rehman's case.

5. The Committee considered and adopted the Bill, as amended, subject to the following modifications:—

Page 3,

- (i) line 10, for "produce before" substitute "furnish to"
- (ii) line 19, for "filed" substitute "furnished".

6. The Committee then considered and adopted the draft Report.

7. The Chairman announced that the Minutes of Dissent, if any, might be sent to the Lok Sabha Secretariat so as to reach them by Monday, the 14th August, 1972.

8. The Committee authorised the Chairman and in his absence Shri Dharmarao Sharanappa Afzalpurkar to present the Report to the House and to lay a copy of the Evidence on the Table of the House on Thursday, the 17th August, 1972.

9. The Committee placed on record their appreciation for the assistance rendered by the Minister of Finance and the Minister of State in the Ministry of Finance during the course of their deliberations.

10. The Committee also placed on record their appreciation for the co-operation and assistance rendered by the Legislative Counsel and the officers of the Ministry of Finance and the officers and staff of the Lok Sabha Secretariat.

11. The Committee also placed on record their thanks to the Chairman (Dr. Henry Austin) for ably conducting the proceedings of the Committee and guiding their deliberations at various stages of the Bill.

12. The Committee then adjourned.

*Vide page 22 of Evidence (Vol. I) given before the Select Committee on the Central Sales Tax (Amendment) Bill, 1971.

