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SELECT / JOINT
COMMITTEES

35

Reports

1975

C. B. II No. 293

LOK SABHA

THE TAXATION LAWS (AMENDMENT) BILL, 1973

(Report of the Select Committee)

[*Presented on the 20th March*, 1975]



सत्यमेव जयत

LOK SABHA SECRETARIAT
NEW DELHI

March, 1975/Phalguna 1896 (Saka)

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C O N T E N T S

1. Report of the Select Committee on the Taxation Laws (Amendment) Bill, 1973. CB II - 293

2. Report of the Select Committee on the Delhi Sales Tax Bill, 1973. CB II - 297

3. Report of the Joint Committee on the Public Financial Institutions Laws (Amendment) Bill, 1973. CB II - 302

4. Report of the Select Committee on the Customs Tariff Bill, 1974. CB II - 300

LOK SABHA SECRETARIAT

CORRIGENDA

to

the Report of the Select Committee on the Taxation Laws (Amendment) Bill, 1973

Page (iii), line 2 from bottom, for "@" read "£"
Page (vi), (i) line 8 from bottom, for "(i)" read "(ii)"
(ii) line 10 from bottom, after "94;" insert "95;"
Page (xiv), line 15 from bottom, for "Committe" read "Committee"
Page (xv), (i) line 8 from bottom, for "112" read "114"
(ii) line 9 from bottom, for "16 A" read "17 A"
(iii) line 18 from bottom, after "16 A" insert "as"
Page (xix), line 2 from bottom, for "differentation" read "differentiation"
Page (xxv),(i) line 17 for "Committee" read "Committees"
(ii) line 15 from bottom, for "inredible" read "incredible"
Page (xxvi),(i) line 25, for "prolems" read "problems"
(ii) line 26, for "con" read "can"
Page (xxix), line 23, for "sgnificant" read "significant"
Page (xxx), (i) line 26, for "Sectons" read "Sections"
(ii) line 28, for "o" read "to"
Page (xxxi), (i) line 21, for "machinry" read "machinery"
(ii) line 5 from bottom, for "ond" read "and"
(iii) line 9 from bottom, for "sarch" read "search"
(iv) line 12 from bottom, for "only" read "any"
(v) line 13 from bottom, for "included" read "include"
Page 46, line 45, for "sources" read "source"
Page 49, line 20, for "193" read "1973"
Page 51, for line 14, read "Procedure, 1973, or in the Probation of Offenders Act, 1958, shall apply"
Page 52, put thick rule against lines 15 to 30
Page 55, delete thick rule against lines 15-22 and lines 28-35
Page 58, delete thick rule against lines 21-32
Page 63, delete thick rule against lines 17-29
Page 82, line 21, for "Goft-tax" read "Gift-tax"
Page 83, line 32, for "thereor" read "thereof"
Page 86, line 40, for "tino" read "tion"
Page 110, col. 3, against Sl. No. 8, insert 21.9.73
Page 138, line 14, for "Council" read "Counsel"
Page 141, line 4 from bottom, for "Didection" read "Direction"
Page 169, line 3 from bottom, for "horus" read "hours"
Page 171, line 17 from bottom, for "set" read "sat"
Page 174, line 2 from bottom, for "confortable" read "comfortable"
Page 192, for line 12, read "17. Shri Satyendra Narayan Sinha,"
Page 195, line 2: for "Fourty-fifth" read "Forty-fifth"
Page 217, line 5, for "further consideration of the" read "insertion of a new"
Page 228, line 11, for "adojted" read "adopted"
Page 238, marginal heading – (i) for "not to" read "tion of"
(ii) for "not be" read "not to"
Page 242, line 6, from bottom, for "Offeaders" read "Offenders"
Page 243, delete "first line"

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SELECT COMMITTEE ON THE TAXATION LAWS (AMENDMENT) BILL, 1973

COMPOSITION OF THE COMMITTEE

Shri N. K. P. Salve—*Chairman*

MEMBERS

2. Shri Syed Ahmed Aga
3. Shri Virendra Agarwala
4. Shri Chhatrapati Ambesh
5. Shri Bhagwat Jha Azad
*6. Shri S. M. Banerjee
7. Shri Dharnidhar Basumatari
8. Shri Jyotirmoy Bosu
9. Shri Tridib Chaudhuri
10. Shri S. R. Damani
11. Shri Mani Ram Godara
12. Shri D. P. Jadeja
13. Shri Sat Pal Kapur
14. Shrimati Seila Kaul
15 Shri Maharaj Singh
16. Shri P. G. Mavalankar
17. Shri Amrit Nahata
18. Shri H. M. Patel
19. Shri S. B. P. Pattabhi Rama Rao
£20. Shri Chintamani Panigrahi
21. Shri R. Balakrishna Pillai
22. Shri Bhola Raut
23. Shri Vasant Sathe
24. Shri Era Sezhiyan
25. Shri K. K. Shetty
26. Shri Satyendra Narayan Sinha
27. Shri C. M. Stephen
28. Shri R. V. Swaminathan
29. Shri V. Tulsiram
@30. Shri C. Subramaniam

LEGISLATIVE COUNSEL

1. Shri S. Harihara Iyer, *Joint Secretary and Legislative Counsel.*
2. Shri S. Ramaiah, *Additional Legislative Counsel.*

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*Appointed w.e.f. 17-8-1973 *vice* Shri K. Baladhandayutham died.
£Appointed w.e.f. 19-11-1974 *vice* Shri K. R. Ganesh resigned.
@Appointed w.e.f. 18-11-1974 *vice* Shri Y. B. Chavan resigned.

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

1. Shri M. R. Yardi, *Finance Secretary.*
2. Shri H. N. Ray, *Finance Secretary.*
3. Shri R. D. Shah, *Chairman, Central Board of Direct Taxes.*
4. Shri S. R. Mehta, *Chairman, Central Board of Direct Taxes.*
5. Shri K. E. Johnson, *Member, Central Board of Direct Taxes.*
6. Shri C. C. Ganapathy, *Member, Central Board of Direct Taxes.*
7. Shri S. Narayan, *Member, Central Board of Direct Taxes.*
8. Shri I. P. Gupta, *Joint Secretary.*
9. Shri R. R. Khosla, *Director.*
10. Shri S. I. Tripathi, *Deputy Secretary.*
11. Shri O. P. Bhardwaj, *Deputy Secretary.*
12. Shri K. N. Balasubramanian, *Officer on Special Duty, Implementation Cell.*
13. Shri S. C .Grover, *Under Secretary.*

SECRETARIAT

1. Shri P. K. Patnaik, *Additional Secretary.*
2. Shri H. G. Paranjpe, *Chief Financial Committee officer.*
3. Shri J. R. Kapur, *Chief Financial Committee officer.*
4. Shri H. L. Malhotra, *Senior Legislative Committee officer.*

REPORT OF THE SELECT COMMITTEE

I, the Chairman of the Select Committee to which the Bill* further to amend the Income-tax Act, 1961, the Wealth-tax Act, 1957, the Gift-tax Act, 1958 and the Companies (Profits) Surtax Act, 1964 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 9th May, 1973. The motion for reference of the Bill to a Select Committee was moved in the Lok Sabha by Shri Y. B. Chavan, the then Minister of Finance on the 15th May, 1973 and was adopted (Appendix I).

3. The Committee held 64 sittings in all

4. The first sitting of the Committee was held on the 18th May, 1973 to draw up their programme of work. The Committee decided to invite written memoranda from the Chambers of Commerce and Industry, Bar Councils, Supreme Court/High Court Bar Associations. Income-tax Bar Associations, Trade Unions and everyone else interested in the subject matter of the Bill by the 20th June, 1973. The Committee also decided to invite the views and comments on the provisions of the Bill from Editors of Economic Journals, Institutions dealing with the public finance and individuals who might be suggested by the Members and the concerned Ministry of Finance by the aforesaid date.

The Committee further decided to hear evidence on the provisions of the Bill.

5. 450 Memoranda on the provisions of the Bill were received by the Committee from different Associations, Organisations, etc. (*vide* list at Appendix II).

6. The Committee heard oral evidence given by the representatives of various Associations, Organisations. individuals. etc. at their sittings held at New Delhi on the 11th and 12th July, 1973: 2nd, 3rd and 5th Novmber, 1973: 15th December, 1973: 28th and 29th January, 1974; 10th, 11th, 13th and 14th June, 1974: 8th, 10th and 11th July, 1974: at Calcutta on the 19th, 20th, 21st, 22nd, 24th and 25th September, 1973: at Bombay from the 8th to 13th October, 1973: at Madras from 9th to 13th January, 1974 and at Srinagar (J&K) on 11th and 12th September, 1974.

The Committee also held informal discussions with the representatives of various Associations, Organisations, etc., at Nagpur on the 6th and 7th January. 1974. The list of representatives of the Associations| Organisations and other individuals, who appeared before the Committee is at Appendix III.

7. The Committee held general discussion on the various points made in the memoranda submitted to the Committee and also raised

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*Published in the Gazette of India, Extraordinary, Part II, Section 2, dated the 9th May, 1973.

during the course of evidence before the Committee *vis-a-vis* the provisions of the Bill at their sittings held on the 12th, 13th 14th September, 1974, 22nd, 23rd, 28th to 30th October, 1974 and 18th November; 1974.

8. At their sitting held on the 1st February, 1975 the Committee decided that (i) the evidence tendered before them might be laid on the Table of the House; and (i) two copies each of memoranda received by the Committee from various Associations, Organisations, etc. might be placed in the Parliament Library, after the Report was presented, for reference by the Members of Parliament.

9. The Report of the Committee was to be presented by the 5th September, 1973. The Committee were granted four extensions of time—the first extension on the 17th August, 1973 upto the 22nd February, 1974; the second extension on the 21st February, 1974 upto the 20th December, 1974; the third extension on the 19th December, 1974 upto the 21st February, 1975; and the fourth extension on the 21st February, 1975 upto the 20th March, 1975.

10. The Committee considered the Bill clause-by-clause at their sittings held from the 29th January to 1st February and on the 17th February, 1975.

11. The Committee considered and adopted the Report at their sitting held on the 11th March, 1975.

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

13. *Original Clauses* 2, 3. 28. 29, 61, 63, 84, 85, 91, 92, 94, 95; 114; 115, 120, 121, 123, 124, 138, 139 *and* 142 *to* 145:—

(i) The Committee feel that the existing designations of various tax authorities have been in vogue for a long time and are well-known to the persons dealing with them. Any change in the nomenclature of the existing designations at this stage is not desirable.

The Committee also feel that, for similar reasons, fresh definitions of various tax authorities including that of "Income-tax officer" are not desirable.

The Committee are, therefore, of the opinion that the present designations and definitions of various tax authorities under the various tax enactments should continue.

Clause 2; sub-clauses (i), (ii), (iii) and (v) of clause 3, and clauses 28, 29, 61, 63, 84, 85, 91, 92, 94, 114, 115, 120, 121, 123, 124, 138, 139 and 142 to 145 have been omitted accordingly.

(ii) The Committee are also of the opinion that the proposed definition of "minor child" may be dropped and in its place a new clause may be inserted in Section 2 of the Income-tax Act, defining 'child' as including a step-child and an adopted child.

Sub-clause (iv) of the original clause 3 has, therefore been omitted and a new clause 2 has been inserted accordingly.

14. *Clause* 3 [*Original clause* 4].—The Committee feel that any income received by any person on behalf of the following funds, which

are of national importance and have been established for charitable purposes, should be specifically exempted from income-tax:—

(i) the Prime Minister's National Relief Fund;

(ii) the Prime Minister's Fund (Promotion of Folk Art); and

(iii) the Prime Minister's Aid to Students Fund.

The Committee further feel that the Central Government may also be empowered to exempt any income received by any person on behalf of any other fund or institution, established for charitable purposes, having regard to its objects and importance throughout India or throughout any State, by notification in the Official Gazette.

A new sub-clause (ii) has been added to this clause accordingly.

15. *Clause* 4 [*Original clause* 5].—(i) *Sub-clause* (i).—The amendments made in this Sub-clause are of a drafting nature. (ii) *New sub-clause* (*ii*).—The Committee note that there is a lacuna in the proposed provision inasmuch as it does not provide as to how the income, in respect of which an option had been exercised under clause (2) of the Explanation to sub-section (1) of Section 11 but which was not actually applied to charitable or religious purposes in India during the prescribed period, should be treated. The Committee are of the opinion that such income should be deemed to be the income of the person in receipt thereof and should be subjected to tax.

A new sub-clause has been inserted accordingly.

(iii) *Sub-clause* (*iii*) [*Original sub-clause* (*ii*)].—The amendment made in this sub-clause is of a clarificatory nature.

(iv) *Sub-clause* (*iv*) [*Original sub-clause* (*iii*)].—The Committee note that the proposed provision does not provide for a situation where the income is not applied during the period laid down or is applied during that period for a purpose different from the purpose for which the permission was granted. The Committee are of the view that, in such a case, the income should be liable to tax as the income of the previous year immediately following the expiry of that period or, as the case may be, of the previous year in which it is applied for a purpose different from the purpose for which the permission was granted.

The sub-clause has been substituted by a new sub-clause accordingly.

16. *Clause* 5 [*Original Clause* 6] (i) *Sub-clause* (*i*) (*a*).—The Committee feel that the exemption from income-tax granted to the charitable trusts created before the 1st April, 1962 for the benefit of a particular religious community or caste should not be withdrawn as it would put such trusts to great hardship, particularly the trusts made for the benefit of minority communities would be severely hit. Further such institutions were in conformity with the then prevailing provisions of law for exemption of incomes of institutions when they were established.

Clause (a) of sub-clause (i) has, therefore, been omitted.

(ii) *Sub-clause* (*i*) (*a*) [*original sub-clause* (*i*) (*b*)].—The Committee note that according to the proposed provision, if a charitable trust or institution for the relief of the poor, education or medical relief carries on any activity for profit, the income from such activity will be

taxable unless the activity is carried on in the course of the actual carrying out of a primary purpose of the trust or institution. The Committee feel that the expression "activity for profit" is unduly wide and may cause hardship and are, therefore, of the view that it may be substituted by the word "business".

Clause (b) of sub-clause (i) has been amended accordingly.

(iii) *Sub-clauses (i) (c) and (ii).*—The Committee feel that subjecting wholly charitable trusts or institutions to tax at the rate of 65 per cent. on the voluntary contributions received by them, in every case where they fail to establish to the satisfaction of the Income-tax officer the identity of the persons who made such voluntary contributions, would cause great hardship, and that the voluntary contributions should, therefore, continue to enjoy tax exemption.

Proposed sub-clauses (i) (c) and (ii) have been substituted by a new sub-clause (i) (b) accordingly.

(iv) *New sub-clause (iii).*—The Committee feel that instead of prohibiting the investment of trust funds in business concerns not owned or controlled by the Government, it would be desirable to specify clearly the modes and forms in which the funds of charitable and religious trusts and institutions may be invested and for this purpose, a suitable provision should be made in the law itself.

However, the said provision should not be applicable to any funds forming part of the corpus of the trust or institution already invested immediately before the 1st day of June, 1973. The said restriction shall also not apply to the original corpus (being assets other than cash) of any trust or institution established on or after the 1st day of June, 1973 or any contributions (otherwise than in cash) with a specific direction that they shall form part of the corpus made thereto on or after the 1st day of June, 1973.

A new sub-clause (iii) has been inserted accordingly.

17. *Original clause* 7.—The Committee were informed that consequent upon the amendment made by Section 4 of the Finance Act, 1974, the provisions of this clause have become redundant.

The Clause has, therefore, been omitted.

18. *Clause* 6 [*Original clause* 8].—The amendments made in this clause are of a clarificatory nature.

19. *Clause* 8 [*Original clause* 10].—The amendment made in this clause is of a verbal nature.

20. *New clause* 10.—The Committee feel that the expenditure in respect of which a deduction is allowed under the proposed new section 80VV should be excluded from the scope of the provisions of Section 37 of the Income-tax Act so as to plug a possible loophole of any such expenditure being claimed in excess of the limit prescribed in proposed section.

A new clause is, therefore, being inserted for the purpose

21. *Clause* 11 [*Original clause* 12].—The Committee are of the view that persons carrying on legal, medical, engineering or architectural profession or the profession of accountancy, technical consultancy or interior decoration or any other profession as may be notified by the Central Board of Direct Taxes in the Official Gazette be required to maintain accounts irrespctive of their income|receipts. Persons engag ed in other professions should be required to maintain accounts only if their income|receipts exceed the limits as in the case of business.

The Committee are also of the opinion that in the case of a person carrying on more than one business, the limits of income and turnover should apply to the aggregate of all the businesses carried on by him.

Sub-section (1) of proposed section 44B has been amended accordingly by substituting in its place two new sub-sections (1) and (2).

The other amendments made in the clause are of a consequential nature.

22. *Clause* 13 [*Original clause* 14].—(i) The Committee are of the opinion that the income of the spouse of an individual, earned by virtue of technical or professional qualifications from a concern in which such individual has a substantial interest, should be exempted from being clubbed with the income of the individual.

A proviso to sub-clause (ii) of proposed sub-section (1) has been added accordingly.

(ii) The Committee are also of the view that only those transfers of assets to son's wife or son's minor child without adequate consideration, which have been made on or after the 1st day of June, 1973, should attract the provisions relating to clubbing of income.

Sub-clause (vi) of proposed sub-section (1) of Section 64 has been amended accordingly.

(iii) *Explanation* 4.—The Committee also feel that where any income is included in the income of another person under the provisions of proposed sub-section (1), the income flowing from the investment of such included income should not be so included.

The explanation has been omitted accordingly.

(iv) The other amendments made in this clause are of a verbal or clarificatory nature.

23. *Clause* 14 [*Original clause* 15].—While discussing the desirability of introducing the proposed new section 69D relating to amount borrowed or repaid on *hundies*, the Committee were assured that its working would be watched for sometime and, if necessary, suitable amendments would be proposed in due course.

24. *New clause* 17.—The amendment made in Section 80B of the Income-tax Act, by this clause is consequent on the omission of section 80H by clause 20 of the Bill.

25. *Clause* 18.—The amendment made in this clause by adding a new sub-clause (ii) is of a consequential nature.

26. *Clause* 19.—The Committee are of the view that the deduction contemplated under the proposed Section 80GG should also be made available to salaried employees who are not in receipt of any tax free house rent allowance.

The clause has been amended accordingly.

27. *New clause* 21 *and clauses* 22 *and* 24 [*Original clauses* 21 *and* 23].—Insertion of new clause 21 and amendments made in clauses 22 and 24 are consequential to the insertion of section 80HH by section 9 of the Direct Taxes (Tmendment) Act, 1974, passed after the introduction of this Bill.

28. *Clause* 25 [*Original clause* 24].—The amendments made in this clause are consequential to the changes made in section 80QQ by the Direct Taxes (Amendment) Act, 1974, passed after the introduction of this Bill.

29. *Clause* 26 [*Original clause* 25].—The Committee feel that the ceiling limit of rupees two thousand proposed on the deduction allowable in computing the total income on account of any expenditure incurred by an assessee in respect of any proceedings before any Income-tax authority or the Appellate Tribunal or any court is low in the prevailing conditions. A limit of rupees five thousand for the purpose would be reasonable.

The clause has, therefore, been amended accordingly.

30. While suggesting the above amendments to the clauses dealing with deductions in computing the total income, the Committee also feel that Government might consider the question of amending Section 80E of the Income-tax Act, 1961, on the lines of the Wanchoo Committee recommendation that "the Scheme of allowing deduction in respect of premia paid for securing retirement annuity be extended to cover all individuals engaged in business, profession or vocation, whether as proprietors or in partnership."

31. *Clause* 28 [*Original clause* 27].—The amendments made in this clause are of a clarificatory nature.

32. *Clause* 31 [*Original clause* 32].—Clause 85 (*Original clause* 89) and *clause* 108 (*Original clause* 118).—The amendments made in clauses 31, 85 and 108 of the Bill are of a drafting and consequential nature.

33. *Clause* 32 [*Original clause* 33]: *Clause* 86 [*Original clause* 90] *and Clause* 109 [*Original clause* 119].—The amendments made in these clauses are of a drafting nature.

34. *Clause* 35 [*Original clause* 36].—The amendments made in this clause are of consequential nature.

35. *Clauses* 38 *and* 43 [*Original clauses* 39 *and* 44].—(i) The Committee feel that the proposed provisions of clause 39 requiring compulsory audit of accounts of persons (not being companies) by chartered accountants are likely to cause harassment, inconvenience and unnecessary expense to the assessees particularly in the *mofussil* areas and other places where chartered accountants are not readily available, without any corresponding substantial benefit to the Government revenue.

Sub-clause (i) of clause 39 has been omitted accordingly.

(ii) However, the Committee are of the opinion that in a case, where the nature and complexity of the accounts of the assessee and the interests of Government revenue so require, the Department should be empowered to direct the assessee to get his accounts audited by a chartered accountant and furnish a report of such audit in the prescribed manner. In order to see that no harassment is caused to the assessee and he is not put to unnecessary expense, the decision to get his accounts audited should be taken at the level of the Commissioner of Income-tax and the chartered accountant for the purpose should also be nominated by him.

Clause 44 has been amended accordingly.

36. *Clause* 39 (*Original clause* 40).—(i) The Committee are of the view that it should be statutory obligation of every assessee, who has been alloted a permanent account number, to quote such number also in the *challans* for the payment of any sums due under the provisions of the Act.

A suitable provision has been inserted in this clause accordingly.

(ii) The other amendments made in this clause are of a drafting and verbal nature.

37. *Clauses* 40, 88 *and* 111 [*original clauses* 41, 96 *and* 125].—The Committee feel that the proposed provisions are likely to create practical difficulties in identifying the director or the person, mainly in charge of the affairs of the company. Similar difficulties are likely to arise in the case of partnership firms. The Committee feel that it should suffice if the return, in the case of a company, is signed, where the Managing Director is not able to sign the return for unavoidable reasons, by any director of the company and similarly in the case of partnerships, by any partner of the firm.

Clauses 41, 96 and 125 have been amended accordingly.

38. *Clauses* 41 *and* 89 [*original clauses* 42 *and* 97].—The Committee feel that the self-assessment scheme should be made applicable in all cases where tax is payable irrespective of the amount of tax and such tax should also be made payable before furnishing the return of the income.

Clause 41 has been amended accordingly. Similar amendment has been made to clause 89 relating to Wealth-tax Act.

39. *New Clause* 44.—The Committee feel that consequent upon the insertion of a provision in clause 43 empowering the Income-tax Officer to direct an assessee to get his accounts audited, it is also necessary to empower the Income-tax Officer to proceed to make the assessment to the best of his judgement in a case where his direction to get the accounts audited has not ben complied with.

New clause 44 has been inserted accordingly.

40. *Clause* 45.—The proposed new section 144B seeks to provide that where an Income-tax Officer proposes to make additions and disallowances exceeding a prescribed amount, he shall send a draft assessment order to the assessee and where the assessee objects to the proposed assessment, the final order of assessment should be passed by the Inspecting Assistant Commissioner. The Committee feel that on receipt of objections, if any, from the assessee, in such cases, the Inspecting Assistant Commissioner may issue directions to the Income-tax Officer in

respect of the matters covered by the assessees' objections and thereupon the assessment should be completed by the Income-tax Officer himself.

The proposed new section 144B under this clause has been substituted accordingly.

41. *Clause* 46.—The Committee are of the opinion that the time-limit of thirty days for disposal of an application made under section 146 of the Income-tax Act by an assessee for cancelling an *ex-parte* assessment is too short a period and feel that the period should be ninety days.

The clause has been amended accordingly.

42. *Clause* 47.—The Committee are of the opinion that in computing the period of limitation for completion of assessments and reassessments under section 153 of the Income-tax Act, the time taken (i) in the special audit of the accounts of the assessee; (ii) in obtaining the directions of the Inspecting Assistant-Commissioner under Section 144B subject to a maximum of 180 days and (iii) in cases where an application for settlement is rejected or is not allowed to be proceeded with by the Settlement Commission, should also be excluded.

The clause has been amended accordingly.

43. *Clause* 50.—The Committee feel that the provisions of the clause should also apply to a director of a private company which has been converted into a public company, in respect of any tax due on the income of such private company.

However, such liability should be restricted to taxes due in respect of assessment years commencing on or after the 1st day of April, 1962.

The clause has been amended accordingly.

44. *Original clause* 51.—The Committee were informed that even under the existing law, more or less the same position, as is envisaged in the proposed provision, is secured in respect of remuneration received by the film artistes in the form of annuity. The Committee, therefore, feel that the proposed provision is not necessary.

The clause has been ommitted accordingly.

45. *Clause* 51 [*original clause* 52].—The amendment made in this clause is of a clarificatory nature.

46. *Clause* 54 [*original clause* 55].—The Committee are of the view that transfer of movable or immovable properties by the assessee should also include indirect transfers and the proposed provisions should apply only in respect of transfers made on or after the 1st June, 1973.

The clause has been amended accordingly.

47. Clause 56 [*original clause* 57.]—*Clause* 97 (*original clause* 105) and *clause* 118 [*original clause* 132].—The amendments made in clause 56 are of a clarificatory nature and also provide that only payments of disputed taxes made after the 31st March, 1975 will be entitled to interest.

New sub-section (3A) as proposed to be inserted in section 34A of the Wealth-tax Act by Clause 97 of the Bill and new sub-section (3A) as

proposed to be inserted in section 33A of the Gift-tax Act by clause 118 of the Bill have been amended on the same lines.

48. *Clauses* 57 *and* 93 [*original clauses* 58 *and* 101].—(i) The Committee are of the view that the appropriate nomenclature of the proposed settlement body would be "Income-tax Settlement Commission" instead of "Income-tax Settlement Committee".

The Committee also feel that the Settlement Commission should consist of a Chairman and two other members and should function within the Department of the Central Government dealing with direct taxes. The Chairman and members should be appointed by the Central Government from amongst persons of integrity and outstanding ability and should possess special knowledge of, and experience in, problems relating to direct taxes and business accounts. Until such whole-time members are appointed, the Central Government should be empowered to require, from time to time, any two members of the Board to function as part-time members of the Settlement Commission.

Proposed section 245B under clause 57 has been substituted accordingly.

(ii) The Committee are also of the view that on receipt of an application for settlement, the Settlement Commission should call for a report from the Commissioner and not from the Income-tax authority, as proposed. The Settlement Commission should then proceed with all the matters covered by the application and any other matter raised in the report of the Commissioner so that a full and final settlement could be conveniently made.

The Committee are further of the view that in case a settlement becomes void, the proceedings thereof should be deemed to have been revived and the income-tax authority should complete such proceedings within the prescribed time-limit.

Proposed section 245D under clause 57 has been substituted accordingly.

(iii) The amendments made in proposed section 245F are of a consequential nature.

(iv) The Committee are of the opinion that the proceedings before the Settlement Commission should be treated as judicial proceedings with a view to conferring on the Commission the immunities and privileges available to the judicial authorities similar to those conferred on the Income-tax Appellate Tribunal and Income-tax authorities.

A new section 245L has been inserted accordingly.

(v) The Committee are further of the opinion that an assessee should be allowed to withdraw an appeal from the Appellate Tribunal for the purpose of making an application to the Settlement Commission for the settlement of his case. In case the application is not entertained by the Settlement Commission, the appeal should be deemed to be pending with the Appellate Tribunal and should be disposed of accordingly.

A new section 245M has been inserted accordingly.

(vi) Similar provisions have been made in clause 93 of the Bill relating to the Wealth Tax Settlement Commission.

49. *Clause* 61 [*Original clause* 64].—The amendments made in this clause are of a verbal, consequential, drafting and clarificatory nature.

50. *Clause* 63 [*Original clause* 66].—The amendments made in this clause are of a consequential and drafting nature.

51. *Clause* 64 [*Original clause* 67].—The amendments made in this clause are of a drafting nature.

52. *Clauses* 68, 70 *and* 100 [*Original clauses* 71, 72 *and* 108].—The Committee are of the view that, in order to make the provisions relating to prosecution more effective, the discretion vested in courts to award monetary punishment as an alternative to rigorous imprisonment or to reduce the term of imprisonment below the prescribed minimum should be taken away.

Sections 276B, 276C, 276CC proposed to be inserted by clause 68 and sections 277, 278, 278A proposed to be inserted by clause 70 and sections 35A, 35B, 35D, 35F, 35G proposed to be inserted by clause 100 have been amended accordingly.

53. *New clause* 69.—This clause seeks to amend section 276D of the Income-tax Act. This is consequential to the insertion of a provision in section 142 of the Act by clause 43 of the Bill conferring power on the Income-tax Officer to direct an assessee, with the previous approval of the Commissioner of Income-tax, to get his accounts audited.

54. *Clause* 71 [*Original clause* 73].—The amendment made in this clause is of a drafting nature.

55. *Clause* 72 [*Original clause* 74].—The amendment made in this clause is consequent upon the repeal of the Code of Criminal Procedure, 1898 and the enactment of the Code of Criminal Procedure, 1973 after the introduction of this Bill.

56. *Clause* 73 [*Original clause* 75] *and clause* 98 [*Original clause* 106].—The amendment made in clauses 73 and 98 are of a drafting nature.

57. *Clause* 75 [*Original clause* 77].—The Committee are of the opinion that he proposed provisions requiring all contractors, who undertake any work or supply of goods or services, to furnish particulars of contracts exceeding fifty thousand rupees to the Income-tax Officer are unduly wide and feel that the provisions should apply only to contracts for works and for supply of goods or services in connection therewith.

The clause has been amended accordingly.

58. *Clause* 76 [*Original clause* 78].—The amendment made in this clause is of a clarificatory nature.

59. *Clauses* 78 *and* 100 [*Original clauses* 80 *and* 108].—The amendment made in clause 78 is consequent upon the repeal of the Code of Criminal Procedure, 1898 and re-enactment of the Code of Criminal Procedure, 1973 after the introduction of this Bill. A corresponding amendment has been made in the proposed section 35M under clause 100 relating to Wealth tax Act.

60. *Clause* 79 [*Original clause* 81].—The amendments are of a consequential nature.

61. *Clause* 80 [*Original clause* 82].—The amendment is of a consequential nature.

62. *Clause* 82 [*Original clause* 86].—(i) *Sub-clause* (i).—The amendment made is on the same lines as made in clause 13 of the Bill seeking to provide that the provisions shall apply only in respect of transfers made on or after the 1st day of June, 1973.

(ii) *Sub-clause* (iii).—The amendment made is of a drafting nature.

(iii) *Sub-clause* (iv).—The amendment made is of a clarificatory nature and is on the same lines as made in clause 2 of the Bill.

63. *Clause* 80 [*Original clause* 98] *and Clause* 112 (*Original clause* 126).—

(i) The amendment made in sub-section (1) of the proposed new Section 17A of the Wealth-tax Act is of a drafting nature and also seeks to provide extended time limits in cases where belated or revised returns are filed.

(ii) The amendments made in sub-section (2) of the proposed new Section 17A of the Wealth-tax Act are of a drafting and verbal nature.

(iii) New sub-sections (3) and (4) have been inserted to provide extended time limits within which an assessment can be made where such assessment is a fresh assessment in pursuance of orders in appeal, revision, etc., or is made to give effect to any findings or directions in any order of appeal, revision, etc.

(iv) The amendments made in the Explanation to the proposed new Section 17A of the Wealth-tax Act are on the lines of the amendments made to the corresponding provisions in clause 47 of the Bill.

New Section 16A proposed to be inserted in the Gift-tax Act by clause 112 of the Bill has been amended on the same lines.

64. *Clause* 91 [*Original clause* 99].—The amendment made in this clause is in line with the corresponding provision of the Income-tax Act after its amendment by section 13 of the Direct Taxes (Amendment) Act, 1974, which was passed after this Bill was introduced.

65. *Clause* 92 [*Original clause* 100] *and clause* 114 (*Original clause* 128).—The amendment made in clause 92 is of a drafting and consequential nature.

New Section 16A as proposed to be inserted in the Gift-tax Act by clause 112 of the Bill has been amended on the same lines.

66. *Clause* 102 [*Original clause* 110].—The amendment made in sub-section (11) of the proposed section 37A is consequent upon the repeal of the Code of Criminal Procedure, 1898 and re-enactment of Code of Criminal Procedure, 1973 after this Bill was introduced. The other amendments are of consequential nature.

67. *Clause* 106 [*Original clause* 116].—The amendments made in this clause are of drafting nature and also provide that the aggregation of

gifts made in the preceding four years shall not apply to gifts made before the 1st June, 1973.

68. *Clause* 113 [*Original clause* 127].—The amendment made in this clause is consequent upon the amendment made in Section 17 of the Gift-tax Act by Section 18 of the Direct Taxes (Amendment) Act, 1974, which was passed after this Bill was introduced.

69. *Clause* 115 [*Original clause* 129].—The amendments made in this clause are of a clarificatory nature.

70. *Clause* 120 [*Original clause* 134].—The amendment made in this clause is consequent upon the repeal of the Code of Criminal Procedure, 1898 and re-enactment of the Code of Criminal Procedure, 1973, after the introduction of this Bill.

71. *Clause* I *and Enacting Formula*.—The amendments made are of a formal nature.

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

73. The proliferation of black money and tax evasion have become a menace to nation's economic development. The Committee feel that legislative efforts by themselves cannot cope with these problems unless an efficient and modern administrative tax machinery is set up to administer the direct taxes laws.

74. The Committee note with concern that the dispute between the officers directly recruited to Class I and those promoted to it has been pending settlement for a very long time. As a consequence, the parties had to go to the court. This was unfortunate for it seriously affected the efficiency of the Department. They feel that if the problem of black money and tax evasion is to be seriously dealt with, it is essential that tax administration should be made effective and efficient. The dispute in which a large group of income-tax personnel feel at the moment frustrated and demoralised is not conducive to efficient tax administration. They feel that the question of career prospects of Class II Income-tax Officers including the policies pursued by the Department in respect of their seniority and promotion should be reviewed expeditiously.

75. The Committee were informed by the Ministry that the following matters were already under Government's consideration:—

(i) Augmenting the man power adequately in the Income-tax Department;

(ii) Giving larger financial powers to the Income-tax authorities;

(iii) Upgrading the status of the Chairman of the Board of Direct Taxes and the Board itself;

(iv) Streamlining the working of the Directorate of Inspection (Investigation) which has an important role in unearthing black money; and

(v) Evolving ways and means and norms for more effective scrutiny of assessees in higher income brackets.

The Committee express the ardent hope that early decisions and consequent action would be taken in respect of these matters.

NEW DELHI;
March 20, 1975
Phalguna 29, 1896 (*S*).

N. K. P. SALVE,
Chairman,
Select Committee.

MINUTES OF DISSENT

I

The main objectives of the Taxation Laws (Amendment) Bill, 1973, as stated in the Bill, are to unearth black money and prevent its proliferation, to fight and curb tax evasion; to check avoidance of tax through various legal devices, including the formation of trusts and diversion of income or wealth to members of family, etc., and to streamline the administrative set-up and make it functionally efficient. So far as the objectives are concerned, they are undoubtedly unexceptionable. However, the proposals contained in the Bill, to my mind, are symptoms of the disease rather than its cure, and in many cases are likely to complicate the tax structure rather than simplify it. The Wanchoo Committee laid maximum emphasis on the need to remove the basic causes of tax evasion. High rates of taxation and increasing control on distribution and prices have been listed by the Committee as the main causes for tax evasion. I, for one, am in full agreement with them and strongly feel that unless tax level is considerably brought down and high controls on commodities, etc., brought down to absolute minimum levels, tax evasion problem will not get solved, Prof. Kaldor had rightly recommended that the maximum rate of tax on income should not exceed 45 per cent. Even Wanchoo Committee had recommended it to be brought down to 74-75 per cent. Total incidence of taxation on an assessee in no case should exceed 80 per cent. It can have a salutary effect on eradication of black money.

Secondly, the political climate in India is not conducive to checking black money transactions. I rather feel that it provides opportunities for generation of black money. Large funds are required to meet election expenses and there can be no two opinions that most of these are financed by wealthy persons with lot of black money. It hardly needs any mention that these wealthy persons later use their contacts with political leaders for their ulterior motives. I would, therefore, like to urge strongly that election expenses should be financed by Centre and State Governments. The Bill provides lot of powers to penalise and prosecute assessees merely on the ground of suspicion and presumption. When one looks at these sweeping powers one cannot help but to suspect their misuse in the hands of the Income-tax Officers. In order to ensure proper use of these powers and as a measure of in-built justice to honest tax-payers, I suggest that there should be a provision providing for suitable penalties to the Officers misusing their powers.

I am also of the opinion that the Central Board of Direct Taxes should not be a part of the Ministry of Finance. Wanchoo Committee has also recommended to this effect. It is of the highest importance that in matters of taxation, the rule of law prevails strictly and impartially. The people are bound to lose faith in the impartiality of the adminis-

tration if its organisation allows political interference to be even a theoretical possibility. As long as the executive head of the department is himself a part of the Finance Ministry, I feel it would be difficult to carry conviction with the public about the impartial administration of the direct tax laws. I, therefore, suggest that the Central Board of Direct Taxes should be reconstituted as an independent and autonomous Board. This would not be something peculiar to India because even in United Kingdom, U.S.A. and Japan, the tax policy making authorities and tax execution authorities are separate independent bodies.

Requirement of Audit of Accounts

While the Select Committee has recommended the deletion of the relevant portion of clause 39 pertaining to the requirement of audit of accounts in respect of non-corporate tax-payers, it has recommended the insertion of a sub-clause in clause 44 to the effect that if, at any stage of the proceedings, before him, the Income-tax Officer, having regard to the nature and complexity of the accounts of the assessee and the interest of the revenue, is of the opinion that it is necessary so to do, he may with the previous approval of the Commissioner direct the assessee do get the accounts audited by an accountant, with specified qualifications and nominated by the Commissioner in this behalf. While I endorse this suggestion, it needs to be ensured that the assessee would not be held responsible for any delay or default on the part of the auditor in submitting his report and also that if the accounts are found to be accurate according to the audit report, the accounts will be taken as correct. To ensure a fair and unbiased auditing. I recommend that the Commissioner should nominate an auditor who is practising in an area other than the area to which the assessee belongs. The Central Board of Direct Taxes should also issue broad guidelines to the revenue authorities indicating the type of cases where such auditors may be nominated.

Investment of Trust Funds

Clause 6 of the Bill proposes to impose a total ban on investment of trust funds in any business concern including a company not owned or controlled by Government. It would mean that the accumulated money of the trust fund can only be invested in Government Securities or Post Office Saving Banks and Scheduled Banks including Co-operative Banks, whose rate of return is much lower. As a result, the income of the trusts will considerably go down and thereby its activities. I do not see any worthwhile justification for it. I, therefore, urge that the trustees should have the option of choosing the securities they want to invest in so long they are safe securities. Alternatively, such a power may vest in the Commissioner of Trusts as is the case in Bombay where the Commissioner has the final say in regard to investment of trust funds.

Penal Provisions

The Bill has provided for rigorous imprisonment upto seven years whether for concealment of tax or for non-payment or whether for failure to submit a retun in time. In my view, differentiation is called for varying with the nature and gravity of offences. It has also been

provided that the assessee will be deemed to be guilty of an offence unless he proves to the contrary. Here again, in my opinion, rationalisation is called for. According to the criminal jurisprudence one is presumed to be non-guilty till proved otherwise. I strongly feel that the same principle should be applicable in tax proceedings too. Even the Law Commission of India in their 47th Report on the Trial and Punishment of Social and Economic Offences, which generally recommended that the accused should prove that he committed the *actus reus* innocently, had specifically excluded taxation laws.

Collection of Revenue

It has not been worthwhile to collect small amounts by way of direct taxes even through the simplest of procedure from very large number of people. In fact, attempts to do so lead only to a distraction of effort from more worthwhile directions. Percentage of cost of collection to demand raised in big income cases worked out to about 0.78 in 1969-70 as against 5.41 in small income cases. I, therefore, submit that the basic exemption limit may be raised to Rs. 10,000. This would mean that almost half of the assessees would be off the G.I.R., but the revenue loss from this would not exceed 8 per cent. of the total revenue. I am confident, that this meagre loss in revenue would be more than offset by the improvement in the quality and speed with which the assessments in respect of other assessees can be completed. In addition, this will also give relief to the mass of the low income group people, in the face of rapidly declining purchasing power of the rupee.

NEW DELHI; VIRENDRA AGARWALA.
March 18, 1975.
Phalguna 27, 1896 (*S*).

II

Although I am in agreement with most of the amendments of the Committee, I wish to place this note of dissent refarding the adequacy of the provisions of the Bill to achieve the main objective set out in the statement of objects and reasons. The main objective of the amendment proposed to be made was "to unearth black money and prevent its proliferation". It is, therefore, imperative to have an assessment of the extent of the black money that today is vitiating the entire economic life of the country. As per the assessment of the Direct Taxes Enquiry Committee (Wanchoo Committee) the undisclosed income in the year 1968-69 was of the magnitude of Rs. 1400 crores and on the basis of this the Wanchoo Committee had estimated the black money in 1968-69 to the extent of Rs. 7,000 crores. To err on the safer side even as an under-estimate if the undisclosed income was to remain only Rs. 1400 crores a year, there would be an addition of about Rs. 8000 crores. Thus even as an underestimate, the magnitude of black money would be about Rs. 15,000 crores to Rs. 20,000 crores in the beginning of 1975.

As per the All India Income Tax statistics 1971-72, out of 21 lakh assessees, assessed to Income-tax, those whose income is above Rs. one lakh are only 27,442 and these twenty seven thousand paid 70 per cent

of the total tax revenue, which was about Rs. 1149 crores in 1971-72. Those whose annual income was between Rs. 20,000 and one lakh, paid about 20 per cent of the tax revenue and their number was about 3 lakh assessees. The rest about 17.5 lakh assessees paid only 10 per cent of the tax revenue. These figures clearly show as to where the black money is concentrated and where the attention of the Tax administration is most needed. It is obvious that hardly 27,000 assessees control about 20,000 crores of unaccounted wealth, which obviously is the form of real estate, stocks, bullion, gold and jewellery which is used to cornor stocks of essential commodities and which is responsible for inflation. It is known that hardly 1.5 per cent of assessees pay nearly 70 per cent of the tax revenue and of the rest 14 per cent assessees whose income is between Rs. 20,000 and Rs. one lakh pay about 20 per cent of the tax revenue, it also becomes clear that those whose income is below Rs. 20,000 constitute 85 per cent of the tax assessees and pay only 10 per cent of the tax revenue.

This raises two questions; (a) why has the tax administration allowed less than 2 per cent assessees who are in few thousands, to accumulate such large undisclosed and unaccounted wealth; (b) why was the time and energy of the administration wasted on those 85 per cent assessees whose contribution was less than 10 per cent of the tax revenue.

To the first point, the answer given by the Department is that there is shortage of staff and a plea has been put forward for increase of staff to deal with increasing work. The very first matter which is already under consideration of the Government as stated in para 75 of our report is the question of "augmenting manpower generally in the Income-tax Department". Today there are about 3655 Income-tax Officers and about 3188 Inspectors. In addition to this, the supervisory and clerical staff is about 26,666 apart from other 10,000 class IV employees. As pointed out earlier, the assessees on whom concentration is needed and who contribute more than 70 per cent of the tax revenue are those whose income is above Rs. one lakh and their number is less than 30,000 (thirty thousand). This comes to less than ten cases per officer. If greater attention by the officers and inspectors is given to locate and unearth the real wealth of the assessees in higher income bracket, their number may increase to even one lakh and that would bring an additional revenue of at least Rs. 1,000 crores a year. And yet more than Rs. 15,000 crores of black money will still be at large and a recurring amount of Rs. 2,000 crores of unaccounted wealth will be generating every year. In our entire evidence, we have not seen any reasonable explanation as to why the Finance Ministry and Income-tax Department have not been able to lay their hands on this growing black wealth when much of it was obviously rising on the surface in the form of real estate, bullions, stocks in industry and in trade and rest in gold and jewellery and the business in smuggling. The charge that this could happen only through the connivance or even acquiescence gets credibility when you see black money growing under your very nose as it were year after year. If the projection and estimate of Wanchoo Committee have any validity then the black money prevalent today in 1975 would be easily about Rs. 20,000 crores *i.e.* nearly three times the annual budget of the Government of India.

This black money or black wealth has by now percolated and spread in every part of our body politic like a poison so much so that our

economic and political system has got so much addicted to it that most of us do not really feel concerned or desirous of relieving our economy from the clutches of the spell of this Black Magic of Black Money.

The Department has been asking more powers through this Bill and we have given them all that they wanted. So now at least there should be no excuse of want of powers. Some of the loopholes like investment of Trust money, mandatory maintenance of account, powers for searches and heavy penalties have been provided in this Bill.

Yet, I am afraid that with all these powers not much can be achieved unless a determined effort is made to unearth the black money and its ill gains in the form of various assets, real estate, stocks, gold, jewellery etc. are confiscated. Measures like ceiling on urban property and a comprehensive Bill on economic and social offences will have to be introduced expeditiously. I had also suggested that Section 138 of the Income-tax Act be amended to make every Income-tax return of an assessee a public document. Similarly every assessment order should also be a public document like the decision of a court. If a citizen wants to earn and enjoy income and property publicly why should he want to keep the assessment a secret from the public. I was told that this had some practical difficulties. But the real difficulty is, that all of us to some extent want to avoid disclosure of some of our income and enjoy it. Even for Government servants the extra-income has now become more or less an accepted fact, otherwise the huge properties built in exclusive colonies cannot be explained. The same is true of those politicians (and their number is not few) who have shared the gains of unaccounted wealth.

It is because of this inherent weakness of the situation worsened day by day by the growth of the black money, power, that the second question still remains unanswered *viz*. why do the tax authorities waste time on overwhelming majority of small cases (nearly 85 per cent) knowing full well that they yield less than 10 per cent tax revenue.

A system of sample checking of all cases below Rs. 50,000 income can be easily adopted. All returns below this with affidavits of the assessees should be accepted. In sample checking, anyone found to have given a false assessment should be punished heavily.

Assessees with income between Rs. 50,000 and Rs. 1,00,000 should be dealt with on summary assessment basis subject to selective assessment. Here also very heavy punishment on false return should be imposed.

Major attention should be devoted to assessees above Rs. one lakh income and special force should be detailed for unearthing black money with specific targets for the officers. Result and not excuses should be the only test. Whenever there is a talk of limitations or constraints, it invariably means the unwillingness to change a system which has bred vested interests.

Unfortunately, in this Department (where it is most essential) also there is no accountability at any level. One has to be right either on file or for the eyes of the auditors. This attitude is responsible for the ruin of our administration in each sphere.

This may not strictly be termed as a note of dissent. But I wished to register my feeling of disappointment at having wasted lot of public

money and more than two years of time of the Select Committee on a Bill whose provisions have no nexus with the main objective enumerated in the terms of reference. Such an exercise is self-deceptive and misleads the people.

NEW DELHI;

March 18, 1975

VASANT SATHE

Phalguna 27, 1896 (*S.*).

III

We regret we have to append a minute of dissent. We are well aware of the fact that considerable amount of care and thought has been given by the Committee to the Bill and the modifications that have been formulated as a consequence have in our judgment considerably improved the Bill.

Although we are in substantial agreement with the main objectives of the Bill, we feel that the provisions in regard to charitable trusts are unduly onerous. In our view we would have done well to have drawn upon the experience of Maharashtra and Gujarat in seeking to regulate the functioning of the charitable trusts. The organisation of the Charity Commissioner which Gujarat and Maharashtra have established has functioned well, as was testified by a number of witnesses. The establishment of such an organisation at the Centre and in the States would have ensured in our view in a much more effective way the proper functioning of the trusts in respect of investment and dispersal of funds by the charitable trusts.

Likewise, in so far as searches and seizures are concerned, the provisions of the Bill give powers to the Income-tax authorities, which encroach to a greater extent than is necessary upon the basic rights of individual's liberty and privacy. Such powers are unheard of and unknown in any democratic country. They can be only exercised in a police State or under a dictatorial regime. It is note-worthy that there is no provision to protest innocent tax payers against harassment or black-mail from the Income-tax authorities or any other person. Moreover, the proposed powers go far beyond the recommendations of the Wanchoo Committee.

Under the present law, certain powers can be exercised if the Income-tax authorities have "reason to believe". It is now proposed to have the yardstick of "reason to suspect". Neither the Wanchoo Committee nor any other Committee had ever recommended that mere suspicion, which in practice would amount to pure conjuncture would be enough to authorise raids on private houses and business premises which can well result in ruining the reputation of the person concerned, besides causing him untold agony, while a raid may afterwards be found to be unjustified.

The existing powers of searches and seizures given to the Income-tax authorities appear to us to be quite sufficient to deal with cases of

evasion and concealment. What is really necessary is efficient enforcement of existing laws. The inadequacy is not in the law but in the administration of the law.

H. M. PATEL
P. G. MAVALANKAR.

NEW DELHI;
March 18, 1975
Phalguna 27, 1896 (*S*).

IV

Taxation is not only a way of mobilising resources to meet public expenditures, but also an important instrument in the fiscal policy of a Government for influencing the level of economic activity in the country. Though nobody can be expected to be enthusiastic about tax payments, still there should be a rationale in the incidence of taxation and a firm impartiality in administration so as to gain at least a certain 'grudging co-operation' from the tax payers. A good deal of criticism has been made time and again about the complexity of the Indian Tax Laws. It was hoped that some kind of stability would be introduced in the Income-tax legislation after the 1961 Act, but subsequent amendments numbering more than 800 belied that fondhope. Often times amendments were increasingly and indiscriminately proposed merely to cover the ineptitude of the Department or to get round an adverse decision of a court.

2. The present Bill as introduced had 145 clauses amending the four taxation laws and before the clause-by-clause consideration by the Select Committee, Government gave as many as 140 amendments to these amending clauses. We are afraid this Bill, in spite of the numerous amendments and further amendments to these amendments, some of them hasty, some of them unwarranted, will nor tackle the problems posed before the tax administration.

3. The main objectives of the Bill have been stated to be:

(i) to unearth black-money and prevent its proliferation;

(ii) to fight and curb tax evasion;

(iii) to check avoidance of tax through various legal devices; including the formation of trusts and diversion of income or wealth to members of family;

(iv) to reduce tax arrears and to curb accumulation in future;

(v) to rationalise exemptions and deductions;

(vi) to streamline the administrative set-up and make it functionally efficient.

In reply to a query as to how far and to what extent the provisions of the proposed Bill would fulfil the objectives, an elaborate note was submitted by Government without identifying the stated objectives with the specific clauses in the Bill.

4. The vexatious problems now undertaken to be solved by the amending Bill are not new. In the past, various Commissions and Committees have been appointed by Government, with exhaustive terms of reference, to study in detail and suggest the remedial measures. As enumera-

tea in a note submitted by the Government, there have been eight important Committees|Commissions that went into the structure of direct taxes and other related matters since Independence. They were:

(1) Income-tax Investigation Commission (1948).
(2) Taxation Inquiry Commission (1953-54).
(3) One-man Committee of Prof. Nicholas Kaldor (1956).
(4) The Direct Taxes Administration Inquiry Committee (1958-59).
(5) One-man Committee of Mr. S. Boothalingam (1967).
(6) The Administrative Reforms Commission (Report on Central Direct Taxes Administration) (1969).
(7) The Committee on Taxation of Agricultural Wealth and Income (1972).

Besides these Committees, there have been other Departmental enquiries such as those conducted by Inderjit Singh Committee on Tax Administration, H. A. Shah Committee on Tax Evasion and numerous reports of Public Accounts Committee right from 1963.

5. It must be said that these Committees went about their task in right earnest and produced som worthy reports, but it is a pity that the considered recommendations made by these Committees after much labour and time, did not receive the due attention and consideration by the Government. In reply to a question raised in the Committee about the action taken by Government on these reports, it is stated:

"Files containing detailed reasons for acceptance or non-acceptance of most of the recommendations of the following Committees were not available:

(a) Income-tax Investigation Committee (1948).
(b) The Taxation Inquiry Commission (1953-54).
(c) One-man Committee constituted by Prof. Nicholas Kaldor (1956).
(d) The Direct Taxes Administration Inquiry Commission (1958-59). In the absence of relevant files, it has also not been possible to give the reasons for not accepting these recommendations."

6. It is inredible that important files containing the processing of the recommendations of these worthy Committees would be missing. If this be true, it shows a callous disregard not to speak of a gross insincerity in the attitude shown by Government for improving tax administration. It is difficult for one to resist the conclusion that there is some vested interest on the part of the Government and bureaucracy in keeping the tax administration in the continued state of ineffectiveness and disarray.

7. Legislative amendments purporting to plug loop-holes are not the panacea for curbing the evasion. It has become an *alibi* for ineffective administrative action and the annual ritual of flooding the Act with numerous amendments in the name of curbing evasion has reached sickening level. The result is that the tax payer, tax gatherer, the tax advisers, not to speak of Members of Parliament and even judiciary, are all completely at sea as to what the state of law is at any given point of time. Unless there is a will on the part of Government to implement

the tax system in a just and impartial way and to show firmness where attempts at concealments and evasion are detected, it would be futile to make the tax machinery gain confidence and cooperation of the public, which is an essential element for efficient tax-administration.

8. It has been claimed that the present Bill is the result of a detailed examinatio nof the recommendations of the Wanchoo Committee Forty-seveth Report of the Law Commission and suggestions received from various quarters. If there is such a sincere concern on the part of Government to faithfully implement the Wanchoo Committee's recommendations, it is not known why the interim report given by the same Committee containing some immediate and effective recommendations for dealing with black-money has been deliberately ignored by Government so far. Even in this Bill the implementation of some of the important recommendations of the Wanchoo Committee have been mutilated or diluted.

9. The Forty-seventh Report of the Law Commission on Trial and Punishment of Social and Economic Offences has suggested far-reaching changes in the Law, particularly with a view to tightening the provisions against the tax evader in regard to concealment; a specific instance is new section 276E suggested by Law Commission. However, instead of implementing that recommendation, even the existing rigorous of the penalty provisions which were designed to prevent tax evasion have been diluted so as to drive one to wonder whether this is a Bill to encourage tax evasion or to prevent it.

10. Evasion or avoidance are not problems new to this Department and no one can pretend that these are for the first time tackled in this Bill. The Varadachari Commission set up in the year 1948, in paragraph 18 of its Report, had pointed out as follows:

> "Evasion is applied to the escape from taxation accomplished by breaking the letter of the law, whether intentionally or through mistake or negligence. Most frequently taxes are evaded because proper machinery has not been provided or the machinery is not working properly."

11. Six years later the situation has remained almost the same as can be seen from the Taxation Enquiry Commission Report which observed as follows in Chapter 12 of its Report, Volume II:—

> "It is observed from statistics in connection with the disclosure drive that income as originally included in the returns sent to the Income-tax Department by assessees who made disclosures was grossly understated. The difference between the income as originally returned and that disclosed to the Department is on the average as much as 600 per cent. When it is remembered that these statistics are of admitted evasion, which has been detected by the Department, allowance is made for the fact that the department is ill-equipped in the matter of trained staff to cope adequately with the problem of evasion, quantum of the evasion which actually takes place and goes undetected, could rightly be estimated at a high figure indeed."
>
> "Evasion can be tackled effectively only by improving and strengthening the enforcement machinery."

12. A look at the Department five years later revealed that the position had not improved; in fact it worsened with the result that another Committee had to be appointed (The Direct Taxation Administrative Inquiry Committee Report, 1958-59), with the terms of reference, "to advise Government on the administrative organisation and procedures necessary for implementing the integrated scheme of direct taxaton with due regard to a need for eliminating tax evasion and avoiding inconvenience to assessees."

13. The situation, even after this comprehensive report was received, had not shown any desirable improvement, so much so, the Commissions appointed later and particularly the Public Accounts Committee had frequently to call the attention of the Government to the growing ineffectiveness of the administrative machinery.

14. The tax administration must have a sound basic information system though not of the transaction of the assessees, but at least as regards the number of assessees, assessment completed, tax collected and arrears. Most unfortunately the maintenance of statistics even in such elementary areas has received the lowest priority in th department even upto the present day. The Working Group of the Administrative Reforms Commission of Central Direct Taxes had sadly commented on the prevailing state of affairs as follows:—

> "The tax which the Department administers affects the social and economic life of the country in a most powerful way. No one knows or can know as much about the fact of the administration of the taxes as members of this Department. But we doubt if there is a machinery in the department adequately equipped to give information on such matters."

15. Even coming to as late a period as 1972-73, we find from the Audit Report for the year presented by the Comptroller and Auditor-General, several contradictions in basic figures supplied by the Ministry of Finance. In one place the total collection of Income-tax and corporate-tax is shown as Rs. 1,183.33 crores in another place it is Rs. 1,172.78 crores and in a third place Rs. 1,261.41 crores. While reporting the arrears of assessments, the closing balance for 1970-71 is shown as 12,38,829 assessments pending; out of these the department is stated to have disposed of 14,87,270 assessments (*vide* Page 9 of the Audit Report 1972-73—Direct Taxes). There cannot be a sadder commentary on the situation in which the Department finds itself.

16. The oft repeated excuse for this state of affairs is that there has been a voluminous increase in the number of cases to be disposed of and that there has been no corresponding increase in the man-power to tackle the situation. This plea, if examined with reference to actual availability in the department, does not appear to be valid. For a vast country like India, even at the end of the Fourth Five Year Plan, the total number of assessees is only of the order of 34 lakhs (1972-73). Of these cases where business income exceeds Rs. 15,000 account for only 5 lakhs; other cases with less than Rs. 15,000 o fannual income are swamped under a new scheme called "Summary Assessment Scheme", in which admitted-

ly the assessment is only summary. In its eighty-Seventh Report (Fifth Lok Sabha), the public Accounts Committee has observed:

> "The Committee are not satisfied that there was any need for the increase of officers for assessment work in view of the simplification in assessment procedures brought about in recent years. They find that about 89 per cent. of the assessees are in the categories III to V. The assessments in these cases do not require much effort on the part of the assessing officers.
>
> The Committee note that 71 per cent. of the revenue is collected from 11 per cent. of the total number of assessees falling in categories I and II. It is on these cases that the Income-tax Officers should naturally concentrate. They should investigate thoroughly big cases to unearth concealment of income. There should be a greater emphasis on survey work to bring substantial-tax dodgers within the Income-tax net."

The Income-tax net is more like the proverbial spiders web where the small flies are caught and big ones break through!

17. The existing state of affairs reveals a tax arrear of nearly Rs. 800 crores and an arrear assessment of 13.92 lakhs. It appears no serious attempt has ever been made for a proper management policy. There are today over 3000 Income-tax Officers, nearly 100 Commissioners and 700 Assistant Commissioners. The Income-tax Officer is the key-stone of income-tax administration as observed by the Working Group of the Central Direct Tax Administration. But unfortunately among the rank and file of the Income-tax Officers there is now "a complete sense of frustration and discontent as the whole department looks more like a battle-field than an organised disciplined force dedicated to the task it has undertaken."

18. The whole service is divided into rival camps and much of the time of the Committee was taken up in listening to the grievances of the Tax Officers so much so that the Select Committee has to step a little out of its terms of reference to make a recommendation inviting the Government to look into the grievances of the officers. The problem is not going to be solved even after adequate attention of all the grievances to the satisfaction of the officers. The problem is one bound up with larger issues of their recruitment, training, adequate work analysis, effective supervision and efficient top management.

19. Coming to some important clauses of the Bill, especially those dealing with charitable trusts, settlement commission, searches and penalties, it is regrettable that the position is being made worse so as to work to the advantage of tax dodgers and "those professional gentlemen who assist them in the matter."

The avoidance of tax through the media of charitable trusts is a well-known phenomenon and the serious abuse was fully recognised by no less a person than the Prime Minister of India who was also the Finance Minister in 1970. She had said in her budget speech "One of the major devices leading to tax evasion and avoidance is the creation of private trust."

In the Finance Bill of that year the Income-tax Act was amended to give exemption in respect of income actually applied to the purposes of the trust in the same year or within three months of the close of the year.

This was due to quote the Prime Minister again "to curb the use of the funds of charitable and religious trusts to acquire control over industry and business."

20. Now the Government has gone back on this well thought out scheme; they have reverted back to the position *status quo ante* 1970.

In fact the studies made on the working of the trusts in India and the notes submitted to the Select Committee by the Government themselves go to prove that the big business houses have managed to have the assets of the trusts invested in the shares of the companies belonging to them to as high a percentage as 98 per cent. In spite of the continued abuse of the media of trusts, the Government had proposed to put the clock back. This goes beyond the Wanchoo Committee Report which it is true, showed some concerned about the cases "where a part of the income, although accrued, may not have been actually received to be available for expenditure or accumulation in the specified manner". It is not known why the Government repudiated the stand taken by the Prime Minister in the Finance Bill of 1970. Does that mean that the Government are now not opposed to the use of funds of charitable trusts in the hands of big houses to acquire control over industry and business.

21. Another significant event has been the withdrawal of an amendment proposed by the Government in the Bill to clause 13 by which it was sought to remove the anomaly and inequity between the trusts created before 1.4.1962 and thereafter. At the present, the charitable trusts or institutions created before 1.4.1962, even if they are for a particular religious community or caste, enjoy tax exemption which is not available to similar trusts created after that date. The Wanchoo Committee went into the whole question thoroughly and came to the conclusion that "in our opinion, however, difference in tax due to trusts created before and after 19th April, 1962, is not only anamolous but also inequitus. No doubt, the trusts created before the 1st day of April, 1962 were created with reference to the law then in force, but this law cannot be allowed to stand in the way of such trusts being made to conform to the requirements of new law within a reasonable period of time." On the basis of this recommendation, clause 6(i)(a) was included in the Bill. Now the Government proposes to delete this provision thereby allowing the anomaly and inequity to continue. If it is the contention that protection should be given to minorities, we have no objection provided the term "minority" is legally defined and benefits allowed to genuine minority groups. But the way in which the Government is continuing the anomaly to the advantage of some vested interests is highly objectionable. This is not a gesture shown to minorities, but a gesture to vested interests who are indeed in a minority in the society.

22. Regarding investments of trust funds and assets, the Bill, as amended, has set up certain restrictions so as to curb the numerous,

32. The powers of search and seizure have been vested with the officers of this department from 1956 and have been progressively made more comprehensive so as to clothe them with greater power with each amendment. In spite of that, as the figures given in the Wanchoo Committee Report (Page 16) reveal that no more than 1447 cases of search and seizures have taken place over a period of seven years, resulting in seizures of assets to the value of Rs. 6.99 crores, which comes to an average of one crore per annum against an estimated evasion of Rs. 1,400 crores per year (*vide* para 2.17, Wanchoo Committee Report).

On further analysis it would be seen that in most of the cases, as far back as 1964-65, the assessments are remaining uncompleted even till today, and where completed, the fate of the assessments on appeal would show how far effective these searches would have been. Not many searches have been made in the case of "well-known black marketeers". Most of the searches have been conducted in the case of petty dealers and possibly the searches have not been effective as could be seen from the number of prosecutions launched and convictions obtained.

33. Even where concealments have been unearthed, the administration with its penal powers has been found to be reluctant to use its might against the offenders, if such offenders happened to belong to the higher brackets of the tax structure. The Public Accounts Committee in its 87th Report (Fifth Lok Sabha) said:

> "However, it is disappointing to find that out of 75 cases where the income concealed was over Rs 5 lakhs during 1970-71. Only in one case prosecution was launched and two other cases are stated to be under consideration."

Avoidance is apparently practised more by the tax administration than by the tax-dodgers'.

34. The powers available to the Department would appear to have been used more in a spirit of individual vendetta or political inspiration rather than for the purpose of unearthing concealment. It is not our intention that the department should not go heavily with all the powers to unearth black money hidden by powerful business interests or by men in high places. Our whole point is that the Department is not showing the same vigour and enthusiasm in acting against such powerful interests as they show in the case of "the butcher, the baker and the candle stick-maker", as Justice Vivian Bose once said. In such a situation, to arm them with more powers would be to give them a tool for causing harassment with objectives other than those indicated in this Bill.

This Bill is indeed a Black Money Bill—a Bill to encourage 'black money'!

ERA SEZHIYAN,
P. G. MAVALANKER,
S. M. BANERJEE.

NEW DELHI;
March 19, 1975
Phalguna 28, 1896 (*S*)

Bill No. 34A of 1973

THE TAXATION LAWS (AMENDMENT) BILL, 1973

(AS REPORTED BY THE SELECT COMMITTEE)

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

A

BILL

further to amend the Income-tax Act, 1961, *the Wealth-tax Act,* 1957, *the Gift-tax Act,* 1958 *and the Companies (Profits) Surtax Act,* 1964.

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

CHAPTER I

PRELIMINARY

Short title and commencement.

1. (*1*) This Act may be called the Taxation Laws (Amendment) Act, 1975.

(*2*) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint and different dates may be appointed for different provisions of this Act and any reference to "the commencement of the Taxation Laws (Amendment) Act, 1975" in any amendment made by any provision of this Act shall be construed as a reference to the coming into force of that provision.

CHAPTER II

AMENDMENTS TO THE INCOME-TAX ACT, 1961

* * * * *

Amendment of section 2.

2. In section 2 of the Income-tax Act, 1961 (hereafter in this Chapter referred to as the Income-tax Act), after clause (*15*), the following clause shall be inserted, namely:— 43 of 1961.

'(*15A*) "child", in relation to an individual, includes a step-child and an adopted child of that individual;'.

Amendment of section 10.

3. In section 10 of the Income-tax Act,—

(*i*) in clause (*6*), after sub-clause (*vi*), the following sub-clause shall be inserted, namely:—

"(*via*) the remuneration received by him as an employee of, or a consultant to, an institution or association or a body established or formed outside India solely for philanthropic purposes, for services rendered by him in India in connection with such purposes; provided that such institution or association or body and the purposes for which his services are rendered in India are approved by the Central Government;";

(*ii*) after clause (*23B*), the following clause shall be inserted, namely:—

"(*23C*) any income received by any person on behalf of—

(*i*) the Prime Minister's National Relief Fund; or

(*ii*) the Prime Minister's Fund (Promotion of Folk Art); or

(*iii*) the Prime Minister's Aid to Students Fund; or

(*iv*) any other fund or institution established for charitable purposes which may be notified by the Central Government in the Official Gazette, having regard to the objects of the fund or institution and its importance throughout India or throughout any State or States:

Provided that any notification issued by the Central Government under this sub-clause shall have effect for such assessment year or years (including an assessment year or years commencing before the date on which such notification is issued) as may be specified in the notification;".

Amendment of section 11.

4. In section 11 of the Income-tax Act,—

(*i*) in sub-section (*1*),—

(*a*) for clauses (*a*) and (*b*), the following clauses shall be substituted, namely:—

"(*a*) income derived from property held under trust wholly for charitable or religious purposes, to the extent to which such income is applied to such purposes in India; and, where any such income is accumulated or set apart for

application to such purposes in India, to the extent to which the income so accumulated or set apart is not in excess of twenty-five per cent. of the income from such property;

(*b*) income derived from property held under trust in part only for such purposes, the trust having been created before the commencement of this Act, to the extent to which such income is applied to such purposes in India; and, where any such income is finally set apart for application to such purposes in India, to the extent to which the income so * * * set apart is not in excess of twenty-five per cent. of the income from such property;";

(*b*) for the *Explanation*, the following *Explanation* shall be substituted, namely:—

"*Explanation.*—For the purposes of clauses (*a*) and (*b*),—

(*1*) in computing the twenty-five per cent. of the income which may be accumulated or set apart, any such voluntary contributions as are referred to in section 12 shall be deemed to be part of the income;

(*2*) if, in the previous year, the income applied to charitable or religious purposes in India falls short of seventy-five per cent. of the income derived during that year from property held under trust, or, as the case may be, held under trust in part, by any amount—

(*i*) for the reason that the whole or any part of the income has not been received during that year, or

(*ii*) for any other reason,

then—

(*a*) in the case referred to in sub-clause (*i*), so much of the income applied to such purposes in India during the previous year in which the income is received or during the previous year immediately following as does not exceed the said amount; and

(*b*) in the case referred to in sub-clause (*ii*), so much of the income applied to such purposes in India during the previous year immediately following the previous year in which the income was derived as does not exceed the said amount,

may, at the option of the person in receipt of the income [such option to be exercised in writing before the expiry of the time allowed under sub-section (*1*) or sub-section (2) of section 139, whether fixed originally or on extension for furnishing the return of income] be deemed to be income applied to such purposes during the previous year in which the income was derived; and the income so deemed to have been applied shall not be taken

into account in calculating the amount of income applied to such purposes, in the case referred to in sub-clause (*i*), during the previous year in which the income is received or during the previous year immediately following, as the case may be, and, in the case referred to in sub-clause (*ii*), during the previous year immediately following the previous year in which the income was derived.";

(*ii*) after sub-section (*1A*), the following sub-section shall be inserted, namely:—

"(*1B*) Where any income in respect of which an option is exercised under clause (*2*) of the *Explanation* to sub-section (*1*) is not applied to charitable or religious purposes in India during the period referred to in sub-clause (*a*) or, as the case may be, sub-clause (*b*), of the said clause, then, such income shall be deemed to be the income of the person in receipt thereof—

(*a*) in the case referred to in sub-clause (*i*) of the said clause of the previous year immediately following the previous year in which the income was received, or

(*b*) in the case referred to in sub-clause (*ii*) of the said clause, of the previous year immediately following the previous year in which the income was derived.";

(*iii*) in sub-section (*2*), for the portion beginning with the words, brackets, letters and figure "Where any income referred to in clause (*a*) or clause (*b*) of sub-section (*1*)" and ending with the words "the following conditions are complied with, namely:—", the following shall be substituted, namely:—

"Where seventy-five per cent. of the income referred to in clause (*a*) or clause (*b*) of sub-section (*1*) read with the *Explanation* to that sub-section is not applied, or is not deemed to have been applied, to charitable or religious purposes in India during the previous year but is accumulated or set apart, either in whole or in part, for application to such purposes in India, such income so accumulated or set apart shall not be included in the total income of the previous year of the person in receipt of the income, provided the following conditions are complied with, namely:—";

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

"(*3A*) Notwithstanding anything contained in sub-section (*3*), where due to circumstances beyond the control of the person in receipt of the income, any income invested or deposited in accordance with the provisions of clause (*b*) of sub-section (*2*) cannot be applied for the purpose for which it was accumulated or set apart, the Income-tax Officer may, on an application made to him in this behalf, allow such person to apply such income for such other charitable or religious purpose in India as is specified in the application by such person and as is in conformity with

the objects of the trust; and thereupon the provisions of sub-section (*3*) shall apply as if the purpose specified by such person in the application under this sub-section were a purpose specified in the notice given to the Income-tax Officer under clause (*a*) of sub-section (*2*).".

Amendment of section 13.

5. In section 13 of the Income-tax Act,—

(*i*) in sub-section (*1*),—

* * * * *

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

"(*bb*) in the case of a charitable trust or institution for the relief of the poor, education or medical relief, which carries on any business, any income derived from such business, unless the business is carried on in the course of the actual carrying out of a primary purpose of the trust or institution;";

(*b*) after clause (*c*) and the provisos thereto, the following clause shall be inserted, namely:—

"(*d*) subject to the provisions of clause (*bb*), in the case of a trust for charitable or religious purposes or a charitable or religious institution, any income thereof assessable for any assessment year commencing on or after the 1st day of April, 1979, if any funds of the trust or institution are invested or deposited or continue to remain invested or deposited for any period during any previous year commencing on or after the 1st day of April, 1978, otherwise than in any of the forms or modes specified in sub-section (*5*).";

(*ii*) in sub-section (*3*), for clause (*b*), the following clause shall be substituted, namely:—

"(*b*) any person who has made a substantial contribution to the trust or institution, that is to say, any person whose total contribution up to the end of the relevant previous year exceeds five thousand rupees;";

(*iii*) after sub-section (*4*) and before *Explanation 1*, the following sub-sections shall be inserted, namely:—

'(*5*) The forms and modes of investing or depositing funds referred to in clause (*d*) of sub-section (*1*) shall be—

(*a*) in a case where such funds represent the original corpus of the trust or institution or any contributions made to the trust or institution with a specific direction that they shall form part of the corpus of the trust or institution—

(*i*) investment in savings certificates as defined in clause (*c*) of section 2 of the Government Savings Certificates Act, 1959 and any other securities or certificates issued or to be issued by the Central Government under the small savings schemes of that Government;

46 of 1959.

(*ii*) deposit in any account with the Post Office Savings Bank;

(*iii*) deposit in any account with any nationalised Bank, that is to say, any corresponding new Bank constituted under section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970; 5 of 1970.

(*iv*) investment in units in the Unit Trust of India established under the Unit Trust of India Act, 1963; 52 of 1963.

(*v*) investment in any security for money created and issued by the Central Government or a State Government;

(*vi*) investment in debentures issued by, or on behalf of, any company or corporation both the principal whereof and the interest whereon are fully and unconditionally guaranteed by the Central Government or by a State Government;

(*vii*) investment or deposit in any Government company as defined in section 617 of the Companies Act, 1956; and 1 of 1956.

(*b*) in any other case, the forms or modes referred to in sub-clause (*i*), sub-clause (*ii*), sub-clause (*iii*) and sub-clause (*iv*) of clause (*a*).

(*6*) Nothing contained in clause (*d*) of sub-section (*1*) shall apply in relation to—

(*i*) any funds forming part of the corpus of the trust or institution immediately before the 1st day of June, 1973;

(*ii*) any monies accumulated or finally set apart and invested or deposited in the manner referred to in clause (*b*) of sub-section (*2*) of section 11;

(*iii*) the original corpus (being assets other than cash) of any trust or institution created or established on or after the 1st day of June, 1973;

(*iv*) any contributions (otherwise than in cash) made to any trust or institution on or after the 1st day of June, 1973 with a specific direction that they shall form part of the corpus of the trust or institution.'.

* * * *

Amendment of section 23.

6. In section 23 of the Income-tax Act,—

(*i*) *in sub-section* (*1*),—

(*a*) for the opening paragraph, the following shall be substituted, namely:—

"(*1*) For the purposes of section 22, the annual value of any property shall be deemed to be—

(*a*) the sum for which the property might reasonably be expected to let from year to year; or

(*b*) where the property is let and the annual rent received or receivable by the owner in respect thereof

is in excess of the sum referred to in clause (a), the amount so received or receivable:";

(*b*) the following *Explanation* shall be inserted at the end, namely:—

'*Explanation.*—For the purposes of this sub-section, "annual rent" means—

(*a*) in a case where the property is let throughout the previous year, the actual rent received or receivable by the owner in respect of such year; and

(*b*) in any other case, the amount which bears the same proportion to the amount of the actual rent received or receivable by the owner for the period for which the property is let, as the period of twelve months bears to such period.';

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

"(*2*) Where the property consists of—

(*i*) a house in the occupation of the owner for the purposes of his own residence, the annual value of such house shall first be determined in the same manner as if the property had been let and further be reduced by one-half of the amount so determined or one thousand and eight hundred rupees, whichever is less;

(*ii*) more than one house in the occupation of the owner for the purposes of his own residence, the provisions of clause (*i*) shall apply only in respect of one of such houses, which the assessee may, at his option, specify in this behalf:

Provided that for the purposes of clauses (*i*) and (*ii*), where the sum so arrived at exceeds ten per cent. of the total income of the owner (the total income for this purpose being computed without including therein any income from such property and before making any deduction under Chapter VIA), the excess shall be disregarded.

Explanation.—Where any such residential unit as is referred to in the second proviso to sub-section (*1*) is in the occupation of the owner for the purposes of his own residence, nothing contained in that proviso shall apply in computing the annual value of that residential unit.

(*2*) For the removal of doubt, it is hereby declared that, where the property consists of more than one house and such houses are in the occupation of the owner for the purposes of his own residence, the annual value of the houses, other than that the annual value of which is required to be determined under clause (*ii*) of sub-section (*2*), shall be determined under sub-section (*1*) as if such houses had been let.".

Amendment of section 26.

7. In section 26 of the Income-tax Act, the following *Explanation* shall be inserted at the end, namely:—

"*Explanation.*—For the purposes of this section, in applying the provisions of sub-section (*2*) of section 23 for computing the share of each such person as is referred to in this section, such share shall be computed, as if each such person is individually entitled to the relief provided in that sub-section.".

Amendment of section 32.

8. In sub-section (*1*) of section 32 of the Income-tax Act, for clause (*i*), the following clause shall be substituted, namely:—

"(*i*) in the case of ships other than ships ordinarily plying on inland waters, such percentage on the actual cost thereof to the assessee as may, in any case or class of cases or in respect of any period or periods, be prescribed:

Provided that different percentages may be prescribed for different periods having regard to the date of acquisition of the ship;".

Amendment of section 35C.

9. In sub-section (*1*) of section 35C of the Income-tax Act,—

(*i*) in clause (*a*), after the words "Where any company", the words "or a co-operative society" shall be inserted;

(*ii*) for the words "the company", wherever they occur, the words "the company or co-operative society" shall be substituted.

Amendment of section 37.

10. In sub-section (*1*) of section 37 of the Income-tax Act, after the words and figures "sections 30 to 36", the words, figures and letters "and section 80VV" shall be inserted.

Insertion of new section 44B.

11. In Chapter IV of the Income-tax Act, under the heading "*D.—Profits and gains of business or profession*", after section 44A, the following section shall be inserted, namely:—

Maintenance of accounts by certain persons carrying on profession or business.

"44B. (*1*) Every person carrying on legal, medical, engineering or architectural profession or the profession of accountancy or technical consultancy or interior decoration or any other profession as is notified by the Boad in the Official Gazette shall keep and maintain such books of account and other documents as may enable the Income-tax Officer to compute his total income in accordance with the provisions of this Act.

(*2*) Every person carrying on business or profession [not being a profession referred to in sub-section (*1*)] shall,—

(*i*) if his income from business or profession exceeds twenty-five thousand rupees or his total sales, turnover or gross receipts, as the case may be, in business or profession exceed or exceeds two hundred and fifty thousand rupees in any one of the three years immediately preceding the previous year; or

(*ii*) where the business or profession is newly set up in any previous year, if his income from business or profession is likely to exceed twenty-five thousand rupees or his total sales, turnover or gross receipts, as the case may be, in business or profession are or is likely to exceed two hundred and fifty

thousand rupees, during such previous year,

keep and maintain such books of account and other documents as may enable the Income-tax Officer to compute his total income in accordance with the provisions of this Act.

(3) The Board may, having regard to the nature of the business or profession carried on by any class of persons, prescribe, by rules, the books of account and other documents (including inventories, wherever necessary) to be kept and maintained under sub-section (1) or sub-section (2), the particulars to be contained therein and the form and the manner in which and the place at which they shall be kept and maintained.

(4) Without prejudice to the provisions of sub-section (3), the Board may prescribe, by rules, the period for which the books of account and other documents to be kept and maintained under sub-section (1) or sub-section (2) shall be retained.".

Amendment of section 49.

12. In sub-section (1) of section 49 of the Income-tax Act,—

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

"(iv) such assessee being a Hindu undivided family, by the mode referred to in sub-section (2) of section 64 at any time after the 31st day of December, 1969,";

(b) in the *Explanation*, for the words, brackets and figures "clause (ii) or clause (iii)", the words, brackets and figures "clause (ii) or clause (iii) or clause (iv)" shall be substituted.

Amendment of section 64.

13. In section 64 of the Income-tax Act,—

(a) for sub-section (1), the following sub-section shall be substituted, namely:—

"(1) In computing the total income of any individual, there shall be included all such income as arises directly or indirectly—

(i) to the spouse of such individual from the membership of the spouse in a firm carrying on a business in which such individual is a partner;

(ii) to the spouse of such individual by way of salary, commission, fees or any other form of remuneration whether in cash or in kind from a concern in which such individual has a substantial interest:

Provided that nothing in this clause shall apply in relation to any income arising to the spouse where the spouse possesses technical or professional qualifications and the income is solely attributable to the application of his or her technical or professional knowledge and experience;

(iii) to a minor child of such individual from the admission of the minor to the benefits of partnership in a firm;

(iv) subject to the provisions of clause (i) of section 27, in a case not falling under clause (i) of this sub-section, to the spouse of such individual from assets transferred directly or indirectly to the spouse by such individual other-

wise than for adequate consideration or in connection with an agreement to live apart;

(*v*) subject to the provisions of clause (*i*) of section 27, in a case not falling under sub-clause (*iii*) of this sub-section, to a minor child (not being a married daughter) of such individual, from assets transferred directly or indirectly to the minor child by such individual otherwise than for adequate consideration;

(*vi*) to the son's wife, or son's minor child, of such individual, from assets transferred directly or indirectly on or after the 1st day of June, 1973 to the son's wife or son's minor child by such individual otherwise than for adequate consideration; and

(*vii*) to any person or association of persons from assets transferred directly or indirectly otherwise than for adequate consideration to the person or association of persons by such individual, to the extent to which the income from such assets is for the immediate or deferred benefit of his or her spouse or minor child (not being a married daughter) or both.

Explanation 1.—For the purposes of clause (*i*), the individual, in computing whose total income the income referred to in that clause is to be included, shall be the husband or wife whose total income (excluding the income referred to in that clause) is greater; and, for the purposes of clause (*iii*), the income of the minor child from the partnership shall be included in the income of that parent whose total income (excluding the income referred to in that clause) is greater; and where any such income is once included in the total income of either spouse or parent, any such income arising in any succeeding year shall not be included in the total income of the other spouse or parent unless the Income-tax Officer is satisfied, after giving that spouse or parent an opportunity of being heard, that it is necessary so to do.

Explanation 2.—For the purposes of clause (*ii*), an individual shall be deemed to have a substantial interest in a concern—

(*i*) in a case where the concern is a company, if its shares (not being shares entitled to a fixed rate of dividend whether with or without a further right to participate in profits) carrying not less than twenty per cent. of the voting power are, at any time during the previous year, owned beneficially by such person or partly by such person and partly by one or more of his relatives;

(*ii*) in any other case, if such person is entitled, or such person and one or more of his relatives are entitled in the aggregate, at any time during the previous year, to not less than twenty per cent. of the profits of such concern.

Explanation 3.—For the purposes of clauses (*iv*) and (*v*), where the assets transferred directly or indirectly by an individual to his spouse or minor child are invested by the spouse or

minor child in any business, that part of the income arising out of the business to the spouse or minor child in any previous year, which bears the same proportion to the income of the spouse or minor child from the business as the value of the assets aforesaid as on the first day of the previous year bears to the total investment in the business by the spouse or the minor child as on the said day, shall be included in the total income of the individual in that previous year.";

* * * * *

(*b*) in sub-section (*2*),—

(*i*) in clause (*b*), the words ", in so far as it is attributable to the interest of the individual in the property of the family," shall be omitted;

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

"(*c*) where the converted property has been the subject-matter of a partition (whether partial or total) amongst the members of the family, *** the income derived from such converted property as is received by the spouse or minor child on partition shall be deemed to arise to the spouse or minor child from assets transferred indirectly by the individual to the spouse or minor child and the provisions of sub-section (*1*) shall, so far as may be, apply accordingly:";

(*iii*) in the proviso, for the words "minor son", the words "minor child" shall be substituted;

(*iv*) in the *Explanation*,—

(*A*) the brackets and figure "(*1*)" shall be omitted;

(*B*) clause (*2*) shall be omitted.

Insertion of new sections 69C and 69D.

14. In Chapter VI of the Income-tax Act, under the heading "*Aggregation of income*", after section 69B, the following sections shall be inserted, namely:—

Unexplained expenditure, etc.

"69C. Where in any financial year an assessee has incurred any expenditure and he offers no explanation about the source of such expenditure or part thereof, or the explanation, if any, offered by him is not, in the opinion of the Income-tax Officer, satisfactory, the amount covered by such expenditure or part thereof, as the case may be, may be deemed to be the income of the assessee for such financial year.

Amount borrowed or repaid on *hundi*.

69D. Where any amount is borrowed on a *hundi* from, or any amount due thereon is repaid to, any person otherwise than through an account payee cheque drawn on a bank, the amount so borrowed or repaid shall be deemed to be the income of the person borrowing or repaying the amount aforesaid for the previous year in which the amount was borrowed or repaid, as the case may be:

Provided that, if in any case any amount borrowed on a *hundi* has been deemed under the provisions of this section to be the income of any person, such person shall not be liable to be assessed again in respect of such amount under the provisions of this section on repayment of such amount.

Explanation.— For the purposes of this section, the amount repaid shall include the amount of interest paid on the amount borrowed.".

Amendment of section 73.

15. In section 73 of the Income-tax Act, the following *Explanation* shall be inserted at the end, namely:—

"*Explanation.*—Where any part of the business of a company [other than an investment company, as defined in clause (*i*) of section 109, or a company the principal business of which is the business of banking or the granting of loans and advances] consists in the purchase and sale of shares of other companies, such company shall, for the purposes of this section, be deemed to be carrying on a speculation business to the extent to which the business consists of the purchase and sale of such shares.".

Amendment of section 80A.

16. In section 80A of the Income-tax Act,—

(*i*) in sub-section (*1*), for the figures and letter "80U", the figures and letters "80VV" shall be substituted;

(*ii*) in sub-section (*3*), the words, figures and letter "or section 80H" shall be omitted.

Amendment of section 80B.

17. In section 80B of the Income-tax Act, clauses (*1*) and (*9*) shall be omitted.

Amendment of section 80G.

18. In section 80G of the Income-tax Act,—

(*i*) for sub-section (*1*), the following sub-section shall be substituted, namely:—

"(*1*) In computing the total income of an assessee, there shall be deducted, in accordance with and subject to the provisions of this section, an amount equal to fifty per cent. of the aggregate of the sums specified in sub-section (*2*).";

(*ii*) in clause (*i*) of sub-section (*5*), after the words, brackets and figures "or clause (*23*)", the words, brackets, figures and letter "or clause (*23C*)" shall be inserted.

Insertion of new Section 80GG.

19. In Chapter VIA of the Income-tax Act, under the heading "*B.—Deductions in respect of certain payments*", after section 80G, the following section shall be inserted, namely:—

Deduction in respect of rents paid.

'80GG. In computing the total income of an assessee, not being an assessee having any income falling within clause (*13A*) of section 10, there shall be deducted any expenditure incurred by him in excess of ten per cent. of his total income towards payment of rent (by whatever name called) in respect of any furnished or unfurnished accommodation occupied by him for the purposes of his own residence, to the extent to which such excess expenditure does not exceed three hundred rupees per month or fifteen per cent. of his total income for the year, whichever is less, and subject to such other conditions or limitations as may be prescribed, having regard to the area or place in which such accommodation is situated and other relevant considerations:

Provided that nothing in this section shall apply to an assessee in any case where any residential accommodation is owned by him or by his spouse or minor child, or, where such assessee is a member of a Hindu undivided family, by such family.

Explanation.—In this section, the expressions "ten per cent. of his total income" and "fifteen per cent. of his total income" shall mean ten per cent. or fifteen per cent., as the case may be, of the assessee's total income before allowing deduction for any expenditure under this section.'.

Omission of section 80H.

20. Section 80H of the Income-tax Act shall be omitted.

Amendment of section 80HH.

21. In section 80HH of the Income-tax Act, sub-section (*8*) shall be omitted.

Amendment of section 80J.

22. In section 80J of the Income-tax Act,—

(*i*) in sub-section (*1*), for the brackets, words, figures and letters "(reduced by the aggregate of the deductions, if any, admissible to the assessee under section 80H and section 80HH)", the brackets, words, figures and letters "(reduced by the deduction, if any, admissible to the assessee under section 80HH)" shall be substituted;

(*ii*) in sub-section (*3*), the word, figures and letter "section 80H," shall be omitted.

Amendment of section 80L.

23. In sub-section (*1*) of section 80L of the Income-tax Act, after clause (*vii*), the following clause shall be inserted, namely:—

"(*viia*) interest on deposits with any authority constituted in India by or under any law enacted either for the purpose of dealing with and satisfying the need for housing accommodation or for the purpose of planning, development or improvement of cities, towns and villages, or for both;".

Amendment of section 80P.

24. In sub-section (*3*) of section 80P of the Income-tax Act,—

(*i*) the words, figures and letter "section 80H or" shall be omitted;

(*ii*) for the words, figures and letters "deductions under section 80H, section 80HH and section 80J", the words, figures and letters "deductions under section 80HH and section 80J" shall be substituted.

Amendment of section 80QQ.

25. In sub-section (*2*) of section 80QQ of the Income-tax Act,—

(*i*) the words, figures and letter "section 80H or" shall be omitted;

(*ii*) the word, figures and letter "section 80H," shall be omitted.

Insertion of new sections 80V and 80VV.

26. In Chapter VIA of the Income-tax Act, under the heading "*D.—Other deductions*", after section 80U, the following sections shall be inserted, namely:—

Deduction of interest on moneys borrowed to pay taxes.

"80V. In computing the total income of an assessee, there shall be allowed by way of deduction any interest paid by him in the previous year on any money borrowed for the payment of any tax due from him under this Act.

Deduction in respect of expenses incurred in connection with certain proceedings under the Act.

80VV. In computing the total income of an assessee, there shall be allowed by way of deduction any expenditure incurred by him in the previous year in respect of any proceedings before any income-tax authority or the Appellate Tribunal or any court relating to the determination of any liability under this Act, by way of tax, penalty or interest:

Provided that no deduction under this section shall, in any case, exceed in the aggregate five thousand rupees.".

Amendment of section 104.

27. In section 104 of the Income-tax Act, for sub-section (4), the following sub-section shall be substituted, namely:—

"(4) Without prejudice to the provisions of section 108, nothing contained in this section shall apply to a company which is neither an Indian company nor a company which has made the prescribed arrangements for the declaration and payment of dividends within India.".

Amendment of section 109.

28. In section 109 of the Income-tax Act,—

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

'(*ia*) "industrial company" means an Indian company whose business consists wholly in the construction of ships or in the manufacture or processing of goods or in mining or in the generation or distribution of electricity or any other form of power;';

(*b*) in clause (*iii*),—

(*i*) for sub-clause (*1*), the following sub-clauses shall be substituted, namely:—

"(*1*) in the case of an industrial company .. 45%;

(*2*) in the case of an investment company other than an investment company which falls under sub-clause (*3*) of this clause .. 90%;";

(*ii*) in sub-clause (*3*), for the portion beginning with the words "in the case of an Indian company" and ending with the words "attributable to such business .. Nil;",

the following shall be substituted, namely:—

"in the case of an Indian company, not being an industrial company, a part of whose gross total income consists of profits and gains attributable to the business of construction of ships or of manufacture or processing of goods or of mining or of generation or distribution of electricity or any other form of power—

(*a*) in relation to the said part of its gross total income .. 45%;";

(*iii*) for the *Explanation* below sub-clause (*3*), the following *Explanation* shall be substituted, namely:—

"*Explanation.*—The provisions of this Chapter shall apply as if the aforesaid two parts of the gross total income of the

company were respectively the gross total income of the company in relation to each such part and as if the amount of dividends actually distributed and the distributable income were also similarly apportioned for the purposes of section 104 and this section;".

* * * * *

Amendment of section 124.

29. In sub-section (2) of section 124 of the Income-tax Act, for the portion beginning with the words "and shall perform such functions", and ending with the words "work to be performed.", the following shall be substituted, namely:—

"and shall perform their functions in relation to the said area, or persons or classes of persons, or incomes or classes of income, or cases or classes of cases, in accordance with such general or special orders in writing as the Commissioner or the Inspecting Assistant Commissioner authorised by the Commissioner in this behalf, may make for the purpose of facilitating the performance of such functions.".

Amendment of section 125.

30. In sub-section (1) of section 125 of the Income-tax Act, in the proviso,—

(*i*) after the figures and letter "132A,", the figures and letter "132B," shall be inserted;

(*ii*) for the words, figures and brackets "and 271 to 274 (both inclusive)", the figures, words and brackets ", 271 to 273 (both inclusive) and 274" shall be substituted.

Insertion of new section 125A.

31. After section 125 of the Income-tax Act, the following section shall be inserted, namely:—

Concurrent jurisdiction of Inspecting Assistant Commissioner and Income-tax Officer.

"125A. (1) The Commissioner may, by general or special order in writing, direct that all or any of the powers or functions conferred on, or assigned to, the Income-tax Officer or Income-tax Officers by or under this Act in respect of any area, or persons or classes of persons, or incomes or classes of income, or cases or classes of cases, shall be exercised or performed concurrently by the Inspecting Assistant Commissioner.

(2) Where under sub-section (1), an Inspecting Assistant Commissioner exercises concurrent jurisdiction with one or more Income-tax Officers in respect of any area, or persons or classes of persons, or incomes or classes of income, or cases or classes of cases, the Income-tax Officer or Income-tax Officers shall exercise the powers and perform the functions under this Act in relation thereto as the Inspecting Assistant Commissioner may direct.

(3) Without prejudice to the generality of the provisions contained in sub-section (3) of section 119, every Income-tax Officer shall also observe and follow such instructions as may be issued to him for his guidance by the Inspecting Assistant Commissioner within whose jurisdiction he performs his functions in relation to any particular proceeding or the initiation of any proceeding under this Act:

Provided that no instructions, which are prejudicial to the assessee, shall be issued before an opportunity is given to the assessee to be heard.

Explanation.—**For the purposes of this sub-section, no instruction as to the lines on which an investigation connected with the assessment should be made shall be deemed to be an instruction prejudicial to the assessee.**

(4) Where an order is made under sub-section (*1*) and the Inspecting Assistant Commissioner exercises the powers or performs the functions of an Income-tax Officer in relation to any area, or persons or classes of persons, or incomes or classes of income, or cases or classes of cases, references in this Act or in any rule made thereunder to the Income-tax Officer and the Appellate Assistant Commissioner shall be consrtued as references to the Inspecting Assistant Commissioner and the Commissioner respectively and, accordingly,—

(*i*) any provision of this Act requiring approval or sanction of the Inspecting Assistant Commissioner shall not apply;

(*ii*) any appeal which would otherwise have lain to the Appellate Assistant Commissioner shall lie to the Commissioner;

(*iii*) any appeal which would have lain from an order of the Appellate Assistant Commissioner to the Appellate Tribunal shall lie from the order of the Commissioner.".

Amendment of section 127.

32. In section 127 of the Income-tax Act, for sub-section (*1*), the following sub-section shall be substituted, namely:—

"(*1*) The Commissioner may, after giving the assessee a reasonable opportunity of being heard in the matter, wherever it is possible to do so, and after recording his reasons for doing so, transfer any case from one or more of the following officers subordinate to him, namely:—

(*a*) any Income-tax Officer or Income-tax Officers;

(*b*) any Income-tax Officer or Income-tax Officers having concurrent jurisdiction with the Inspecting Assistant Commissioner,

to any other Income-tax Officer or Income-tax Officers (whether with or without concurrent jurisdiction with the Inspecting Assistant Commissioner) also subordinate to him and the Board may similarly transfer any case from—

(*i*) any Income-tax Officer or Income-tax Officers, or

(*ii*) any Income-tax Officer or Income-tax Officers having concurrent jurisdiction with the Inspecting Assistant Commissioner,

to any other Income-tax Officer or Income-tax Officers (whether with or without concurrent jurisdiction with the Inspecting Assistant Commissioner):

Provided that nothing in this sub-section shall be deemed to require any such opportunity to be given where the transfer is from any Income-tax Officer or Income-tax Officers (whether with or without concurrent jurisdiction with the Inspecting Assistant Commissioner) to any other Income-tax Officer or Income-tax Officers

(whether with or without concurrent jurisdiction with the Inspecting Assistant Commissioner) and the offices of all such officers are situated in the same city, locality or place:

Provided further that—

(*a*) where any case has been transferred from any Income-tax Officer or Income-tax Officers to two or more Income-tax Officers, the Income-tax Officers to whom the case is so transferred shall have concurrent jurisdiction over such case and shall perform their functions in accordance with such general or special orders in writing as the Board or the Commissioner or the Inspecting Assistant Commissioner authorised by the Commissioner in this behalf, may make for the purpose of facilitating the performance of such functions;

(*b*) where any case has been transferred from any Income-tax Officer or Income-tax Officers (whether with or without concurrent jurisdiction with the Inspecting Assistant Commissioner), to two or more Income-tax Officers with concurrent jurisdiction with the Inspecting Assistant Commissioner, the officers (including the Inspecting Assistant Commissioner) to whom the case is so transferred shall have concurrent jurisdiction over such case and shall perform their functions in accordance with such general or special orders in writing as the Board or the Commissioner may make for the purpose of facilitating the performance of such functions, and the Income-tax Officers shall perform their functions also in accordance with such orders or directions as the Inspecting Assistant Commissioner may make under sub-section (*2*) of section 124 or, as the case may be, under sub-section (*2*) of section 125A.".

Amendment of section 130A.

33. In section 130A of the Income-tax Act, after clause (*b*), the following clause shall be inserted, namely:—

"(*c*) in a case, where two or more Income-tax Officers have concurrent jurisdiction over such assessee in relation to any function, be the Income-tax Officers empowered to perform such function by the Board or, as the case may be, the Income-tax Officers to whom such function has been assigned by an order of the Commissioner or by an order or a direction of the Inspecting Assistant Commissioner under sub-section (*2*) of section 124 or, as the case may be, under sub-section (*2*) of section 125A.".

Amendment of section 131.

34. In section 131 of the Income-tax Act,—

(*i*) after sub-section (*1*), the following sub-section shall be inserted, namely:—

"(*1A*) If the Assistant Director of Inspection has reason to suspect that any income has been concealed, or is likely to be concealed, by any person or class of persons, within his jurisdiction, then, for the purpose of making any enquiry or investigation relating thereto, it shall be competent for him to exercise the powers conferred under sub-section (*1*) on the Income-tax authorities referred to in that sub-section, notwithstanding that no proceedings with respect to such person or class of persons are pending before him or any other Income-tax authority.";

(*ii*) in sub-section (*3*),—

(*a*) in the opening paragraph, after the word, brackets and figure "sub-section (*1*)", the words, brackets, figure and letter "or sub-section (*1A*)" shall be inserted;

(*b*) in the proviso, for the words "an Income-tax Officer", the words "an Income-tax Officer or an Assistant Director of Inspection" shall be substituted.

Amendment of section 132.

35. In section 132 of the Income-tax Act,—

(*a*) in sub-section (*1*),—

(*i*) in the opening paragraph, for the words "Where the Director of Inspection or the Commissioner,", the following shall be substituted, namely:—

"Where the Director of Inspection or the Commissioner or any such Deputy Director of Inspection or Inspecting Assistant Commissioner as may be empowered in this behalf by the Board,";

(*ii*) in clause (c), for the words "which has not been disclosed", the words "which has not been, or would not be, disclosed" shall be substituted;

(*iii*) for the portion beginning with the words "he may authorise" and ending with the brackets and words "(hereinafter referred to as the authorised officer) to—", the following shall be substituted, namely:—

"then,—

(*A*) the Director of Inspection or the Commissioner, as the case may be, may authorise any Deputy Director of Inspection, Inspecting Assistant Commissioner, Assistant Director of Inspection or Income-tax Officer; or

(*B*) such Deputy Director of Inspection or Inspecting Assistant Commissioner, as the case may be, may authorise any Assistant Director of Inspection or Income-tax Officer,

(the officer so authorised in all cases being hereinafter referred to as the authorised officer) to—";

(*iv*) in clause (*i*), for the words "building or place", the words "building, place, vessel, vehicle or aircraft" shall be substituted;

(*v*) after clause (*ii*), the following clause shall be inserted, namely:—

"(*iia*) search any person who has got out of, or is about to get into, or is in, the building, place, vessel, vehicle or aircraft, if the authorised officer has reason to suspect that such person has secreted about his person any such books of account, other documents, money, bullion, jewellery or other valuable article or thing;";

(*vi*) the following proviso shall be inserted at the end, namely:—

"Provided that where any building, place, vessel, vehicle or aircraft referred to in clause (*i*) is within the area of

jurisdiction of any Commissioner, but such Commissioner has no jurisdiction over the person referred to in clause (*a*) or clause (*b*) or clause (*c*), then, notwithstanding anything contained in section 121, it shall be competent for him to exercise the powers under this sub-section in all cases where he has reason to believe that any delay in getting the authorisation from the Commissioner having jurisdiction over such person may be prejudicial to the interests of the revenue.";

(*b*) after sub-section (*1*), the following sub-section shall be inserted, namely:—

"(*1A*) Where any Commissioner, in consequence of information in his possession, has reason to suspect that any books of account, other documents, money, bullion, jewellery or other valuable article or thing in respect of which an officer has been authorised by the Director of Inspection or any other Commissioner or any such Deputy Director of Inspection or Inspecting Assistant Commissioner as may be empowered in this behalf by the Board to take action under clauses (*i*) to (*v*) of sub-section (*1*) are or is kept in any building, place, vessel, vehicle or aircraft not mentioned in the authorisation under sub-section (*1*), such Commissioner may, notwithstanding anything contained in section 121, authorise the said officer to take action under any of the clauses aforesaid in respect of such building, place, vessel, vehicle or aircraft,";

(*c*) in sub-section (*2*), after the word, brackets and figure "sub-section (*1*)", the words, brackets, figure and letter "or sub-section (*1A*)" shall be inserted;

(*d*) after sub-section (*4*), the following sub-section shall be inserted, namely:—

"(*4A*) Where any books of account, other documents, money, bullion, jewellery or other valuable article or thing are or is found in the possession or control of any person in the course of a search, it may be presumed—

(*i*) that such books of account, other documents, money, bullion, jewellery or other valuable article or thing belong or belongs to such person;

(*ii*) that the contents of such books of account and other documents are true; and

(*iii*) that the signature and every other part of such books of account and other documents which purport to be in the handwriting of any particular person or which may reasonably be assumed to have been signed by, or to be in the handwriting of, any particular person, are in that person's handwriting, and in the case of a document stamped, executed or attested, that it was duly stamped and executed or attested by the person by whom it purports to have been so executed or attested.";

(*e*) in sub-section (*5*),—

(*i*) for the opening paragraph, the following shall be substituted, namely:—

"Where any money, bullion, jewellery or other valuable article or thing (hereafter in this section and in sections 132A and 132B referred to as the assets) is seized under sub-section (*1*) or sub-section (*1A*), * * * the Income-tax Officer, after affording a reasonable opportunity to the person concerned of being heard and making such enquiry as may be prescribed, shall, within ninety days of the seizure, make an order, with the previous approval of the Inspecting Assistant Commissioner,—";

(*ii*) after clause (*ii*), the following clause shall be inserted, namely:—

"(*iia*) determining the amount of interest payable and the amount of penalty imposable in accordance with the provisions of the Indian Income-tax Act, 1922 or this Act, as if the order *** had been the order of regular assessment;";

(*iii*) for the words, brackets and figures "clauses (*ii*) and (*iii*)", at both the places where they occur, the words, brackets, figures and letter "clauses (*ii*), (*iia*) and (*iii*)" shall be substituted;

(*iv*) in the first proviso, after the words "the financial year in which the assets were seized", the words "and may also determine the interest or penalty, if any, payable or imposable accordingly" shall be inserted;

(*f*) in sub-section (*6*), for the word, figures and letter "section 132A", the word, figures and letter "section 132B" shall be substituted;

(*g*) in sub-section (*8*), after the word, brackets and figure "sub-section (*1*)", the words, brackets, figure and letter "or sub-section (*1A*)" shall be inserted;

(*h*) in sub-section (*9*), after the word, brackets and figure "sub-section (*1*)", the words, brackets, figure and letter "or sub-section (*1A*)" shall be inserted;

(*i*) after sub-section (*9*), the following sub-section shall be inserted, namely:—

"(*9A*) Where the authorised officer has no jurisdiction over the person referred to in clause (*a*) or clause (*b*) or clause (*c*) of sub-section (*1*), the books of account or other documents or assets seized under that sub-section shall be handed over by the authorised officer to the Income-tax Officer having jurisdiction over such person within a period of fifteen days of such seizure and thereupon the powers exercisable by the authorised officer under sub-section (*8*) or sub-section (*9*) shall be exercisable by such Income-tax Officer.";

(*j*) in sub-section (*10*), after the word, brackets and figure "sub-section (*1*)", the words, brackets, figure and letter "or sub-section (*1A*)" shall be inserted;

(*k*) for sub-section (*13*), the following sub-section shall be substituted, namely:—

"(*13*) The provisions of the Code of Criminal Procedure, 1973, relating to searches and seizure shall apply, so far as may be, to searches and seizure under sub-section (*1*) or sub-section (*1A*).";

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(*l*) in sub-section (*14*), in clause (*i*), for the words "such building or place", the words "any building, place, vessel, vehicle or aircraft" shall be substituted.

Amendment of section 132A.

36. Section 132A of the Income-tax Act shall be re-numbered as section 132B thereof, and—

(*i*) before that section as so re-numbered, the following section shall be inserted, namely:—

Power to requisition books of account, etc.

'132A. (*1*) Where the Director of Inspection or the Commissioner, in consequence of information in his possession, has reason to believe that—

(*a*) any person to whom a summons under sub-section (*1*) of section 37 of the Indian Income-tax Act, 1922 or under sub-section (*1*) of section 131 of this Act, or a notice under sub-section (*4*) of section 22 of the Indian Income-tax Act, 1922 or under sub-section (*1*) of section 142 of this Act was issued to produce, or cause to be produced, any books of account or other documents has omitted or failed to produce, or cause to be produced, such books of account or other documents, as required by such summons or notice and the said books of account or other documents have been taken into custody by any officer or authority under any other law for the time being in force, or

11 of 1922.

(*b*) any books of account or other documents will be useful for, or relevant to, any proceeding under the Indian Income-tax Act, 1922 or under this Act and any person to whom a summons or notice as aforesaid has been or might be issued will not, or would not, produce or cause to be produced, such books of account or other documents on the return of such books of account or other documents by any officer or authority by whom or which such books of account or other documents have been taken into custody under any other law for the time being in force, or

11 of 1922.

(*c*) any assets represent either wholly or partly income or property which has not been, or would not have been, disclosed for the purposes of the Indian Income-tax Act, 1922 or this Act by any person from whose possession or control such assets have been taken into custody by any officer or authority under any other law for the time being in force,

then, the Director of Inspection or the Commissioner may authorise any Deputy Director of Inspection, Inspecting Assistant Commissioner, Assistant Director of Inspection or Income-tax Officer [hereafter in this section and in sub-section (2) of section 278D referred to as the requisitioning officer] to require the officer or authority referred to in clause (*a*) or clause (*b*) or clause (*c*), as the case may be, to deliver such books of account, other documents or assets to the requisitioning officer.

(2) On a requisition being made under sub-section (*1*), the officer or authority referred to in clause (*a*) or clause (*b*) or clause (*c*), as the case may be, of that sub-section shall deliver the books of account, other documents or assets to the requisitioning officer either forthwith or when such officer or authority is of the opinion that it is no longer necessary to retain the same in his or its custody.

(3) Where any books of account, other documents or assets have been delivered to the requisitioning officer, the provisions of sub-sections (*4A*) to (*14*) (both inclusive) of section 132 and section 132B shall, so far as may be, apply as if such books of account, other documents or assets had been seized under sub-section (*1*) of section 132 by the requisitioning officer from the custody of the person referred to in clause (*a*) or clause (*b*) or clause (*c*), as the case may be, of sub-section (*1*) of this section and as if for the words "the authorised officer" occurring in any of the aforesaid sub-sections (*4A*) to (*14*), the words "the requisitioning officer" were substituted.';

(*ii*) in section 132B as so re-numbered, in sub-section (*1*), in clause (*i*), after the word "relates", the brackets and words "(including any penalty levied or interest payable in connection with such assessment or re-assessment)" shall be inserted.

Substitution of new Section for section 133A.

37. For section 133A of the Income-tax Act, the following section shall be substituted, namely:—

Power of Survey.

'133A. (*1*) Notwithstanding anything contained in any other provision of this Act, an Income-tax authority may enter—

(*a*) any place within the limits of the area assigned to him, or

(*b*) any place occupied by any person in respect of whom he exercises jurisdiction,

at which a business or profession is carried on, whether such place be the principal place or not of such business or profession, and require any proprietor, employee or any other person who may at that time and place be attending in any manner to, or helping in, the carrying on of such business or profession—

(*i*) to afford him the necessary facility to inspect such books of account or other documents as he may require and which may be available at such place,

(*ii*) to afford him the necessary facility to check or verify the cash, stock or other valuable article or thing which may be found therein, and

(*iii*) to furnish such information as he may require as to any matter which may be useful for, or relevant to, any proceeding under this Act.

Explanation.—For the purposes of this sub-section, a place where a business or profession is carried on shall also include any other place, whether any business or profession is carried on therein or not, in which the person carrying on the business or profession states that any of his books of account or other documents or any part of his cash or stock or other valuable article or thing relating to his business or profession are or is kept.

(2) An Income-tax authority may enter any place of business or profession referred to in sub-section (*1*) only during the hours at which such place is open for the conduct of business or profession and, in the case of any other place, only after sunrise and before sunset.

(3) An Income-tax authority acting under this section may,—

(*i*) if he so deems necessary, place marks of identification on the books of account or other documents inspected by him and make or cause to be made extracts or copies therefrom,

(*ii*) make an inventory of any cash, stock or other valuable article or thing checked or verified by him,

(*iii*) record the statement of any person which may be useful for, or relevant to, any proceeding under this Act.

(4) An Income-tax authority acting under this section shall, on no account, remove or cause to be removed from the place wherein he has entered, any books of account or other documents or any cash, stock or other valuable article or thing.

(5) Where, having regard to the nature and scale of expenditure incurred by an assessee, in connection with any function, ceremony or event, the Income-tax authority is of the opinion that it is necessary or expedient so to do, he may, at any time after such function, ceremony or event, require the assessee by whom such expenditure has been incurred or any person who, in the opinion of the Income-tax authority, is likely to possess information as respects the expenditure incurred, to furnish such information as he may require as to any matter which may be useful for, or relevant to, any proceeding under this Act and may have the statements of the assessee or any other person recorded and any statement so recorded may thereafter be used in evidence in any proceeding under this Act.

(6) If a person under this section is required to afford facility to the Income-tax authority to inspect books of account or other documents or to check or verify any cash, stock or other valuable article or thing or to furnish any information or to have his statement recorded either refuses or evades to do so, the Income-tax

authority shall have all the powers under sub-sections (*1*) and (*2*) of section 131 for enforcing compliance with the requirement made.

Explanation.—In this section,—

(*a*) "Income-tax authority" means an Inspecting Assistant Commissioner, an Assistant Director of Inspection or an Income-tax Officer, and for the purposes of clause (*i*) of sub-section (*1*), clause (*i*) of sub-section (*3*) and sub-section (*5*), includes an Inspector of Income-tax, if so authorised by the Income-tax Officer;

(*b*) "proceeding" means any proceeding under this Act in respect of any year which may be pending on the date on which the powers under this section are exercised or which may have been completed on or before such date and includes also all proceedings under this Act which may be commenced after such date in respect of any year.'.

Amendment of section 139.

38. In section 139 of the Income-tax Act,—

* * * * *

(*i*) in sub-section (*2*), for the words "serve a notice upon him", the words "issue a notice to him and serve the same upon him" shall be substituted;

(*ii*) for sub-section (*6*), the following sub-sections shall be substituted, namely:—

"(*6*) The prescribed form of the returns referred to in sub-sections (*1*), (*2*) and (*3*) shall, in such cases as may be prescribed, require the assessee to furnish the particulars of income exempt from tax, assets of the prescribed nature and value and belonging to him, expenditure exceeding the prescribed limits incurred by him under prescribed heads and such other outgoings as may be prescribed.

(*6A*) Without prejudice to the provisions of sub-section (*6*), the prescribed form of the returns referred to in sub-sections (*1*), (*2*) and (*3*) shall, in the case of an assessee engaged in any business or profession, also require him to furnish particulars of the location and style of the principal place where he carries on the business or profession and all the branches thereof, the names and addresses of his partners, if any, in such business or profession and, if he is a member of an association or body of individuals, the names of the other members of the association or the body of individuals and the extent of the share of the assessee and the shares of all such partners or the members, as the case may be, in the profits of the business or profession and any branches thereof.".

39. After section 139 of the Income-tax Act, the following section shall be inserted, namely:— Insertion of new section 139A.

'139A. (*1*) **Every person, if his total income or the total income of any other person in respect of which he is assessable under this Act during any accounting year exceeded the maximum amount which is not chargeable to income-tax and he has not been allotted any permanent account number, shall, within such time as may be prescribed, apply to the Income-tax Officer for the allotment of a permanent account number.** Permanent account numbers.

(*2*) **Notwithstanding anything contained in sub-section (*1*), every person not falling under that sub-section, but carrying on any business whose total sales, turnover or gross receipts are or is likely to exceed fifty thousand rupees in any accounting year and who has not been allotted any permanent account number, shall, within such time as may be prescribed, apply to the Income-tax Officer for the allotment of a permanent account number.**

(*3*) **The Income-tax Officer may also allot to any other person by whom tax is payable, a permanent account number.**

(*4*) **All permanent account numbers allotted to assessees before the commencement of the Taxation Laws (Amendment) Act, 1975 shall, with effect from such date as the Board may, by notification in the Official Gazette, specify, be deemed to have been allotted to them under the provisions of this section.**

(*5*) **Where a permanent account number has been allotted or is deemed to have been allotted to any person under this section, he shall—**

(*a*) **quote such number in all his returns to, or correspondence with, any Income-tax authority;**

(*b*) **quote such number in all *challans* for the payment of any sum due under this Act;**

(*c*) **quote such number in all documents pertaining to such transactions as may be prescribed by the Board in the interests of the revenue, and entered into by him;**

(*d*) **intimate the Income-tax Officer any change in his address or in the name and nature of his business.**

(*6*) **The Board may make rules providing for—**

(*a*) **the form and the manner in which an application may be made for the allotment of a permanent account number and the particulars which such application shall contain;**

(*b*) **the categories of transactions in relation to which permanent account numbers shall be quoted by the persons to whom such numbers have been allotted, in the documents pertaining to such transactions.**

Explanation.— **In this section,—**

(*a*) **"accounting year" means,—**

(*i*) **in relation to a person maintaining accounts, the year ending on the day on which such accounts are or are to be closed and balanced;**

(*ii*) in relation to any other person, the financial year;

(*b*) "permanent account number" means a number which the Income-tax Officer may allot to any person for the purpose of identification.'.

Amendment of section 140.

40. In section 140 of the Income-tax Act, for clauses (*c*) and (*d*), the following clauses shall be substituted, namely:—

"(*c*) in the case of a company, by the managing director thereof, or where for any unavoidable reason such managing director is not able to sign and verify the return, or where there is no managing director, by any director thereof ;

(*cc*) in the case of a firm, by the managing partner thereof, or where for any unavoidable reason such managing partner is not able to sign and verify the return, or where there is no managing partner as such, by any partner thereof, not being a minor;

(*d*) in the case of a local authority, by the principal officer thereof;".

Amendment of section 140A.

41. In section 140A of the Income-tax Act,—

(*i*) for sub-section (*1*), the following sub-section shall be substituted, namely:—

"(*1*) Where any tax is payable on the basis of any return required to be furnished under section 139 or section 148, after taking into account the amount of tax, if any, already paid under any provision of this Act, the assessee shall be liable to pay such tax before furnishing the return and the return shall be accompanied by proof of payment of such tax.";

(*ii*) for sub-section (*3*), the following sub-section shall be substituted, namely:—

"(*3*) If any assessee fails to pay the tax or any part thereof in accordance with the provisions of sub-section (*1*), the Income-tax Officer may direct that a sum equal to two per cent. of such tax or part thereof, as the case may be, shall be recovered from him by way of penalty for every month during which the default continues:

Provided that before levying any such penalty, the assessee shall be given a reasonable opportunity of being heard.".

Amendment of section 141A.

42. In section 141A of the Income-tax Act, for sub-section (*1*), the following sub-section shall be substituted, namely:—

"(*1*) Where a return has been furnished under section 139 and the assessee claims that the tax paid or deemed to have been paid under the provisions of Chapter XVII-B, or Chapter XVII-C, exceeds the tax payable on the basis of the return and the accounts and documents accompanying it, the Income-tax Officer, if he is of the opinion that the regular assessment of the assessee is not likely to be made within six months from the date of furnishing of the return, shall make in a summary manner within the said six months a provisional assessment of the sum refundable to the assessee, after

making such adjustments to the income or loss declared in the return as are required to be made under sub-section (*2*) with reference to such return, accounts and documents, and for the purposes of the adjustments referred to in clause (*iv*) of sub-section (*2*), also with reference to the records of the assessments, if any, of past years.".

Amendment of section 142.

43. In section 142 of the Income-tax Act,—

(*i*) in sub-section (*1*), for the words, brackets and figures "or upon whom a notice has been served under sub-section (*2*) of section 139", the words, brackets and figures "or to whom a notice has been issued under sub-section (*2*) of section 139" shall be substituted;

(*ii*) after sub-section (*2*), the following sub-sections shall be inserted, namely:—

"(*2A*) If, at any stage of the proceedings before him, the Income-tax Officer, having regard to the nature and complexity of the accounts of the assessee and the interests of the revenue, is of the opinion that it is necessary so to do, he may, with the previous approval of the Commissioner, direct the assessee to get the accounts audited by an accountant, as defined in the *Explanation* below sub-section (*2*) of section 288, nominated by the Commissioner in this behalf and to furnish a report of such audit in the prescribed form duly signed and verified by such accountant and setting forth such particulars as may be prescribed and such other particulars as the Income-tax Officer may require.

(*2B*) The provisions of sub-section (*2A*) shall have effect notwithstanding that the accounts of the assessee have been audited under any other law for the time being in force or otherwise.

(*2C*) Every report under sub-section (*2A*) shall be furnished by the assessee to the Income-tax Officer within such period as may be specified by the Income-tax Officer:

Provided that the Income-tax Officer may, on an application made in this behalf by the assessee and for any good and sufficient reason, extend the said period by such further period or periods as he thinks fit; so, however, that the aggregate of the period originally fixed and the period or periods so extended shall not, in any case, exceed one hundred and eighty days from the date on which the direction under sub-section (*2A*) is received by the assessee.

(*2D*) The expenses of, and incidental to, any audit under sub-section (*2A*) (including the remuneration of the accountant) shall be determined by the Commissioner (which determination shall be final) and paid by the assessee and in default of such payment, shall be recoverable from the assessee in the manner provided in Chapter XVII-D for the recovery of arrears of tax.";

(*iii*) in sub-section (*3*), after the words brackets and figure "under sub-section (*2*)", the words, brackets, figure and letter "or any audit under sub-section (*2A*)" shall be inserted.

Amendment of section 144.

44. In section 144 of the Income-tax Act, in clause (*b*), after the words, brackets and figures "sub-section (*1*) of section 142", the words, brackets, figure and letter "or fails to comply with a direction issued under sub-section (*2A*) of that section" shall be inserted.

Insertion of new sections 144A and 144B.

45. After section 144 of the Income-tax Act, the following sections shall be inserted, namely:—

Power of Inspecting Assistant Commissioner to issue directions in certain cases.

"144A. (*1*) An Inspecting Assistant Commissioner may, on his own motion or on a reference being made to him by the Income-tax Officer or on the application of an assessee, call for and examine the record of any proceeding in which an assessment is pending and, if he considers that, having regard to the nature of the case or the amount involved or for any other reason it is necessary or expedient so to do, he may issue such directions as he thinks fit for the guidance of the Income-tax Officer to enable him to complete the assessment and such directions shall be binding on the Income-tax Officer:

Provided that no directions which are prejudicial to the assessee shall be issued before an opportunity is given to the assessee to be heard.

Explanation.—For the purposes of this sub-section, no direction as to the lines on which an investigation connected with the assessment should be made, shall be deemed to be a direction prejudicial to the assessee.

(*2*) The provisions of this section shall be in addition to, and not in derogation of, the provisions contained in sub-section (*3*) of section 119.

Reference to Inspecting Assistant Commissioner in certain cases.

144B. (*1*) **Notwithstanding anything contained in this Act, where, in an assessment to be made under sub-section (*3*) of section 143, the Income-tax Officer proposes to make any variation in the income or loss returned which is prejudicial to the assessee and the amount of such variation exceeds the amount fixed by the Board under sub-section (*6*), the Income-tax Officer shall, in the first instance, forward a draft of the proposed order of assessment (hereafter in this section referred to as the draft order) to the assessee.**

(*2*) **On receipt of the draft order, the assessee may forward his objections, if any, to such variation to the Income-tax Officer within seven days of the receipt by him of the draft order or within such further period not exceeding fifteen days as the Income-tax Officer may allow on an application made to him in this behalf.**

(*3*) **If no objections are received within the period or the extended period aforesaid, or the assessee intimates to the Income-tax Officer the acceptance of the variation, the Income-tax Officer shall complete the assessment on the basis of the draft order.**

(*4*) **If any objections are received, the Income-tax Officer shall forward the draft order together with the objections to the Inspecting Assistant Commissioner and the Inspecting Assistant Commissioner shall, after considering the draft order and the objections and**

after going through (wherever necessary) the records relating to the draft order, issue, in respect of the matters covered by the objections, such directions as he thinks fit for the guidance of the Income-tax Officer to enable him to complete the assessment:

Provided that no directions which are prejudicial to the assessee shall be issued under this sub-section before an opportunity is given to the assessee to be heard.

(5) Every direction issued by the Inspecting Assistant Commissioner under sub-section (4) shall be binding on the Income-tax Officer.

(6) For the purposes of sub-section (1), the Board may, having regard to the proper and efficient management of the work of assessment, by order, fix, from time to time, such amount as it deems fit:

Provided that different amounts may be fixed for different areas:

Provided further that the amount fixed under this sub-section shall, in no case, be less than twenty-five thousand rupees.

(7) Nothing in this section shall apply to a case where an Inspecting Assistant Commissioner exercises the powers or performs the functions of an Income-tax Officer in pursuance of an order made under section 125 or section 125A.".

Amendment of section 146.

46. Section 146 of the Income-tax Act shall be re-numbered as sub-section (1) thereof, and after that sub-section as so re-numbered, the following sub-section shall be inserted, namely:—

"(2) Every application made under sub-section (1) shall be disposed of within ninety days from the date of receipt thereof by the Income-tax Officer:

Provided that in computing the period of ninety days aforesaid, any delay in disposing of the application which is attributable to the assessee shall be excluded.".

Amendment of section 153.

47. In section 153 of the Income-tax Act, for *Explanation 1*, the following *Explanation* shall be substituted, namely:—

"*Explanation 1.*—In computing the period of limitation for the purposes of this section—

(*i*) the time taken in re-opening the whole or any part of the proceeding or in giving an opportunity to the assessee to be re-heard under the proviso to section 129, or

(*ii*) the period during which the assessment proceeding is stayed by an order or injunction of any court, or

(*iii*) the period commencing from the date on which the Income-tax Officer directs the assessee to get his accounts audited under sub-section (2A) of section 142 and ending with the date on which the assessee furnishes a report of such audit under that sub-section, or

(*iv*) the period (not exceeding one hundred and eighty days) commencing from the date on which the Income-tax Officer forwards the draft order under sub-section (1) of section 144B to the assessee and ending with the date on which the Income-tax Officer receives the directions from the Inspecting Assistant-

Commissioner under sub-section (*4*) of that section, or, in a case where no objections to the draft order are received from the assessee, a period of thirty days, or

(*v*) in a case where an application made before the Income-tax Settlement Commission under section 245C is rejected by it or is not allowed to be proceeded with by it, the period commencing from the date on which such application is made and ending with the date on which the order under sub-section (*1*) of section 245D is received by the Commissioner under sub-section (*2*) of that section,

shall be excluded.".

Amendment of section 154.

48. In sub-section (*1*) of section 154 of the Income-tax Act, clause (*bb*) shall be omitted.

Amendment of section 176.

49. In section 176 of the Income-tax Act, after sub-section (*3*), the following sub-section shall be inserted, namely:—

"(*3A*) Where any business is discontinued in any year, any sum received after the discontinuance shall be deemed to be the income of the recipient and charged to tax accordingly in the year of receipt, if such sum would have been included in the total income of the person who carried on the business had such sum been received before such discontinuance.".

Amendment of section 179.

50. For the existing sub-heading "*M-Private Company in Liquidation*" before section 179 of the Income-tax Act, the sub-heading "*M-Private Companies*" shall be substituted and that section shall be re-numbered as sub-section (1) thereof and,—

(*a*) in sub-section (*1*) as so re-numbered, for the portion beginning with the word "Notwithstanding" and ending with the words "any previous year", the following shall be substituted, namely:—

"Notwithstanding anything contained in the Companies Act, 1956, where any tax due from a private company in respect of any income of any previous year or from any other company in respect of any income of any previous year during which such other company was a private company"; 1 of 1956

(*b*) after sub-section (*1*) as so re-numbered, the following sub-section shall be inserted, namely:—

"(*2*) Where a private company is converted into a public company and the tax assessed in respect of any income of any previous year during which such company was a private company cannot be recovered, then, nothing contained in sub-section (*1*) shall apply to any person who was a director of such private company in relation to any tax due in respect of any income of such private company assessable for any assessment year commencing before the 1st day of April, 1962.".

* * * * *

Amendment of section 185.

51. In section 185 of the Income-tax Act, in sub-section (*1*), for the *Explanation*, the following *Explanation* shall be substituted, namely:—

"*Explanation*.—For the purposes of this section and section 186, a firm shall not be regarded as a genuine firm if any partner of the firm was, in relation to the whole or any part of his share in the

income or property of the firm, at any time during the previous year, a *benamidar*—

(*a*) of any other partner to whom the first-mentioned partner does not stand in the relationship of a spouse or minor child, or

(*b*) of any person, not being a partner of the firm, and any of the other partners knew or had reason to believe that the first-mentioned partner was such *benamidar* and such knowledge or belief had not been communicated by such other partner to the Income-tax Officer in the prescribed manner.".

Amendment of section 189.

52. In section 189 of the Income-tax Act, in sub-section (*3*), the following *Explanation* shall be inserted, namely:—

"*Explanation.*—The amount of tax referred to in this sub-section shall also include that part of the share of each partner in the income of the firm before its discontinuance or dissolution which the firm could have retained under sub-section (*4*) of section 182 but which has not been so retained.".

Amendment of section 221.

53. In sub-section (*1*) of section 221 of the Income-tax Act, after the second proviso, the following *Explanation* shall be inserted, namely:—

"*Explanation.*—For the removal of doubt, it is hereby declared that an assessee shall not cease to be liable to any penalty under this sub-section merely by reason of the fact that before the levy of such penalty he has paid the tax.".

Amendment of section 222.

54. In sub-section (*1*) of section 222 of the Income-tax Act, the following *Explanation* shall be inserted at the end, namely:—

"*Explanation.*—For the purposes of this sub-section, the assessee's movable or immovable property shall include any property which has been transferred, directly or indirectly on or after the 1st day of June, 1973, by the assessee to his spouse or minor child or son's wife or son's minor child, otherwise than for adequate consideration, and which is held by, or stands in the name of, any of the persons aforesaid; and so far as the movable or immovable property so transferred to his minor child or his son's minor child is concerned, it shall, even after the date of attainment of majority by such minor child or son's minor child, as the case may be, continue to be included in the assessee's movable or immovable property for recovering any arrears due from the assessee in respect of any period prior to such date.".

Amendment of section 223.

55. In section 223 of the Income-tax Act, for sub-section (*2*), the following sub-section shall be substituted, namely:—

"(*2*) Where an assessee has property within the jurisdiction of more than one Tax Recovery Officer and the Tax Recovery Officer to whom a certificate is sent by an Income-tax Officer—

(*a*) is not able to recover the entire amount by the sale of the property, movable or immovable, within his jurisdiction, or

(*b*) is of the opinion that, for the purpose of expediting or securing the recovery of the whole or any part of the amount under this Chapter, it is necessary so to do,

he may send the certificate or, where only a part of the amount is to be recovered, a copy of the certificate certified in the prescribed manner and specifying the amount to be recovered to a Tax Recovery Officer within whose jurisdiction the assessee resides or has property, and thereupon that Tax Recovery Officer shall also proceed to recover the amount under this Chapter as if the certificate or the copy thereof had been the certificate sent to him by the Income-tax Officer.".

Amendment of section 244.

56. In section 244 of the Income-tax Act, after sub-section (*1*), the following sub-section shall be inserted, namely:—

"(*1A*) Where the whole or any part of the refund referred to in sub-section (*1*) is due to the assessee, as a result of any amount having been paid by him after the 31st day of March, 1975, in pursuance of any order of assessment or penalty and such amount or any part thereof having been found in appeal or other proceeding under this Act to be in excess of the amount which such assessee is liable to pay as tax or penalty, as the case may be, under this Act, the Central Government shall pay to such assessee simple interest at the rate specified in sub-section (*1*) on the amount so found to be in excess from the date on which such amount was paid to the date on which the refund is granted:

Provided that where the amount so found to be in excess was paid in instalments, such interest shall be payable on the amount of each such instalment or any part of such instalment, which was in excess, from the date on which such instalment was paid to the date on which the refund is granted:

Provided further that no interest under this sub-section shall be payable for a period of one month from the date of the passing of the order in appeal or other proceeding:

Provided also that where any interest is payable to an assessee under this sub-section, no interest under sub-section (*1*) shall be payable to him in respect of the amount so found to be in excess.".

Insertion of new Chapter XIXA.

57. After Chapter XIX of the Income-tax Act, the following Chapter shall be inserted, namely:—

'CHAPTER XIXA

SETTLEMENT OF CASES

Definitions.

245A. In this Chapter, unless the context otherwise requires,—

(*a*) "case" means any proceeding under the Indian Income-tax Act, 1922, or under this Act for or in connection with the assessment or re-assessment of any person in respect of any year or years which may be pending before an Income-tax authority on the date on which an application under sub-section (*1*) of section 245C is made; 11 of 1922.

(*b*) "Income-tax authority" means a Director of Inspection, a Commissioner, an Appellate Assistant Commissioner, an Inspecting Assistant Commissioner of an Income-tax Officer.

Income-tax Settlement Commission.

245B. (1) The Central Government shall constitute a commission to be called the Income-tax Settlement Commission (hereafter in this Chapter referred to as "the Settlement Commission") for the settlement of cases under this Chapter.

(2) The Settlement Commission shall consist of a Chairman and two other members and shall function within the Department of the Central Government dealing with direct taxes.

(3) The Chairman and other members of the Settlement Commission shall be appointed by the Central Government from amongst persons of integrity and outstanding ability, having special knowledge of, and experience in, problems relating to direct taxes and business accounts:

Provided that, where a member of the Board is appointed as the Chairman or as a member of the Settlement Commission, he shall cease to be a member of the Board:

Provided further that, until the members are appointed under this sub-section, it shall be competent for the Central Government to require, from time to time, any two members of the Board to serve as members of the Settlement Commission for such period as the Central Government thinks fit, in addition to their duties as members of the Board.

Application for settlement of cases.

245C. (1) An assessee may, at any stage of a case relating to him, make an application in such form and in such manner and containing such particulars as may be prescribed to the Settlement Commission to have the case settled and any such application shall be disposed of in the manner hereinafter provided.

(2) Every application made under sub-section (1) shall be accompanied by such fees as may be prescribed.

(3) An application made under sub-section (1) shall not be allowed to be withdrawn by the applicant.

Procedure on receipt of an application under section 245C.

245D. (1) On receipt of an application under section 245C, the Settlement Commission shall call for a report from the Commissioner and on the basis of the materials contained in such report and having regard to the nature and circumstances of the case or the complexity of the investigation involved therein, the Settlement Commission may, by order, allow the application to be proceeded with or reject the application:

Provided that an application shall not be rejected under this sub-section unless an opportunity has been given to the applicant of being heard:

Provided further that an application shall not be proceeded with under this sub-section if the Commissioner objects to the application being proceeded with on the ground that concealment of particulars of income on the part of the applicant or perpetration of fraud by him for evading any tax or other sum chargeable or imposable under the Indian Income-tax Act, 1922, or under this Act, has been established or is likely to be established by any Income-tax authority, in relation to the case.

11 of 1922.

(2) A copy of every order under sub-section (1) shall be sent to the applicant and to the Commissioner.

(3) Where an application is allowed to be proceeded with under sub-section (1), the Settlement Commission may call for the relevant records from the Commissioner and after examination of such records, if the Settlement Commission is of the opinion that any further enquiry or investigation in the matter is necessary, it may direct the Commissioner to make or cause to be made such further enquiry or investigation and furnish a report on the matters covered by the application and any other matter relating to the case.

(4) After examination of the records and the report of the Commissioner, received under sub-section (1), and the report, if any, of the Commissioner received under sub-section (3), and after giving an opportunity to the applicant and to the Commissioner to be heard, either in person or through a representative duly authorised in this behalf, and after examining such further evidence as may be placed before it or obtained by it, the Settlement Commission may, in accordance with the provisions of this Act, pass such order as it thinks fit on the matters covered by the application and any other matter relating to the case not covered by the application, but referred to in the report of the Commissioner under sub-section (1) or sub-section (3).

(5) The materials brought on record before the Settlement Commission shall be considered by all the members thereof before passing any order under sub-section (4) and, in the case of a difference of opinion among the members, the opinion of the majority shall prevail and such order shall be expressed in terms of the views of the majority.

(6) Every order passed under sub-section (4) shall provide for the terms of settlement including any demand by way of tax, penalty or interest, the manner in which any sum due under the settlement shall be paid and all other matters to make the settlement effective and shall also provide that the settlement shall be void if it is subsequently found by the Settlement Commission that it has been obtained by fraud or misrepresentation of facts.

(7) Where a settlement becomes void as provided under sub-section (6), the proceedings with respect to the matters covered by the settlement shall be deemed to have been revived from the stage at which the application was allowed to be proceeded with by the Settlement Commission and the Income-tax authority concerned, may, notwithstanding anything contained in any other provision of this Act, complete such proceedings at any time before the expiry of two years from the end of the financial year in which the settlement became void.

Power of Settlement Commission to reopen completed proceedings.

245E. If the Settlement Commission is of the opinion (the reasons for such opinion to be recorded by it in writing) that, for the proper disposal of the case pending before it, it is necessary or expedient to reopen any proceeding connected with the case but which has been completed under the Indian Income-tax Act, 1922, or under this Act by any Income-tax authority before the application under section 245C was made, it may, with the concurrence of the applicant, reopen such proceeding and pass such order thereon as it thinks fit, as if the case in relation to which the application for settlement had been made by the applicant under that section covered such proceeding also:

11 of 1922.

Provided that no proceeding shall be reopened by the Settlement Commission under this section after the expiry of a period of eight years from the end of the assessment year to which such proceeding relates.

Powers and procedure of Settlement Commission.

245F. (*1*) In addition to the powers conferred on the Settlement Commission under this Chapter, it shall have all the powers which are vested in an Income-tax authority under this Act.

(2) Where an application made under section 245C has been allowed to be proceeded with under section 245D, the Settlement Commission shall, until an order is passed under sub-section (*4*) of section 245D, have, subject to the provisions of sub-section (*3*) of that section, exclusive jurisdiction to exercise the powers and perform the functions of an Income-tax authority under this Act in relation to the case.

(3) Notwithstanding anything contained in sub-section (2) and in the absence of any express direction to the contrary by the Settlement Commission, nothing contained in this section shall affect the operation of any other provision of this Act requiring the applicant to pay tax on the basis of self-assessment or by way of advance tax in relation to the matters before the Settlement Commission.

(4) For the removal of doubt, it is hereby declared that, in the absence of any express direction by the Settlement Commission to the contrary, nothing in this Chapter shall affect the operation of the provisions of this Act in so far as they relate to any matters other than those before the Settlement Commission.

(5) The Settlement Commission shall, subject to the provisions of this Chapter, have power to regulate its own procedure (including the fixation of places and times of its meetings) and may act notwithstanding that all the members of the Settlement Commission are not present at any of its meetings.

Inspection, etc., of reports.

245G. No person shall be entitled to inspect, or obtain copies of, any reports made by any Income-tax authority to the Settlement Commission; but the Settlement Commission may, in its discretion, furnish copies thereof to any such person on an application made to it in this behalf and on payment of the prescribed fee:

Provided that, for the purpose of enabling any person whose case is under consideration to rebut any evidence brought on record against him in any such report, the Settlement Commission shall, on an application made in this behalf, and on payment of the prescribed fee by such person, furnish him with a certified copy of any such report or part thereof relevant for the purpose.

Power of Settlement Commission to grant immunity from

245H. (*1*) The Settlement Commission may, if it is satisfied that any person who made the application for settlement under section 245C has co-operated with the Settlement Commission in the proceedings before it and has made a full and true disclosure of his income and the manner in which such income has been derived, grant to such person, subject to such conditions as it may think fit to impose, immunity from prosecution for any offence under this Act or under the

Indian Penal Code or under any other Central Act for the time being in force and also from the imposition of any penalty under this Act, with respect to the case covered by the settlement. 45 of 1860.

pro-secution and penalty.

(2) An immunity granted to a person under sub-section (*1*) may, at any time, be withdrawn by the Settlement Commission, if it is satisfied that such person has not complied with the conditions subject to which the immunity was granted or that such person had, in the course of the settlement proceedings, concealed any particulars material to the settlement or had given false evidence, and thereupon such person may be tried for the offence with respect to which the immunity was granted or for any other offence of which he appears to have been guilty in connection with the settlement and shall also become liable to the imposition of any penalty under this Act to which such person would have been liable, had not such immunity been granted.

Order of settlement to be conclusive.

245I. Every order of settlement passed under sub-section (*4*) of section 245D shall be conclusive as to the matters stated therein and no matter covered by such order shall, save as otherwise provided in this Chapter, be reopened in any proceeding under this Act or under any other law for the time being in force.

Recovery of sums due under order of settlement.

245J. Any sum specified in an order of settlement passed under sub-section (4) of section 245D may, subject to such conditions, if any, as may be specified therein, be recovered, and any penalty for default in making payment of such sum may be imposed and recovered in accordance with the provisions of Chapter XVII, by the Income-tax Officer having jurisdiction over the person who made the application for settlement under section 245C.

Bar on subsequent application for settlement in certain cases.

245K. Where,—

(*i*) an order of settlement passed under sub-section (*4*) of section 245D provides for the imposition of a penalty on the person who made the application under section 245C for settlement, on the ground of concealment of particulars of his income; or

(*ii*) after the passing of an order of settlement under the said sub-section (*4*) in relation to a case, such person is convicted of any offence under Chapter XXII in relation to that case,

then, he shall not be entitled to apply for settlement under section 245C in relation to any other matter.

Proceedings before Settlement Commission to be judicial proceedings.

245L. Any proceeding under this Chapter before the Settlement Commission shall be deemed to be a judicial proceeding within the meaning of sections 193 and 228, and for the purposes of section 196, of the Indian Penal Code. 45 of 1860.

245M. (*1*) Notwithstanding anything contained in this Chapter, any assessee who has filed an appeal to the Appellate Tribunal under this Act which is pending before it shall, on withdrawing such appeal from the Appellate Tribunal, be entitled to make an application to the Settlement Commission to have his case settled under this Chapter:

Certain persons who have filed appeal to the Appellate Tribunal entitled to make applications to the Settlement Commission.

Provided that no such assessee shall be entitled to make an application in a case where the Income-tax Officer has preferred an appeal under sub-section (2) of section 253 against the order to which the assessee's appeal relates.

(*2*) Any assessee referred to in sub-section (*1*) may make an application to the Appellate Tribunal for permission to withdraw the appeal.

(*3*) On receipt of an application under sub-section (*2*), the Appellate Tribunal shall grant permission to withdraw the appeal.

(*4*) Upon the withdrawal of the appeal, the proceeding in appeal immediately before such withdrawal shall, for the purposes of this Chapter, be deemed to be a proceeding pending before an Income-tax authority.

(*5*) An application to the Settlement Commission under this section shall be made within a period of thirty days from the date on which the order of the Appellate Tribunal permitting the withdrawal of the appeal is communicated to the assessee.

(*6*) An application made to the Settlement Commission under this section shall be deemed to be an application made under sub-section (*1*) of section 245C and the provisions of this Chapter [except sub-section (7) of section 245D] shall apply accordingly.

(7) Where an application made to the Settlement Commission under this section is not entertained by the Settlement Commission, then, the assessee shall not be deemed to have withdrawn the appeal from the Appellate Tribunal and the provisions contained in section 253, section 254 and section 255 shall, so far as may be, apply accordingly.'.

Amendment of section 246.

58. In section 246 of the Income-tax Act, in clause (*o*),—

(*i*) after sub-clause (*iii*), the following sub-clause shall be inserted, namely:—

"(*iiia*) section 271A, or";

(*ii*) after sub-clause (*iv*), the following sub-clause shall be inserted, namely:—

"(*iva*) section 272B, or",

Amendment of section 249.

59. In section 249 of the Income-tax Act,—

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

"(*b*) where the appeal relates to any assessment or penalty, the date of service of the notice of demand relating to the assessment or penalty:

Provided that, where an application has been made under section 146 for reopening an assessment, the period from the date on which the application is made to the date on which the order passed on the application is served on the assessee shall be excluded, or";

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

"(*4*) No appeal under this Chapter shall be admitted unless at the time of filing of the appeal,—

(*a*) where a return has been filed by the assessee, the assessee has paid the tax due on the income returned by him; or

(*b*) where no return has been filed by the assessee, the assessee has paid an amount equal to the amount of advance tax which was payable by him:

Provided that, on an application made by the appellant in this behalf, the Appellate Assistant Commissioner may, for any good and sufficient reason to be recorded in writing, exempt him from the operation of the provisions of this sub-section.".

* * * * *

Amendment of section 253.

60. In section 253 of the Income-tax Act, in sub-section (*1*),—

(*i*) in clause (*a*), for the words and figures "or section 271", the words, figures and letters ", section 271, section 271A or section 272A" shall be substituted;

(*ii*) in clause (*b*), for the words, brackets and figures "sub-section (*2*) of section 274", the word, figures and letter "section 272A" shall be substituted;

(*iii*) in clause (*c*), after the words and figures "under section 263", where they occur for the first time, the words, figures and letter "or under section 272A" shall be inserted.

* * * * *

Amendment of section 271.

61. In section 271 of the Income-tax Act,—

(*i*) in sub-section (*1*),—

(*a*) in clause (*b*), after the words, brackets and figures "sub-section (*2*) of section 143", the words, brackets, figures and letter "or fails to comply with a direction issued under sub-section (*2A*) of section 142" shall be inserted;

(*b*) for clause (*i*) (excluding the *Explanation* thereto), the following clause shall be substituted, namely:—

"(*i*) in the cases referred to in clause (*a*),—

(*a*) in the case of a person referred to in sub-section (*4A*) of section 139, where the total income in respect of which he is assessable as a representative assessee does not exceed the maximum amount which is not chargeable to income-tax, a sum not exceeding one per cent. of the total income computed under this Act without giving effect to the provisions of sections 11 and 12, for each year or part thereof during which the default continued;

(*b*) in any other case, in addition to the amount of the tax, if any, payable by him, a sum equal to two per cent. of the assessed tax for every month during which the default continued;";

(c) for clause (*iii*) and the *Explanation*, the following clause and *Explanations* shall be substituted, namely:—

'(*iii*) in the cases referred to in clause (c), in addition to any tax payable by him, a sum which shall not be less than, but which shall not exceed twice, the amount of tax sought to be evaded by reason of the concealment of particulars of his income or the furnishing of inaccurate particulars of such income:

Provided that, if in a case falling under clause (c) the amount of income (as determined by the Income-tax Officer on assessment) in respect of which the particulars have been concealed or inaccurate particulars have been furnished exceeds a sum of twenty-five thousand rupees, the Income-tax Officer shall not issue any direction for payment by way of penalty without the previous approval of the Inspecting Assistant Commissioner.

Explanation 1.—Where in respect of any facts material to the computation of the total income of any person under this Act,—

(*A*) such person fails to offer an explanation or offers an explanation which is found by the Income-tax Officer or the Appellate Assistant Commissioner to be false, or

(*B*) such person offers an explanation which he is not able to substantiate,

then, the amount added or disallowed in computing the total income of such person as a result thereof shall, for the purposes of clause (*c*) of this sub-section, be deemed to represent the income in respect of which particulars have been concealed.

Provided that nothing contained in this *Explanation* shall apply to a case referred to in clause (*B*) in respect of any amount added or disallowed as a result of the rejection of any explanation offered by such person, if such explanation is *bona fide* and all the facts relating to the same and material to the computation of his total income have been disclosed by him.

Explanation 2.—Where the source of any receipt, deposit, outgoing or investment in any assessment year is claimed by any person to be an amount which had been added in computing the income or deducted in computing the loss in the assessment of such person for any earlier assessment year or years but in respect of which no penalty under clause (*iii*) of this sub-section had been levied, that part of the amount so added or deducted in such earlier assessment year immediately preceding the year in which the receipt, deposit, outgoing or investment appears (such earlier assessment year hereafter in this *Explanation* referred to as the first preceding year) which is sufficient to cover the amount represented by such receipt, deposit or outgoing or value of such investment (such amount or value hereafter in this *Explanation* referred to as the utilised amount) shall be treated as the income of the assessee, particulars of which had been concealed or inaccurate particulars of which had been furnished for the first preceding year; and where the amount so added or deducted in the first preceding year is not sufficient to cover the utilised amount, that part of the amount so added or deducted in the year immediately preceding the first preceding year which is sufficient to cover such part of the utilised amount as is not so covered shall be treated to be the income of the assessee, particulars of which had been concealed or inaccurate particulars of which had been furnished for the year immediately preceding the first preceding year and so on, until the entire utilised amount is covered by the amounts so added or deducted in such earlier assessment years.

Explanation 3.—Where any person who has not previously been assessed under the Indian Income-tax Act, 1922, or under this Act, fails, without reasonable cause, to furnish within the period specified in sub-clause (*iii*) of clause (*a*) of sub-section (*1*) of section 153 a return of his income which he is required to furnish under section 139 in respect of any assessment year commencing on or after the 1st day of April, 1974, and, until the expiry of the period aforesaid, no notice has been issued to him under sub-section (2) of section 139 or section 148 and the Income-tax Officer or the Appellate Assistant Commissioner is satisfied that in respect of such assessment year such person has taxable income, then, such person shall, for the purposes of clause (c) of this sub-section, be deemed to have concealed the particulars of his income in respect of such assessment year, notwithstanding that such person furnishes a return of his income at any time after the expiry of the period aforesaid in pursuance of a notice under section 148.

11 of 1922.

Explanation 4.—For the purposes of clause (*iii*) of this sub-section, the expression "the amount of tax sought to be evaded",—

(*a*) in any case where the amount of income in respect of which particulars have been concealed or inaccurate particulars have been furnished exceeds the total income assessed, means the tax that would have been chargeable on the income in respect of which particulars have been concealed or inaccurate particulars have been furnished had such income been the total income;

(*b*) in any case to which *Explanation* 3 applies, means the tax on the total income assessed;

(*c*) in any other case, means the difference between the tax on the total income assessed and the tax that would have been chargeable had such total income been reduced by the amount of income in respect of which particulars have been concealed or inaccurate particulars have been furnished.';

(*ii*) after sub-section (*1*), the following sub-section shall be inserted, namely:—

"(*1A*) Where any penalty is imposable by virtue of *Explanation 2* to sub-section (*1*), proceedings for the imposition of such penalty may be initiated notwithstanding that any proceedings under this Act in the course of which such penalty proceedings could have been initiated under sub-section (*1*) have been completed.";

(*iii*) in sub-section (*3*), after clause (*c*), the following clause and proviso shall be inserted, namely:—

"(*d*) the penalty imposed under clause (*i*) of sub-section (*1*) and the penalty imposed under clause (*iii*) of that sub-section, read with *Explanation 3* thereto, shall not exceed in the aggregate twice the amount of the tax sought to be evaded:

Provided that nothing contained in clause (*a*) or clause (*b*) shall apply to a case referred to in sub-clause (*a*) of clause (*i*) of sub-section (*1*).";

(*iv*) sub-sections (*4A*) and (*4B*) shall be omitted.

Insertion of new section 271A.

62. After section 271 of the Income-tax Act, the following section shall be inserted, namely:—

Failure to keep, maintain or retain books of account, documents, etc.

"271A. Without prejudice to the provisions of section 271, if any person, without reasonable cause, fails to keep and maintain any such books of account and other documents as required by section 44B or the rules made thereunder, in respect of any previous year or to retain such books of account and other documents for the period specified in the said rules, the Income-tax Officer or the Appellate Assistant Commissioner may direct that such person shall pay, by way of penalty, a sum which shall not be less than ten per cent. but which shall not exceed fifty per cent. of the amount of the

tax, if any, which would have been avoided if the income returned by such person had been accepted as the correct income.".

Insertion of new sections 272A and 272B.

63. After section 272 of the Income-tax Act, the following sections shall be inserted, namely:—

Penalty for failure to answer questions, sign statements, allow inspections, etc.

"272A. (*1*) If a person,—

(*a*) being legally bound to state the truth of any matter touching the subject of his assessment, refuses to answer any question demanded of him by an Income-tax Officer or an Appellate Assistant Commissioner or an Inspecting Assistant Commissioner or a Commissioner in the exercise of his powers under this Act; or

(*b*) refuses to sign any statement made by him in the course of any proceeding under this Act which an Income-tax Officer or an Appellate Assistant Commissioner or an Inspecting Assistant Commissioner or a Commissioner may legally require him to sign,

he shall pay, by way of penalty, a sum which may extend to one thousand rupees.

(*2*) If a person, without reasonable cause or excuse, fails,—

(*a*) to furnish in due time any of the returns or statements mentioned in section 133, section 206, section 285, section 285B or section 286; or

(*b*) to allow inspection of any register referred to in section 134 or of any entry in such register or to allow copies of such register or of any entry therein to be taken; or

(*c*) to furnish a certificate as required by section 203; or

(*d*) to deduct and pay tax as required by sub-section (*2*) of section 226,

he shall pay, by way of penalty, a sum which may extend to ten rupees for every day during which the failure continues.

(*3*) Any penalty imposable under sub-section (*1*) or sub-section (*2*) shall be imposed,—

(*a*) in a case where the contravention, failure or default in respect of which such penalty is imposable occurs in the course of any proceeding before the Commissioner or the Appellate

Assistant Commissioner, by the Commissioner or, as the case may be, the Appellate Assistant Commissioner; and

(*b*) in any other case, by the Inspecting Assistant Commissioner.

(4) No order under this section shall be passed by any officer referred to in sub-section (3) unless the person on whom the penalty is proposed to be imposed is given an opportunity of being heard in the matter by such officer.

Penalty for failure to comply with the provisions of section 139A.

272B. (*1*) If a person, without reasonable cause, fails to comply with the provisions of section 139A, he shall, on an order passed by the Income-tax Officer, pay, by way of penalty, a sum which may extend to five hundred rupees.

(2) No order under sub-section (*1*) shall be passed unless the person on whom the penalty is proposed to be imposed is given an opportunity of being heard in the matter.".

Insertion of new section 273A.

64. After section 273 of the Income-tax Act, the following section shall be inserted, namely:—

Power to reduce or waive penalty, etc., in certain cases.

"273A. (*1*) Notwithstanding anything contained in this Act, the Commissioner may, in his discretion, whether on his own motion or otherwise,—

(*i*) reduce or waive the amount of penalty imposed or imposable on a person under clause (*i*) of sub-section (*1*) of section 271 for failure, without reasonable cause, to furnish the return of total income which he was required to furnish under sub-section (*1*) of section 139; or

(*ii*) reduce or waive the amount of penalty imposed or imposable on a person under clause (*iii*) of sub-section (*1*) of section 271; or

(*iii*) reduce or waive the amount of interest paid or payable under sub-section (*8*) of section 139 or section 215 or section 217 or the penalty imposed or imposable under section 273,

if he is satisfied that such person—

(*a*) in the case referred to in clause (*i*), has, prior to the issue of a notice to him under sub-section (*2*) of section 139, voluntarily and in good faith made full and true disclosure of his income;

(*b*) in the case referred to in clause (*ii*), has, prior to the detection by the Income-tax Officer, of the concealment of particulars of income or of the inaccuracy of particulars furnished in respect of such income, voluntarily and in good faith, made full and true disclosure of such particulars;

(*c*) in the cases referred to in clause (*iii*), has, prior to the issue of a notice to him under sub-section (*2*) of section 139, or where no such notice has been issued and the period for the issue of such notice has expired, prior to the issue of notice to him under section 148, voluntarily and in good faith made full and true disclosure of his income and has paid the tax on the income so disclosed,

and also has, in all the cases referred to in clauses (*a*), (*b*) and (*c*), co-operated in any enquiry relating to the assessment of his income and has either paid or made satisfactory arrangements for the payment of any tax or interest payable in consequence of an order passed under this Act in respect of the relevant assessment year.

Explanation.—For the purposes of this sub-section, a person shall be deemed to have made full and true disclosure of his income or of the particulars relating thereto in any case where the excess of income assessed over the income returned is of such a nature as not to attract the provisions of clause (*c*) of sub-section (*1*) of section 271.

(*2*) Notwithstanding anything contained in sub-section (*1*),—

(*a*) if in a case the penalty imposed or imposable under clause (*i*) of sub-section (*1*) of section 271 or the minimum penalty imposable under section 273 for the relevant assessment year, or, where such disclosure relates to more than one assessment year, the aggregate of the penalty imposed or imposable under the said clause or of the minimum penalty imposable under the said section for those years, exceeds a sum of fifty thousand rupees, or

(*b*) if in a case falling under clause (*c*) of sub-section (*1*) of section 271, the amount of income in respect of which the penalty is imposed or imposable for the relevant assessment year, or, where such disclosure relates to more than one assessment year, the aggregate amount of such income for those years, exceeds a sum of five hundred thousand rupees,

no order reducing or waiving the penalty under sub-section (*1*) shall be made by the Commissioner except with the previous approval of the Board.

(*3*) Where an order has been made under sub-section (*1*) in favour of any person, whether such order relates to one or more assessment years, he shall not be entitled to any relief under this section in relation to any other assessment year at any time after the making of such order.

(*4*) Without prejudice to the powers conferred on him by any other provision of this Act, the Commissioner may, on an application made in this behalf by an assessee, and after recording his reasons for so doing, reduce or waive the amount of any penalty payable by the assessee under this Act or stay or compound any proceeding for the recovery of any such amount, if he is satisfied that—

(*i*) to do otherwise would cause genuine hardship to the assessee, having regard to the circumstances of the case; and

(*ii*) the assessee has co-operated in any enquiry relating to the assessment or any proceeding for the recovery of any amount due from him.

(5) Every order made under this section shall be final and shall not be called into question by any court or any other authority.".

65. In section 274 of the Income-tax Act, sub-section (2) shall be omitted. Amendment of section 274.

66. In section 275 of the Income-tax Act, for the *Explanation*, the following *Explanation* shall be substituted, namely:— Amendment of section 275.

"*Explanation.*—In computing the period of limitation for the purposes of this section,—

(*i*) the time taken in giving an opportunity to the assessee to be re-heard under the proviso to section 129;

(*ii*) any period during which the immunity granted under section 245H remained in force; and

(*iii*) any period during which a proceeding under this Chapter for the levy of penalty is stayed by an order or injunction of any court,

shall be excluded.".

67. Section 276 of the Income-tax Act shall be omitted. Omission of section 276.

68. For sections 276B and 276C of the Income-tax Act, the following sections shall be substituted, namely:— Substitution of new section for sections 276B and 276C.

"276B. If a person, without reasonable cause or excuse, fails to deduct or after deducting, fails to pay the tax as required by or under the provisions of sub-section (*9*) of section 80E or Chapter XVII-B, he shall be punishable,— Failure to deduct or pay tax.

(*i*) in a case where the amount of tax which he has failed to deduct or pay exceeds one hundred thousand rupees, with rigorous imprisonment for a term which shall not be less than six months but which may extend to seven years and with fine;

(*ii*) in any other case, with rigorous imprisonment for a term which shall not be less than three months but which may extend to three years and with fine.

276C. (*1*) If a person wilfully attempts in any manner whatsoever to evade any tax, penalty or interest chargeable or imposable under this Act, he shall, without prejudice to any penalty that may be imposable on him under any other provision of this Act, be punishable,— Wilful attempt to evade tax, etc.

(*i*) in a case where the amount sought to be evaded exceeds one hundred thousand rupees, with rigorous imprisonment for a term which shall not be less than six months but which may extend to seven years and with fine;

(*ii*) in any other case, with rigorous imprisonment for a term which shall not be less than three months but which may extend to three years and with fine.

(2) If a person wilfully attempts in any manner whatsoever to evade the payment of any tax, penalty or interest * * * under this

Act, he shall, without prejudice to any penalty that may be imposable on him under any other provision of this Act, be punishable with rigorous imprisonment for a term which shall not be less than three months but which may extend to three years and shall, in the discretion of the court, also be liable to fine.

Explanation.—For the purposes of this section, a wilful attempt to evade any tax, penalty or interest chargeable or imposable under this Act or the payment thereof shall include a case where any person—

(*i*) has in his possession or control any books of account or other documents (being books of account or other documents relevant to any proceeding under this Act) containing a false entry or statement; or

(*ii*) makes or causes to be made any false entry or statement in such books of account or other documents; or

(*iii*) wilfully omits or causes to be omitted any relevant entry or statement in such books of account or other documents; or

(*iv*) causes any other circumstance to exist which will have the effect of enabling such person to evade any tax, penalty or interest chargeable or imposable under this Act or the payment thereof.

Failure to furnish returns of income.

276CC. If a person wilfully fails to furnish in due time the return of income which he is required to furnish under sub-section (*1*) of section 139 or by notice given under sub-section (*2*) of section 139 or section 148, he shall be punishable,—

(*i*) in a case where the amount of tax, which would have been evaded if the failure had not been discovered, exceeds one hundred thousand rupees, with rigorous imprisonment for a term which shall not be less than six months but which may extend to seven years and with fine;

(*ii*) in any other case, with imprisonment for a term which shall not be less than three months but which may extend to three years and with fine:

Provided that a person shall not be proceeded against under this section for failure to furnish in due time the return of income under sub-section (*1*) of section 139—

(*i*) for any assessment year commencing prior to the 1st day of April, 1975; or

(*ii*) for any assessment year commencing on or after the 1st day of April, 1975, if—

(*a*) the return is furnished by him before the expiry of the assessment year; or

(*b*) the tax payable by him on the total income determined on regular assessment, as reduced by the advance tax, if any, paid, and any tax deducted at sources, does not exceed three thousand rupees.".

Amendment of section 276D.

69. In section 276D of the Income-tax Act, after the words "such accounts and documents as are referred to in the notice", the words, brackets, figure and letter "or wilfully fails to comply with a direction issued to him under sub-section (*2A*) of that section" shall be inserted.

70. For sections 277 and 278 of the Income-tax Act, the following sections shall be substituted, namely:— Substitution of new sections for sections 277 and 278.

'277. If a person makes a statement in any verification under this Act or under any rule made thereunder, or delivers an account or statement which is false, and which he either knows or believes to be false, or does not believe to be true, he shall be punishable,— False statement in verification, etc.

(*i*) in a case where the amount of tax, which would have been evaded if the statement or account had been accepted as true, exceeds one hundred thousand rupees, with rigorous imprisonment for a term which shall not be less than six months but which may extend to seven years and with fine;

(*ii*) in any other case, with rigorous imprisonment for a term which shall not be less than three months but which may extend to three years and with fine.

278. If a person abets or induces in any manner another person to make and deliver an account or a statement or declaration relating to any income chargeable to tax which is false and which he either knows to be false or does not believe to be true or to commit an offence under sub-section (*1*) of section 276C, he shall be punishable,— Abetment of false return, etc.

(*i*) in a case where the amount of tax, penalty or interest which would have been evaded, if the declaration, account or statement had been accepted as true, or which is wilfully attempted to be evaded, exceeds one hundred thousand rupees, with rigorous imprisonment for a term which shall not be less than six months but which may extend to seven years and with fine;

(*ii*) in any other case, with rigorous imprisonment for a term which shall not be less than three months but which may extend to three years and with fine.

278A. If any person convicted of an offence under section 276B or sub-section (*1*) of section 276C or section 276CC or section 277 or section 278 is again convicted of an offence under any of the aforesaid provisions, he shall be punishable for the second and for every subsequent offence with rigorous imprisonment for a term which shall not be less than six months but which may extend to seven years and with fine. Punishment for second and subsequent offences.

278B. (*1*) Where an offence under this Act has been committed by a company, every person who, at the time the offence was committed, was in charge of, and was responsible to, the company for the conduct of the business of the company as well as the company shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly: Offences by companies.

Provided that nothing contained in this sub-section shall render any such person liable to any punishment if he proves that the offence was committed without his knowledge or that he had exercised all due diligence to prevent the commission of such offence.

(*2*) Notwithstanding anything contained in sub-section (*1*), where an offence under this Act has been committed by a company and it is

proved that the offence has been committed with the consent or connivance of, or is attributable to any neglect on the part of, any director, manager, secretary or other officer of the company, such director, manager, secretary or other officer shall also be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly.

Explanation.—For the purposes of this section—

(*a*) "company" means a body corporate, and includes—

(*i*) a firm; and

(*ii*) an association of persons or a body of individuals whether incorporated or not; and

(*b*) "director", in relation to—

(*i*) a firm, means a partner in the firm;

(*ii*) an association of persons or a body of individuals, means any member controlling the affairs thereof.

Offences by Hindu undivided families.

278C. (*1*) Where an offence under this Act has been committed by a Hindu undivided family, the *Karta* thereof shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly:

Provided that nothing contained in this sub-section shall render the *Karta* liable to any punishment if he proves that the offence was committed without his knowledge or that he had exercised all due diligence to prevent the commission of such offence.

(2) Notwithstanding anything contained in sub-section (*1*), where an offence under this Act has been committed by a Hindu undivided family and it is proved that the offence has been committed with the consent or connivance of, or is attributable to any neglect on the part of, any member of the Hindu undivided family, such member shall also be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly.

Presumption as to assets, books of account, etc., in certain cases.

278D. (*1*) Where during the course of any search made under section 132, any money, bullion, jewellery or other valuable article or thing (hereafter in this section referred to as the assets) or any books of account or other documents has or have been found in the possession or control of any person and such assets or books of account or other documents are tendered by the prosecution in evidence against such person or against such person and the person referred to in section 278 for an offence under this Act, the provisions of sub-section (*4A*) of section 132 shall, so far as may be, apply in relation to such assets or books of account or other documents.

(*2*) Where any assets or books of account or other documents taken into custody, from the possession or control of any person, by the officer or authority referred to in clause (*a*) or clause (*b*) or clause (*c*), as the case may be, of sub-section (*1*) of section 132A are delivered to the requisitioning officer under sub-section (*2*) of that section and such assets, books of account or other documents are tendered by the prosecution in evidence against such person or against such person and the person referred to in section 278 for an offence under this Act, the provisions of sub-section (*4A*) of section 132 shall, so far as may be, apply in relation to such assets or books of account or other documents.'.

71. In section 279 of the Income-tax Act,— **Amendment of section 279.**

(*i*) for sub-sections (*1*) and (*1A*), the following sub-sections shall be substituted, namely:—

"(*1*) A person shall not be proceeded against for an offence under section 275A, section 276A, section 276B, section 276C, section 276CC, section 276D, section 277, section 278 or section 278A except at the instance of the Commissioner.

(*1A*) A person shall not be proceeded against for an offence under section 276C or section 277 in relation to the assessment for an assessment year in respect of which the penalty imposed or imposable on him under clause (*iii*) of sub-section (*1*) of section 271 has been reduced or waived by an order under section 273A.";

(*ii*) in sub-section (*3*), for the words, brackets, figures and letter "under sub-section (*4A*) of section 271", the words, figures and letter "under section 273A" shall be substituted.

72. After section 279 of the Income-tax Act, the following section shall be inserted, namely:— **Insertion of new section 279A.**

"279A. Notwithstanding anything contained in the Code of Criminal Procedure, 193, an offence punishable under section 276B or section 276C or section 276CC or section 277 or section 278 shall be deemed to be non-cognizable within the meaning of that Code.". **Certain offences to be non-cognizable**

2 of 1974.

73. For section 281 of the Income-tax Act, the following section shall be substituted, namely:— **Substitution of new section for section 281.**

'281. (*1*) Where, during the pendency of any proceeding under this Act or after the completion thereof, but before the service of notice under rule 2 of the Second Schedule, any assessee creates a charge on, or parts with the possession (by way of sale, mortgage, gift, exchange or any other mode of transfer whatsoever) of, any of his assets in favour of any other person, such charge or transfer shall be void as against any claim in respect of any tax or any other sum payable by the assessee as a result of the completion of the said proceeding or otherwise: **Certain transfers to be void.**

Provided that such charge or transfer shall not be void if it is made—

(*i*) for adequate consideration and without notice of the pendency of such proceeding or, as the case may be, without notice of such tax or other sum payable by the assessee; or

(*ii*) with the previous permission of the Income-tax Officer.

(2) This section applies to cases where the amount of tax or other sum payable or likely to be payable exceeds five thousand rupees and the assets charged or transferred exceed ten thousand rupees in value.

Explanation.—In this section, "assets" means land, building, machinery, plant, shares, securities and fixed deposits in banks, to the extent to which any of the assets aforesaid does not form part of the stock in trade of the business of the assessee.'.

Insertion of new section 281B.

74. After section 281A of the Income-tax Act, the following section shall be inserted, namely:—

Provisional attachment to protect revenue in certain cases.

"281B. (*1*) Where, during the pendency of any proceeding for the assessment of any income or for the assessment or re-assessment of any income which has escaped assessment, the Income-tax Officer is of the opinion that for the purpose of protecting the interests of the revenue it is necessary so to do, he may, with the previous approval of the Commissioner, by order in writing, attach provisionally any property belonging to the assessee in the manner provided in the Second Schedule.

(2) Every such provisional attachment shall cease to have effect after the expiry of a period of six months from the date of the order made under sub-section (*1*):

Provided that the Commissioner may, for reasons to be recorded in writing, extend the aforesaid period by such further period or periods as he thinks fit, so however, that the total period of extension shall not in any case exceed two years.".

Amendment of section 285A.

75. In section 285A of the Income-tax Act, in sub-section (*1*), for the words "for the construction of a building for, or the supply of goods or services in connection therewith to, any other person, the value of which exceeds fifty thousand rupees", the following shall be substituted, namely:—

"with another person for carrying out any work or for the supply of goods or services in connection therewith, the value of which work or supply or both exceeds fifty thousand rupees".

Insertion of new section 285B.

76. After section 285A of the Income-tax Act, the following section shall be inserted, namely:—

Submission of statements by producers of cinematograph films.

"285B. Any person carrying on the production of a cinematograph film during the whole or any part of any financial year shall, in respect of the period during which such production is carried on by him in such financial year, prepare and deliver or cause to be delivered to the Income-tax Officer, within thirty days from the end of such financial year or within thirty days from the date of the completion of the production of the film whichever is earlier, a statement in the prescribed form containing particulars of all payments of over five thousand rupees in the aggregate made by him or due from him to each such person as is engaged by him in such production as employee or otherwise.".

77. In section 287 of the Income-tax Act,— Amendment of section 287.

(*i*) in sub-section (*1*), after the word "proceedings", the words "or prosecutions" shall be inserted;

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

"(2) No publication under this section shall be made in relation to any penalty imposed under this Act until the time for presenting an appeal to the Appellate Assistant Commissioner has expired without an appeal having been presented or the appeal, if presented, has been disposed of.".

78. After section 292 of the Income-tax Act, the following sections shall be inserted, namely:— Insertion of new sections 292A and 292B.

2 of 1974. 20 of 1958.

"292A. Nothing contained in section 360 of the Code of Criminal proceeding furnished or made or issued or taken or purported to to a person convicted of an offence under this Act unless that person is under eighteen years of age. Section 360 of the Code of Criminal Procedure, 1973 and the Probation of Offenders Act, 1958 not to apply.

292B. No return of income, assessment, notice, summons or other proceeding furnished or made or issued or taken or purported to have been furnished or made or issued or taken in pursuance of any of the provisions of this Act shall be invalid or shall be deemed to be invalid merely by reason of any mistake, defect or omission in such return of income, assessment, notice, summons or other proceeding if such return of income, assessment, notice, summons or other proceeding is in substance and effect in conformity with or according to the intent and purpose of this Act.". Return of income, etc., not to be invalid on certain grounds.

79. In sub-section (*2*) of section 295 of the Income-tax Act,— Amendment of section 295.

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

"(*dda*) the matters specified in sub-sections (*2*) and (*3*) of section 44B;";

(*ii*) after clause (*e*), the following clauses shall be inserted, namely:—

"(*ee*) the conditions or limitations subject to which any payment of rent made by an assessee shall be deducted under section 80GG;

* * * * *

(*eea*) the cases, the nature and value of assets, the limits and heads of expenditure and the outgoings, which are required to be prescribed under sub-section (*6*) of section 139;

(*eeb*) the time within which any person may apply for the allotment of a permanent account number, the form and the manner in which such application may be made and the particulars which such application shall contain and the transactions with respect to which permanent account numbers shall be quoted on documents relating to such transactions under section 139A;

(*eec*) the form of the report of audit and the particulars which such report shall contain under sub-section (2*A*) of section 142;";

* * * * *

(*iii*) after clause (*mm*), the following clause shall be inserted, namely:—

"(*mma*) the form in which the statement under section 285B shall be delivered to the Income-tax Officer;".

Substitution of new section for section 296.

80. For section 296 of the Income-tax Act, the following section shall be substituted, namely:—

Rules and certain notifications to be placed before Parliament.

"296. The Central Government shall cause every rule made under this Act and every notification issued under sub-clause (*iv*) of clause (23C) of section 10 to be laid as soon as may be after the rule is made or the notification is issued 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 notification or both Houses agree that the rule or notification should not be made or issued, that rule or notification 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 or notification.".

Amendment of Second Schedule:

81. In the Second Schedule to the Income-tax Act,—

(*i*) rule 19A shall be re-numbered as sub-rule (2) thereof, and before that sub-rule as so re-numbered, the following sub-rule shall be inserted, namely:—

"(1) A Tax Recovery Officer, being a Gazetted Officer of the Central Government who is authorised to exercise the powers of a Tax Recovery Officer under this Act, may entrust any of his functions as Tax Recovery Officer to any other officer lower than him in rank (not being lower in rank than an Inspector of Income-tax) and such officer shall, in relation to the functions so entrusted to him, be deemed to be a Tax Recovery Officer:

Provided that where the Tax Recovery Officer is an Income-tax Officer any entrustment under this sub-rule shall be made only with the approval of the Inspecting Assistant Commissioner.";

(*ii*) in rule 53, in clause (*c*), the word "and" occurring at the end shall be omitted, and after that clause, the following clause shall be inserted, namely:—

"(*cc*) the reserve price, if any, below which the property may not be sold; and";

(*iii*) to rule 56, the following proviso shall be added, namely:—

"Provided that no sale under this rule shall be made if the amount bid by the highest bidder is less than the reserve price, if any, specified under clause (*cc*) of rule 53.";

(*iv*) rule 59 shall be re-numbered as sub-rule (2) thereof, and before that sub-rule as so re-numbered, the following sub-rule shall be inserted, namely:—

"(*1*) Where the sale of a property, for which a reserve price has been specified under clause (*cc*) of rule 53, has been postponed for want of a bid of an amount not less than such reserve price, it shall be lawful for an Income-tax Officer, if so authorised by the Commissioner in this behalf, to bid for the property on behalf of the Central Government at any subsequent sale.";

(*v*) in Part III, after rule 68, the following rule shall be inserted, namely:—

Acceptance of property in satisfaction of amount due from the defaulter.

"68A. (*1*) Without prejudice to the provisions contained in this Part, an Income-tax Officer, duly authorised by the Commissioner in this behalf, may accept in satisfaction of the whole or any part of the amount due from the defaulter the property, the sale of which has been postponed for the reason mentioned in sub-rule (*1*) of rule 59, at such price as may be agreed upon between the Income-tax Officer and the defaulter.

(*2*) Where any property is accepted under sub-rule (*1*), the defaulter shall deliver possession of such property to the Income-tax Officer and on the date the possession of the property is delivered to the Income-tax Officer, the property shall vest in the Central Government and the Central Government shall, where necessary, intimate the concerned Registering Officer appointed under the Registration Act, 1908, accordingly.

16 of 1908.

(*3*) Where the price of the property agreed upon under sub-rule (*1*) exceeds the amount due from the defaulter, such excess shall be paid by the Income-tax Officer to the defaulter within a period of three months from the date of delivery of possession of the property and where the Income-tax Officer fails to pay such excess within the period aforesaid, the Central Government shall, for the period commencing on the expiry of such period and ending with the date of payment of the amount remaining unpaid, pay simple interest at twelve per cent. per annum to the defaulter on such amount.";

(*vi*) in rule 73,—

(*i*) after sub-rule (*3*), the following sub-rule shall be inserted, namely:—

"(*3A*) A warrant of arrest issued by a Tax Recovery Officer under sub-rule (*2*) or sub-rule (*3*) may also be exe-

cuted by any other Tax Recovery Officer within whose jurisdiction the defaulter may for the time being be found.";

(*ii*) in sub-rule (*4*),—

(*a*) for the words, brackets and figures "sub-rule (*2*) or sub-rule (*3*)", the words "this rule" shall be substituted, and after the words "Tax Recovery Officer", the words "issuing the warrant" shall be inserted;

(*b*) after the proviso, the following *Explanation* shall be inserted, namely:—

"*Explanation.*—For the purposes of this rule, where the defaulter is a Hindu undivided family, the *Karta* thereof shall be deemed to be the defaulter.".

CHAPTER III

AMENDMENTS TO THE WEALTH-TAX ACT, 1957

* * * * *

Amendment of section 4.

82. In section 4 of the Wealth-tax Act, 1957 (hereafter in this Chapter referred to as the Wealth-tax Act), 27 of 1957.

(*i*) in clause (*a*) of sub-section (*1*),—

(*a*) in sub-clause (*iii*), after the words "by the individual", the words ", directly or indirectly," shall be inserted;

(*b*) in sub-clause (*iv*), the word "or" shall be inserted at the end and after that sub-clause, the following sub-clause shall be inserted, namely:—

"(*v*) by the son's wife, or the son's minor child, of such individual, to whom such assets have been transferred by the individual, directly or indirectly, on or after the 1st day of June, 1973, otherwise than for adequate consideration,";

(*ii*) in sub-section (*1A*),—

(*a*) in clause (*b*), the words ", in so far as it is attributable to the interest of the individual in the property of the family," shall be omitted;

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

"(*c*) where the converted property has been the subject-matter of a partition (whether partial or total) amongst the members of the family, the converted property or any part thereof which is received by the spouse or minor child of the individual on such partition shall be deemed to be assets transferred indirectly by the individual to the spouse or minor child and the provisions of sub-section (*1*) shall, so far as may be, apply accordingly:";

(*iii*) after sub-section (5), the following sub-section shall be inserted, namely:—

"(*5A*) Where a gift of money from one person to another is made by means of entries in the books of account maintained by the person making the gift or by an individual or a Hindu undivided family or a firm or an association of persons or body of individuals with whom or which he has business or other relationship, the value of such gift shall be liable to be included in computing the net wealth of the person making the gift unless he proves to the satisfaction of the Wealth-tax Officer that the money has actually been delivered to the other person at the time the entries were made.";

(*iv*) in the *Explanation*,—

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

'(*aa*) the expression "child" includes a step-child and an adopted child;';

(*b*) in clause (*b*), the word "and" shall be inserted at the end;

(*c*) in clause (*c*), the word "and" occurring at the end shall be omitted;

(*d*) clause (*d*) shall be omitted.

Amendment of section 5.

83. In sub-section (*1*) of section 5 of the Wealth-tax Act, in clause (*v*), for the proviso, the following proviso shall be substituted, namely:—

"Provided that they are held by him in his own right as the inventor or author of such patent or copyright, as the case may be, and have not been assigned to, or acquired by, him under a contract or by way of inheritance or otherwise;".

Amendment of section 8.

84. In section 8 of the Wealth-tax Act, in the proviso, for the portion beginning with the words "and perform such functions" and ending with the words "work to be performed", the following shall be substituted, namely:—

"and shall perform their functions in respect of such individual, Hindu undivided family or company, as the case may be, in accordance with such general or special orders in writing as the Commissioner or the Inspecting Assistant Commissioner authorised by the Commissioner in this behalf may make for the purpose of facilitating the performance of such functions".

Insertion of new section 8AA.

85. After section 8A of the Wealth-tax Act, the following section shall be inserted, namely:—

Concurrent jurisdiction of Inspecting Assistant

"8AA. (*1*) The Commissioner may, by general or special order in writing, direct that all or any of the powers or functions conferred on or assigned to the Wealth-tax Officer or Wealth-tax Officers by or under this Act in respect of any area, or cases or classes of cases, or persons or classes of persons shall be exercised or performed concurrently by the Inspecting Assistant Commissioner.

Commissioner and Wealth-tax Officer.

(2) Where under sub-section (1), an Inspecting Assistant Commissioner exercises concurrent jurisdiction with one or more Wealth-tax Officers in respect of any area, cases or classes of cases, or persons or classes of persons, the Wealth-tax Officer or Wealth-tax Officers shall exercise the powers and perform the functions under this Act in relation thereto as the Inspecting Assistant Commissioner may direct.

(3) Without prejudice to the generality of the provisions contained in sub-section (2) of section 13, every Wealth-tax Officer shall also observe and follow such instructions as may be issued to him for his guidance by the Inspecting Assistant Commissioner within whose jurisdiction he performs his functions in relation to any particular proceeding or the initiation of any proceeding under this Act:

Provided that no instructions which are prejudicial to the assessee shall be issued before an opportunity is given by the Inspecting Assistant Commissioner to the assessee to be heard.

Explanation.—For the purposes of this sub-section, no instruction as to the lines on which an investigation connected with the assessment should be made shall be deemed to be an instruction prejudicial to the assessee.

(4) Where an order is made under sub-section (1) and the Inspecting Assistant Commissioner exercises the powers or performs the functions of a Wealth-tax Officer in respect of any case or person or proceeding, references in this Act or in any rule made thereunder to the Wealth-tax Officer and the Appellate Assistant Commissioner shall be construed as references to the Inspecting Assistant Commissioner and the Commissioner respectively and, accordingly,—

(*i*) any provision of this Act requiring approval or sanction of the Inspecting Assistant Commissioner shall not apply;

(*ii*) any appeal which would otherwise have lain to the Appellate Assistant Commissioner shall lie to the Commissioner;

(*iii*) any appeal which would have lain from an order of the Appellate Assistant Commissioner to the Appellate Tribunal shall lie from the order of the Commissioner.".

Amendment of section 8B.

86. In section 8B of the Wealth-tax Act, for sub-section (*1*), the following sub-section shall be substituted, namely:—

"(*1*) The Commissioner may, after giving the assessee a reasonable opportunity of being heard in the matter, wherever it is possible to do so, and after recording his reasons for doing so, transfer any case from one or more of the following officers subordinate to him, namely:—

(*a*) any Wealth-tax Officer or Wealth-tax Officers;

(*b*) any Wealth-tax Officer or Wealth-tax Officers having concurrent jurisdiction with the Inspecting Assistant Commissioner,

to any other Wealth-tax Officer or Wealth-tax Officers (whether with or without concurrent jurisdiction with the *Inspecting Assistant*

Commissioner) also subordinate to him and the Board may similarly transfer any case from—

(*i*) any Wealth-tax Officer or Wealth-tax Officers, or

(*ii*) any Wealth-tax Officer or Wealth-tax Officers having concurrent jurisdiction with the Inspecting Assistant Commissioner,

to any other Wealth-tax Officer or Wealth-tax Officers (whether with or without concurrent jurisdiction with the Inspecting Assistant Commissioner):

Provided that nothing in this sub-section shall be deemed to require any such opportunity to be given where a transfer is from any Wealth-tax Officer or Wealth-tax Officers (whether with or without concurrent jurisdiction with the Inspecting Assistant Commissioner) to any other Wealth-tax Officer or Wealth-tax Officers (whether with or without concurrent jurisdiction with the Inspecting Assistant Commissioner) and the offices of all such Officers are situated in the same city, locality or place:

Provided further that—

(*a*) where any case has been transferred from any Wealth-tax Officer or Wealth-tax Officers to two or more Wealth-tax Officers, the Wealth-tax Officers to whom the case is so transferred shall have concurrent jurisdiction over such case and shall perform their functions in accordance with such general or special orders in writing as the Board or the Commissioner or the Inspecting Assistant Commissioner authorised by the Commissioner in this behalf, may make for the purpose of facilitating the performance of such functions;

(*b*) where any case has been transferred from any Wealth-tax Officer or Wealth-tax Officers (whether with or without concurrent jurisdiction with the Inspecting Assistant Commissioner) to two or more Wealth-tax Officers with concurrent jurisdiction with the Inspecting Assistant Commissioner, the Officers (including the Inspecting Assistant Commissioner) to whom the case is so transferred shall have concurrent jurisdiction over such case and shall perform their functions in accordance with such general or special orders in writing as the Board or the Commissioner may make for the purpose of facilitating the performance of such functions and the Wealth-tax Officers shall perform their functions also in accordance with such orders or directions as the Inspecting Assistant Commissioner may make under section 8 or, as the case may be, under sub-section (2) of section 8AA.".

* * * * *

Amendment of section 11B.

87. In section 11B of the Wealth-tax Act, after clause (*b*), the following clause shall be inserted, namely:—

"(*c*) in a case where two or more Wealth-tax Officers have concurrent jurisdiction over such assessee in respect of such function, be the Wealth-tax Officers empowered to perform such function by the Board or, as the case may be, the Wealth-tax Officers to whom

such function has been assigned by an order of the Commissioner or by an order or a direction of the Inspecting Assistant Commissioner under section 8 or, as the case may be, under sub-section (2) of section 8AA.".

* * * * *

Amendment of section 15A.

88. In section 15A of the Wealth-tax Act, for clause (*c*), the following clause shall be substituted, namely:—

"(*c*) in the case of a company, by the managing director thereof, or where for any unavoidable reason such managing director is not able to sign and verify the return or where there is no managing director, by any director thereof.".

Amendment of section 15B.

89. In section 15B of the Wealth-tax Act,—

(*i*) for sub-section (*1*), the following sub-section shall be substituted, namely:—

"(*1*) Where any tax is payable on the basis of any return required to be furnished under section 14 or section 15 or section 17, after taking into account the amount of tax, if any, already paid under any provision of this Act, the assessee shall be liable to pay such tax before furnishing the return and the return shall be accompanied by proof of payment of such tax.";

(*ii*) for sub-section (*3*), the following sub-section shall be substituted, namely:—

"(3) If any assessee fails to pay the tax or any part thereof in accordance with the provisions of sub-section (*1*), the Wealth-tax Officer may direct that a sum equal to two per cent. of such tax or part thereof, as the case may be, shall be recovered from him by way of penalty for every month during which the default continues:

Provided that before levying any such penalty, the assessee shall be given a reasonable opportunity of being heard.".

Insertion of new section 17A.

90. After section 17 of the Wealth-tax Act, the following section shall be inserted, namely:—

Time-limit for completion of assessment and re-assessment.

"17A. (*1*) No order of assessment shall be made under section 16 at any time after the expiration of a period of—

(*a*) four years commencing on and from the 1st day of April, 1975 or one year from the date of the filing of a return or a revised return under section 15, whichever is later, where the assessment year is an assessment year commencing before that date;

(*b*) four years from the end of the assessment year in which the net wealth was first assessable, or one year from the date of the filing of a return or a revised return under section 15, whichever is later, where the assessment year is an assessment year commencing on or after the 1st day of April, 1975.

(2) No order of assessment or re-assessment shall be made under section 17,—

(*a*) where any proceeding for an assessment or re-assessment is pending on the 1st day of April, 1975, at any time after the expiration of a period of four years commencing on and from that date;

(*b*) where the assessment or re-assessment is to be made in a case falling within clause (*a*) of sub-section (*1*) of section 17 for which a notice has been served under that sub-section on or after the 1st day of April, 1975, at any time after the expiration of a period of four years from the end of the assessment year in which such notice was served;

(*c*) where the assessment or re-assessment is to be made in a case falling within clause (*b*) of sub-section (*1*) of section 17 for which a notice has been served under that sub-section on or after the 1st day of April, 1975, after the expiration of a period of—

(*i*) four years from the end of the assessment year in which the net wealth was first assessable, or

(*ii*) one year from the date of service of such notice,

whichever period expires later.

(3) Notwithstanding anything contained in sub-sections (*1*) and (2), an order of fresh assessment in pursuance of an order passed on or after the 1st day of April, 1975, under section 23, section 24 or section 25, setting aside or cancelling an assessment, may be made at any time before the expiry of four years from the end of the financial year in which the order under section 23 or section 24 is received by the Commissioner or, as the case may be, the order under section 25 is passed by the Commissioner.

(4) The provisions of sub-sections (*1*) and (*2*) shall not apply to the assessment or re-assessment made on the assessee or any other person in consequence of, or to give effect to, any finding or direction contained in an order under section 23, section 24, section 25, section 27 or section 29 or in an order of any court in a proceeding otherwise than by way of appeal or reference under this Act, and such assessment or re-assessment, may, subject to the provisions of sub-section (*3*), be completed at any time.

Explanation 1.—In computing the period of limitation for the purposes of this section—

(*i*) the time taken in re-opening the whole or any part of the proceeding or in giving an opportunity to the assessee to be re-heard under the proviso to section 39, or

(*ii*) the period during which the assessment proceeding is stayed by an order or injunction of any court, or

(*iii*) in a case where an application made before the Wealth-tax Settlement Commission under section 22C is rejected by it or is not allowed to be proceeded with by it, the period commencing from the date on which such application is made and ending

with the date on which the order under sub-section (*1*) of section 22D is received by the Commissioner under sub-section (*2*) of that section,

shall be excluded.

Explanation 2.—Where, by an order referred to in sub-section (*4*), any asset is excluded from the net wealth of one person and held to be the asset of another person, then, an assessment in respect of such asset on such other person shall, for the purposes of sub-section (*2*) of section 17 and this section, be deemed to be one made in consequence of, or to give effect to, any finding or direction contained in the said order, provided such other person was given an opportunity of being heard before the said order was passed.".

Amendment of section 18.

91. In section 18 of the Wealth-tax Act,—

(*i*) in sub-section (*1*), for clauses (*i*), (*ii*), (*iii*) and the *Explanations*, the following clauses and *Explanations* shall be substituted, namely:—

'(*i*) in the cases referred to in clause (*a*), in addition to the amount of wealth-tax, if any, payable by him, a sum equal to two per cent. of the assessed tax for every month during which the default continued.

Explanation.—In this clause, "assessed tax" means the wealth-tax chargeable under the provisions of this Act;

(*ii*) in the cases referred to in clause (*b*), in addition to the amount of wealth-tax payable by him, a sum which shall not be less than ten per cent., but which shall not exceed fifty per cent. of the amount of the wealth-tax, if any, which would have been avoided if the net wealth returned by such person had been accepted as the correct net wealth;

(*iii*) in the cases referred to in clause (*c*), in addition to any wealth-tax payable by him, a sum which shall not be less than, but which shall not exceed five times, the amount of tax sought to be evaded by reason of the concealment of particulars of any assets or the furnishing of inaccurate particulars in respect of any assets or debts.

Explanation 1.—For the purposes of clause (*iii*) of this sub-section, the expression "the amount of tax sought to be evaded"—

(*a*) in a case to which *Explanation 3* applies, means the tax on the net wealth assessed;

(*b*) in any other case, means the difference between the tax on the net wealth assessed and the tax that would have been chargeable had the net wealth assessed been reduced by the amount which represents the value of any assets in respect of which particulars have been concealed or inaccurate particulars have been furnished and of any debts in respect of which inaccurate particulars have been furnished.

Explanation 2.—Where in respect of any facts material to the computation of the net wealth of any person under this Act,—

(*A*) such person fails to offer an explanation or offers an explanation which is found by the Wealth-tax Officer or the Appellate Assistant Commissioner to be false, or

(*B*) such person offers an explanation which he is not able to substantiate,

then, the amount added or disallowed in computing the net wealth of such person as a result thereof shall, for the purposes of clause (*c*) of this sub-section, be deemed to represent the value of the assets in respect of which particulars have been concealed:

Provided that nothing contained in this *Explanation* shall apply to a case referred to in clause (*B*) in respect of any amount added or disallowed as a result of the rejection of any explanation offered by such person, if such explanation is *bona fide* and all the facts relating to the same and material to the computation of his net wealth have been disclosed by him.

Explanation 3.—Where any person who has not previously been assessed under this Act fails, without reasonable cause, to furnish within the period specified in clause (*a*) or, as the case may be, clause (*b*) of sub-section (*1*) of section 17A a return of his net wealth which he is required to furnish under section 14 in respect of any assessment year and, until the expiry of either of the periods applicable to him, no notice had been issued to him under sub-section (*2*) of section 14 or sub-section (*1*) of section 17 and the Wealth-tax Officer or the Appellate Assistant Commissioner is satisfied that in respect of such assessment year such person has assessable net wealth, then, such person shall, for the purposes of clause (*c*) of this sub-section, be deemed to have concealed the particulars of his assets or furnished inaccurate particulars of any assets or debts in respect of such assessment year, notwithstanding that such person furnishes a return of his net wealth at any time after the expiry of either of the periods aforesaid applicable to him in pursuance of a notice under section 17.

Explanation 4.—Where the value of any asset returned by any person is less than seventy per cent. of the value of such asset as determined in an assessment under section 16 or section 17, such person shall be deemed to have furnished inaccurate particulars of such asset within the meaning of clause (*c*) of this sub-section, unless he proves that the value of the asset as returned by him is the correct value.';

(*ii*) sub-section (*1A*) shall be omitted;

(*iii*) sub-sections (*2A*) and (*2B*) shall be omitted;

(*iv*) for sub-section (*3*), the following sub-sections shall be substituted, namely:—

"(*3*) Notwithstanding anything contained in clause (*iii*) of sub-section (*1*), if, in a case falling under clause (*c*) of that sub-section, the amount (as determined by the Wealth-tax Officer on assessment) in respect of which penalty is imposable under clause (*c*) aforesaid exceeds a sum of twenty-five thousand rupees, the

Wealth-tax Officer shall not issue any direction under sub-section (*1*) for payment by way of penalty without the previous approval of the Inspecting Assistant Commissioner.

(*3A*) Notwithstanding anything contained in this section, the penalty imposed under clause (*iii*) of sub-section (*1*) read with *Explanation 3* to that sub-section and the penalty imposed under clause (*i*) of that sub-section shall not exceed, in the aggregate, five times the amount of the tax sought to be evaded.";

(*v*) for the *Explanation* below sub-section (5), the following *Explanation* shall be substituted, namely:—

"*Explanation.*—In computing the period of limitation for the purposes of this section,—

(*i*) any period during which the immunity granted under section 22H remained in force;

(*ii*) the time taken in giving an opportunity to the assessee to be re-heard under the proviso to section 39; and

(*iii*) any period during which a proceeding under this section for the levy of penalty is stayed by an order or injunction of any court,

shall be excluded.".

Insertion of new sections 18A and 18B.

92. In Chapter IV of the Wealth-tax Act, after section 18, the following sections shall be inserted, namely:—

Penalty for failure to answer questions, sign statements, allow inspections, etc.

"18A. (*1*) If a person,—

(*a*) being legally bound to state the truth of any matter touching the subject of his assessment, refuses to answer any question demanded of him by a Wealth-tax Officer or an Appellate Assistant Commissioner or an Inspecting Assistant Commissioner or a Commissioner, in the exercise of his powers under this Act; or

(*b*) refuses to sign any statement made by him in the course of any proceeding under this Act which a Wealth-tax Officer or an Appellate Assistant Commissioner or an Inspecting Assistant Commissioner or a Commissioner may legally require him to sign,

he shall pay, by way of penalty, a sum which may extend to one thousand rupees.

(*2*) If a person, without reasonable cause, fails to furnish in due time such statement or information which such person is bound to furnish to the Wealth-tax Officer under section 38, he shall pay, by way of penalty, a sum which may extend to ten rupees for every day during which the failure continues.

(*3*) No order shall be made under this section except by an Appellate Assistant Commissioner or an Inspecting Assistant Commissioner or a Commissioner, and where a contravention, failure or default for which any penalty is imposable under this section occurs in the course of any proceeding before a Wealth-tax Officer, the Wealth-tax Officer shall refer the case to the Inspecting Assistant Commissioner for passing such orders as he deems fit.

(4) No order under this section shall be passed by any officer referred to in sub-section (3), unless the person on whom the penalty is proposed to be imposed is given an opportunity of being heard in the matter by such officer.

Power to reduce or waive penalty in certain cases.

18B. (1) Notwithstanding anything contained in this Act, the Commissioner may, in his discretion, whether on his own motion or otherwise,—

(i) reduce or waive the amount of penalty imposed or imposable on a person under clause (i) of sub-section (1) of section 18 for failure without reasonable cause to furnish the return of net wealth which such person was required to furnish under sub-section (1) of section 14; or

(ii) reduce or waive the amount of penalty imposed or imposable on a person under clause (iii) of sub-section (1) of section 18,

if he is satisfied that such person,—

(a) in the case referred to in clause (i), has, prior to the issue of a notice to him under sub-section (2) of section 14, voluntarily and in good faith, made full and true disclosure of his net wealth, and

(b) in the case referred to in clause (ii), has, prior to the detection by the Wealth-tax Officer, of the concealment of particulars of assets or of the inaccuracy of particulars furnished in respect of any asset or debt in respect of which the penalty is imposable, voluntarily and in good faith made full and true disclosure of such particulars,

and also has co-operated in any inquiry relating to the assessment of his net wealth and has either paid or made satisfactory arrangements for the payment of any tax or interest payable in consequence of an order passed under this Act in respect of the relevant assessment year.

Explanation.—For the purposes of this sub-section, a person shall be deemed to have made full and true disclosure of the particulars of his assets or debts in any case where the excess of net wealth assessed over the net wealth returned is of such a nature as not to attract the provisions of clause (c) of sub-section (1) of section 18.

(2) Notwithstanding anything contained in sub-section (1), if in a case falling under clause (c) of sub-section (1) of section 18, the net wealth in respect of which the penalty is imposed or imposable for the relevant assessment year, or, where such disclosure relates to more than one assessment year, the net wealth for any one of the relevant assessment years, exceeds five hundred thousand rupees, no order reducing or waiving the penalty under sub-section (1) shall be made by the Commissioner, except with the previous approval of the Board.

(3) Where an order has been made under sub-section (1) in favour of any person, whether such order relates to one or more assessment years, he shall not be entitled to any relief under this

section in relation to any other assessment year at any time after the making of such order.

(4) Without prejudice to the powers conferred on him by any other provision of this Act, the Commissioner may, on an application made in this behalf by an assessee, and after recording his reasons for so doing, reduce or waive the amount of any penalty payable by the assessee under this Act or stay or compound any proceeding for the recovery of any such amount, if he is satisfied that—

(*i*) to do otherwise would cause genuine hardship to the assessee, having regard to the circumstances of the case, and

(*ii*) the assessee has co-operated in any inquiry relating to the assessment or any proceeding for the recovery of any amount due from him.

(5) Every order made under this section shall be final and shall not be called into question by any court or any other authority.".

Insertion of new Chapter VA.

93. After Chapter V of the Wealth-tax Act, the following Chapter shall be inserted, namely:—

'CHAPTER VA

SETTLEMENT OF CASES

Definitions.

22A. In this Chapter, unless the context otherwise requires,—

(*a*) "case" means any proceeding under this Act for or in connection with the assessment or re-assessment of any person in respect of any year or years which may be pending before a Wealth-tax authority on the date on which an application referred to in section 22C is made;

(*b*) "Wealth-tax authority" means a Director of Inspection, a Commissioner, an Appellate Assistant Commissioner, an Inspecting Assistant Commissioner or a Wealth-tax Officer.

Wealth-tax Settlement Commission.

22B. (*1*) The Central Government shall constitute a Commission to be called the Wealth-tax Settlement Commission (hereafter in this Chapter referred to as the "Settlement Commission") for the settlement of cases under this Chapter.

(*2*) The Settlement Commission shall consist of a Chairman and two other members and shall function within the Department of the Central Government dealing with direct taxes.

(*3*) The Chairman and other members of the Settlement Commission shall be appointed by the Central Government from amongst persons of integrity and outstanding ability, having special knowledge of, and experience in, problems relating to direct taxes and business accounts:

Provided that where a member of the Board is appointed as the Chairman or as a member of the Settlement Commission, he shall cease to be a member of the Board:

Provided further that until the members are appointed under this sub-section, it shall be competent for the Central Government to require, from time to time, any two members of the Board to serve as members of the Settlement Commission for such period as the Central Government thinks fit, in addition to their duties as members of the Board.

Application for settlement of cases.

22C. (*1*) An assessee may, at any stage of a case relating to him, make an application in such form and in such manner and containing such particulars as may be prescribed to the Settlement Commission to have the case settled and any such application shall be disposed of in the manner hereinafter provided.

(*2*) Every application made under sub-section (*1*) shall be accompanied by such fees as may be prescribed.

(*3*) An application made under sub-section (*1*) shall not be allowed to be withdrawn by the applicant.

Procedure on receipt of an application under section 22C.

22D. (*1*) On receipt of an application under section 22C, the Settlement Commission shall call for a report from the Commissioner and on the basis of the materials contained in such report and having regard to the nature and circumstances of the case or the complexity of the investigation involved therein, the Settlement Commission may, by order, allow the application to be proceeded with or reject the application:

Provided that an application shall not be rejected under this sub-section unless an opportunity has been given to the applicant of being heard:

Provided further that an application shall not be proceeded with under this sub-section if the Commissioner objects to the application being proceeded with on the ground that concealment of particulars of the net wealth on the part of the applicant or perpetration of fraud by him for evading any tax or other sum chargeable or imposable under this Act has been established or is likely to be established by any Wealth-tax authority, in relation to the case.

(*2*) A copy of every order under sub-section (*1*) shall be sent to the applicant and to the Commissioner.

(*3*) Where an application is allowed to be proceeded with under sub-section (*1*), the Settlement Commission may call for the relevant records from the Commissioner and after examination of such records, if the Settlement Commission is of the opinion that any further enquiry or investigation in the matter is necessary, it may direct the Commissioner to make or cause to be made such further enquiry or investigation and furnish a report on the matters covered by the application and any other matter relating to the case.

(*4*) After examination of the records and the report of the Commissioner received under sub-section (*1*) and the report, if any, of the Commissioner received under sub-section (*3*), and after giving an opportunity to the applicant and to the Commissioner to be heard, either in person or through a representative duly authorised in this behalf, and after examining such further evidence as may be placed

before it or obtained by it, the Settlement Commission may, in accordance with the provisions of this Act, pass such order as it thinks fit on the matters covered by the application and any other matter relating to the case not covered by the application but referred to in the report of the Commissioner under sub-section (*1*) or sub-section (*3*).

(5) The materials brought on record before the Settlement Commission shall be considered by all the members thereof before passing any order under sub-section (*4*) and, in the case of a difference of opinion among the members, the opinion of the majority shall prevail and such order shall be expressed in terms of the views of the majority.

(*6*) Every order passed under sub-section (*4*) shall provide for the terms of settlement including any demand by way of tax, penalty or interest, the manner in which any sum due under the settlement shall be paid and all other matters to make the settlement effective and shall also provide that the settlement shall be void if it is subsequently found by the Settlement Commission that it has been obtained by fraud or misrepresentation of facts.

(7) Where a settlement becomes void as provided in sub-section (*6*), the proceedings with respect to the matters covered by the settlement shall be deemed to have been revived from the stage at which the application was allowed to be proceeded with by the Settlement Commission and the Wealth-tax authority concerned, may, notwithstanding anything contained in any other provision of this Act, complete such proceedings at any time before the expiry of two years from the end of the financial year in which the settlement became void.

Power of Settlement Commission to re-open completed proceedings.

22E. If the Settlement Commission is of the opinion (the reasons for such opinion to be recorded by it in writing) that, for the proper disposal of the case pending before it, it is necessary or expedient to re-open any proceeding connected with the case, but which has been completed under this Act by any Wealth-tax authority before the application under section 22C was made, it may, with the concurrence of the applicant, re-open such proceeding and pass such order thereon as it thinks fit as if the case in relation to which the application for settlement had been made by the applicant under that section covered such proceeding also:

Provided that no proceeding shall be re-opened by the Settlement Commission under this section after the expiry of a period of eight years from the end of the assessment year to which such proceeding relates.

Power and procedure Settlement Commission.

22F. (*1*) In addition to the powers conferred on the Settlement Commission under this Chapter, it shall have all the powers which are vested in a Wealth-tax authority under this Act.

(2) Where an application made under section 22C has been allowed to be proceeded with under section 22D, the Settlement Commission shall, until an order is passed under sub-section (*4*) of section 22D, have, subject to the provisions of sub-section (*3*) of that section, exclusive jurisdiction to exercise the powers and perform the functions of a Wealth-tax authority under this Act in relation to the case.

(3) Notwithstanding anything contained in sub-section (2) and in the absence of any express direction to the contrary by the Settlement Commission, nothing contained in this section shall affect the operation of any other provision of this Act requiring the applicant to pay tax on the basis of self-assessment in relation to the matters before the Settlement Commission.

(4) For the removal of doubt, it is hereby declared that in the absence of any express direction by the Settlement Commission to the contrary, nothing in this Chapter shall affect the operation of the provisions of this Act in so far as they relate to any matters other than those before the Settlement Commission.

(5) The Settlement Commission shall, subject to the provisions of this Chapter, have power to regulate its own procedure (including the fixation of places and times of its meetings) and may act notwithstanding that all the members of the Settlement Commission are not present at any of its meetings.

Inspection, etc., of reports.

22G. No person shall be entitled to inspect, or obtain copies of, any reports made by any Wealth-tax authority to the Settlement Commission; but the Settlement Commission may, in its discretion, furnish copies thereof to any such person on an application made to it in this behalf and on payment of the prescribed fee:

Provided that, for the purpose of enabling any person whose case is under consideration to rebut any evidence brought on the record against him in any such report, the Settlement Commission shall, on an application made in this behalf and on payment of the prescribed fee by such person, furnish him with a certified copy of any such report or part thereof relevant for the purpose.

Powers of Settlement Commission to grant immunity from prosecution.

22H. (1) The Settlement Commission may, if it is satisfied that any person who made the application for settlement under section 22C has co-operated with the Settlement Commission in the proceedings before it and has made a full and true disclosure of his net wealth and the manner in which such wealth has been acquired, grant to such person, subject to such conditions as it may think fit to impose, immunity from prosecution for any offence under this Act or under the Indian Penal Code or under any other Central Act for the time being in force and also from the imposition of any penalty under this Act, with respect to the case covered by the settlement.

45 of 1860.

(2) An immunity granted to a person under sub-section (1) may, at any time, be withdrawn by the Settlement Commission, if it is satisfied that such person has not complied with the conditions subject to which the immunity was granted or that such person had, in the course of the settlement proceedings, concealed any particulars material to the settlement or had given false evidence, and thereupon such person may be tried for the offence with respect to which the immunity was granted or for any other offence of which he appears to have been guilty in connection with the settlement and shall also become liable to the imposition of any penalty under this Act to which such person would have been liable, had no such immunity been granted.

Order of settlement to be conclusive.

22I. Every order of settlement passed under sub-section (4) of section 22D shall be conclusive as to the matters stated therein and no matter covered by such order shall, save as otherwise provided in this Chapter, be re-opened in any proceeding under this Act or under any other law for the time being in force.

Recovery of sums due under order of settlement.

22J. Any sum specified in an order of settlement passed under sub-section (4) of section 22D may, subject to such conditions, if any, as may be specified therein, be recovered, and any penalty for default in making payment of such sum may be imposed and recovered in accordance with the provisions of section 32 by the Wealth-tax Officer having jurisdiction over the person who made the application for settlement under section 22C.

Bar on subsequent application for settlement in certain cases.

22K. Where—

(*i*) an order of settlement passed under sub-section (4) of section 22D provides for the imposition of a penalty on the person who made the application under section 22C for settlement, on the ground of concealment of particulars of his net wealth; or

(*ii*) after the passing of an order of settlement under the said sub-section (4) in relation to a case, such person is convicted of any offence under Chapter VIII in relation to that case,

then, he shall not be entitled to apply for settlement under section 22C in relation to any other matter.

Proceedings before Settlement Commission to be judicial proceedings.

22L. Any proceeding under this Chapter before the Settlement Commission shall be deemed to be a judicial proceeding within the meaning of sections 193 and 228, and for the purposes of section 196, of the Indian Penal Code. 45 of 1860.

Certain persons who have filed appeals to the Appellate Tribunal entitled to make applications to the Settlement Commission.

22M. (*1*) Notwithstanding anything contained in this Chapter, any assessee who has filed an appeal to the Appellate Tribunal under this Act which is pending before it shall, on withdrawing such appeal from the Appellate Tribunal, be entitled to make an application to the Settlement Commission to have his case settled under this Chapter:

Provided that no such assessee shall be entitled to make an application in a case where the Wealth-tax Officer has preferred an appeal under sub-section (2) of section 24 against the order to which the assessee's appeal relates.

(2) Any assessee referred to in sub-section (1) may make an application to the Appellate Tribunal for permission to withdraw the appeal.

(3) On receipt of an application under sub-section (2), the Appellate Tribunal shall grant permission to withdraw the appeal.

(4) Upon the withdrawal of the appeal, the proceeding in appeal immediately before such withdrawal shall, for the purposes of this Chapter, be deemed to be a proceeding pending before a Wealth-tax authority.

(5) An application to the Settlement Commission under this section shall be made within a period of thirty days from the date on which the order of the Appellate Tribunal permitting the withdrawal of the appeal is communicated to the assessee.

(6) An application made to the Settlement Commission under this section shall be deemed to be an application made under sub-section (1) of section 22C and the provisions of this Chapter [except sub-section (7) of section 22D] shall apply accordingly.

(7) Where an application made to the Settlement Commission under this section is not entertained by the Settlement Commission, then, the assessee shall not be deemed to have withdrawn the appeal from the Appellate Tribunal and the provisions contained in section 24 and section 26 shall, so far as may be, apply accordingly.'.

Amendment of section 23.

94. In section 23 of the Wealth-tax Act, after sub-section (2), the following sub-section shall be inserted, namely:—

"(2A) Where a return has been filed by an assessee, no appeal under this section shall be admitted unless at the time of filing of the appeal he has paid the tax due on the net wealth returned by him:

Provided that, on an application made by the appellant in this behalf, the Appellate Assistant Commissioner may, for any good and sufficient reason to be recorded in writing, exempt him from the operation of the provision of this sub-section.".

Amendment of section 24.

95. In section 24 of the Wealth-tax Act, for sub-section (1), the following sub-section shall be substituted, namely:—

"(1) An assessee objecting to an order passed by the Appellate Assistant Commissioner under section 18 or section 18A or section 23 or sub-section (2) of section 37, or to an order passed by the Inspecting Assistant Commissioner under section 18A, may appeal to the Appellate Tribunal within sixty days of the date on which the order is communicated to him.".

Amendment of section 26.

96. In sub-section (1) of section 26 of the Wealth-tax Act, after the word and figures "section 18", the words, figures and letter "or section 18A" shall be inserted.

Amendment of section 34A.

97. In section 34A of the Wealth-tax Act, after sub-section (3), the following sub-section shall be inserted, namely:—

"(3A) Where the whole or any part of the refund referred to in sub-section (3) is due to the assessee as a result of any amount

having been paid by him after the 31st day of March, 1975 in pursuance of any order of assessment or penalty and such amount or any part thereof having been found in appeal or other proceeding under this Act to be in excess of the amount which such assessee is liable to pay as tax or penalty, as the case may be, under this Act, the Central Government shall pay to such assessee simple interest at the rate specified in sub-section (3) on the amount so found to be in excess from the date on which such amount was paid to the date on which the refund is granted:

Provided that, where the amount so found to be in excess was paid in instalments, such interest shall be payable on the amount of each such instalment or any part of such instalment, which was in excess, from the date on which such instalment was paid to the date on which the refund is granted:

Provided further that no interest under this sub-section shall be payable for a period of one month from the date of the passing of the order in appeal or other proceeding:

Provided also that, where any interest is payable to an assessee under this sub-section, no interest under sub-section (3) shall be payable to him in respect of the amount so found to be in excess.".

Substitution of new sections for section 34B.

98. For section 34B of the Wealth-tax Act, the following sections shall be substituted, namely:—

Transfers to defraud revenue to be void.

'34B. (1) Where, during the pendency of any proceeding under this Act or after the completion thereof, but before the service of notice under rule 2 of the Second Schedule to the Income-tax Act as made applicable to this Act by section 32, any assessee creates a charge on, or parts with (by way of sale, mortgage, gift, exchange or any other mode of transfer whatsoever) the possession of, any of his assets in favour of any other person, such charge or transfer shall be void as against any claim in respect of any tax or any other sum payable by the assessee as a result of the completion of the said proceeding or otherwise:

Provided that such charge or transfer shall not be void, if it is made—

(i) for adequate consideration and without notice of the pendency of such proceeding or, as the case may be, without notice of such tax or other sum payable by the assessee; or

(ii) with the previous permission of the Wealth-tax Officer.

(2) This section applies to cases where the amount of tax or other sum payable or likely to be payable exceeds five thousand rupees and the assets charged or transferred exceed ten thousand rupees in value.

Explanation.—In this section, "assets" means land, building, machinery, plant, shares, securities and fixed deposits in banks to the extent to which any of the assets aforesaid does not form part of the stock in trade of the business of the assessee.

34C. (*1*) Where, during the pendency of any proceeding for the assessment of net wealth or for the assessment or re-assessment of net wealth which has escaped assessment, the Wealth-tax Officer is of the opinion that for the purpose of protecting the interests of the revenue it is necessary so to do, he may, with the previous approval of the Commissioner, by order in writing, attach provisionally any property belonging to the assessee in the manner provided in the Second Schedule to the Income-tax Act as made applicable to this Act by section 32. Provisional attachment to protect revenue in certain cases.

(2) Every such provisional attachment shall cease to have effect after the expiry of a period of six months from the date of the order made under sub-section (*1*):

Provided that the Commissioner may, for reasons to be recorded in writing, extend the aforesaid period by such further period or periods as he thinks fit, so however, that the total period of extension shall not in any case exceed two years.'.

99. In sub-section (*1*) of section 35 of the Wealth-tax Act, clause (*c*) shall be omitted. Amendment of section 35.

100. After section 35 of the Wealth-tax Act, the following sections shall be inserted, namely:— Insertion of new sections 35A to 35N.

"35A. (*1*) If a person wilfully attempts in any manner whatsoever to evade any tax, penalty or interest chargeable or imposable under this Act, he shall, without prejudice to any penalty that may be imposable on him under any other provision of this Act, be punishable,— Wilful attempt to evade tax, etc.

(*i*) in a case where the amount sought to be evaded exceeds one hundred thousand rupees, with rigorous imprisonment for a term which shall not be less than six months but which may extend to seven years and with fine;

(*ii*) in any other case, with rigorous imprisonment for a term which shall not be less than three months but which may extend to three years and with fine.

(2) If a person wilfully attempts in any manner whatsoever to evade the payment of any tax, penalty or interest * * * under this Act, he shall, without prejudice to any penalty that may be imposable on him under any other provision of this Act, be punishable with rigorous imprisonment for a term which shall not be less than three months but which may extend to three years and shall, in the discretion of the court, also be liable to fine.

Explanation.—For the purposes of this section, a wilful attempt to evade any tax, penalty or interest chargeable or imposable under this Act or the payment thereof shall include a case where any person—

(*a*) has in his possession or control any books of account or other documents (being books of account or other documents relevant to any proceeding under this Act) containing a false entry or statement, or

(*b*) makes, or causes to be made, any false entry or statement in such books of account or other documents, or

(*c*) wilfully omits, or causes to be omitted, any relevant entry or statement in such books of account or other documents, or

(*d*) causes any other circumstance to exist which will have the effect of enabling such person to evade any tax, penalty or interest chargeable or imposable under this Act or the payment thereof.

Failure to furnish returns of net wealth.

35B. If a person wilfully fails to furnish in due time the return of his net wealth which he is required to furnish under sub-section (*1*) of section 14 or by notice given under sub-section (2) of section 14 or under sub-section (*1*) of section 17, he shall be punishable,—

(*i*) in a case where the amount of tax, which would have been evaded if the failure had not been discovered, exceeds one hundred thousand rupees, with rigorous imprisonment for a term which shall not be less than six months but which may extend to seven years and with fine;

(*ii*) in any other case, with rigorous imprisonment for a term which shall not be less than three months but which may extend to three years and with fine:

Provided that a person shall not be proceeded against under this section for failure to furnish in due time the return of net wealth under sub-section (*1*) of section 14—

(*i*) for any assessment year commencing prior to the 1st day of April, 1975; or

(*ii*) for any assessment year commencing on or after the 1st day of April, 1975, if—

(*a*) the return is furnished by him before the expiry of the assessment year; or

(*b*) the tax payable by him on his net wealth determined on regular assessment does not exceed three thousand rupees.

Failure to produce accounts, records, etc.

35C. If a person wilfully fails to produce, or cause to be produced, on or before the date specified in any notice under sub-section (*4*) of section 16, such accounts, records and documents as are referred to in the notice, he shall be punishable with rigorous imprisonment for a term which may extend to one year or with fine equal to a sum calculated at a rate which shall not be less than four rupees or more than ten rupees for every day during which the default continues, or with both.

False statement in verification, etc., made under certain provisions of the Act.

35D. If a person makes a statement in any verification under this Act (other than under section 34AB) or under any rule made thereunder, or delivers an account or statement which is false, and which he either knows or believes to be false, or does not believe to be true, he shall be punishable,—

(*i*) in a case where the amount of tax which would have been evaded if the statement or account had been accepted as true,

exceeds one hundred thousand rupees, with rigorous imprisonment for a term which shall not be less than six months but which may extend to seven years and with fine;

(*ii*) in any other case, with rigorous imprisonment for a term which shall not be less than three months but which may extend to three years and with fine.

False statement in verification mentioned in section 34AB.

35E. If a person makes a statement in a verification mentioned in section 34AB which is false, and which he either knows or believes to be false, or does not believe to be true, he shall be punishable with imprisonment for a term which may extend to six months or with fine or with both.

Abetment of false return, etc.

35F. If a person abets or induces in any manner another person to make and deliver an account, statement or declaration relating to any net wealth chargeable to tax which is false and which he either knows to be false or does not believe to be true or to commit an offence under sub-section (*1*) of section 35A, he shall be punishable,—

(*i*) in a case where the amount of tax, penalty or interest, which would have been evaded, if the declaration, account or statement had been accepted as true, or which is wilfully attempted to be evaded, exceeds one hundred thousand rupees, with rigorous imprisonment for a term which shall not be less than six months but which may extend to seven years and with fine;

(*ii*) in any other case, with rigorous imprisonment for a term which shall not be less than three months but which may extend to three years and with fine.

Punishment for second and subsequent offences.

35G. If any person convicted of an offence under sub-section (*1*) of section 35A or section 35B or section 35D or section 35F is again convicted of an offence under any of the aforesaid provisions, he shall be punishable for the second and for every subsequent offence with rigorous imprisonment for a term which shall not be less than six months but which may extend to seven years and with fine.

Offences by Hindu undivided families.

35H. (*1*) Where an offence under this Act has been committed by a Hindu undivided family, the *Karta* thereof shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly:

Provided that nothing contained in this sub-section shall render the *Karta* liable to any punishment if he proves that the offence was committed without his knowledge or that he had exercised all due diligence to prevent the commission of such offence.

(*2*) Notwithstanding anything contained in sub-section (*1*), where an offence under this Act has been committed by a Hindu undivided family and it is proved that the offence has been committed with the consent or connivance of, or is attributable to any neglect on the part of, any member thereof, such member shall also be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly.

Prosecutions to be at the instance of Commissioner and power of Commissioner to compound offences.

35I. (*1*) A person shall not be proceeded against for an offence under this Act except at the instance of the Commissioner.

(*2*) The Commissioner may, either before or after the institution of proceedings, compound any offence under this Act.

Certain offences to be non-cognizable.

35J. Notwithstanding anything contained in the Code of Criminal Procedure, 1973, an offence punishable under section 35A or section 35B or section 35D or section 35F shall be deemed to be non-cognizable within the meaning of that Code. 2 of 1974.

Bar on prosecutions and on inadmissibility of evidence in certain circumstances.

35K. (*1*) A person shall not be proceeded against for an offence under section 35A or section 35D in relation to the assessment for an assessment year in respect of which the penalty imposed or imposable on him under clause (*iii*) of sub-section (*1*) of section 18 has been reduced or waived by an order under section 18B.

(*2*) Where any proceeding for prosecution has been taken against any person under this Act, any statement made or account or other ducument produced by such person before any of the wealth-tax authorities specified in sections 8, 9, 10, 10A and 11 shall not be inadmissible as evidence for the purpose of such proceedings merely on the ground that such statement was made or such account or other document was produced in the belief that the penalty imposable would be reduced or waived under section 18B or that the offence in respect of which such proceeding was taken would be compounded.

Jurisdiction of courts.

35L. No court inferior to that of a Metropolitan Magistrate or a Magistrate of the first class shall try any offence under this Act.

Section 360 of the Code of Criminal Procedure, 1973 and the Probation of Offenders Act, 1958 not to apply.

35M. Nothing contained in section 360 of the Code of Criminal Procedure, 1973, or in the Probation of Offenders Act, 1958, shall apply to a person convicted of an offence under this Act unless that person is under eighteen years of age. 2 of 1974. 20 of 1958.

Presumption as to books of account, etc., in certain cases.

35N. (*1*) Where during the course of any search made under section 37A, any books of account or other documents, articles or things including money have been found in the possession or control of any person and such books of account or other documents are tendered, or such articles or things including money are relied upon by the prosecution in evidence against such person or against such person and the person referred to in section 35F for an offence under this Act, the provisions of sub-section (5) of section 37A shall, so far as may be, apply in relation to such books of account or other documents, articles or things including money.

(2) Where—

(*i*) any books of account or other documents taken into custody, from the possession or control of any person by any officer or authority under clause (*a*) or clause (*b*) of sub-section (*1*) of section 37B, are delivered to the requisitioning officer under sub-section (2) of that section; or

(*ii*) any note or inventory of any articles or things including money taken into custody, from the possession of any person, by any officer or authority under clause (*c*) of sub-section (*1*) of section 37B, is furnished to the requisitioning officer under sub-section (2) of that section,

and such books of account or other documents are tendered, or such note or inventory is relied upon, by the prosecution in evidence against such person or against such person and the person referred to in section 35F for an offence under this Act, the provisions of sub-section (5) of section 37A shall, so far as may be, apply in relation to such books of account or other documents or, as the case may be, the articles or things including money, covered by such note or inventory.".

Omission of section 36.

101. Section 36 of the Wealth-tax Act shall be omitted.

Substitution of new sections for section 37A.

102. For section 37A of the Wealth-tax Act, the following sections shall be substituted, namely:—

Power of search and seizure.

'37A. (*1*) Where the Director of Inspection or the Commissioner or any such Deputy Director of Inspection or Inspecting Assistant Commissioner as may be empowered in this behalf by the Board, in consequence of information in his possession, has reason to believe that—

(*a*) any person to whom a notice under sub-section (*4*) of section 16 or a summons under section 37 was issued to produce, or cause to be produced, any books of account or other documents, has omitted or failed to produce, or cause to be produced, such books of account or other documents as required by such notice or summons, or

(*b*) any person to whom a notice or summons as aforesaid has been or might be issued will not, or would not, produce, or cause to be produced, any books of account or other documents which will be useful for, or relevant to, any proceeding under this Act, or

(*c*) any person is in possession of any articles or things including money disproportionate to his known assets, particulars of which will be useful for, or relevant to, any proceeding under this Act,

then,—

(*A*) the Director of Inspection or the Commissioner, as the case may be, may authorise any Deputy Director of Inspection, Inspecting Assistant Commissioner, Assistant Director of Inspection or Wealth-tax Officer, or

(*B*) such Deputy Director of Inspection or Inspecting Assistant Commissioner may authorise any Assistant Director of Inspection or Wealth-tax Officer,

(the officer so authorised in all cases being hereafter in this section referred to as the authorised officer) to—

(*i*) enter and search any building, place, vessel, vehicle or aircraft where he has reason to suspect that such books of account or other documents, articles or things including money are kept;

(*ii*) search any person who has got out of, or is about to get into, or is in, the building, place, vessel, vehicle or aircraft, if the authorised officer has reason to suspect that such person has secreted about his person any such books of account or other documents, articles or things including money;

(*iii*) break open the lock of any door, box, locker, safe, almirah or other receptacle for exercising the powers conferred by clause (*i*) where the keys thereof are not available;

(*iv*) seize any such books of account or other documents;

(*v*) place marks of identification on any such books of account or other documents or make, or cause to be made, extracts or copies therefrom;

(*vi*) make a note or an inventory of any articles or things including money found which, in his opinion, will be useful for, or relevant to, any proceeding under this Act:

Provided that where any building, place, vessel, vehicle or aircraft referred to in clause (*i*) is within the area of jurisdiction of any Commissioner but such Commissioner has no jurisdiction over the person referred to in clause (*a*) or clause (*b*) or clause (*c*) of this sub-section, then, notwithstanding anything contained in section 10, it shall be competent for him to exercise the powers under this sub-section in all cases where he has reason to believe that any delay in getting the authorisation from the Commissioner having jurisdiction over such person may be prejudicial to the interests of the revenue.

(2) Where any Commissioner, in consequence of information in his possession, has reason to suspect that any books of account or other documents, articles or things including money in respect of which an officer has been authorised by the Director of Inspection or any other Commissioner or any such Deputy Director of Inspection or Inspecting Assistant Commissioner as may be empowered in this behalf by the Board to take action under clauses (*i*) to (*vi*) of sub-section (*1*) are kept in any building, place, vessel, vehicle or aircraft not mentioned in the authorisation under sub-section (*1*), such Commissioner may, notwithstanding anything contained in section 10, authorise the said officer to take action under any of the clauses aforesaid in respect of such building, place, vessel, vehicle or aircraft.

(3) The authorised officer may requisition the services of any police officer or of any officer of the Central Government, or of both to assist him for all or any of the purposes specified in sub-section

(*1*) or sub-section (*2*) and it shall be the duty of every such officer to comply with such requisition.

(*4*) The authorised officer may, during the course of the search or seizure, examine on oath any person who is found to be in possession or control of any books of account or other documents, articles or things including money and any statement made by such person during such examination may thereafter be used in evidence in any proceeding under this Act.

(*5*) Where any books of account or other documents, articles or things including money are found in the possession or control of any person in the course of a search, it may be presumed that—

(*i*) such books of account or other documents, articles or things including money belong to such person;

(*ii*) the contents of such books of account or other documents are true; and

(*iii*) the signature and every other part of such books of account or other documents which purport to be in the handwriting of any particular person or which may reasonably be assumed to have been signed by, or to be in the handwriting of, any particular person, are in that person's handwriting, and in the case of a document stamped, executed or attested, that it was duly stamped and executed or attested by the person by whom it purports to have been so executed or attested.

(*6*) The books of account or other documents seized under sub-section (*1*) or sub-section (*2*) shall not be retained by the authorised officer for a period exceeding one hundred and eighty days from the date of the seizure unless the reasons for retaining the same are recorded by him in writing and the approval of the Commissioner for such retention is obtained:

Provided that the Commissioner shall not authorise the retention of the books of account or other documents for a period exceeding thirty days after all the proceedings under this Act in respect of the years for which the books of account or other documents are relevant are completed.

(*7*) The person from whose custody any books of account or other documents are seized under sub-section (*1*) or sub-section (*2*) may make copies thereof, or take extracts therefrom, in the presence of the authorised officer or any other person empowered by him in this behalf at such place and time as the authorised officer may appoint in this behalf.

(*8*) Where the authorised officer has no jurisdiction over the person referred to in clause (*a*) or clause (*b*) or clause (*c*) of sub-section (*1*), the books of account or other documents seized under that sub-section shall be handed over by the authorised officer to the Wealth-tax Officer having jurisdiction over such person within a period of fifteen days of such seizure and thereupon the powers exercisable by the authorised officer under sub-section (*6*) or sub-section (*7*) shall be exercisable by such Wealth-tax Officer.

(*9*) If a person legally entitled to the books of account or other documents seized under sub-section (*1*) or sub-section (*2*) objects

for any reason to the approval given by the Commissioner under sub-section (*6*), he may make an application to the Board stating therein the reasons for such objection and requesting for the return of the books of account or other documents.

(*10*) On receipt of the application under sub-section (*9*), the Board may, after giving the applicant an opportunity of being heard, pass such orders thereon as it thinks fit.

(*11*) The provisions of the Code of Criminal Procedure, 1973 relating to searches shall apply, so far as may be, to searches under this section. 2 of 1974

(*12*) The Board may make rules in relation to searches or seizure under this section; and in particular and without prejudice to the generality of the foregoing power, such rules may provide for the procedure to be followed by the authorised officer—

(*i*) for obtaining ingress into any building, place, vessel, vehicle or aircraft to be searched where free ingress thereto is not available;

(*ii*) for ensuring the safe custody of any books of account or other documents seized.

Power to requisition books of account, etc.

37B. (*1*) Where the Director of Inspection or the Commissioner, in consequence of information in his possession, has reason to believe that—

(*a*) any person to whom a notice under sub-section (*4*) of section 16 or a summons under section 37 was issued to produce, or cause to be produced, any books of account or other documents has omitted or failed to produce, or cause to be produced, such books of account or other documents as required by such notice or summons and the said books of account or other documents have been taken into custody by any officer or authority under any other law for the time being in force, or

(*b*) any books of account or other documents will be useful for, or relevant to, any proceeding under this Act and any person to whom a notice or summons as aforesaid has been or might be issued will not, or would not, produce or cause to be produced such books of account or other documents on the return of such books of account or other documents by any officer or authority by whom or which such books of account or other documents have been taken into custody under any other law for the time being in force, or

(c) any articles or things including money disproportionate to the known assets of any person, particulars of which will be useful for, or relevant to, any proceeding under this Act, have been taken into custody by any officer or authority, under any other law for the time being in force, from the possession of such person,

then, the Director of Inspection or the Commissioner may authorise any Deputy Director of Inspection, Inspecting Assistant Commissioner, Assistant Director of Inspection or Wealth-tax Officer (here-

after in this section referred to as the requisitioning officer) to require such officer or authority,—

(*i*) in a case falling under clause (*a*) or clause (*b*), to deliver such books of account or other documents to the requisitioning officer;

(*ii*) in a case falling under clause (*c*), to furnish a note or an inventory of such articles or things including money to the requisitioning officer.

(*2*) On a requisition being made under sub-section (*1*),—

(*i*) in a case falling under clause (*a*) or clause (*b*) of that sub-section, the officer or authority referred to therein shall deliver the books of account or other documents to the requisitioning officer either forthwith or when such officer or authority is of the opinion that it is no longer necessary to retain the same in his or its custody;

(*ii*) in a case falling under clause (*c*), the officer or authority referred to therein shall furnish the note or inventory to the requisitioning officer within a reasonable period.

(*3*) Where any books of account or other documents have been delivered to the requisitioning officer, the provisions of sub-sections (*5*) to (*12*) (both inclusive) of section 37A shall, so far as may be, apply as if such books of account or other documents had been seized under sub-section (*1*) of that section by the requisitioning officer from the custody of the person referred to in clause (*a*) or clause (*b*), as the case may be, of sub-section (*1*) of this section and as if for the words "the authorised officer" occurring in any of the aforesaid sub-sections, the words "the requisitioning officer" were substituted.'.

103. In section 42A of the Wealth-tax Act,— Amendment of section 42A.

(*i*) in sub-section (*1*), after the word "proceedings", the words "or prosecutions" shall be inserted;

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

"(*2*) No publication under this section shall be made in relation to any penalty imposed under this Act until the time for presenting an appeal to the Appellate Assistant Commissioner has expired without an appeal having been presented or the appeal, if presented, has been disposed of.".

104. After section 42B of the Wealth-tax Act, the following section shall be inserted, namely:— Insertion of new section 42C.

"42C. No return of wealth, assessment, notice, summons or other proceeding furnished or made or issued or taken or purported to have been furnished or made or issued or taken in pursuance of any of the provisions of this Act shall be invalid or shall be deemed to be invalid merely by reason of any mistake, defect or omission in such Return of wealth, etc., not to be invalid on certain grounds.

return of wealth, assessment, notice, summons or other proceeding if such return of wealth, assessment, notice, summons or other proceeding is in substance and effect in conformity with or according to the intent and purpose of this Act.".

Amendment of section 46.

105. In sub-section (4) of section 46 of the Wealth-tax Act,—

(*i*) for the words "or in two successive sessions", the words "or in two or more successive sessions" shall be substituted;

(*ii*) for the words "in which it is so laid or the session immediately following", the words "immediately following the session or the successive sessions aforesaid" shall be substituted.

CHAPTER IV

AMENDMENTS TO THE GIFT-TAX ACT, 1958

* * * * *

Insertion of new section 6A. Aggregation of gifts made during a certain period.

106. In Chapter II of the Gift-tax Act, 1958 (hereafter in this Chapter referred to as the Gift-tax Act), after section 6, the following section shall be inserted, namely:— 18 of 1958.

"6A. Notwithstanding anything contained in this Act, where an assessee has made taxable gifts during any previous year and has also made taxable gifts (not being gifts made at any time before the 1st day of June, 1973) during any one or more of the four previous years immediately preceding such previous year, the gift-tax payable by him for the assessment year relevant to such previous year (hereafter in this section referred to as the assessment year) shall be determined in the following manner, namely:—

(*a*) the value of the taxable gifts made during any one or more of the four previous years immediately preceding such previous year shall be aggregated with the value of the taxable gifts made by the assessee during such previous year and gift-tax shall be calculated on the aggregate value at the rate or rates applicable for the assessment year;

(*b*) from the amount of gift-tax calculated under clause (*a*), there shall be deducted an amount equal to the gift-tax payable had the value of the taxable gifts made during one or more of the four previous years immediately preceding such previous year been aggregated and tax levied thereon at the rate or rates applicable for the assessment year, and the balance shall be the amount of gift-tax payable by the assessee.".

Amendment of section 7.

107. In section 7 of the Gift-tax Act, for the proviso, the following proviso shall be substituted, namely:—

"Provided that where two or more Income-tax Officers have jurisdiction or exercise powers under the Income-tax Act in respect of any person, they shall have concurrent jurisdiction and shall perform their functions of a Gift-tax Officer under this Act in respect of such person in accordance with such general or special

orders in writing as the Commissioner or the Inspecting Assistant Commissioner authorised by the Commissioner in this behalf, may make for the purpose of facilitating the performance of such functions.". Insertion of new section 7AA.

108. After section 7A of the Gift-tax Act, the following section shall be inserted, namely:—

"7AA. (*1*) **The Commissioner may, by general or special order in writing, direct that all or any of the powers or functions conferred on or assigned to the Gift-tax Officer or Gift-tax Officers by or under this Act in respect of any area, or cases or classes of cases, or persons or classes of persons, shall be exercised or performed concurrently by the Inspecting Assistant Commissioner.** Concurrent jurisdiction of Inspecting Assistant Commissioner and Gift-tax Officer.

(*2*) Where under sub-section (*1*), an Inspecting Assistant Commissioner exercises concurrent jurisdiction with one or more Gift-tax Officers in respect of any area, cases or classes of cases, persons or classes of persons, the Gift-tax Officer or Gift-tax Officers shall exercise the powers and perform the functions under this Act in relation thereto as the Inspecting Assistant Commissioner may direct.

(*3*) Without prejudice to the generality of the provisions contained in sub-section (*2*) of section 12, every Gift-tax Officer shall also observe and follow such instructions as may be issued to him for his guidance by the Inspecting Assistant Commissioner within whose jurisdiction he performs his functions in relation to any particular proceeding or the initiation of any proceeding under this Act:

Provided that no instructions which are prejudicial to the assessee shall be issued before an opportunity is given to the assessee to be heard.

Explanation.—**For the purposes of this sub-section, no instruction as to the lines on which an investigation connected with the assessment should be made shall be deemed to be an instruction prejudicial to the assessee.**

(*4*) Where an order is made under sub-section (*1*) and the Inspecting Assistant Commissioner exercises the powers or performs the functions of a Gift-tax Officer in respect of any case or person or proceeding under this Act, references in this Act or in any rule made thereunder to the Gift-tax Officer and the Appellate Assistant Commissioner shall be construed as references to the Inspecting Assistant Commissioner and the Commissioner respectively and, accordingly,—

(*i*) any provision of this Act requiring approval or sanction of the Inspecting Assistant Commissioner shall not apply;

(*ii*) any appeal which would otherwise have lain to the Appellate Assistant Commissioner shall lie to the Commissioner;

(*iii*) any appeal which would have lain from an order of the Appellate Assistant Commissioner to the Appellate Tribunal shall lie from the order of the Commissioner.".

Amendment of section 7B.

109. For sub-section (*1*) of section 7B of the Gift-tax Act, the following sub-section shall be substituted, namely:—

"(*1*) The Commissioner may, after giving the assessee a reasonable opportunity of being heard in the matter, wherever it is possible to do so, and after recording his reasons for doing so, transfer any case from one or more of the following Officers subordinate to him, namely:—

(*a*) any Gift-tax Officer or Gift-tax Officers,

(*b*) any Gift-tax Officer or Gift-tax Officers having concurrent jurisdiction with the Inspecting Assistant Commissioner,

to any other Gift-tax Officer or Gift-tax Officers (whether with or without concurrent jurisdiction with the Inspecting Assistant Commissioner) also subordinate to him and the Board may similarly transfer any case from—

(*i*) any Gift-tax Officer or Gift-tax Officers, or

(*ii*) any Goft-tax Officer or Gift-tax Officers having concurrent jurisdiction with the Inspecting Assistant Commissioner,

to any other Gift-tax Officer or Gift-tax Officers (whether with or without concurrent jurisdiction with the Inspecting Assistant Commissioner):

Provided that nothing in this sub-section shall be deemed to require any such opportunity to be given where the transfer is from any Gift-tax Officer or Gift-tax Officers to any other Gift-tax Officer or Gift-tax Officers (whether with or without concurrent jurisdiction with the Inspecting Assistant Commissioner) to any other Gift-tax Officer or Gift-tax Officers (whether with or without concurrent jurisdiction with the Inspecting Assistant Commissioner) and the offices of all such officers are situated in the same city, locality or place:

Provided further that,—

(*a*) where any case has been transferred from any Gift-tax Officer or Gift-tax Officers to two or more Gift-tax Officers, the Gift-tax Officers to whom the case is so transferred shall have concurrent jurisdiction over the case and shall perform their functions in accordance with such general or special orders in writing as the Board or the Commissioner or the Inspecting Assistant Commissioner, authorised by the Commissioner in this behalf, may make for the purpose of facilitating the performance of such functions,

(*b*) where any case has been transferred from any Gift-tax Officer or Gift-tax Officers (whether with or without concurrent jurisdiction with the Inspecting Assistant Commissioner)

to two or more Gift-tax Officers with concurrent jurisdiction with the Inspecting Assistant Commissioner, the officers (including the Inspecting Assistant Commissioner) to whom the case is so transferred shall have concurrent jurisdiction over such case and shall perform their functions in accordance with such general or special orders in writing as the Board or the Commissioner may make for the purpose of facilitating the performance of such functions and the Gift-tax Officers shall perform their functions also in accordance with such orders or directions as the Inspecting Assistant Commissioner may make under section 7 or, as the case may be, under sub-section (2) of section 7AA.".

* * * * *

Amendment of section 11AA.

110. In section 11AA of the Gift-tax Act, after clause (*b*), the following clause shall be inserted, namely:—

"(*c*) in a case where two or more Gift-tax Officers have concurrent jurisdiction over such assessee in respect of such function, be the Gift-tax Officers empowered to perform such function by the Board or, as the case may be, the Gift-tax Officers to whom such function has been assigned by an order of the Commissioner or by an order or a direction of the Inspecting Assistant Commissioner under section 7 or, as the case may be, under sub-section (2) of section 7AA.".

* * * * *

Amendment of section 14A.

111. In section 14A of the Gift-tax Act, for clauses (*c*) and (*d*), the following clauses shall be substituted, namely:—

"(*c*) in the case of a company, by the managing director thereof or where for any unavoidable reason such managing director is not able to sign and verify the return or where there is no managing director, by any director thereof;

(*d*) in the case of a firm, by the managing partner thereof or where for any unavoidable reason such managing partner is not able to sign and verify the return, or where there is no managing partner as such, by any partner thereor, not being a minor;".

Insertion of new section 16A.

112. After section 16 of the Gift-tax Act, the following section shall be inserted, namely:—

Time limit for completion of assessment and re-assessment.

"16A. (*1*) No order of assessment shall be made under section 15 at any time after the expiration of a period of—

(*a*) four years commencing on and from the 1st day of April, 1975 or one year from the date of the filing of a return or a revised return under section 14, whichever is later, where the assessment year is an assessment year commencing before that date;

(*b*) four years from the end of the assessment year in which the gifts were first assessable, or one year from the date of the filing of a return or a revised return under section 14, whichever

is later, where the assessment year is an assessment year commencing on or after the 1st day of April, 1975.

(2) No order of assessment or re-assessment shall be made under section 16,—

(*a*) where any proceeding for an assessment or a re-assessment is pending on the 1st day of April, 1975, at any time after the expiration of a period of four years commencing on and from that date;

(*b*) where the assessment or re-assessment is to be made in a case falling within clause (*a*) of sub-section (*1*) of section 16 for which a notice has been served under that sub-section on or after the 1st day of April, 1975, at any time after the expiration of a period of four years from the end of the assessment year in which the said notice was served;

(*c*) where the assessment or re-assessment is to be made in a case falling within clause (*b*) of sub-section (*1*) of section 16 for which a notice has been served under that sub-section on or after the 1st day of April, 1975, after the expiration of a period of—

(*i*) four years from the end of the assessment year in which the gifts were first assessable, or

(*ii*) one year from the date of service of such notice,

whichever period expires later.

(*3*) Notwithstanding anything contained in sub-sections (*1*) and (*2*), an order of fresh assessment in pursuance of an order passed on or after the 1st day of April, 1975 under section 22, section 23 or section 24, setting aside or cancelling an assessment, may be made at any time before the expiry of four years from the end of the financial year in which the order under section 22 or section 23 is received by the Commissioner or, as the case may be, the order under section 24 is passed by the Commissioner.

(*4*) The provisions of sub-sections (*1*) and (*2*) shall not apply to the assessment or re-assessment made on the assessee in consequence of, or to give effect to, any finding or direction contained in an order under section 22, section 23, section 24, section 26 or section 28 or in an order of any court in a proceeding otherwise than by way of appeal or reference under this Act and such assessment or re-assessment may, subject to the provisions of sub-section (*3*), be completed at any time.

Explanation 1.—In computing the period of limitation for the purposes of this section—

(*i*) the time taken in reopening the whole or any part of the proceeding or in giving an opportunity to the assessee to be reheard under the proviso to section 38, or

(*ii*) the period during which the assessment proceeding is stayed by an order or injunction of any court,

shall be excluded.

Explanation 2.—Where, by an order referred to in sub-section (*4*), any gift is excluded from the taxable gifts for an assessment year in respect of an assessee, then, an assessment of such gift for another assessment year shall, for the purposes of sub-section (*2*) of section 16 and this section, be deemed to be one made in consequence of, or to give effect to, any finding or direction contained in the said order.".

Amendment of section 17.

113. In section 17 of the Gift-tax Act,—

(*i*) in sub-section (*1*), in clause (*i*), the words "but not exceeding in the aggregate fifty per cent. of the assessed tax" shall be omitted;

(*ii*) in sub-section (*3*), for the words "the Gift-tax Officer shall refer the case to the Inspecting Assistant Commissioner who shall, for the purpose, have all the powers conferred under this section for the imposition of penalty", the following shall be substituted, namely:—

"the Gift-tax Officer shall not make any order for payment, by way of penalty, without the previous approval of the Inspecting Assistant Commissioner".

Insertion of new section 17A.

114. After section 17 of the Gift-tax Act, the following section shall be inserted, namely:—

Penalty for failure to answer questions, sign statements, etc.

"17A. (*1*) If a person,—

(*a*) being legally bound to state the truth of any matter touching the subject of his assessment, refuses to answer any question demanded of him by a Gift-tax Officer or an Appellate Assistant Commissioner or an Inspecting Assistant Commissioner or a Commissioner in the exercise of his powers under this Act, or

(*b*) refuses to sign any statement made by him in the course of any proceeding under this Act which a Gift-tax Officer or an Appellate Assistant Commissioner or an Inspecting Assistant Commissioner or a Commissioner may legally require him to sign,

he shall pay, by way of penalty, a sum which may extend to one thousand rupees.

(*2*) If a person, without reasonable cause or excuse, fails to furnish within the time specified any statement or information which such person is bound to furnish to the Gift-tax Officer under section 37, he shall pay, by way of penalty, a sum which may extend to ten rupees for every day during which the failure continues.

(*3*) No order shall be made under this section except by an Appellate Assistant Commissioner or an Inspecting Assistant Commissioner or a Commissioner, and where a contravention, failure or default for which any penalty is imposable under this section

occurs in the course of any proceeding before a Gift-tax Officer, the Gift-tax Officer shall refer the case to the Inspecting Assistant Commissioner for passing such orders as he deems fit.

(4) No order under this section shall be passed by any officer referred to in sub-section (3) unless the person on whom the penalty is proposed to be imposed is given an opportunity of being heard in the matter by such officer.".

Substitution of new section for section 18.

115. For section 18 of the Gift-tax Act, the following section shall be substituted, namely:—

Rebate on advance payments.

"18. If a person making a taxable gift pays into the treasury within fifteen days of his making the gift any part of the amount of tax due on the gift calculated at the rates specified in the Schedule or, in a case where the provisions of section 6A are applicable to a gift, in the manner specified in that section, he shall, at the time of assessment under section 15, be given credit—

(*i*) for the amount so paid; and

(*ii*) for a sum equal to one-ninth of the amount so paid, so however, that such sum shall in no case exceed one-tenth of the tax due on the gift.

Explanation.—If a person makes more than one taxable gift in the course of a previous year, the amount of tax due on any one of such gifts shall be the difference between the total amount of tax due on the aggregate value of all the taxable gifts so far made, including the taxable gift in respect of which tax has to be paid, calculated at the rates specified in the Schedule or, as the case may be, in the manner specified in section 6A, and the total amount of tax on the aggregate value of all the gifts made during that year, excluding the taxable gift in respect of which tax has to be paid, calculated at the rates specified in the Schedule or, as the case may be, in the manner specified in section 6A.".

Amendment of section 23.

116. In sub-section (*1*) of section 23 of the Gift-tax Act,—

(*i*) for the words and figures "under section 17", the words, figures and letter "under section 17 or section 17A" shall be substituted;

(*ii*) for the words, brackets and figures "under sub-section (3) of section 17", the words, figures and letter "under section 17A" shall be substituted.

Amendment of section 25.

117. In sub-section (*1*) of section 25 of the Gift-tax Act, for the words and figures "under section 17", the words, figures and letter "under sectino 17 or section 17A" shall be substituted.

118. In section 33A of the Gift-tax Act, after sub-section (*3*), the following sub-section shall be inserted, namely:— **Amendment of section 33A.**

"(*3A*) Where the whole or any part of the refund referred to in sub-section (*3*) is due to an assessee as a result of any amount having been paid by him after the 31st day of March, 1975, in pursuance of any order of assessment or penalty and such amount or any part thereof having been found in appeal or other proceeding under this Act to be in excess of the amount which such assessee is liable to pay as tax or penalty, as the case may be, under this Act, the Central Government shall pay to such assessee simple interest at the rate specified in sub-section (*3*) on the amount so found to be in excess from the date on which such amount was paid to the date on which the refund is granted:

Provided that, where the amount so found to be in excess was paid in instalments, such interest shall be payable, on the amount of each such instalment or any part of such instalment, which was in excess, from the date on which such instalment was paid to the date on which the refund is granted:

Provided further that no interest under this sub-section shall be payable for a period of one month from the date of the passing of the order in appeal or other proceeding:

Provided also that where any interest is payable to an assessee under this sub-section, no interest under sub-section (*3*) shall be payable to him in respect of the amount so found to be in excess.".

119. In sub-section (*1*) of section 35 of the Gift-tax Act,— **Amendment of section 35.**

(*i*) in clause (*b*), the words, brackets and figure "sub-section (*2*) or" shall be omitted;

(*ii*) clause (*c*) shall be omitted.

120. After section 35 of the Gift-tax Act, the following sections shall be inserted, namely:— **Insertion of new sections 35A, 35B and 35C.**

'35A. (*1*) Where an offence under this Act has been committed by a company, every person who, at the time the offence was committed, was in charge of and was responsible to, the company for the conduct of the business of the company, as well as the company, shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly: **Offences by companies.**

Provided that nothing contained in this sub-section shall render any such person liable to any punishment if he proves that the offence was committed without his knowledge or that he had exercised all due diligence to prevent the commission of such offence.

(2) Notwithstanding anything contained in sub-section (*1*), where an offence under this Act has been committed by a company and it is proved that the offence has been committed with the consent or connivance of, or is attributable to any neglect on the part of, any director, manager, secretary or other officer of the company, such director, manager, secretary or other officer shall also be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly.

Explanation.—For the purposes of this section,—

(*a*) "company" means a body corporate, and includes—

(*i*) a firm, and

(*ii*) an association of persons or a body of individuals, whether incorporated or not; and

(*b*) "director", in relation to—

(*i*) a firm, means a partner in the firm,

(*ii*) an association of persons or a body of individuals, means any member controlling the affairs thereof.

Offences by Hindu undivided families.

35B. (*1*) Where an offence under this Act has been committed by a Hindu undivided family, the *Karta* thereof shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly:

Provided that nothing contained in this sub-section shall render the *Karta* liable to any punishment if he proves that the offence was committed without his knowledge or that he had exercised all due diligence to prevent the commission of such offence.

(2) Notwithstanding anything contained in sub-section (*1*), where an offence under this Act has been committed by a Hindu undivided family and it is proved that the offence has been committed with the consent or connivance of, or is attributable to any neglect on the part of, any member of the Hindu undivided family, such member shall also be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly.

Section 360 of the Code of Criminal Procedure, 1973, and the Probation of Offenders Act, 1958, not to apply.

35C. Nothing contained in section 360 of the Code of Criminal Procedure, 1973, or in the Probation of Offenders Act, 1958, shall apply to a person convicted of an offence under this Act unless that person is under eighteen years of age.'. 2 of 1974. 20 of 1958.

Amendment of section 41A.

121. In section 41A of the Gift-tax Act,—

(*i*) in sub-section (*1*), after the word "proceedings", the words "or prosecutions" shall be inserted;

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

"(2) No publication under this section shall be made in relation to any penalty imposed under this Act until the time for presenting an appeal to the Appellate Assistant Commissioner has expired without an appeal having been presented or the appeal, if presented, has been disposed of.".

Insertion of new section 41C.

122. After section 41B of the Gift-tax Act, the following section shall be inserted, namely:—

Return of gifts, etc., not to be invaild on certain grounds.

"41C. No return of gifts, assessment, notice, summons or other proceeding, furnished or made or issued or taken or purported to have been furnished or made or issued or taken in pursuance of any of the provisions of this Act shall be invalid or shall be deemed to be invalid merely by reason of any mistake, defect or omission in such return of gifts, assessment, notice, summons or other proceeding, if such return of gifts, assessment, notice, summons or other proceeding is in substance and effect in conformity with or according to the intent and purpose of this Act.".

Amendment of section 46.

123. In sub-section (4) of section 46 of the Gift-tax Act,—

(*i*) for the words "or in two successive sessions", the words "or in two or more successive sessions" shall be substituted;

(*ii*) for the words "in which it is so laid or the session immediately following", the words "immediately following the session or the successive sessions aforesaid" shall be substituted.

CHAPTER V

AMENDMENTS TO THE COMPANIES (PROFITS) SURTAX ACT, 1964

* * * * *

Amendment of section 18.

7 of 1964.

124. In section 18 of the Companies (Profits) Surtax Act, 1964 [hereafter in this Chapter referred to as the Companies (Profits) Surtax Act],—

(*i*) after the figures "125", the figures and letter ",125A" shall be inserted;

(*ii*) after the figures and letter "132A", the figures and letter ", 132B" shall be inserted;

(*iii*) after the figures "281", the figures and letter ", 281B" shall be inserted.

Amendment of section 25.

125. In sub-section (3) of section 25 of the Companies (Profits) Surtax Act,—

(*i*) for the words "or in two successive sessions", the words "or in two or more successive sessions" shall be substituted;

(*ii*) for the words "in which it is so laid or the session immediately following", the words "immediately following the session or the successive sessions aforesaid" shall be substituted.

* * * * *

APPENDIX I

(*vide* para 2 of the Report)

MOTION IN LOK SABHA FOR REFERENCE OF THE BILL TO THE SELECT COMMITTEE

"That the Bill further to amend the Income-tax Act, 1961, the Wealth-tax Act, 1957, the Gift-tax Act, 1958 and the Companies (Profits) Surtax Act, 1964, be referred to a Select Committee consisting of 30 members, namely:—

1. Shri Syed Ahmed Aga
2. Shri Virendra Agarwala
3. Shri Chhatrapati Ambesh
4. Shri Bhagwat Jha Azad
5. Shri K. Baladhandayutham
6. Shri Dharnidhar Basumatari
7. Shri Jyotirmoy Bosu
8. Shri Tridib Chaudhuri
9. Shri S. R. Damani
10. Shri K. R. Ganesh
11. Shri Mani Ram Godara
12. Shri D. P. Jadeja
13. Shri Sat Pal Kapur
14. Shrimati Sheila Kaul
15. Shri Maharaj Singh
16. Shri P. G. Mavalankar
17. Shri Amrit Nahata
18. Shri H. M. Patel
19. Shri S.B.P. Pattabhi Rama Rao
20. Shri R. Balakrishna Pillai
21. Shri Bhola Raut
22. Shri N.K.P. Salve
23. Shri Vasant Sathe
24. Shri Era Sehziyan
25. Shri K. K. Shetty
26. Shri Satyendra Narayan Sinha
27. Shri C. M. Stephen
28. Shri R. V. Swaminathan
29. Shri V. Tulsiram. and
30. Shri Y. B. Chavan

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

APPENDIX II

(*vide* para 5 of the Report)

LIST OF ASSOCIATIONS, ORGANISATIONS, ETC. FROM WHOM MEMORANDA/REPRESENTATIONS/NOTES, ETC. WERE RECEIVED BY THE SELECT COMMITTEE

1. Shri A. Sinha, Post Box No. 124, Patna-I.
2. Tax Bar Association, Sagar (Madhya Pradesh).
3. The Ahmedabad Engineering Manufacturers' Association, 2213-b, Surendra House, Opp. Old Civil Hospital, Gheekatna Road, Ahmedabad.
4. Shri S. S. Chhaparia, Birla Nagar, Gwalior.
5. Shree Ahmedabad Yarn Merchants Association, Sakar Bazar, Ahmedabad.
6. Ahmedabad Automobiles Dealers' Association, C|o Lakhia Brothers, Lal Darwaja, Ahmedabad.
7. Shree Juna Madhavpura Vepari Mahajan Ltd., Juna Madhavpura, Ahmedabad.
8. The Raichur District Tax Practitioners' Association, Raichur, (Mysore)
9. Shri P. S. Nataraja Iyer Income-tax Practitioner, No. 71, Sanyasigramam Street, Tirunelveli Jn. (Madras)
10. Shri C. G. Uppin, Tax Practitioner and Auditor, "Gurukrupa", Raichur (Mysore).
11. Sri Aurobindo Society, Society House, Pondicherry.
12. Vidharva Industries Association, Bank of Maharashtra Building, 2nd Floor, Sitabuldi, Nagpur.
13. Sri Aurobindo Ashram Trust, Pondicherry.
14. Hubli-Dharwar Tax Practitioners Association, Itagi Maruti Galli, Hubli-20, (Mysore).
15. Income-tax Practitioners Association, Adoni (Kurnool District). (A.P.).
16. Shri K. Srinivasan, Income-tax Practitioner & Auditor, "Mangalgouri Vilas", 15|2, Officers Line, Vellore (Tamil Nadu).
17. Shri J. Sambasivan, Income-tax Practitioner, 1|5, Toovipuram, Tuticorin (Tamil Nadu).
18. Shri G. Vedachalam, Income-tax Practitioner, 2-B, Kachi Mada Street, Kancheepuram.
19. Society of Income-tax Practitioners, N.B. 44, Kaleswararao Market, Vijayawada.
20. Income-tax Bar Association, C|o Aayakar Bhavan, Navrangpura, Ahmedabad.

21. Shri A. Vaidanathan, No. 4, Veeraswami Pillai Street, West Mambalam, Madras.
22. Retail Grain Dealers' Federation, Shiv Mahal, 84-86, Dr. Maheshwari Road, Bombay.
23. Shri V. D. Janakiraman, Income-tax Practitioner, No. 3 Anna Nagar, Officers' Line, Vellore, North Arcot District (Tamil Nadu).
24. Bijapur District Tax Practitioners' Association, Kabraji Bazar, Bijapur (Mysore).
25. Tax Consultants Association, Main-Road, Gulbarga. (Mysore).
26. Bhatinda Range Income-tax Practitioners' Association, Tuhsil Road, Bhatinda.
27. Shri N. C. Srinivasan, Chartered Accountant, Director, Corporation Bank Ltd., 4-B, Venus Colony, Alwarpet (Madras).
28. Maha Vidarbha Chamber of Commerce and Industries, Byramji Town, Nagpur.
29. Conference of Religious of India, Madras Regional Unit, St. Thomas Convent, Mylapore, Madras.
30. Madras State Income-tax Practitioners Association, 25, Bazulla Road, Madras.
31. Vijayawada Chamber of Commerce & Industry, North Block No. 42, Kaleswara Rao Market, Vijayawada.
32. Shri T. D. Ramachandran, Advocate, No. 3, Annaji Rao Street, Erode. (Tamil Nadu)
33. All India Tax Advocates Association (Jaipur, Regional Unit) C|o R. C. Shah & Company, Advocates and Tax Consultants, Johari Bazar, Jaipur.
34. Shri B.D. Shinghari, Advocate, A-1|3, Safdarjung Enclave (Development Area), New Delhi.
35. Automotive Parts Merchants' Association, 60, Guru Nanak Auto Market, Kashmere Gate, Delhi.
36. United Chamber of Trade Associations, Nai Sarak (Katra Rathi), Delhi.
37. Belgaum Chamber of Commerce & Industries, 670, Raviwar Peth, Belgaum.
38. Shri S. C. Aggarwal, Stenographer to A.A.C. of Income-tax, D-Range, New Delhi.
39 Shri M. S. Shastri, Advocate & Tax Consultant, Sri Sarada Nilayam, Governorpet, Vijayawada.
40. Shri P. N. Garg, Advocate & Tax Consultant, 2095, Pitliyon's Lane, Johari Bazar, Jaipur.
41 M. V. Shastry & Co., Income-tax and Sales-tax Practitioners, Fort Road, Machilipatnam (Andhra Pradesh).
42. Salem Iron & Steel Dealers' Association Pvt. Ltd., 17, Fort Main Road, Salem (Tamil Nadu).
43. Federation of Gujarat Mills & Industries, Federation Building, R. C. Dutt Road, Baroda.
44. Institute of Socio-Economic Studies, P-16, C.I.T. Road, Calcutta.
45. Rajasthan Vyapar Udyog Mandal, Chandpole, Bazar, Jaipur.

46. Parekh & Company, Registered Public Accountants, Ebrahim Mansion, 366-68, Kalbadevi Road, Bombay.
47. Shri C. C. Shah, Solicitor, Examiner Press Building, 35, Dalal Street, Fort, Bombay.
48. Income-tax Practitioners Association, 169-A, Fort Main Road, Salem. (Tamil Nadu).
49. Bar Association (Income-tax), G-09, Central Revenues Building, Indraprastha Marg, New Delhi.
50. Income-tax Practitioners Association, Nehru Buildings, Nehru Road, Shimoga (Mysore State).
51. Central Gujarat Chamber of Commerce, Federation Building, R. C. Dutt Road, Baroda.
52. Salem & Dharmapuri Districts Cement Stockists Association, 17, Fort Main Road, Shevapet, Salem. (Tamil Nadu).
53. Shri V. Pasupathi, Advocate, 11, Court Street, Erode.
54. Mysore State Income-tax Practitioners, Association, 72, Balepet, Bangalore.
55. Tax Practitioners' Association, Bagalkot (Distt: Bijapur—Mysore State).
56. Income-tax Bar Association, Mahaluxmi Temple, Swamighat, Mathura.
57. Dynatron Private Limited, Western Express Highway, Chakala, Andheri-East, Bombay.
58. National Christian Council of India, N-21, Greater Kailash, New Delhi.
59. Maharashtra Motor Parts Dealers' Association, 3rd Floor, 'K. R. Vora Hall', 13-Kala Bhavan, 3, Mathew Road, Bombay.
60. Shri V. V. Nagarajan, Advocate, Madras High Court, 20-G, Soorammal Street, Egmore, Madras.
61. New Delhi Traders' Association, 11, Babar Lane, New Delhi.
62. Ganjam Chamber of Commerce (Regd.), Berhampur (Ganjam Distt.) (Orissa).
63. Mysore State Chartered Accountants' Association, 15-16, Ramakrishna Buildings, Sri Narasimharaja Road, Bangalore.
64. Calcutta Stock Exchange Association Ltd., Calcutta.
65. Coal Field Chamber of Commerce, P.O. Raniganj (Burdwan)
66. Tax Consultants' Association, Bardia Building, Johari Bazar, Jaipur.
67. Hindustan Chamber of Commerce, 342, Kalbadevi Road, Bombay.
68. Income-tax Bar Association, Muzaffarnagar. (U.P.)
69. South Gujarat Sales Tax Bar Association, C|o Sales Tax Office, Kashmira Building, Mugalisara, Surat.
70. Life Insurance Agents' Federation of India, 8, Bechu Chatterjee Street, Calcutta.
71. Karnatak Chamber of Commerce & Industry, G. Mahadevappa, Karnatak Chamber Building, Hubli. (Mysore).
72. Shri M. L. Deshpande, Taxation Consultant & Auditor for Public Trusts, Barsi (Distt: Sholapur—Maharashtra).

73. Poona Saraf Association, 412, Raviwar Peth, Poona.

74. Gadag Income-tax & Sales-tax Practitioners' Association, Gadag (Mysore State).

75. Confederation of Trade Association, Hindupur (Andhra Pradesh).

76. Income-tax Bar Association, Pathankot.

77. Bishop of Mysore, Bishop's House, Mysore City.

78. All India Federation of Income-tax Gazetted Services Association, 5, Fire Brigade Lane, New Delhi.

79. Madura Ramnad Chamber of Commerce, 90—92, East Avanimoola Street, Madurai.

80. Poona Chemists and Druggists Association, 375, Narayan Peth, Poona.

81. Chartered Accountants' Association, Aaykar Bhavan, Ahmedabad.

82. Association Manipur Chamber of Commerce, Imphal (Manipur).

83. Timber, Tiles & Bamboo Merchants Association, Jambulingam Chetty Street, Shevapet, Salem. (Tamil Nadu).

84. Group of Junior Lawyers & Income Tax Practitioners of Ahmedabad, C|o Shri P. N. Shah, Income-tax Practitioner, Spectrum No. 1, Room No. 19, Near Relief Talkies, Ahmedabad.

85. Habib Esmail Memorial Trust, Habib House, 159; Jail Road East; Bombay.

86 Nag-Vidarbha Chamber of Commerce, Temple Road, Post Box No. 33, Nagpur—1.

87. Tax Practitioners' Association, Sirsi (N. Kanara) (Mysore State).

88. Shri R. K. Gauba, Advocate, Supreme Court, C—80, N.D.S.E. II, New Delhi.

39. West Godavari District Rice Millers' Association, Tadepalligudem (Andhra Pradesh).

90. Institute of Cost and Works Accountants of India Cost Accountants Hall, 12, Sudder Street, Calcutta—16.

91. Association of Practising Cost Accountants of India, 11, Old Post Office Street, Calcutta.

92. Punjab, Haryana & Delhi Chamber of Commerce and Industry, Phelps Building, 9-A, Connaught Place, New Delhi.

93. Federation of Indian Chamber of Commerce and Industry, Federation House, New Delhi.

94. Associated Chambers of Commerce and Industry of India, 2nd Floor, Allahabad Bank Building, 17, Parliament Street, New Delhi.

95. Indian Revenue Service (Income-tax) Association, Central Revenue Building, Indraprastha Marg, New Delhi.

96. Rajkot Chamber of Commerce, Nagarik Bhavan, Dhebarbhai Road, Rajkot.

97. Rajkot Tax Consultants' Association, Income-tax Office Building, Amruta Estate, Near Race Course, Rajk

98. M. M. Khanna & Associates, Tax Advocates, Near Empire Cinema Bldg., Bastion Road, Bombay.

99. Indian Revenue Service (Income-tax) Association, C-13, Income-tax Colony, Peddar Road, Bombay.

100. Delhi State Cloth Retailers Board, C|o Sri Ram & Son, 751, Chandni Chowk, Delhi.

101. Young Chartered Accountants' Forum, C|o, M. C. Bhandari & Co., 4, Synagogue Street, Calcutta.

102. Finance & Commerce, 4, Synogogue Street (2nd Floor), Calcutta.

103. Chamber of Commerce and Industry, Prabha Picture House Building, Mysore.

104. Calcutta Zoroastrian Community's Religious and Charity Funds, Saklat Place, Calcutta.

105. Bhavnagar Small Industries Association, Bunder Road, Bhavnagar.

106. Bengal Chamber of Commerce & Industry, Post Box No. 280, Royal Exchange, 6, Netaji Subhas Road, Calcutta.

107. Centre for Economic Studies, Department of Economics, Presidency College, Calcutta.

108. Tax Bar Association, Berhampur (Ganjam—Orissa).

109. Income-tax Bar Association (Regd.), Room No. G-20, Central Board of Revenue Building, New Delhi.

110. Cloth Commission Agents Union, 104, Moti Bazar, Chandni Chowk, Delhi.

111. Chartered Accountants, Berhampur, Ganjam (Orissa).

112. Sir Jamsetjee Jejeebhoy Charity Fund, Meneckji Wadia Building (5th floor), 127, Mahatma Gandhi Road, Fort, Bombay.

113. Delhi Hindustani Mercantile Association, 1210|16, Chandni Chowk, Delhi.

114. Gujarat Sindhi Chamber of Commerce & Industry, 3rd Floor, Indian House, Sarangpur, Ahmedabad.

115. Merchants Chamber of Commerce, 3|1|2, Armenian Street, Calcutta.

116. Sales Tax Bar Association (Regd.), 'M' Block, Vikas Bhawan, Indraprastha Estate, New Delhi.

117. Maharashtra Chamber of Commerce, 12, Rampart Row, Fort, Bombay.

118. Iranian Zoroastrian Anjuman, Kermani Building, Phirozeshah Mehta Road, Fort, Bombay.

119. Khoja Girls' Orphanage, Habib House, 159, Jail Road (East), Dongri, Bombay.

120. R. K. Bansal & Co., Chartered Accountants, Karmon Deori, Amritsar.

121. Ambainagara Viyabarigal Sangam, Ambasamudram.

122. Vyaparik Association Mandal, Hanumangarh Town (Rajasthan).

123. Income Tax Bar Association, Varanasi.

124. Shri Kabir Saheb Mandir Trust & others, Khadia, Ahmedabad.

125. Lalbhai Dalpatbhai Charity Trust, Pankore Naka, Ahmedabad.

126. Standing Committee of Trustees of Public Trusts, "Panjara Pole Building", Ratan Pole, Vaveri Wad, Ahmedabad.

127. Income-tax Practitioners' Association, Central Revenue Building, The Mall, Amritsar.

128. Palakol Chamber of Commerce and Industry, Palakol (Andhra Pradesh).

129. Bar Council of Maharashtra, 2nd Floor, High Court Extension, Bombay.

130. Veopari Sangh, Jharandalli, (Dallirajahara).

131. Chamber of Commerce, Trichur.

132. C. R. Patel & Co., Chartered Accountants, 6, Dubash Lane, Vithalbhai Patel Road, Bombay.

133. Catholic Bishops' Conference of India, C.B.C.I. Centre, Alexandra Place, New Delhi.

134. Tax Consultants' Association, Khetan Bhavan, M. I. Road, Jaipur.

135. Shri S. S. Bagai, Tax Consultant, 23, Vaswani Mansion, D. V. Road, Churchgate, Bombay.

136. Sunni Muslim Wakf Committee, Opp. General Post Office, Salapose Road, Ahmedabad.

137. Ad hoc Committee of Trustees of South Gujarat, R. M. Kooka Parsi Panchayat Buildings, Shahpore, Surat.

138. Income-tax Practitioners Association, Davangere (Mysore State).

139. Income-tax Bar Association, Papinwar Building, Wardha Road, Nagpur.

140. Rm. P. N. Arunachalam Chettiar, Kottaiyur, Ramnad District (Tamil Nadu).

141. All India Film Producers Council, 'Shantshree', Dr. S. S. Rao Road, Bombay.

142. Pune Vyapari Mahamandal, 205, Ganesh Neth, Poona.

143. Standing Committee of Public Trust of Bombay, 209, Dr. Dadabhai Naoroji Road, Fort, Bombay.

144. Shri N. N. Prasad, Station Road, Raichur (Mysore).

145. Gujarat Bottling Co. Pvt. Ltd., Behind Ajit Mills, Ring Road, Rakhial, Ahmedabad.

146. Federation of All India Automobile Spare Parts Dealers' Associations, 3620|21, Netaji Subhash Marg, Daryaganj, Delhi.

147. Shri B. P. Jain, 32|1, Hanuman Lane, New Delhi.

148. Surgical Manufacturers and Traders Association, 69, Daryaganj, Delhi.

149. Bar Council of Delhi, Patiala House (High Court Building), New Delhi.

150. Upper India Chamber of Commerce, 14/69, Civil Lines, Kanpur.

151. Shri P. N. Shah & Others, C|o A. J. Shah & Co., Chartered Accountants, Fort Chambers, C-Block, 65, Tamarind Lane, Fort, Bombay.

152. Kirana Committee (Regd.), 372, Khari Baoli, Delhi.

153. Taxation Bar Association, Income-tax Appellate Tribunal Building, Dolmundei, Cuttack (Orissa).

154. Institute of Income-tax Practitioners of India, 72, Balepet, Bangalore.

155. Income-tax Bar Association, Raipur (Madhya Pradesh).

156. Parle Bottling Co., Private Limited, Western Express Highway, Chakala, Andheri (East), Bombay.

157. Mahakoshal Chamber of Commerce, Makhanlal Chaturvedi Bhavan, Ganjipura, Jabalpur.

158. Beopar Mandal, 84, The Mall, Simla.

159. Tax Consultants Association and Chamber of Commercial and Industrial Undertakings, Opp. Dayanand Hospital, Civil Lines, Ludhiana.

160. Shri P. L. Lakshmi Achi, 'Lakshmi Vilas', 5, South Bank Road, Madras.

161. Bombay Tarpaulin Merchants' Association, 297, Narshi Natha Street, Bombay.

162. Ludhiana Motor Parts Manufacturers Association, Ludhiana.

163. Palakol Circle Income-tax Practitioners' Association, Palakol, (West Godavari District—Andhra Pradesh).

164. Shri N. P. Venkataramanan, Income-tax Practitioners, "Vasanth" 11, Court Street, Erode.

165. Institute of Chartered Accountants of India, Post Box No. 268, Indraprastha Marg, New Delhi.

166. Young Tax Advocates' Forum G-09, Central Revenue Building, Indraprastha Marg, New Delhi.

167. Income-tax Bar Association, Central Revenue Buildings, Ashok Marg, Lucknow.

168. Instrumental Organisation (Organisation of Instrument Manufacturers and Traders), Zilco, Govind Building (Ground Floor), 128, Princess Street, Bombay.

169. L.C.|T.L. Palaniappa Chettiar, 'Lakshmi Vilas', 5, South Bank Road, Madras.

170. Palakol Rice Millers, Paddy and Rice Merchants' Association, Palakol, West Godavari District (Andhra Pradesh).

171. Shri K. Shamachar, Sales Tax and Income-tax Practitioner, R. No. 5, J. P. Narayan Stall, B. H. Road, Bhadravati (Mysore).

172. Shri M. S. Rama Sarma, Auditor and Tax Consultant, Equity House 47-10-12, 2nd line—Dwarkanagar, Visakhapatnam (Andhra Pradesh).

173. Income-tax Bar Association, Rajnandgaon (Madhya Pradesh).

174. All India Voters' Council, 'Dar-ul-Milk' Ground Floor, Pandita Ramabai Road, Gamdevi, Bombay.

175. Shri Nityananda Mohanty, and others Advocates, Cuttack (Orissa).

176. Shrimati Malati Dahunukar Trust, Industrial Assurance Building, Churchgate, Bombay.

177. New Ahmedabad Ready-made Cloth Dealers Association, C|o Ratilal Bhurabhai Desai, Kalupur, Tankshal Pole, Ahmedabad.

178. Delhi Factory Owners' Federation, Phelps Building, 9-A, Connaught Place, New Delhi.

179. Indian Chamber of Commerce, India Exchange, India Exchange Place, Calcutta.

180. Delhi Electrical Traders Association, 1548, Electrical Market, Behind State Bank, Chandni Chowk, Delhi.

181. Federation of Indian Manufacturers, 17-B|14, W.E.A., New Delhi.

182. United Cycle and Parts Manufacturers Association, Gill Road, Miller Ganj, Ludhiana.

183. Shri S. N. Khanna, Advocate, Supreme Court of India, 'Nav Rashmi', 4, Maqbool Road, Amritsar.

184. Shri M. Asad Madani, M.P., 1, Bahadur Shah Zafar Marg, New Delhi.

185. Tax Bar Association, Rani Bazar, Bikaner.

186. Indo-American Chamber of Commerce, 1-C, Vulcan Insurance Building, Veer Nariman Road, Post Box No. 11057, Bombay.

187. Delhi Pipe Dealers Association, 3341, Peepal Mahadev Street, Hauz Qazi, Delhi.

188. Delhi Opticians Association, 521, Pati Ram Street, Delhi.

189. Federation of All India Optical Associations, 2285, Gurudwara Road Chowk, Karol Bagh, New Delhi.

190. Ahmedabad Millowners' Association, Ranchhodlal Marg, Navrangpura, Ahmedabad.

191. Dimapur Chamber of Commerce, Jain Temple Road, 1st Floor, Rly. Station and P.O. Dimapur (Nagaland).

192. Kirana Vyapari Sangh, Rajnandgaon (Madhya Pradesh).

193. Iron Merchants Association (Regd.), Loha Mandi, Motia Khan New Delhi.

194. Guild of Accountants, 44, Second Main Road, Rajah Annamalaipuram, Madras.

195. Indian Film Dance Directors' Association, Ramesh Dance Hall, Dadar Cross Road, Bombay.

196. Bombay Study Circle on Corporate Law and Allied Subjects, C|o Shri R. P. Kedia, Century Rayon, Industry House, 159, Churchgate Reclamation, Bombay.

197. Shree Palitana Taluka Vepari Mandal, Palitana (Gujarat).

198. Tax Bar Association, 113, Napier Town, Jabalpur.

199. Southern Gujarat Chamber of Commerce and Industry, 'Samruddhi', Nanpura (Surat).

200. Shri S. V. Ghatalia & Co., Chartered Accountants, 23, Advent, 12-A, General Bhonsale Marg, Bombay.

201. Porbandar Income-tax Consultants Association, C|o. Manek & Manek Co., Sudama Road, Porbandar.

202 Incorporated Law Society of Calcutta, Law Society's Library, High Court, Calcutta.

203. Cloth Merchants' Association, Vastralata, Vijayawada.

204. Seth Jeejeebhoy Dadabhoy Charity Funds, Alice Buildings, 4th floor, 339, Dr. Dadabhoy Naroji Road, Fort, Bombay.

205. Gujarat Chamber of Commerce and Industry, Shri Ambica Mills, Gujarat Chamber Building, Post Box No. 4045, Ranchhollal Road, Ahmedabad.

206. Bhimavaram Chamber of Commerce, Bhimvaram, West Godavari District (Andhra Pradesh).

207. Bombay Society for the Prevention of Cruelty to Animals and Bai Sakarbai Dinshaw Petit Hospital for animals, Dr. S. S. Rau Road, Parel, Bombay.

208. Ahmedabad Parsi Panchayat, Parsi Agiary, Bukhara Mohalla, Ahmedabad.

209. Shri K. Arumugam, Income-tax Practitioner and Auditor, No. 5, Car Street, Gobichettipalayam.

210. Shri Pranjivan Ranchhoddas Shah Khadayata Bhuvan, Desai's Pole, Khadia, Ahmedabad.

211. Bulsar Parsi Anjuman Trust Funds and Properties, Bejan Baug, Bunder Road, Bulsar.

212. Chamber of Commerce, Patan (N. Gujarat).

213. Shri Sorath Chamber of Commerce and Industry, Vakharia Bazar, Veraval (Gujarat).

214. Ravi Stores, Stationers and Druggists, Hindupur (Anantapur Distt.—Andhra Pradesh).

215. Chamber of Income-tax Consultants, Opp. Liberty Cinema, Sunbeam Chambers, 7, New Marine Lines, Bombay

216. Association of Company Secretaries, Executives and Advisers, 23-A, Netaji Subhas Road, 5th floor, Room: 23, Calcutta.

217. Christian Council of Bombay, The Salvation Army, Western India Territorial Headquarters, P.O. Box 4510, Moreland Road, Byculla, Bombay.

218. All India Manufacturers' Organisation, Jeevan Sahakar, Sir Phirozshah Mehta Road, Bombay.

219. Shree Khadayata Education Society, Golwad Naka, Khadia, Ahmedabad.

220. Chimanlal Kapurchand Khadayata Chhatralaya, Ellisbridge, Nr. Patidar Society, Nr. Gulabaii's Tekre, Ahmedabad.

221. Shri T. V. Viswanatha Aiyar, Senior Advocate, Supreme Court of India, 'Sri Venkata Vilas', 14, East Mada Street, Mylapore, Madras.

222. Palakol Handloom Turban Cloth Merchants' Association, Palakol (West Godavari Distt.—Andhra Pradesh).

223. Maharashtra Rajya Saraf Sangh, 412, Raviwar Peth, Poona.

224. Gujarat Dyestuffs Manufacturers' Association, Prajapati Building, Khadia Char Rasta, Ahmedabad.

225. Shri G. D. Sharma, Editor, Vyapari Mitra, Tax Consultant, 901, Budhwar Peth, Poona.

226. All India Importers' Association, Churchgate House, 2nd Floor, 32|34, Veer Nariman Road, Fort, Bombay.

227. Bangalore Cycle Dealers Association, C|o Paramount Cycle Stores, Silver Jubilee Road, Bangalore.

228. Shri K. Kumarappa, Income-tax Practitioner, 16|878, Big Bazar, Coimbatore.

229. Dr. R. C. Cooper, Bombay.

230. Bilimore Parsi Zoroastrian Anjuman's Trust Funds, Bilimora (Gujarat State).

231. Shri V. Lakshmipathi, Income-tax Practitioner, 'Doraivenkata Vilas', 16, Giri Road, Srinivasapuram, Thanjavur (Tamil Nadu).

232. Anakapalle Merchants' Association, Ankapalle (Vizag District, Andhra Pradesh-S. Rly.).

233. Shri G. Venkatarama Aiyer, Income-tax Practitioner, 50, Durgalaya Road, Tiruvarur (S. Railway).

234. Dinesh K. Bhansali, Diamond Merchants & Manufacturers, Importers and Exporters, 8-A, Ridge Apartments, 18, Ridge Road, Bombay.

235. Bombay Shroffs Association, 233-A, Shroff Bazar, Bombay.

236. Mahratta Chamber of Commerce & Industries, Tilak Road, Poona.

237. Saurashtra Chamber of Commerce & Industry, Darbargadh, Bhavnagar.

238. Calcutta Trades Association, 18-H, Park Street, Stephen Court, Calcutta.

239. Tiruchirapalli District Chamber of Commerce, 77, Madura Road, Post Box Tiruchirapalli.

240. Nawanagar Chamber of Commerce & Industry, Digvijayasinhji Chamber Building, Grain Market, Jamnagar (Gujarat).

241. Shri K. Jeyaraman, Income-tax Practitioner, 10|4, Avanashi Road, Coimbatore.

242. Shri Sultan A. Nathani, "Ashiana", 204, Bullock Road, Band Stand, Bandra, Bombay.

243. Surat Branch of Western India Regional Council of the Institute of Chartered Accountants of India, C|o Y. B. Desai & Co., "Vasudhara", Parsi Sheri, Chamber one, 3rd floor, Navapura, Surat.

244. Madras Piecegoods Merchants' Association, 100, Godown Street, Madras.

245. Andhra Pradesh Tax Bar Association, C|o Venugopal & Chenoy Chartered Accountants, Tilak Road, Hyderabad.

246. Poona Whole-sale General Merchants Association, 348, Rawiwar Peth, Poona.

247. Tax Practitioners Association, Srinagar.

248. Shri Saurashtra Oil Mills Association, Manmohan Market, 1st Floor, Jamnagar.

249. Chamber of Commerce, Chamber Building, Market Yard, Sangli (Maharashtra).

250. Indian Merchants, Chamber, Lalji Naranji Memorial, Indian Merchants' Chamber Building, 76, Veer Nariman Road, Churchgate, Bombay.

251. Arya Vaidya Sala, Kottakkal (Kerala State).

252. Shri V. Parvatalu, Advocate, Karimnagar (Andhra Pradesh).

253. Shri V. R. Amin, Inspecting Assistant Commissioner of Income-tax, Hundi Range, Piramal Chambers, Parel, Bombay.

254. Shri Surender Kumar Sharma, Advocate, Old Railway Road, Gurgaon.

255. Tax Bar Association, Hathras, (U.P.).

256. Chief Editor, Kar Vigyan, Bar-Vigyan Bhawan, Moti Katra, Agra.

257. Bishop Simon Pimenta, Auxiliary Bishop, Archbishop's House, Bombay.

258. Shri Bal Krishna Bhargava, Advocate, 11, Netaji Subhash Marg, Darya Ganj, Delhi.

259. Shri V. R. Ghelani, Income-tax & Sales-tax Practitioner, 486, Chitra Bazar, Bombay.

260. Bharat Chamber of Commerce, Bharat Chambers, 8, Old Court House Street, Calcutta.

261. Institute of Company Secretaries of India, 1, Rani Jhansi Road, New Delhi.

262. Merchants' Chamber of Uttar Pradesh, 14|38, Civil Lines, Kanpur.

263. Iron, Steel & Hardware Merchants and Manufacturers' Chamber of India, 4th Floor, Loha Bhavan, P. D' Mello Road, Bombay.

264. Shri J. V. Trivedi, Ex-Income Tax Officer, C|o Pandya & Co., Chetna Lodge, Near Krishna Cinema, Ahmedabad.

265. Frontier Chamber of Commerce, G. S. Road, Shillong.

266. M. P. Chitale & Co., Chartered Accountants, Hamam House, Hamam Street, Fort, Bombay.

267. Shri Kalyanbhai Bababhai Shah, Advocate, C|o M|s. Chhotalal M. Patel & Co., Patharkuwa, Relief Road, Ahmedabad.

268. Dr. Justice K. N. Wanchoo, Chairman, Board of Arbitration (Joint Consultative Machinery), Ministry of Labour, Employment & Rehabilitation, D-25B, South Extension (Part II), New Delhi.

269. Shri P. C. Padhi, Former Chairman, Central Board of Revenue, C-69, Defence Colony, New Delhi.

270. Yugacharya Swami Shree Pranayandji Kelavni Trust, Visnagar (North Gujarat).

271. Akhil Bhartiya Kabirpanth Samaj (Regd.), 23, Canning Lane, New Delhi.

272. Shri S. O. Gurbany, Advocate, 202, Kanwar Nagar, Jaipur.

273. Shri K. C. Gopalan, Advocate, Kottayam (Kerala).

274. Shri Adam F. Laljee, 1, Bella Vista, 31, Apali Hill, Bandra; Bombay.

275. Shri R. Christadosa, Auditor, 16B, Daniel Thomas Street, Palayamkottai.

276. Shri R. Kulathu, Income-tax Practitioner, No. 8, Teppakulam Street, Tuticorin.

277. Bombay Retail Banaras & Silk Merchants Association, C|o Maganlal Dresswalla, Jai Hind Estates, Bhuleshwar Road, Bombay.

278. Ahmedabad Automobiles Dealers' Association, C|o Lakhia Brothers, Lal Darwaza, Ahmedabad.

279. Shree Ahmedabad Yarn Merchants Association, Sakar Bazar, Ahmedabad.

280. Shri D. C. Bhamore, Government Certified Auditor for Public Trusts and Dharmadaya Funds, 722, Marhatal, Jabalpur.

281. Shri R. Samuel, Income-tax Practitioner, 35-A, Emperor Street, Tuticorin.

282. Shri G. Thulajaram, Income-tax Practitioner, P. J. Extension, Davangere.

283. Shri N. Dhandapani, Income-tax Practitioner, 29, Kuppanna Chettiar Street, Tirupur (Tamil Nadu).

284. Shri Chandrakanth H. Shah, Income-tax Practitioner & Tax Consultant, Adi-Complex, 2nd Floor, (Above Punjab National Bank), Chickpet, Bangalore.

285. Shri Vasantlal Ratilal Vyas, 90, Swami Vivekanand Road Satghare Wadi, Malad (West), Bombay.

286. Erode Handloom Cloth Merchants Association, 222, Nethaji Road, Erode.

287. Shri D. V. Shintre, Naik Building, Shastri Nagar, Dombivli (West).

288. Shri A. Devairakkam, Income-tax Practitioner, 81, Telegraph Office Road, Tuticorin.

289. Gujarat Confectionery Manufacturers Association, 87, Vadilal Ice Factory Compound, Gomtipur, Ahmedabad.

290. Shri Rajendra R. Raya, Advocate, Supreme Court, "Ashokalaya", 97, Janta Society, Rajkot.

291. Baroda Grain Merchants' Association, Gendigate Road, Baroda.

292. Shri M. L. Nawani, C|o Bank of India, Bhadra, Ahmedabad.

293. Anjar Merchants' Association, Anjar (Kutch).

294. Jain & Son, Ladpura Itwari, Nagpur.

295. Shri K. A. Laxman Prabhu, 1|2B, Prince Gulam Md. Road, Calcutta.

296. Shri Dharamchand Jain, M.P., 183, South Avenue, New Delhi.

297. Shri R. U. Khan, Advocate, 2, Bank House, Nainital.

298. H. H. Jagadguru Shri Shankaracharya Maharaj of Dwarka Peeth, Dwarka (Gujarat).

299. Indian Chemical Manufacturers Association, India Exchange, India Exchange Place, Calcutta.

300. United Women's Organisations Committee, Thoburn House, Apollo Bunder, Bombay.

301. Lions Club of Calcutta, 20, Sir R. N. Mukherjee Road, Calcutta.

302. Haji Ismail Haji Habib Charity Trust, Hasan Mansion, 1st Floor, Yusuf Meherali Road, Opp. Jakeria Masjid, Bombay.

303. Tax Bar Association, Dal Bazar, Bharatpur.

304. The Anjuman-I-Islam, 92, Dr. Dadabhoy Naoroji Road, Bombay.

305. Poona Timber Merchants & Saw Millowners Association, 5-A, New Timber Market, Poona.

306 Trustees of Shri Anantnathji Maharaj, Jain Temple & Its Sadharan Funds Trust, Bombay.

307. Bharat Jain Maha Mandal, 15-A, Horniman Circle, Bombay.

308. The Arhties Association (Registered), Anaj Mandi, Simla.

309. Kaira District Tobacco Merchants' Association, Nadiad (Gujarat).

310. Shri A. L. Awasthi, Advocate, Secretary, Tax Bar Association, Sagar (Madhya Pradesh).

311. Managing Trustee, Nawab Ayaz Masjid Trust, Bombay.

312. All India Tax Advocates Association, (Western Region), Hamam Street, Bombay.

313. Karamshi Jethabhai Somaiya Trust, Fazalbhoy Building, 45/47, Mahatma Gandhi Road, Fort, Bombay.

314. The Merchants' Association, Jaysingpur, (Distt. Kolhapur).

315. Mill Gin Store Merchants Association, 88/92, Nagdevi Cross Lane, Bombay.

316. Shri Diwakar Shastri, Mantri, Banasthali Vidyapith, Rajasthan.

317. Haji Shaikh Ahmed Ismail Trust, 53, Bhajipala Lane, Bombay.

318. Federation of Andhra Pradesh Chambers of Commerce and Industry, 3-5-822/6, Hyderguda, Hyderabad.

319. Balod Vyapari Sangh, Balod (Madhya Pradesh).

320. Gujarat Industries Association, Brabourne Stadium, 87, Veer Nariman Road, Bombay.

321. Shri Manilal Jayashanker Raval, Audichch Vidyarthi Bhavan, Patan (N. Gujarat).

322. Anjuman-i-Musalmanan-i-Mazagaon, Shariff Building, Ground Floor, 315, Reay Road, Mazagaon, Bombay.

323. Bombay Shareholders' Association, Agakhan Building, 3rd Floor, Dalal Street, Fort, Bombay.

324. Government of Andhra Pradesh, Hyderabad.

325. Sir Jamsetjee Jejeebhoy Parsee Benevolent Institution, 209, Dr. Dadabhai Naoroji Road, Fort, Bombay.

326. Khoja Shia Isnaashari Jamaat, 66/70, Samuel Street, Bombay-9.

327. Income-tax and Sales-tax Practitioners Association, Nanded (Distt. Nanded), (Maharashtra).

328. Haji Joosab Siddick Charitable Trust, 93, Zakaria Musjid Street, Bombay.

329. Bakar Kasai Jamat Mosques Trust, Jame Masjid, Bandra, Bombay.

330. Hindustan Chamber of Commerce, Hindustan Chamber Buildings, No. 8, Kondi Chetty Street, Madras-1.

331. North Bihar Chamber of Commerce & Industry, Muzaffarpur.

332. Indian Chamber of Commerce & Industry, Tuticorin, (S. India).

333. Zakaria Musjid Trust, 150, Yusuf Meharali Road, Bombay.

334. Federation of Bhuleshwar Retail Dealers' Association, C/o. Maganlal Dresswala, Jai Hind Estate, Bhuleswar, Bombay.

335. Goa Chamber of Commerce & Industry, Panaji (Goa).

336. Shree Brihad Bombay Jain Swetamber Murti Pujak Maha Sangh, Bombay.

337. Bhuleshwar Retail Cloth Dealers Association, C/o. Maganlal Dresswala, Bhuleshwar Road, Bombay.

338. Mohamed Haji Saboo Siddick, Musafirkhana, Carnac Road, Bombay.

339. Shri J. John Bosco, Income Tax Practitioner, Near Civil Lines, Quilon (Kerala State).

340. Sheth Jacob Haji Essa Charitable Trust, 90, Kambekar Street, Chach Mohalla, Bombay.

341. Haji Esmail Haji Habib Bunder Trust, 189, Ebrahim Mohad Merchant Road, Bombay.

342. Haji Esmail Haji Habib Mosque Trust, 189, Ebrahim Mohad Merchant Road, Bombay.

343. Haji Ali Dargah Trust, Harnabi Vellard, Bombay.

344. Haji Saboo Siddick & Jimbabai Musjid and Rubayat Trust, 2nd Floor, 13, Kambedkar Street, Bombay.

345. Haji Abdul Sattar Haji Oamer Soab Trust, 13, Kambekar Street, Bombay.

346. Fatmabai Cassum Aliani and Cassum Aliani Charitable Trust, 2nd Floor, 13, Kambekar Street, Bombay.

347. Bai Khatija Bai Haji Abdul Latif Haji Joonas Sobant Charity Trust, 13, Kambedkar Street, Bombay.

348. Haji Adam Siddick Charitable and Religious Trust 189, Ebrahim Mohad Merchant Road, Bombay.

349. Reay Road Mazagaon Maszid Trust, 284, Reay Road, Bombay.

350. Muncherjee Nowrojee Banajee and Cursetjee Muncherjee Banajee Charity Trusts, Lentin Chambers, 4th Floor, Dalal Street, Fort, Bombay.

351. Haji Karim Mohamed Sulaiman Charitable Trust, 178—188, Kambedkar Street, Bombay.

352. Haji Sabbo Sidick Wakaf Trust, 15, Kambekar Street, Bombay.

353. Haji Siddick Haji Usman Allrakha Jusbani Charitable Trust, 8, Chakla Street, 3rd Floor, Bombay.

354. Pir Bagdadi Durgah Dadar Trust, 165, Hasan Mansion, 1st Floor, Opp. Zakaria Musjid, Musjid Bunder Road, Bombay.

355. Mohamed Haji Tharia Charities Trust, Hasan Mansion, Ist floor, opp: Zakaria Musjid, Musjid Bunder Road, Bombay.

356. Bai Halima Bai Haji Usman Allarakha Jusbani Trust. 8. Chakli Street, 3rd Floor, Bombay.

357. Educational Uplift Society, Agra Road, Kalyan (Distt. Thana) Maharashtra.

358. Haji Esmail Haji Allanna Cutch Surti Trust, 131, Kambekar Street, Bombay.

359. Kadwani Masjid Wakf, 131, Kambekar Street, Bombay.

360. Haji Ismail Haji Jusar Lakha Charitable Trust, 131, Kambekar Street, Bombay.

361. Baihawa Bai Religious Charitable Trust, 131, Kambekar Street Bombay.

362. Cutchi Mudh Mosque (Tarwadi) Trust, 170, Kambekar Street, Bombay.

363. Haji Zakaria Haji Ahmed Patel Wakf Trust (Malad), 170, Kambekar Street, Bombay.

364. Haji Zakaria Haji Ahmed Muhamedan Orphanage, 170, Kambekar Street, Bombay.

365. Bai Rehmat Bai W/o. Haji Zakraria Patel, 170, Kambekar Street, Bombay.

366. Bai Rehmatbai W/o. Haji H. Zakaria Patel Wakf No. 1, Khetwadi, Ali Umer, Bombay.

367. Bai Khatijabai Trust, 170, Kambekar Street, Bombay.

368. Haji Haroon Siddick Charitable Trust, 2, Hasan Mansion, Dhobi Gali, Opp. Zakaria Masjid, Bombay.

369. Dabhol Educational Society, 1-P, Mistry Building, 2nd Floor, Block No. 3, Gunpowder Road, Bombay.

370. Bombay Oilseeds & Oils Exchange Ltd., Jenabai Building, Yusuf Meherali Road, Bombay.

371. Iqbal Educational Society, 23, Soni Manzil, Mastan Tank Road, Bombay.

372. Mysore Chamber of Commerce & Industry, Kempegowda Road, Bangalore.

373. Bal Fatmabai Moledina Charity Trust, 84, Chakla Street, Bombay.

374. Shri Deoki Nandan Agarwala, Standing Counsel, 56, Dilkusha New Katra, Allahabad.

375. Ahmedabad Mill Cloth Brokers Association, C/o. 155, New Cloth Market, Ahmedabad.

376. Veear Industries, 3451, Chawri Bazar, Delhi.

377. Gayfield & Co., Chawri Bazar, Delhi.

378. Andhra Pradesh Paper Merchants' Association, 3364, Rastrapathi Road, Secunderabad (A.P.).

379. Shree Talawad Chamber of Commerce & Industries, Main Road, Opp. Cotton Hall, Surendranagar (Gujarat).

380. Shri Anand Prakash, Accountant Member, Income-Tax Appellate Tribunal, Jaipur Bench, Jaipur.

381. Central Wakf Council, C-1, Nizamuddin (West), New Delhi.

382. Indian Chamber of Commerce, 6/83, Avanashi Road, Coimbatore.

383. Cummoo Yacoob Educational Trust, 160, Kambekar Street, Bombay.

384. Cammoo Yacoob Charitable Trust, 160, Kambekar Street, Bombay.

385. Consultative Committee of City Chambers of Commerce, "Indian Chamber Buildings", Esplanade, Madras.

386. Haji Saboo Siddick Charity Trust, 15, Kambekar Street, Bombay.

387. Porbandar Chamber of Commerce & Industry, Manek Chowk, Porbandar (Gujarat).

388. Haji Suleman Abdul Wahid Testimonial Trust, 106, Kambekar Street, Bombay.

389. Bai Halimabai Haji Joosab Noor Mohamed Noorani Charity Trust, 160, Kambekar Street, Bombay.

390. Jafar Suleman Musafirkhana Trust, S.V.P. Road, Wadi Bunder, Bombay.

391. B. R. Herman & Mohatta (India) Private Ltd., "K" Block, Connaught Circus, New Delhi-1.

392. Raja Charity Trust, 437, Tenkasi Road, Rajapalaiyam, Ramnad District, Tamil Nadu.

393. Hajiani Aaishabai Wakf, C/o. Mohamed Haji Adam & Co., 84, Chakla Street, Bombay.

394. Majlis-e-Mushawarin-Masajid-o Awquaf, Juma Masajid, Kalyan (Distt. Thana).

395. All India Tax Advocates Association, G-09, C. R. Building, Inderprastha Estate, New Delhi.

396. Anjuman Mufidul-Islam, (Education Trust) Khamgaon, District Buldana, Maharashtra.

397. Muslim Bazm-E-Ittihad-O-Taraqqi, Shriwardhan, Dist. Kolaba, Maharashtra.

398. Anjuman-E-Islam, (Education Trust) Shegaon (C. R.), District Buldana, Maharashtra.

399. Shri H. M. Bohra, C|o M. G. Company, Sumerpur, Rajasthan.

400. Uttar Pradesh Khadya Padarath Veyapari Sangh, Ganeshganj, Lucknow-1.

401. Federation of Association of Small Industries of India, New Delhi.

402. Trustees of the Parsi Punchayet Funds & Properties, 209, Dr. Dadabhai Naoroji Road, Fort, Bombay.

403. Jamitul Ulma Vidarbhe, Mahkar, District Buldana, Maharashtra.

404. Federation of Association of Small Industries of India, P-31, C. I. T. Road, Eastern Region, Calcutta-14.

405. Bengal Income-Tax (Gazetted) Services Association, P-7, Chowringhee Square, Calcutta-1.

406. Bengal National Chamber of Commerce and Industry, P-11, Mission Row Extension, Calcutta-1.

407. All India Women's Conference, 6, Bhagwandas Road, New Delhi.

408. Income-tax Bar Association, Aayakar Bhavan, Navarangpura, Ahmedabad-9.

409. Goculdas Tejpal Charities, 7, Bastion Road, Fort Bombay-1.

410. Deccan Sugar Factories Association, Stadium House, Block 2, Veer Nariman Rd., Marine Lines, Bombay-400020.

411. Jama Masjid Trust, T. Jalgaon, District, Buldana, Maharashtra.

412. Kanpur Galla Arhatiya Sangh, Collectorganj, Kanpur.

413. Punjab Pradesh Beopar Mandal, Amritsar.

414. Tirumala Tirupati Devasthanams through Shri Yashpal Kapur, M. P.

415. Shri K. R. Gupta, Inspecting Asstt. Commissioner of Income-tax (Central) Range I, New Delhi.

416. Shri Maha Shankar Mathur, Advocate, Income Tax Adviser, Delhi.

417. The Bombay Kariana, Colour and Chemical Merchants' Association, Bombay.

418. Shri M. L. Singhania, Calcutta.

419. Shri S. Alagiriswamy, Income-tax Officer, Central Circle XI, Madras.

420. All India Shia Conference, Quami Ghar, Nadan Mahal Road, Lucknow.

421. South India Cashewnut Manufacturers Association, Quilon, Kerala State.

422. Muslim Educational, Social and Cultural Organisation, Bombay.

423. Shri C. D. Gadgil, Sholapur.

424. Shri S. R. Wadhwa, Appellate Assistant Commissioner of Income-tax, Meerut.

425. Shri S. S. Roy, Inspecting Assistant Commissioner of Income-tax, Nagpur.

426. Shri B. J. Chacko, Inspecting Assistant Commissioner of Income-tax, Nagpur.

427. Bombay Young Women's Christian Association, 18, Madame Coma Road, Fort, Bombay.

428. Shri G. S. Sampath, Commissioner of Income-tax, Madras.

429. Shri S. P. Pande, Deputy Director of Inspection, Directorate of Inspection (Investigation), New Delhi.

430. Tamilnadu Income-tax Employees Association, Madras-34.

431. Gandhi Peace Foundation, 221/223, Deen Dayal Upadhyaya Marg, New Delhi-110001.

432. Karnataka Income-tax Practitioners' Association (R), Bangalore.

433. Chotanagpur Chamber of Commerce and Industries, Main Road, Ranchi-834001.

434. Shri P. L. Juneja, Advocate, Supreme Court, New Delhi.

435. Shree Surat Panjrapole Trust, Subhash Chawk, Gopipura, Surat.

436. National Chamber of Industries and Commerce, U.P., G. G. Industries Post Office, Agra-4.

437. Kasturba Gandhi National Memorial Trust, P. O. Kasturbagram, Distt. Indore, M.P.

438. Shri B. A. Shariff, Commissioner of Income-tax, Ahmedabad.

439. Shri C. R. Krishnamurthi, Commissioner of Income-tax, West Bengal, Calcutta.

440. Organisation of Public Life, C/o Godavari Sugar Mills Ltd., 121, Mahatma Gandhi Road, Fort, Bombay.

441. Revenue Bar Association, Madras.

442. Shri O. V. Kuruvilla, Commissioner of Income-tax, Bombay City-I, Bombay.

443. Federation of Public Charitable Trust, Calcutta.

444. Shri V. V. Badami, Director of Inspection (Investigation), New Delhi.

445. Bombay Chamber of Commerce & Industry, Bombay.

446. Shri G. P. Kapadia, Chartered Accountant, Bambay.

447. Dr. Bihari Kanaiyalal, Ahmedabad.

448. Shri N. A. Palkhivala, Senior Advocate, Bombay.

449. Kashmir Chamber of Commerce and Industry, Srinagar.

450. Beopar Mandal, Srinagar.

APPENDIX III

(*Vide* para 6 of the Report)

LIST OF ASSOCIATIONS, ORGANISATIONS, ETC. WHO GAVE EVIDENCE BEFORE THE SELECT COMMITTEE

S. No.	Name of witness	Date of hearing
1	2	3
1.	**Indian Revenue Service (Income-tax) Association, New Delhi.** *Spokesmen:* 1. Shri P. S. Bhaskaran—*President* 2. Shri C. B. Rathi 3. Shri P. Srinivasan 4. Shri M. C. Joshi 5. Shri G. C. Agarwal 6. Shri S. G. Jaisinghani 7. Shri B. Gupta	11-7-1973 & 11-7-1974
2.	**National Christian Council of India, New Delhi.** *Spokesmen:* 1. Shri E. D. Devadasan—*Vice-President* 2. Shri M. A. Z. Rolston—*General Secretary*	11-7-1973
3.	**Associated Chambers of Commerce and Industry of India, New Delhi.** *Spokesmen:* 1. Shri M. H. Mody 2. Shri Mohinder Puri 3. Shri T. Pooran 4. Shri M. M. Malhotra	12-7-1973
4.	**Indian Chamber of Commerce, Calcutta.** *Spokesmen:* 1. Shri B. M. Khaitan—*President* 2. Shri R. S. Kodha—*Member* 3. Shri S. S. Kothari—*Member* 4. Shri H. C. Dass—*Member*	19-9-1973

1	2	3

5. Shri C. S. Pande—Secretary General

6. Shri M. Chaudhuri—Sr. Asstt. Secretary.

5. Calcutta Zoraostrian Community's Religious and Charity Funds, Calcutta. 19-9-1973

Spokesmen:

1. Shri D. R. Bhesania—Senior Trustee.
2. Shri J. M. Guzdar—Secretary.
3. Shri P. M. Narielwala
4. Shri C. R. Irani

6. Bengal Chamber of Commerce & Industry, Calcutta 20-9-1973

Spokesmen:

1. Shri R. N. Sen, Leader
2. Shri S. K. Ganguly
3. Shri K. P. Bhargava
4. Shri S. Bhattacharya
5. Shri K. C. Khanna
6. Shri L. R. Puri
7. Shri M. Ghose

7. Institute of Socio-Economic Studies, Calcutta. 20-9-1973

Spokesman:

Shri R. N. Lakhotia—President

8. Merchants' Chamber of Commerce, Calcutta.

Spokesmen:

1. Shri A. R. Kanoria—President.
2. Shri B. P. Agarwala
3. Shri S. N. Dalmia
4. Shri D. M. Kothari
5. Shri Srikant Somani
6. Shri H. R. Bose, Addl. Secretary.
7. Shri B. S. Kothari
8. Shri Amitav Kothari

9. Bharat Chamber of Commerce, Calcutta. **22-9-1973**

Spokesmen:

1. Shri K. L. Chowdhury—President
2. Shri R. N. Bangur
3. Shri S. B. Goenka
4. Shri K. L. Dey

1	2	3
	5. Shri K. L. Dhandania	
	6. Shri R. R. Bhiwaniwalla	
	7. Shri V. B. Chaturvedi	
	8. Shri G. D. Salarpuria	
	9. Shri R. P. Pasari	
	10. Shri K. C. Mukherjee, Secretary	
	11. Shri B. K. Shroff	
10.	**Institute of Cost and Works Accountants of India, Calcutta.**	22-9-1973 & 10-7-1974
	Spokesmen:	
	1. Shri M. R. S. Iyengar—President	
	2. Shri V. Kalyanaraman, Vice-President	
	3. Shri N. K. Bose	
	4. Shri A. K. Biswas	
	5. Shri S. N. Ghose, Secretary	
	6. Shri G. K. Abhyankar	
	7. Shri S. K. Mitra	
11.	**Federation of Associations of Small Industries of India, Calcutta.**	22-9-1973
	Spokesmen:	
	1. Shri Swaraj Basu—Vice-President	
	2. Shri Arabinda Roy Chowdhary	
	3. Shri S. M. Banerji	
	4 Shri S. S. Singhania	
	5. Shri L. N. Lohia	
12.	**Taxation Bar Association, Cuttack**	24-9-1973
	Spokesmen:	
	1. Shri Satyanarayan Sahu—Secretary.	
	2. Shri Arjunlal Agarwal	
	3. Shri Nitya Nand Mohanty	
	4. Shri Debendra Nath Mohanty	
13.	**Bengal National Chamber of Commerce and Industry, Calcutta.**	24-9-1973
	Spokesmen:	
	1. Shri G. Saha—President	
	2. Shri T. D. Chatterjee—Vice-President	

1	2	3
	3. Shri Milan Mukherjee	
	4. Shri M. C. Poddar	
	5. Shri I. P. Poddar	
	6. Shri A. R. Dutta Gupta, Secretary	
14.	**Calcutta Trades Association, Calcutta.**	25-9-1973
	Spokesmen:	
	1. Shri N. K. Jain—President	
	2. Shri I. C. Sancheti—Vice-President	
	3. Shri S. K. Maskara—Hony. Secretary	
	4. Shri S. R. Sen Gupta—Addl. Secretary	
	5. Shri G. Kodia—Member	
15.	**Association of Company Secretaries, Executives and Advisers, Calcutta.**	25-9-1973
	Spokesmen:	
	1. Shri Sukumar Bhattacharya—Chairman	
	2. Shri Nirmal Kumar Poddar—General Secretary	
	3. Shri Pestonji Mancherji Narielwala—Member	
	4. Shri Tulsi Das Mundhra—Member	
16.	**Bengal Income-tax (Gazetted) Services Association, Calcutta.**	25-9-1973
	Spokesmen:	
	1. Shri S. K. Roy—President.	
	2. Shri J. N. Maitra—Secretary	
	3. Shri K. Chakravarty—Joint Secretary	
	4. Shri R. L. Botani—Member	
17.	**Life Insurance Agents' Federation of India, Calcutta.**	25-9-1973
	Spokesmen:	
	1. Shri J. Prasad—President	
	2. Shri S. P. Hazra—Vice-President	
	3. Shri A. K. Purkayastha—General Secretary	
	4. Shri C. M. Dugar—Treasurer	
18.	**Hindustan Chamber of Commerce, Bombay.**	8-10-1973
	Spokesmen:	
	1. Shri Ramesh Chandra Rastogi	
	2. Shri Laxmi Narayan Taparia	
	3. Shri J. N. Gupta	
	4. Shri Pannalal Sanganeria	

(1)	(2)	(3)
19.	(a) **Standing Committee of Public Trusts of Bombay, Bombay.**	8-10-1973
	Spokesmen: 1. Shri P. P. Khambatta, Advocate-Leader 2. Shri B. K. Boman-Behram, Advocate 3. Shri Chimanlal C. Shah, Solicitor 4. Smt. Z. E. G. Crrimbhoy 5. Dr. Y. Majumuddia 6. Shri C. C. Choksey 7. Monsingnor A. Cordeiro 8. Dr. R. C. Cooper 9. Shri H. L. Navalkar, Solicitor 10. Father Martine 11. Shri H. B. Kapadia, Hon. Secretary.	
	(b) **Shri Bharat Jain Maha Mandal, Bombay.**	
	Spokesmen: 1. Shri Sriyans Prasad Jain 2. Shri C. C. Shah 3. Shri J. R. Shah 4. Shri Khimchandbhai Bora 5. Shri J. H. Doshi 6. Shri D. S. Gardi	
20.	**Indian Merchants' Chamber, Bombay.**	9-10-1973
	Spokesmen: 1. Shri Ganesh Podar—Vice-President 2. Shri Charandas V. Mariwala 3. Shri V. B. Haribhakti 4. Shri C. C. Chokshi 5. Shri J. P. Thacker 6. Shri C. L. Gheevala, Secretary. 7. Shri M. K. Desai, Dy. Secretary. 8. Shri D. S. Pendurkar, Dy. Secretary. 9. Shri N. Y. Gaitonde	
21.	**All India Producers Council, Bombay.**	9-10-1973
	Spokesmen: 1. Shri G. P. Sippy—Vice-President 2. Shri Shree Ram Bohra, Vice-President	

(1)	(2)	(3)
	3. Shri Subodh Mukerji	
	4. Shri B. R. Chopra	
	5. Shri S. D. Narang	
	6. Shri Narayan Varma, Chartered Accountant.	
22.	**Bombay Study Circle on Corporate Law and Allied Subjects, Bombay.**	9-10-1973
	Spokesmen:	
	1. Shri C. C. Chokshi—Chairman	
	2. Shri R. P. Kedia, Convenor-cum-Hon. Secy.	
	3. Shri J. E. Dastur, Member	
	4. Shri C. C. Dalal, Member	
	5. Shri R. K. Joshi, Joint Secretary.	
23.	**Bombay Chamber of Commerce and Industry, Bombay.**	10-10-1973
	Spokesmen:	
	1. Shri R. C. Khanna	
	2. Shri Soli E. Dastur	
24.	**Shri M. P. Chitale, Chartered Accountant, Bombay.**	10-10-1973
25.	**Anjuman-i-Islam, Bombay**	10-10-1973
	Spokesmen:	
	1. Shri Akbar Peerbhoy—President	
	2. Shri Mustafa Fakih	
	3. Shri S. S. Desnavi	
	4. Shri H. P. Italia	
	5. Shri R. M. Saeed	
	6. Shri A. M. Fakih	
26.	**Gujarat Industries Association, Bombay.**	11-10-1973
	Spokesmen:	
	1. Shri J. M. Patel—President	
	2. Shri Pradip Shah	
	3. Shri A. C. Patankar, Secretary.	
27.	**All India Manufacturers' Organisation, Bombay.**	11-10-1973
	Spokesmen:	
	1. Shri Ram Agrawal—President	
	2. Shri M. R. Shroff	
	3. Shri P. A. Shah	
	4. Shri B. S. Mohatta	

(1)	(2)	(3)
	5. Shri N. G. Abhyankar, Executive Director 6. Shri D. P. Birla.	
28.	**United Women's Organisation Committee, Bombay.** *Spokesmen*: 1. Mrs. Gulistan Billimoria, President 2. Mrs. Surat Manohar 3. Mrs. Deena Ahmadullah	11-10-1973
29.	1. Shri N. A. Palkhivala, Advocate, Supreme Court, Bombay. 2. Shri S .P. Mehta 3. Shri B. A. Palkhiwala 4. Shri S. R. Vakil 5. Miss S. Bharucha	12-10-1973 & 13-10-1973
30.	**Chamber of Commerce, Sangli.** *Spokesmen:* 1. Shri A. G. Lale 2. Shri R. B. Shah 3. Shri K. B. Kayastha 4. Shri M. N. Nawandhar	12-10-1973
31.	**Archibishop's House, Bombay.** *Spokesmen*: 1. Rev. Father A. Cordeiro, Leader 2. Rev. Father A. Martins 3. Rev. Father D. D'Monte, S. J. 4. Shri C. W. Thomas 5. Shri P. S. Rao	13-10-1973
31.	**Archibishop's House, Bombay.** **Bombay.** *Spokesmen*: 1. Shri P. P. Khambatta, Advocate, Leader 2. Shri B. K. Boman-Behram, Advocate 3. Shri G. P. Antia, Jt. Secretary 4. Shri H. P. Kapadia, Jt. Secretary 5. Shri M. P. Bamji, Chief Accountant.	13-10-1973

(1)	(2)	(3)
33.	**Maharashtra Chamber of Commerce, Bombay.** *Spokesmen*: 1. Shri M. L. Apte, President 2. Shri N. N. Pai, Director and General Manager, Batliboi & Co. P. Ltd. 3. Shri R. G. Mohadikar, Secretary 4. Shri S. B. Gandhi 5. Shri V. R. Gokhale, Asstt. Secretary.	13-10-1973
34.	**Punjab, Haryana & Delhi Chamber of Commerce and Industry, New Delhi.** *Spokesmen*: 1. Shri M. K. Mohta, M.P.—Deputy Chairman 2. Shri Mohinder Puri—Co-Chairman 3. Shri C. K. Hazari—Member 4. Shri H. R. Gupta—Member 5. Shri R. Subramaniam—Member 6. Shri R. Thakur—Member 7. Shri M. L. Nandrajog—Secretary. 8. Shri S. Ganapathi—Senior Asstt. Secretary.	2-11-1973
35.	**Catholic Bishops' Conference of India, New Delhi.** *Spokesmen*: 1. Fr. Jonas Thaliath—Deputy Secretary General 2. Fr. Antunes Nazareth—Assistant Secretary 3. Shri K. Annadhanam of Messrs. Khanna and Annadhanam, Legal Advisers.	2-11-1973
36.	**Bar Association (Income-tax), New Delhi** *Spokesmen*: 1. Shri K. K. Wadera—President 2. Shri Jagmohan Bhatia—Vice-President 3. Shri Jagdish Pershad—Member 4. Shri B. B. Ahuja—Member	2-11-1973
37.	**All India Federation of Income-tax Gazetted Services Associations, New Delhi.** *Spokesmen*: 1. Shri S. K. Roy, President 2. Shri K. Raha, President 3. Shri C. L. Wali 4. Shri R. C. Pandey, Secretary	2-11-1973, 15-12-1973 & 10-6-1974

(1)	(2)	(3)
	5. Shri P. S. Gopalakrishnan	
	6. Shri O. S. Bajpai	
	7. Shri L. S. S. Chakravarthy	
	8. Shri J. N. Moitra	
38.	**Federation of Indian Chambers of Commerce & Industry, New Delhi.**	3-11-1973
	Spokesmen:	
	1. Shri Charat Ram, President	
	2. Shri A. K. Jain, Chairman, Taxation Sub-Committee.	
	3. Shri D. C. Kothari	
	4. Shri Madanmohan Mangaldas	
	5. Shri Viren J. Shah	
	6. Shri K. N. Modi	
	7. Shri H. B. Dhondy	
	8. Shri O. P. Vaish	
	9. Shri G. L. Bansal, Secretary-General.	
39.	**Institute of Income-tax Practitioners of India, Bangalore.**	3-11-1973
	Spokesmen:	
	1. Shri K. B. Basavarajan, President	
	2. Shri C. L. Aneja	
	3. Shri M. V. Shastry	
	4. Shri Harilal T. Sodha	
40.	**Jamiat Ulama-i-Hind, New Delhi.**	3-11-1973
	Spokesmen:	
	1. Maulana Syed Asad Madni, M.P.	
	2. Shri M. Swalehuddin	
	3. Shri Tazimuddin Siddiqi	
	4. Shri A. A. Kidwai	
	5. Shri N. A. Zaki	
41.	**All India Women's Conference, New Delhi.**	3-11-1973
	Spokesmen:	
	1. Shrimati K. Lakshmi Raghuramaiah, President.	
	2. Shrimati Kamla Mankekar	
	3. Shrimati Sunanda Bhandare	

(1)	(2)	(3)
42.	**Bar Council of Delhi, New Delhi.** *Spokesmen*: 1. Shri Balram Sangal 2. Shri Vipan Chander Bahri	5-11-1973
43.	**All India Tax Advocates Association, New Delhi.** *Spokesmen*: 1. Shri G. C. Sharma—Vice-President 2. Shri O. P. Dua—General Secretary 3. Shri K. K. Wadhera—Secretary 4. Shri Kartar Singh Suri—Member 5. Shri O. P. Sapra—Member 6. Shri V. Vasudevan 7. Shri Randhir Chawla	5-11-1973
44.	**Central Wakf Council, New Delhi.** *Spokesmen*: 1. Shri Moinul Haque Chowdhury, M.P. 2. Shri Ch. Tayyab Hussain, M.P. 3. Dr. V. N. Saiyed Mohd. M.P. 4. Shri Tajuddin Ahmed, Secretary	5-11-1973
45.	**Government of Andhra Pradesh, Hyderabad.** *Spokesmen*: 1. Shri C. R. Krishnaswamy Rao Sahib, Secretary to the Chief Minister 2. Shri P. L. Sivaram, Commissioner, Endowments. 3. Shri V. Sundaresan, Secretary. 4. Shri S. V. Subramaniyam, Executive Officer, Tirumala Tirupati Devasthanam 5. Shri A. V. Surya Rao 6. Shri R. Sankaran	9-1-1974
46.	**Consultative Committee of City Chambers of Commerce, Madras.** *Spokesmen*: 1. Shri S. Narayanaswamy, M.L.C. 2. Shri P. Brahmayya 3. Shri N. C. Krishnan 4 Shri C. S. Vidyasankaran	9-1-1974

(1)	(2)	(3)
	5. Shri R. N. Ratnam	
	6. Shri D. Shriniwasan	
47.	**Sri Aurobindo Society, Pondicherry.**	9-1-1974
	Spokesman:	
	Shri Arunendra Nath Tagore	
48.	**Madras State Income-tax Practitioners Association, Madras.**	9-1-1974
	Spokesmen:	
	1. Shri V. N. Padmanabhan	
	2. Shri S. R. Gopalan	
	3. Shri M. S. Rangiah	
49.	**Shri T. V. Vishwanatha Aiyer, Advocate, Supreme Court of India, Madras.**	10-1-1974
50.	**Andhra Pradesh Tax Bar Association, Hyderabad.**	10-1-1974
	Spokesmen:	
	1. Shri M. A. Mohiuddin	
	2. Shri Y. V. Anjaneyulu	
	3. Shri Keshavlal Adhia	
	4. Shri V. Venugopal	
51.	**Raja Charity Trust, Madras.**	10-1-1974
	Spokesmen:	
	1. Shri P. R. Ramasubramania Raja, Managing Trustee	
	2. Shri S. N. Ramakrishna Raja, Chartered Accountant	
	3. Shri M. Sanotham, Chartered Accountant	
	4. Shri N. K. Srikanta Raja	
52.	**The Karnataka (Mysore) State Income-tax Practitioners' Association, Bangalore.**	10-1-1974
	Spokesmen:	
	1. Shri G. B. Patil	
	2. Shri P. K. Ramachandra Setty	
	3. Shri P. N. S. Murthy	
	4. Shri M. Srinatha Rao	
53.	**Shri P. Sadagopan, Commissioner of Income-tax, Madras.**	11-1-1974

(1)	(2)	(3)
54.	**The Society of Income-tax Practitioners, Vijayawada**	11-1-1974
	Spokesmen:	
	1. Shri M. V. Shastry	
	2. Shri D. L. Narasimha Rao	
	3. Shri M. Venkateswara Rao	
55.	**The Anakapalle Merchants' Association, Anakapalle.**	11-1-1974
	Spokesmen:	
	1. Shri I. Ramakrishna Rao	
	2. Shri B. K. Viswanadham	
	3. Shri K. Sreeramachandramurty	
	4. Shri P. Appalanarsim Hulu	
	5. Shri B. S. V. N. Naidu	
	6. Shri K. R. Nookaraju	
56.	**Hindustan Chamber of Commerce, Madras.**	12-1-1974
	Spokesmen:	
	1. Shri C. Narayanaswamy	
	2. Shri V. Ramachandran	
	3. Shri Ashok Kumbhaj	
	4. Shri Bawrilal Nahar	
	5. Shri Anantha Krishnan	
57.	**Madura-Ramnad Chamber of Commerce, Madurai.**	12-1-1974
	Spokesmen:	
	1. Shri T. Manickavasagam	
	2. Shri M. A. Ramaswamy	
58.	**Mysore State Chartered Accountants' Association, Bangalore.**	12-1-1974 & 13-1-1974
	Spokesmen:	
	1. Shri J. Gopalakrishnan	
	2. Shri K. Y. Sresty	
59.	**Mysore Chamber of Commerce and Industry, Bangalore.**	13-1-1974
	Spokesmen:	
	1. Shri M. V. Krishnamurthy	
	2. Shri K. G. Subbarama Setty	
	3. Shri B. V. Rathnaiah Setty	
	4. Shri C. M. Reddy	
	5. Shri J. Srinivasan	

(1)	(2)	(3)
60.	**Arya Vaidya Sala, Kottakkal, Kerala.**	13-1-1974
	Spokesmen:	
	1. Shri K. Sreenivasan	
	2. Shri K. S. Paripoornan	
	3. Shri P. K. Warrier	
	4. Shri K. G. Warrier	
61.	**Tamil Nadu Income-tax Employees' Association, Madras.**	13-1-1974
	Spokesmen:	
	1. Shri G. Balu, President.	
	2. Shri C. R. K. Murthy, General Secretary.	
	3. Shri N. Sundarajan	
	4. Shri K. Jayaraman	
	5. Shri S. Raghavan	
62.	(1) Shri B. D. Pande, Cabinet Secretary.	28-1-1974
	(2) Shri M. R. Yardi, Finance Secretary	&
	(3) Shri H. N. Ray, Finance Secretary	8-7-1974
	(4) Shri M. G. Kaul, Secretary, Department of Economic Affairs.	
63.	**Shri V. V. Badami, Director of Inspection (Investigation), Directorate of Inspection (Investigation), New Delhi.**	29-1-1974
64.	(1) Shri C. R. Krishnamurthi, Commissioner of Income-tax, Calcutta.	29-1-1974
	(2) Shri O. V. Kuruvilla, Commissioner of Income-tax, Bombay.	
	(3) Shri B. A. Shariff, Commissioner of Income-tax, Ahmedabad.	
65.	**Institute of Chartered Accountants of India, New Delhi.**	11-6-1974
	Spokesmen:	
	1. Shri S. K. Gupta, President.	
	2. Shri N. C. Krishnan, Vice-President.	
	3. Shri Anil M. Parikh, Chairman, Taxation Committee.	
	4. Shri V. B. Haribhakti, Past President.	
	5. Shri R. Santhanam	
66.	**Gujarat Chamber of Commerce and Industry, Ahmedabad.**	13-6-1974
	Spokesmen:	
	1. Shri Rasiklal Vadilal Vasa, President.	
	2. Shri Indravadan Pranlal, Vice-President.	

(1)	(2)	(3)
	3. Shri Shrenikbhai Kasturbhai	
	4. Shri Hasmukhsal C. Shah, Hon. Secretary.	
	5. Shri H. M. Talati, Chartered Accountant.	
	6. Shri I. N. Kania, Deputy Secretary.	
67.	**Upper India Chamber of Commerce, Kanpur.**	13-6-1974
	Spokesmen:	
	1. Shri Gulab Chand Jain, Vice-President.	
	2. Shri A. P. Gupta, Member of Executive Committee.	
	3. Shri Manohar Lal, Member, Taxation Sub-Committee.	
	4. Shri A. K. Basu, Secretary.	
68.	**Shri R. D. Shah, former Chairman, Central Board of Direct Taxes.**	14-6-1974
69.	**Shri M. R. Yardi, Former Finance Secretary.**	14-6-1974
70.	**Income-tax Bar Association, Ahmedabad.**	10-7-1974
	Spokesmen:	
	1. Shri L. G. Thakkar, President.	
	2. Shri C. V. Mehta, Vice-President.	
	3. Shri V. J. Shah, Secretary.	
71.	**Shri G. P. Kapadia, Chartered Accountant, Bombay.**	10-7-1974
72.	**Shri Biharilal Kanaiyalal, Ahmedabad.**	11-7-1974
73.	**Gandhi Peace Foundation, New Delhi.**	11-7-1974
	Spokesmen:	
	1. Shri V. Ramachandran, Secretary, Sarvaseva Sangh, Khadi Gramodyog Samiti, Coimbatore.	
	2. Shri A. C. Sen, Secretary, AVARD, New Delhi.	
	3. Shri Rameshwar Thakur, Chartered Accountant, New Delhi.	
	4. Shri S. D. Nargolwala, Delhi Parsi Anjuman, New Delhi.	
	5. Shri Devendra Kumar, Secretary, Gandhi Smarak Nidhi, Delhi.	
	6. Shri Rup Narayan, Secretary, All India Prohibition Council.	
	7. Shri A. K. Karan, Secretary, U.P. Gandhi Smarak Nidhi.	
74.	**Tax Practitioners' Association, Srinagar.**	11-9-1974
	Spokesmen:	
	1. Shri B. R. Bhasin, Advocate.	
	2. Shri Subash Dutt, Advocate.	
	3. Shri M. A. Bakshi	
	4. Shri A. Rahman	
	5. Shri O. P. Sahney	

(1)	(2)	(3)
	6. Shri S. K. Kaul 7. Shri Mairajuddin 8. Shri Ali Mohd. Raja 9. Shri Hafiz-M-Umail	..
75.	**Tax Consultants Association and Chamber of Commercial and Industrial Undertakings, Ludhiana.** *Spokesmen:* 1. Shri S. R. Mittal 2. Shri B. B. Jain	11-9-1974
76.	**Viyaparik Association Mandal, Shree Ganganagar, Hanumangarh Town, Rajasthan.** *Spokesmen:* 1. Shri Pyare Lal Gupta 2. Shri Prem Sukh Aggarwal	11-9-1974
77.	**Kashmir Chamber of Commerce and Industry, Srinagar.** *Spokesmen:* 1. Shri Dharambir Singh Oberai, President. 2. Shri P. N. Puri, I.P. President. 3. Shri G. Rasull Khan, Sr. Vice-President. 4. Shri Vijay Dhar, Jr. Vice-President. 5. Shri M. Amin Tramboo, Secretary-General.	12-9-1974
78.	**Beopar Mandal, Srinagar.** *Spokesmen:* 1. Shri Om Prakash Kapur, General Secretary. 2. Shri Mohd. Yasin 3. Shri Ashok Kumar	12-9-1974

APPENDIX IV

MINUTES OF THE SITTINGS OF THE SELECT COMMITTEE ON THE TAXATION LAWS (AMENDMENT) BILL, 1973

I

FIRST SITTING

The Committee sat on Friday, the 18th May, 1973 from 11.00 to 11.45 hours.

PRESENT

Shri N. K. P. Salve—*Chairman*

MEMBERS

2. Shri Syed Ahmed Aga
3. Shri Chhatrapati Ambesh
4. Shri K. Baladhandayutham
5. Shri Dharnidhar Basumatari
6. Shri K. R. Ganesh
7. Shri Mani Ram Godara
8. Shri Maharaj Singh
9. Shri P. G. Mavalankar
10. Shri Amrit Nahata
11. Shri H. M. Patel
12. Shri S. B. P. Pattabhi Raman Rao
13. Shri Bhola Raut
14. Shri Vasant Sathe
15. Shri K. K. Shetty
16. Shri C. M. Stephen
17. Shri V. Tulsiram
18. Shri Y. B. Chavan

LEGISLATIVE COUNSEL

Shri S. Harihara Iyer—*Joint Secretary and Legislative Counsel.*

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

1. Shri M. R. Yardi—*Finance Secretary.*
2. Shri S. Narayan—*Joint Secretary.*
3. Shri R. R. Khosla—*Director.*
4. Shri S. I. Tripathi—*Deputy Secretary.*
5. Shri O. P. Bhardwaj—*Deputy Secretary.*

SECRETARIAT

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

2. At the outset, the Chairman welcomed the Members of the Committee and referred to the implications of the proposed legislative measure and emphasised the importance and urgency of the task before the Committee.

3. The Committee then considered their future programme of work. They decided to invite written memoranda from the various Chambers of Commerce and Industry, Bar Councils, Supreme Court|High Court Bar Associations, Income-tax Bar Associations, Trade Unions other Organisations and Associations and everyone else interested in the subject matter of the Bill by the 20th June, 1973. The Committee decided to issue a Press Communique in this behalf. The Committee also decided to address a letter to all above-noted Associations|Organisations, etc., all members of Raj Committee and Wanchoo Committee Economic Journals, Institutions dealing with the public finance and to individuals who might be suggested by the Members of the Committee and as per list which may be furnished by the Ministry of Finance inviting their views or comments on the provisions of the Bill. The Committee also decided to take oral evidence of the Associations|Organisations|individuals, etc. on the provisions of the Bill.

4. The Committee desired that the Ministry of Finance might furnish to the Lok Sabha Secretariat a note containing clause-wise commentary on the provisions of the Bill so as to be available to the Members of the Committee by the 15th June, 1973. . The Ministry agreed to do the needful.

5. The Committee also desired the Ministry of Finance to furnish the following material to the Committee:

(i) Background Note;

(ii) Income-tax Act, 1961;

(iii) Wealth-tax Act, 1957;

(iv) Gift-tax Act, 1958;

(v) Companies (Profits) Surtax Act, 1964;

(vi) Report of Direct Taxes Enquiry Committee (Wanchoo Committee);

(vii) Forty-seventh Report of the Law Commission on Trial and Punishment of Social and Economic Offences; and

(viii) Boothalingam's Committee Report.

The Committee also desired that the Ministry of Finance might supply a few copies of the Kolder's Committee Report to the Lok Sabha Secretariat for reference by the Members of the Committee.

6. The Committee then authorised the Chairman to select parties for oral evidence to be taken at their next round of sittings to be held for 3 days from the 10th to 12th July, 1973.

7. The Committee then adjourned.

II

Second Sitting

The Committee sat on Tuesday, the 10th July, 1973 from 15.00 to 15.30 hours.

PRESENT

Shri N. K. P. Salve—*Chairman*

MEMBERS

2. Shri Virendra Agarwala
3. Shri Chhatrapati Ambesh
4. Shri Bhagwat Jha Azad
5. Shri Dharnidhar Basumatari
6. Shri Tridib Chaudhuri
7. Shri S. R. Damani
8. Shri K. R. Ganesh
9. Shri Mani Ram Godara
10. Shri D. P. Jadeja
11. Shrimati Sheila Kaul
12. Shri Maharaj Singh
13. Shri P. G. Mavalankar
14. Shri Amrit Nahata
15. Shri S. B. P. Pattabhi Rama Rao
16. Shri Bhola Raut
17 Shri Vasant Sathe
18. Shri K. K. Shetty
19. Shri Satyendra Narayan Sinha
20. Shri C. M. Stephen

LEGISLATIVE COUNSEL

1. Shri S. Harihara Iyer—*Joint Secretary and Legislative Counsel.*
2. Shri S. Ramaiah—*Deputy Legislative Counsel.*

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

1. Shri R. D. Shah—*Chairman, Central Board of Direct Taxes*
2. Shri K. E. Johnson—*Member, Central Board of Direct Taxes.*
3. Shri S. Narayan—*Joint Secretary.*
4. Shri I. P. Gupta—*Joint Secretary (F.T.D.).*
5. Shri R. R. Khosla—*Director.*
6. Shri S. I. Tripathi—*Deputy Secretary.*
7 Shri O. P. Bhardwaj—*Deputy Secretary.*
8 Shri S. C. Grover—*Under Secretary.*

SECRETARIAT

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

2. The Committee mourned the death of Shri S. Mohan Kumarmangalam, Minister of Steel and Mines, Shri K. Baladhandayutham, M.P., a member of the Committee and Shri D. R. Chavan, Minister of State in the Ministry of Law, Justice and Company Affairs and passed the following condolence resolution:

"The Committee place on record their profound sense of sorrow over the demise of their most esteemed colleagues, Shri S. Mohan Kumarmangalam, Minister of Steel and Mines and Shri K. Baladhandayutham, M.P., a member of the Committee, on the 31st May 1973 and Shri D. R. Chavan, Minister of State in the Ministry of Law, Justice and Company Affairs on the 8th July, 1973 and send their heartfelt condolences to members of the bereaved families."

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

3. The Committee then adjourned to meet on Wednesday, the 11th July, 1973 at 15.00 hours.

III

Third Sitting

The Committee sat on Wednesday, the 11th July, 1973 from 15.00 to 17.50 hours.

PRESENT

Shri N. K. P. Salve—*Chairman*

MEMBERS

2. Shri Virendra Agarwala
3. Shri Bhagwat Jha Azad
4. Shri Dharnidhar Basumatari
5. Shri S. R. Damani
6. Shri K. R. Ganesh
7. Shri Mani Ram Godara
8. Shri Sat Pal Kapur
9. Shrimati Sheila Kaul
10. Shri Maharaj Singh
11. Shri P. G. Mavalankar
12. Shri Amrit Nahata
13. Shri H. M. Patel
14. Shri S. B. P. Pattabhi Rama Rao
15. Shri Bhola Raut
16. Shri Vasant Sathe
17. Shri K. K. Shetty
18. Shri Satyendra Narayan Sinha

19. Shri R. V. Swaminathan
20. Shri V. Tulsiram

LEGISLATIVE COUNSEL

1. Shri S. Harihara Iyer—*Joint Secretary and Legislative Counsel.*
2. Shri S. Ramaiah—*Deputy Legislative Counsel.*

REPRESENTATIVES OF THE MINISTRY OF FINANCE

(DEPARTMENT OF REVENUE & INSURANCE)

1. Shri R. D. Shah—*Chairman, Central Board of Direct Taxes.*
2. Shri K. E. Johnson—*Member, Central Board of Direct Taxes.*
3. Shri I. P. Gupta—*Joint Secretary (F.T.D.).*
4. Shri S. Narayan—*Joint Secretary.*
5. Shri R. R. Khosla—*Director.*
6. Shri O. P. Bhardwaj—*Deputy Secretary.*
7. Shri S. I. Tripathi—*Deputy Secretary.*
8. Shri S. C. Grover—*Under Secretary.*

SECRETARIAT

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

2. The Committee heard the evidence of the representatives of the Association and Council mentioned below:

[In the beginning, the Chairman drew the attention of the representatives to the provisions of Direction 58 of the Directions by the Speaker]

I. Indian Revenue Service (Income Tax) Association, New Delhi.

Spokesmen:

1. Shri P. S. Bhaskaran—*President.*
2. Shri C. B. Rathi
3. Shri P. Srinivasan
4. Shri M. C. Joshi
5. Shri G. C. Agarwal

[15.00 to 17.30 hours]

II. National Christian Council of India, New Delhi

Spokesmen:

1. Shri E. D. Devadasan—*Vice-President.*
2. Rev. M. A. Z. Rolston—*General Secretary.*

[17.30 to 17.45 hours]

3. A verbatim record of evidence was kept.

4. The Committee then adjourned to meet again at 15.00 hours on Thursday, the 12th July, 1973.

IV

Fourth Sitting

The Committee sat on Thursday, the 12th July, 1973 from 15.00 to 18.45 hours.

PRESENT

Shri N. K. P. Salve—*Chairman*

MEMBERS

2. Shri Virendra Agarwala
3. Shri Chhatrapati Ambesh
4. Shri Bhagwat Jha Azad
5. Shri Dharnidhar Basumatari
6. Shri S. R. Damani
7. Shri K. R. Ganesh
8. Shri Mani Ram Godara
9. Shri D. P. Jadeja
10. Shri Sat Pal Kapur
11. Shrimati Sheila Kaul
12. Shri Maharaj Singh
13. Shri P. G. Mavalankar
14. Shri Amrit Nahata
15. Shri H. M. Patel
16. Shri S. B. P. Pattabhi Rama Rao
17. Shri Bhola Raut
18. Shri Vasant Sathe
19. Shri K. K. Shetty
20. Shri Satyendra Narayan Sinha.

LEGISLATIVE COUNSEL

1. Shri S. Harihara Iyer—*Joint Secretary and Legislative Counsel.*
2. Shri S. Ramaiah—*Deputy Legislative Counsel.*

REPRESENTATIVES OF THE MINISTRY OF FINANCE

(DEPARTMENT OF REVENUE & INSURANCE)

1. Shri R. D. Shah—*Chairman, Central Board of Direct Taxes.*
2. Shri K. E. Johnson—*Member, Central Board of Direct Taxes.*
3. Shri S. Narayan—*Joint Secretary.*
4. Shri I. P. Gupta—*Joint Secretary (F.T.D.).*
5. Shri S. I. Tripathi—*Deputy Secretary.*
6. Shri O. P. Bhardwaj—*Deputy Secretary.*
7. Shri R. R. Khosla—*Director.*
8. Shri S. C. Grover—*Under Secretary.*

SECRETARIAT

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

2. Before the Committee proceeded to hear evidence of the following representatives of the Associated Chambers of Commerce and Industry of India, New Delhi, the Chairman drew their attention to Direction 58 of the Directions by the Speaker:

1. Shri M. H. Mody
2. Shri Mohinder Puri
3. Shri T. Pooran
4. Shri M. M. Malhotra

3. The evidence lasted till 18.30 hours.

4. A verbatim record of evidence was kept.

5. The Committee desired that the Ministry of Finance might tabulate the various points raised in the memorandum that might be received by the Committee from time to time and offer their comments thereon. The Committee also desired that the Ministry of Finance might offer their comments on the various points suggestions that might be made during the course of evidence by the witnesses for consideration of the Committee.

6. The Committee then considered the proposal of the Ministry of Finance to hold a meeting of the Central Direct Taxes Advisory Committee with a view to obtaining their views on the Taxation Laws (Amendment) Bill, 1973 which is at present before the Select Committee. The Committee were informed that the Central Direct Taxes Advisory Committee consisted of officials and non-officials representing trade and commerce and four members of Parliament. The Committee was advisory in nature and did not present any formal report to Government.

7. The Committee felt that there could be no objection to Government obtaining views of the Central Direct Taxes Advisory Committee on the Bill under consideration of the Select Committee provided the report or proceedings were not published and, secondly, the Ministry of Finance did not quote or refer to the views of the Advisory Committee before the Select Committee.

8. After some discussion, however, the Minister of State in the Ministry of Finance stated that since consultation with the Central Direct Taxes Advisory Committee under the above conditions may prove delicate, the Government did not propose to hold a meeting of the said Committee with a view to eliciting their opinion on the provisions of the Taxation Laws (Amendment) Bill, 1973.

9. At the end, the Committee decided to meet on Tuesday, the 24th July, 1973 at 17.30 hours to finalise their future programme of work.

10. The Committee then adjourned.

V

Fifth sitting

The Committee sat on Tuesday, the 24th July, 1973 from 17.30 to 18.30 hours.

PRESENT

Shri N. K. P. Salve—*Chairman*

MEMBERS

2. Shri Virendra Agarwala
3. Shri Bhagwat Jha Azad
4. Shri Dharnidhar Basumatari
5. Shri S. R. Damani
6. Shri D. P. Jadeja
7. Shri Maharaj Singh
8. Shri P. G. Mavalankar
9. Shri H. M. Patel
10. Shri S. B. P. Pattabhi Rama Rao
11. Shri Bhola Raut
12. Shri Vasant Sathe
13. Shri Era Sezhiyan
14. Shri K. K. Shetty
15. Shri Satyendra Narayan Sinha
16. Shri R. V. Swaminathan

LEGISLATIVE COUNSEL

1. Shri S. Harihara Iyer—*Joint Secretary and Legislative Counsel*
2. Shri S. Ramaiah—*Deputy Legislative Counsel.*

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

1. Shri K. E. Johnson—*Member, Central Board of Direct Taxes*
2. Shri S. Narayan—*Joint Secretary.*
3. Shri I. P. Gupta—*Joint Secretary (F.T D.).*
4. Shri R. R. Khosla—*Director.*
5. Shri O. P. Bhardwaj—*Deputy Secretary.*
6. Shri S. I. Tripathi—*Deputy Secretary.*
7. Shri S. C. Grover—*Under Secretary.*

SECRETARIAT

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

2. The Committee considered their future programme of work After some discussion, the Committee decided to hold their sittings for the purpose of hearing oral evidence at the following places:—

(i) Calcutta and Nagpur — From 19th to 25th September, 1973

(ii) Bombay and Ahmedabad —From 8th to 13th October, 1973.

3. The Committee also felt that since they had still to hear oral evidence of large number of witnesses on the provisions of the Bill and had to complete other stages of the Bill, it would not be possible for them to present their Report by the stipulated date *i.e.* last day of the current session. The Committee, therefore, decided to seek an extension of time for presentation of their Report upto the last day of the first week of the Budget Session of 1974.

4. The Committee authorised the Chairman and, in his absence, Shri P. G. Mavalankar, to move necessary motion in the House in this behalf.

5. The Committee then adjourned.

VI

Sixth Sitting

The Committee sat on Friday, the 31st August, 1973 from 10.30 to 11.00 hours.

PRESENT

Shri N. K. P. Salve—*Chairman*

MEMBERS

2. Shri Syed Ahmed Aga
3. Shri Chhatrapati Ambesh
4. Shri Dharnidhar Basumatari
5. Shri S. R. Damani
6. Shri K. R. Ganesh
7. Shri Mani Ram Godara
8. Shri Amrit Nahata
9. Shri H. M. Patel
10. Shri S. B. P. Pattabhi Rama Ra
11. Shri Satyendra Narayan Sinha
12. Shri R. V. Swaminathan
13. Shri V. Tulsiram

LEGISLATIVE COUNSEL

1. Shri S. Harihara Iyer—*Joint Secretary and Legislative Couns.*
2. Shri S. Ramaiah—*Deputy Legislative Counsel.*

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

1. Shri K. E. Johnson—*Member, Central Board of Direct Taxes.*
2. Shri S. Narayan—*Joint Secretary.*
3. Shri I. P. Gupta—*Joint Secretary (F.T.D.).*
4. Shri R. R. Khosla—*Director.*
5. Shri O. P. Bhardwaj—*Deputy Secretary.*

6. Shri S. I. Tripathi—*Deputy Secretary.*

7. Shri S. C. Grover—*Under Secretary.*

SECRETARIAT

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

2. The Committee took up reconsideration of their earlier decision to hold sittings at Calcutta, Nagpur, Bombay and Ahmedabad to hear oral evidence on the provisions of the Bill. They felt that in view of the austerity measures their sittings outside Delhi for the purpose of hearing oral evidence might be confined only to Calcutta, Bombay and Madras and the visits to Nagpur, Ahmedabad and other places in South may be abandoned. They, accordingly, decided to hold sittings at Calcutta from 19th to 25th September, 1973, at Bombay from 8th to 13th October, 1973, the dates of the sittings at Madras being finalised later.

3. The Committee also decided to hold their sittings at New Delhi both in the forenoon and afternoon on the 2nd, 3rd and 5th November, 1973 and on Sunday, the 4th November, 1973 in the forenoon only.

4. The Committee then adjourned.

VII

Seventh Sitting

The Committee sat on Wednesday, the 19th September, 1973 from 14.00 to 17.20 hours in Council Chamber, Legislative Assembly Building, Calcutta.

PRESENT

Shri N. K. P. Salve—*Chairman.*

MEMBERS

2. Shri Syed Ahmed Aga
3. Shri Virendra Agarwala
4. Shri Chhatrapati Ambesh
5. Shri Dharnidhar Basumatari
6. Shri Tridib Chaudhuri
7. Shri K. R. Ganesh
8. Shri Mani Ram Godara
9. Shri Maharaja Singh
10. Shri P. G. Mavalankar
11. Shri S. B. P. Pattabhi Rama Rao
12. Shri Vasant Sathe
13. Shri Era Sezhiyan
14. Shri Satyendra Narayan Sinha
15. Shri C. M. Stephen
16. Shri V. Tulsiram

LEGISLATIVE COUNSEL

Shri S. Harihara Iyer—*Joint Secretary and Legislative Counsel.*

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

1. Shri R. D. Shah—*Chairman Central Board of Direct Taxes.*
2. Shri S. Narayan—*Joint Secretary.*
3. Shri R. R. Khosla—*Director.*
4. Shri S. C. Grover—*Under Secretary.*

SECRETARIAT

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

2. The Committee mourned the death of Shrimati Jyotsna Chanda, M.P. and passed the following resolution:—

"The Committee place on record their profound sense of sorrow over the sudden demise on the 16th September, 1973 of their most esteemed colleague Shrimati Jyotsna Chanda, M.P. and send their heart felt condolences to the members of the bereaved family."

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

3. Before the representatives of the following Chamber of Commerce/ Trust 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 B. M. Khaitan—President
2. Shri R. S. Lodha—Member
3. Shri S. S. Kothari—Member
4. Shri H. C. Dass—Member
5. Shri C. S. Pande—Secretary General
6. Shri M. Chaudhuri—Sr. Asstt. Secretary.

[14.15 to 16.35 hours]

II. Calcutta Zoroastrian Community's Religious and Charity Funds, Calcutta

Spokesmen:

1. Shri D. R. Bhesania—Senior Trustee.
2. Shri J. M. Guzdar—Secretary
3. Shri P. M. Narielwala
4. Shri C. R. Irani

[16.40 to 17.10 hours]

4. A verbatim record of the evidence was kept.

5. The Committee then adjourned to meet again at 09.00 hours on Thursday, the 20th September, 1973 in Council Chamber, Legislative Assembly Building, Calcutta.

VIII

Eighth Sitting

The Committee sat on Thursday, the 20th September, 1973 from 09.00 to 12.30 hours, in the Council Chamber, Legislative Assembly Building, Calcutta.

PRESENT

Shri Era Sezhiyan—*In the Chair*

MEMBERS

2. Shri Syed Ahmed Aga
3. Shri Virendra Agarwala
4. Shri Chhatrapati Ambesh
5. Shri Dharnidhar Basumatari
6. Shri Tridib Chaudhuri
7. Shri K. R. Ganesh
8. Shri Mani Ram Godara
9. Shri Maharaj Singh
10. Shri P. G. Mavalankar
11. Shri Vasant Sathe
12. Shri Satyendra Narayan Sinha
13. Shri C. M. Stephen
14. Shri V. Tulsiram

LEGISLATIVE COUNSEL

Shri S. Harihara Iyer—*Joint Secretary and Legislative Counsel.*

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

1. Shri R. D. Shah—*Chairman, Central Board of Direct Taxes.*
2. Shri S. Narayan—*Joint Secretary*
3. Shri R. R. Khosla—*Director*
4. Shri S. C. Grover—*Under Secretary*

SECRETARIAT

Shri H. G. Paranjpe—*Deputy Secretary*

2. In the absence of the Chairman, Shri Era Sezhiyan 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 Chamber of Commerce|Institute proceeded to give evidence, the Chairman drew their attention to the provisions of Direction 58 of the Directions by the Speaker:

I. Bengal Chamber of Commerce & Industry, Calcutta.

Spokesmen:

1. Shri R. N. Sen, Leader
2. Shri S. K. Ganguly

3. Shri K. P. Bhargava
4. Shri S. Bhattacharya
5. Shri K. C. Khanna
6. Shri L. R. Puri
7. Shri M. Ghose

[09.00 to 11.30 hours]

II. Institute of Socio-Economic Studies, Calcutta

Spokesman:

Shri R. N. Lakhotia—*President.*

[11.35 to 12.30 hours]

4. A verbatim record of the evidence was kept.

5. The Committee then adjourned to meet again at 09.00 hours on Friday, the 21st September, 1973 in Council Chamber, Legislative Assembly Building, Calcutta.

IX

Ninth Sitting

The Committee sat on Friday, the 21st September, 1973 from 09.00 to 12.30 hours in the Council Chamber, Legislative Assembly Building, Calcutta.

PRESENT

Shri N. K. P. Salve—*Chairman*

MEMBERS

2. Shri Syed Ahmed Aga
3. Shri Virendra Agarwala
4. Shri Chhatrapati Ambesh
5. Shri Bhagwat Jha Azad
6. Shri Dharnidhar Basumatari
7. Shri Tridib Chaudhuri
8. Shri K. R. Ganesh
9. Shri Mani Ram Godara
10. Shri Maharaj Singh
11. Shri P. G. Mavalankar
12. Shri Vasant Sathe
13. Shri Era Sezhiyan
14. Shri Satyendra Narayan Sinha
15. Shri R. V. Swaminathan
16. Shri V. Tulsiram

LEGISLATIVE COUNSEL

Shri S. Harihara Iyer—*Joint Secretary and Legislative Counsel.*

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

1. Shri R. D. Shah—*Chairman, Central Board of Direct Taxes.*
2. Shri S. Narayan—*Joint Secretary.*
3. Shri R. R. Khosla—*Director.*
4. Shri S. C. Grover—*Under Secretary.*

SECRETARIAT

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

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

Merchant's Chamber of Commerce, Calcutta

Spokesmen:

1. Shri A. R. Kanoria—*President*
2. Shri B. P. Agarwala
3. Shri S. N. Dalmia
4. Shri D. M. Kothari
5. Shri Srikant Somani
6. Shri H. R. Bose—*Addl. Secretary*
7. Shri B. S. Kothari
8. Shri Amitav Kothari

[09.00 to 11.40 hours]

3. Before the representatives of the Income Tax Bar Association, Calcutta proceeded to give evidence, it was pointed out that the memorandum submitted by the Association was not couched in proper language. The Committee asked the representatives of the Association to apologise and withdraw the same and submit a revised memorandum and deferred their evidence for the time being. The witnesses apologised for the indiscretion committed by them.

4. A verbatim record of the evidence was kept.

5. The Committee then adjourned to meet again at 09.00 hours on Saturday, the 22nd September, 1973 in Council Chamber, Legislative Assembly Building, Calcutta.

X

Tenth Sitting

The Committee sat on Saturday, the 22nd September, 1973 from 09.00 to 13.15 hours in the Council Chamber, Legislative Assembly Building, Calcutta.

PRESENT

Shri N. K. P. Salve—*Chairman*

MEMBERS

2. Shri Syed Ahmed Aga
3. Shri Virendra Agarwala

4. Shri Chhatrapati Ambesh
5. Shri Bhagwat Jha Azad
6. Shri Dharindhar Basumatari
7. Shri Tridib Chaudhuri
8. Shri K. R. Ganesh
9. Shri Mani Ram Godara
10. Shri Maharaj Singh
11. Shri P. G. Mavalankar
12. Shri Era Sezhiyan
13. Shri Satyendra Narayan Sinha
14. Shri R. V. Swaminathan
15. Shri V. Tulsiram

LEGISLATIVE COUNSEL

Shri S. Harihara Iyer—*Joint Secretary and Legislative Counsil*

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

1. Shri R. D. Shah—*Chairman, Central Board of Direct Taxes.*
2. Shri S. Narayan—*Joint Secretary.*
3. Shri R. R. Khosla—*Director.*
4. Shri S. C. Grover—*Under Secretary.*

SECRETARIAT

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

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

I. Bharat Chamber of Commerce, Calcutta

Spokesmen:

1. Shri K. L. Chowdhury—*President.*
2. Shri R. N. Bangur
3. Shri S. B. Goenka
4. Shri K. L. Dey
5. Shri K. L. Dhandhania
6. Shri R. R. Bhiwaniwalla
7. Shri V. B. Chaturvedi
8. Shri G. D. Salarpuria
9. Shri R. P. Pasari
10. Shri K. C. Mukherjee—*Secretary.*
11. Shri B. K. Shroff

[09.00 to 11.55 hours]

II. Institute of Cost and Works Accountants of India, Calcutta

Spokesmen:

1. Shri V. Kalyanaraman—*Vice-President.*
2. Shri N. K. Bose
3. Shri A. K. Biswas
4. Shri S. N. Ghose—*Secretary.*

[12.00 to 12.40 hours]

III. Federation of Associations of Small Industries, Calcutta

Spokesmen:

1. Shri Swaraj Basu—*Vice-President.*
2. Shri Arabinda Roy Chowdhary
3. Shri S. M. Banerjee
4. Shri S. S. Singhania
5. Shri L. N. Lohia.

[12.45 to 13.15 hours]

3. A verbatim record of the evidence was kept.

4. The Committee then adjourned to meet again at 10.30 hours on Monday, the 24th September, 1973 in Council Chamber, Legislative Assembly Building, Calcutta.

XI

Eleventh Sitting

The Committee sat on Monday, the 24th September, 1973 from 10.30 to 13.30 hours in the Council Chamber, Legislative Assembly Building, Calcutta.

PRESENT

Shri N. K. P. Salve—*Chairman*

MEMBERS

2. Shri Virendra Agarwala
3. Shri Chhatrapati Ambesh
4. Shri Bhagwat Jha Azad
5. Shri S. M. Banerjee
6. Shri Jyotirmoy Bosu
7. Shri Tridib Chaudhuri
8. Shri K. R. Ganesh
9. Shri Mani Ram Godara
10. Shri Maharaj Singh
11. Shri P. G. Mavalankar
12. Shri S. B. P. Pattabhi Rama Rao
13. Shri Vasant Sathe

14. Shri Satyendra Narayan Sinha
15. C. M. Stephen
16. Shri V. Tulsi Ram.

LEGISLATIVE COUNSEL

Shri S. Harihara Iyer—*Joint Secretary and Legislative Council.*

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

1. Shri R. D. Shah—*Chairman, Central Board of Direct Taxes.*
2. Shri S. Narayan—*Joint Secretary.*
3. Shri R. R. Khosla—*Director.*
4. Shri S. C. Grover—*Under Secretary.*

SECRETARIAT

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

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

I. Taxation Bar Association, Cuttack

Spokesmen:

1. Shri Satyanarayan Sahu—*Secretary.*
2. Shri Arjunlal Agarwal.
3. Shri Nitya Nand Mohanty.
4. Shri Debendra Nath Mohanty.

[10.30 to 12.00 hours]

II. Bengal National Chamber of Commerce and Industry, P-11, Mission Row Extension, Calcutta

Spokesmen:

1. Shri G. Saha—*President*
2. Shri T. D. Chatterjee—*Vice President*
3. Shri Milan Mukherjee
4. Shri M. C. Podder
5. Shri I. P. Podder
6. Shri A. R. Dutta Gupta—*Secretary.*

[12.05 to 13.20 hours]

3. A verbatim record of the evidence was kept.

4. The Committee then adjourned to meet again at 09.00 hours on Tuesday, the 25th September, 1973 in Council Chamber, Legislative Assembly Building, Calcutta.

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XII

Twelfth Sitting

The Committee sat on Tuesday, the 25th September, 1973 from 09.00 to 13.30 hours in the Council Chamber, Legislative Assembly Building, Calcutta.

PRESENT

Shri N. K. P. Salve—*Chairman*

MEMBERS

2. Shri Virendra Agarwala
3. Shri Chhatrapati Ambesh
4. Shri Bhagwat Jha Azad
5. Shri S. M. Banerjee
6. Shri Jyotirmoy Bosu
7. Shri Tridib Chaudhuri
8. Shri K. R. Ganesh
9. Shri Mani Ram Godara
10. Shri Maharaj Singh
11. Shri S. B. P. Pattabhi Rama Rao
12. Shri Vasant Sathe
13. Shri Era Sezhiyan
14. Shri C. M. Stephen
15. Shri R. V. Swaminathan
16. Shri V. Tulsiram.

LEGISLATIVE COUNSEL

Shri S. Harihara Iyer—*Joint Secretary and Legislative Council.*

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

1. Shri R. D. Shah—*Chairman, Central Board of Direct Taxes.*
2. Shri S. Narayan—*Joint Secretary.*
3. Shri R. R. Khosla—*Director.*
4. Shri S. C. Grover—*Under Secretary.*

SECRETARIAT

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

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

I. Calcutta Traders Association, Calcutta

Spokesmen:

1. Shri N. K. Jalan—*President.*

2. Shri I. C. Sancheti—*Vice-President.*

3. Shri S. K. Maskara—*Hony Secretary.*

4. Shri S. R. Sen Gupta—*Addl. Secretary.*

5. Shri K. Kedia—*Member.*

[09.00 to 11.00 hours]

II. **Association of Company Secretaries, Executives and Advisers, Calcutta**

Spokesmen:

1. Shri Sukumar Bhattacharya—*Chairman.*

2. Shri Nirmal Kumar Poddar—*General Secretary.*

3. Shri Pestonji Mancherji Narievala—*Member.*

4. Shri Tulsi Das Mundhia—*Member*

[11.35 to 12.40 hours]

III. **Bengal Income-tax (Gazetted) Services Association, Calcutta**

Spokesmen:

1. Shri S. K. Roy—*President.*

2. Shri J. N. Maitra—*Secretary.*

3. Shri K. Chakravarty—*Joint Secretary.*

4. Shri R. L. Botani—*Member.*

[12.45 to 13.05 hours]

IV. Life Insurance Agents Federation of India, Calcutta

Spokesmen:

1. Shri J. Prasad—*President.*

2. Shri S. P. Hazra—*Vice-President.*

3. Shri A. K. Purkayastha—*General Secretary.*

4. Shri C. M. Dugar—*Treasurer.*

[13-10 to 13.25 hours]

3. A verbatim record of evidence was kept.

4. The Committee then authorised the Chairman to expunge expressions passages from the proceedings which were considered unparliamentary, irrelevant or were not couched in respectful, decorous and temperate language or were other-wise inappropriate.

5. The Committee also authorised the Chairman to review the requests of the various parties already invited for oral evidence at Bombay from 8th to 13th October, 1973 and omit the parties which are not considered of high standing.

6. Before the Committee adjourned, they placed on record their warm appreciation of the valuable assistance rendered to them by the Secretary, West Bengal Legislative Assembly, their Reporters and other members of the staff of the Assembly Secretariat in holding the sittings of the Committee in the Council Chamber.

7. The Committee also placed on record their warm appreciation of the assistance rendered to them by the officers and staff of the Commissioner

of income-tax, West Bengal in holding the sittings of the Committee at Calcutta and making the stay of the members of the Committee comfortable.

8. The Committee then adjourned.

XIII

Thirteenth Sitting

The Committee sat on Monday, the 8th October, 1973 from 14.00 to 18.10 hours in the Committee Room, Sachivalaya, Bombay.

PRESENT

Shri N. K. P. Salve—*Chairman*

MEMBERS

2. Shri Syed Ahmed Aga
3. Shri Virendra Agarwala
4. Shri Chhatrapati Ambesh
5. Shri Bhagwat Jha Azad
6. Shri Jyotirmoy Bosu
7. Shri Tridib Chaudhuri
8. Shri S. R. Damani
9. Shri K. R. Ganesh
10. Shri Mani Ram Godara
11. Shri Maharaj Singh
12. Shri P. G. Mavalankar
13. Shri H. M. Patel
14. Shri S. B. P. Pattabhi Rama Rao
15. Shri R. Balakrishna Pillai
16. Shri Vasant Sathe
17. Shri Era Sezhiyan
18. Shri Satyendra Narayan Sinha
19. Shri C. M. Stephen
20. Shri R. V. Swaminathan
21. Shri V. Tulsiram

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

1. Shri R. D. Shah—*Chairman, Central Board of Direct Taxes.*
2. Shri S. Narayan—*Joint Secretary.*
3. Shri R. R. Khosla—*Director.*
4. Shri S. C. Grover—*Under Secretary.*

SECRETARIAT

Shri K. S. Bhalla—*Under Secretary.*

2. In the absence of the Chairman, Shri Era Sezhiyan 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. The Committee heard the evidence of the representatives of the Organisations mentioned below:

[In the beginning, the Chairman drew their attention to the provisions of Direction 58 of the Directions by the Speaker.]

I. **Hindustan Chamber of Commerce, Bombay.**

Spokesmen:

1. Shri Ramesh Chandra Rastogi
2. Shri Laxmi Narayan Taparia
3. Shri J. N. Gupta
4. Shri Pannalal Sanganeria

[14.10 to 15.00 hours]

[The Chairman took the chair at 15.00 hours]

II. (a) **Standing Committee of Public Trusts of Bombay, Bombay.**

Spokesmen:

1. Shri P. P. Khambatta, Advocate-Leader
2. Shri B. K. Boman-Behram, Advocate
3. Shri Chimanlal C. Shah, Solicitor
4. Smt. Z. E. G. Crrimbhoy
5. Dr. Y. Najmuddin
6. Shri C. C. Choksey
7. Monsingnor A. Cordeiro
8. Dr. R. C. Cooper
9. Shri H. L. Navalkar, Solicitor
10. Father Martins
11. Shri H. B. Kapadia, Hon. Secretary.

(b) Shri Bharat Jain Maha Mandal, Bombay.

Spokesmen:

1. Shri Sriyans Prasad Jain
2. Shri C. C. Shah
3. Shri J. R. Shah
4. Shri Khimchandbhai Bora
5. Shri J. H. Doshi
6. Shri D. S. Gardi

[15.08 to 18.00 hours]

4. A verbatim record of evidence was kept.

5. The Committee then adjourned to meet again at 09.00 hours on Tuesday, the 9th October, 1973 in the Committee Room, Sachivalaya, Bombay.

XIV

Fourteenth Sitting

The Committee sat on Tuesday, the 9th October, 1973 from 09.00 to 13.10 hours in the Committee Room, Sachivalaya, Bombay.

PRESENT

Shri N. K. P. Salve—*Chairman*

MEMBERS

2. Shri Syed Ahmed Aga
3. Shri Virendra Agarwala
4. Shri Chhatrapati Ambesh
5. Shri Bhagwat Jha Azad
6. Shri Jyotirmoy Bosu
7. Shri Tridib Chaudhuri
8. Shri K. R. Ganesh
9. Shri Mani Ram Godara
10. Shri Maharaj Singh
11. Shri P. G. Mavalankar
12. Shri H. M. Patel
13. Shri S. B. P. Pattabhi Rama Rao
14. Shri R. Balakrishna Pillai
15. Shri Vasant Sathe
16. Shri Era Sezhiyan
17. Shri Satyendra Narayan Sinha
18. Shri R. V. Swaminathan
19. Shri V. Tulsiram

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

1. Shri R. D. Shah—*Chairman, Central Board of Direct Taxes.*
2. Shri S. Narayan—*Joint Secretary.*
3. Shri R. R. Khosla—*Director.*
4. Shri S. C. Grover—*Under Secretary.*

SECRETARIAT

Shri K. S. Bhalla—*Under Secretary.*

2. The Committee heard the evidence of the representatives of the organisations mentioned below:

[In the beginning, the Chairman drew their attention to the provisions of Direction 58 of the Directions by the Speaker]

I. **Indian Merchants Chamber, Bombay**

Spokesmen:

1. Shri Ganesh Podar, Vice-President
2. Shri Charandas V. Mariwala

3. Shri V. B. Haribhakti
4. Shri C. C. Chokshi
5. Shri J. P. Thacker
6. Shri C. L. Gheevala, Secretary
7. Shri M. K. Desai, Dy. Secretary
8. Shri D. S. Pendurkar, Dy. Secretary
9. Shri N. Y. Gaitonde

[09.20 to 11.10 hours]

II. **All India Film Producers Council, Bombay**

Spokesmen:

1. Shri G. P. Sippy, Vice-President
2. Shri Shree Ram Bohra, Vice-President
3. Shri Subodh Mukerji
4. Shri B. R. Chopra
5. Shri S. D. Narang
6. Shri Narayan Varma, Chartered Accountant

[11.15 to 12.20 hours]

[Shri Era Sezhiyan was in the chair from 12.00 hours]

III. **Bombay Study Circle on Corporate Law and Allied Subjects, Bombay**

Spokesmen:

1. Shri C. C. Chokshi, Chairman
2. Shri R. P. Kedia, Convenor-cum-Hon. Secy.
3. Shri J. E. Dastur, Member
4. Shri C. C. Dalal, Member
5. Shri R. K. Joshi, Joint Secretary.

[12.25 to 13.10 hours]

3. A verbatim record of evidence was kept.

4. The Committee then adjourned to meet again at 09.00 hours on Wednesday, the 10th October, 1973 in the Committee Room, Sachivalaya, Bombay.

XV

Fifteenth Sitting

The Committee sat on Wednesday, the 10th October, 1973 from 09.00 to 13.00 hours in the Committee Room, Sachivalaya, Bombay.

PRESENT

Shri N. K. P. Salve—*Chairman.*

MEMBERS

2. Shri Syed Ahmed Aga
3. Shri Virendra Agarwala
4. Shri Chhatrapati Ambesh

5. Shri Tridib Chaudhuri
6. Shri K. R. Ganesh
7. Shri Mani Ram Godara
8. Shrimati Sheila Kaul
9. Shri Maharaj Singh
10. Shri P. G. Mavalankar
11. Shri H. M. Patel
12. Shri S. B. P. Pattabhi Rama Rao
13. Shri R. Balakrishna Pillai
14. Shri Vasant Sathe
15. Shri Era Sezhiyan
16. Shri Satyendra Narayan Sinha
17. Shri C. M. Stephen
18. Shri R. V. Swaminathan
19. Shri V. Tulsiram

LEGISLATIVE COUNSEL

Shri S. Ramaiah—*Deputy Legislative Counsel.*

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

1. Shri R. D. Shah—*Chairman, Central Board of Direct Taxes.*
2. Shri S. Narayan—*Joint Secretary.*
3. Shri R. R. Khosla—*Director.*
4. Shri S. C. Grover—*Under Secretary.*

SECRETARIAT

Shri K. S. Bhalla—*Under Secretary.*

2. The Committee heard the evidence of the representatives of the organisations, etc. mentioned below:

[In the beginning the Chairman drew their attention to the provisions of Direction 58 of the Directions by the Speaker]

I. Bombay Chamber of Commerce & Industry, Bombay.

Spokesmen:

1. Shri R. C. Khanna.
2. Shri Soli E. Dastur.

[09.35 to 10.50 hours]

II. Shri M. P. Chitale, Chartered Accountant, Bombay.

[10.50 to 12.20 hours]

III. Anjuman-i-Islam, Bombay.

Spokesmen:

1. Shri Akbar Poorbhoy, *President.*
2. Shri Mustafa Fakih.

3. Shri S. S. Desnavi.
4. Shri H. P. Italia.
5. Shri R. M. Saeed.
6. Shri A. M. Fakih.

[12.20 to 12.50 hours]

3. A verbatim record of evidence was kept.

4. The Committee then adjourned to meet again at 09.00 hours on Thursday, the 11th October, 1973 in the Committee Room, Sachivalaya, Bombay.

XVI

Sixteenth Sitting

The Committee sat on Thursday, the 11th October, 1973 from 09.00 to 12.45 hours in the Committee Room, Sachivalaya, Bombay.

PRESENT

Shri N. K. P. Salve—*Chairman.*

MEMBERS

2. Shri Syed Ahmed Aga
3. Shri Virendra Agarwala
4. Shri Chhatrapati Ambesh
5. Shri Bhagwat Jha Azad
6. Shri S. M. Banerjee
7. Shri Tridib Chaudhuri
8. Shri K. R. Ganesh
9. Shri Mani Ram Godara
10. Shrimati Sheila Kaul
11. Shri Maharaj Singh
12. Shri P. G. Mavalankar
13. Shri H. M. Patel
14. Shri R. Balakrishna Pillai
15. Shri Bhola Raut
16. Shri Vasant Sathe
17. Shri Era Sezhiyan
18. Shri Satyendra Narayan Sinha
19. Shri C. M. Stephen
20 Shri V. Tulsiram

LEGISLATIVE COUNSEL

Shri S. Ramaiah—*Deputy Legislative Counsel.*

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

1. Shri R. D. Shah—*Chairman, Central Board of Direct Taxes.*
2. Shri S. Narayan—*Joint Secretary.*
3. Shri R. R. Khosla—*Director.*
4. Shri S. C. Grover—*Under Secretary.*

SECRETARIAT

Shri K. S. Bhalla—*Under Secretary.*

2. The Committee mourned the death of Shri Dharmarao Sharanappa Afzalpurkar, M.P. and passed the following resolution:—

"The Committee place on record their profound sense of sorrow over the sudden demise on the 10th October, 1972 of their most esteemed colleague in Lok Sabha. Shri Dharmarao Sharanappa Afzalpurkar, MP and send their heart felt condolences to the members of the bereaved family.

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

3. The Committee heard the evidence of the representatives of the organisations, mentioned below:

[In the beginning, the Chairman drew their attention to the provisions of Direction 58 of the Directions by the Speaker]

I. Gujarat Industries Association, Bombay

Spokesmen:

1. Shri J. M. Patel, President
2. Shri Pradip Shah
3. Shri A. C. Patankar, Secretary

[09.10 to 09.35 hours]

II. All India Manufacturers Organisation, Bombay

Spokesmen:

1. Shri Ram Agrawal, President
2. Shri M. R. Shroff
3. Shri P. A. Shah
4. Shri B. S. Mohatta
5. Shri N. G. Abhyankar, Executive Director
6. Shri D. P. Birla

[09.40 to 11.30 hours]

[*The Committee then adjourned and re-assembled at* 11.50 *hours.*]

III. United Women's Organisation Committee, Bombay.

Spokesmen:

1. Mrs. Gulistan Billimoria, President

2. Mrs. Sujata Manohar

3. Mrs. Deena Ahmadullah

[11.50 to 12.45 hours]

4. A verbatim record of evidence was kept.

5. The Committee then adjourned to meet again at 09.00 hours on Friday, the 12th October, 1973 in the Committee Room, Sachivalaya, Bombay.

XVII

Seventeenth Sitting

The Committee sat on Friday, the 12th October, 1973 from 09.00 to 13.20 hours in the Committee Room, Sachivalaya, Bombay.

PRESENT

Shri N. K. P. Salve—*Chairman*

MEMBERS

2. Shri Syed Ahmed Aga
3. Shri Virendra Agarwala
4. Shri Chhatrapati Ambesh
5. Shri Bhagwat Jha Azad
6. Shri S. M. Banerjee
7. Shri Tridib Chaudhuri
8. Shri S. R. Damani
9. Shri K. R. Ganesh
10. Shri Mani Ram Godara
11. Shrimati Sheila Kaul
12. Shri Maharaj Singh
13. Shri P. G. Mavalankar
14. Shri H. M. Patel
15. Shri S. B. P. Pattabhi Rama Rao
16. Shri Bhola Raut
17. Shri Vasant Sathe
18. Shri Era Sezhiyan
19. Shri Satyendra Narayan Sinha
20. Shri R. V. Swaminathan
21. Shri Y. B. Chavan

LEGISLATIVE COUNSEL

Shri S. Ramaiah—*Deputy Legislative Counsel.*

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

1. Shri R. D. Shah—*Chairman, Central Board of Direct Taxes.*
2. Shri S. Narayan—*Joint Secretary.*

3. Shri R. R. Khosla—*Director*.

4. Shri S. C. Grover—*Under Secretary*.

SECRETARIAT

Shri K. S. Bhalla—*Under Secretary*.

2. The Committee heard the evidence of the experts and the representatives of the Chamber of Commerce, Sangli mentioned below:—

[In the beginning, the Chairman drew their attention to the provisions of Direction 58 of the Directions by the Speaker].

I. (1) Shri N. A. Palkhiwala, Advocate, Supreme Court, Bombay
(2) Shri S. P. Mehta.
(3) Shri B. A. Palkhiwala.
(4) Shri S. R. Vakil
(5) Miss S. Bharucha.

[09.05 to 12.45 hours]

The evidence was not concluded and they were requested to appear again before the Committee on Saturday, the 13th October, 1973 at 09.00 hours.

II. Chamber of Commerce, Sangli

Spokesmen:

(1) Shri A. G. Lale
(2) Shri R. B. Shah.
(3) Shri K. B. Kayastha.
(4) Shri M. N. Nawandhar.

[12.50 to 13.15 hours]

3. A verbatim record of evidence was kept.

4. The Committee then adjourned to meet again at 09.00 hours on Saturday, the 13th October, 1973 in the Committee Room, Sachivalaya, Bombay.

XVIII

Eighteenth Sitting

The Committee sat on Saturday, the 13th October, 1973 from 09.00 to 12.30 hours in the Committee Room, Sachivalaya, Bombay.

PRESENT

Shri N. K. P. Salve—*Chairman*

MEMBERS

2. Shri Syed Ahmed Aga
3. Shri Virendra Agarwala
4. Shri Chhatrapati Ambesh
5. Shri Bhagwat Jha Azad
6. Shri Tridib Chaudhuri
7. Shri S. R. Damani

8. Shri K. R. Ganesh
9. Shri Mani Ram Godara
10. Shrimati Sheila Kaul
11. Shri Maharaj Singh
12. Shri P. G. Mavalankar
13. Shri H. M. Patel
14. Shri S. B. P. Pattabhi Rama Rao
15. Shri Bhola Raut
16. Shri Vasant Sathe
17. Shri Era Sezhiyan
18. Shri Satyendra Narayan Sinha
19. Shri R. V. Swaminathan
20. Shri V. Tulsiram
21. Shri Y. B. Chavan

LEGISLATIVE COUNSEL

Shri S. Ramaiah—*Deputy Legislative Counsel.*

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

1. Shri R. D. Shah—*Chairman, Central Board of Direct Taxes.*
2. Shri S. Narayan—*Joint Secretary.*
3. Shri R. R. Khosla—*Director.*
4. Shri S. C. Grover—*Under Secretary.*

SECRETARIAT

Shri K. S. Bhalla—*Under Secretary.*

2. The Committee heard the evidence of the experts and the representatives of the organisation mentioned below:—

[In the beginning the Chairman drew their attention to the provisions of Direction 58 of the Directions by the Speaker].

I. (1) Shri N. A. Palkhiwala, Advocate, Supreme Court, Bombay.
(2) Shri S. P. Mehta
(3) Shri B. A. Palkhiwala
(4) Shri S. R. Vakil
(5) Miss S. Bharucha

[09.00 to 10.00 hours]

II. Maharatta Chamber of Commerce & Industries, Poona

Spokesmen:

1. Shri G. L. Pophale
2. Shri M. K. Soman
3. Shri Shantilal C. Shah
4. Shri S. H. Talwalikar
5. Shri S. V. Deshmukh

6. Shri P. K. Lalwani
7. Dr. B. R. Sabade

[10.05 to 10.45 hours]

[Shri Era Sezhiyan was in the Chair from 11.00 hours]

III. **Archibishop's House, Bombay.**

Spokesmen:

1. Rev. Father A. Cordeiro, Leader.
2. Rev. Father A. Martins.
3. Rev. Father D. D'Monte, S. J.
4. Shri C. W. Thomas.
5. Shri P. S. Rao.

[10.50 to 11.10 hours]

IV. **Trustees of the Parsi Panchayat Funds and Properties, Bombay.**

Spokesmen:

1. Shri P. P. Khambatta, Advocate, Leader.
2. Shri B. K. Boman-Behram, Advocate.
3. Shri G. P. Antia, Jt. Secretary.
4. Shri H. B. Kapadia, Jt. Secretary.
5. Shri M. P. Bamji, Chief Acctt.

[11.10 to 11.30 hours]

V. **Maharashtra Chamber of Commerce, Bombay.**

Spokesmen:

1. Shri M. L. Apte, President.
2. Shri N. N. Pai, Director and General Manager, Batliboi & Co. P. Ltd.
3. Shri R. G. Mohadikar, Secretary.
4. Shri S. B. Gandhi.
5. Shri V. R. Gokhale, Asstt. Secretary.

[11.35 to 12.15 hours]

3. A verbatim record of evidence was kept.

4. Before the Committee adjourned, they placed on record their warm appreciation of the valuable assistance rendered to them by the Secretary, Maharashtra Legislative Assembly, Government of Maharashtra and Officers and members of the staff of the Maharashtra Government in holding the sittings of the Committee at Bombay.

5. The Committee also placed on record their warm appreciation of the assistance rendered to them by the Commissioner of Income-tax, Bombay and other officers and members of the staff of the Income-tax Department in holding their sittings at Bombay and making the stay of members of the Committee comfortable.

6. The Committee then adjourned.

XIX

Nineteenth Sitting

The Committee sat on Friday, the 2nd November, 1973 from 09.00 to 13.10 hours and again from 15.00 to 18.00 hours.

PRESENT

Shri N. K. P. Salve—*Chairman*

MEMBERS

2. Shri Syed Ahmed Aga
3. Shri Virendra Agarwala
4. Shri Chhatrapati Ambesh
5. Shri Bhagawat Jha Azad
6. Shri S. M. Banerjee
7. Shri Dharnidhar Basumatari
8. Shri Tridib Chaudhuri
9. Shri K. R. Ganesh
10. Shri Mani Ram Godara
11. Shri D. P. Jadeja
12. Shrimati Sheila Kaul
13. Shri Maharaj Singh
14. Shri P. G. Malvalankar
15. Shri Amrit Nahata
16. Shri M. M. Patel
17. Shri R. Balakrishna Pillai
18. Shri Bhola Raut
19. Shri Vasant Sathe
20. Shri Era Sezhiyan
21. Shri K. K. Shetty
22. Shri C. M. Stephen
23. Shri V. Tulsiram

LEGISLATIVE COUNSEL

1. Shri S. Harihara Iyer—*Joint Secretary and Legislative Counsel.*
2. Shri S. Ramaiah—*Deputy Legislative Counsel.*

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

1. Shri K. E. Johnson—*Member, Central Board of Direct Taxes.*
2. Shri S. Narayan—*Joint Secretary.*
3. Shri R. R. Khosla—*Director.*
4. Shri S. I. Tripathi—*Deputy Secretary.*
5. Shri S. C. Grover—*Under Secretary.*

SECRETARIAT

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

2. The Committee heard evidence of the representatives of the Associations, Organisations, etc. mentioned below:

[In the beginning, the Chairman drew the 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 M. K. Mehta, M.P.—Deputy Chairman
2. Shri Mohinder Puri—Co-Chairman
3. Shri C. K. Hazari—Member.
4. Shri H. R. Gupta—Member.
5. Shri R. Subramaniam—Member.
6. Shri R. Thakur—Member.
7. Shri M. L. Nandrajog—Secretary.
8. Shri S. Ganapathi—Senior Asstt. Secretary.

[09.00 to 12.00 hours]

II. **Catholic Bishops' Conference of India, New Delhi.**

Spokesmen:

1. Fr. Jonas Thaliath—Deputy Secretary General.
2. Fr. Antunes Nazareth—Assistant Secretary.
3. Shri K. Annadhanam of Messrs. Khanna and Annadhanam, Legal Advisers.

[12.00 to 12.55 hours]

[The Committee rose at 13.00 hours and re-assembled at 15.00 hours. Shri Era Sezhiyan was in the chair from 15.00 to 15.30 hours.]

III. **Bar Association (Income-tax), New Delhi.**

Spokesmen:

1. Shri K. K. Wadera—President.
2. Shri Jagmohan Bhatia—Vice-President.
3. Shri Jagdish Persad—Member.
4. Shri B. B. Ahuja—Member.

[15.00 to 17.15 hours]

IV. **All India Federation of Income-tax Gazetted Service Association, New Delhi.**

Spokesmen:

1. Shri K. Raha
2. Shri C. L. Wali
3. Shri R. C. Pandey
4. Shri P. S. Gopalakrishnan
5. Shri O. S. Bajpai

[17.15 to 18.00 hours]

3. A verbatim record of evidence was kept.

4. The evidence of the All India Federation of Income-tax Gazetted Service Association, New Delhi was not concluded and they were requested to appear again before the Committee on Saturday, the 15th December, 1973 at 10.00 hours. The Committee decided that the representatives of the Federation might be treated on duty for the days on which they appeared before the Committee and be given necessary TA/DA as admissible under Rules by their Department.

5. The Committee also decided that the Ministry of Finance might furnish a note containing the nexus of the various provisions with the objects of the Bill so as to bring out as to how the Bill has sought to achieve the said objects for their consideration by early December, 1973.

6. The Committee then adjourned to meet again at 10.00 hours on Saturday, the 3rd November, 1973.

XX

Twentieth Sitting

The Committee sat on Saturday, the 3rd November, 1973 from 10.00 to 13.25 hours and again from 15.30 to 18.00 hours.

PRESENT

Shri N. K. P. Salve—*Chairman*

MEMBERS

2. Shri Syed Ahmed Aga
3. Shri Virendra Agarwala
4. Shri Chhatrapati Ambesh
5. Shri Bhagawat Jha Azad
6. Shri S. M. Banerjee
7. Shri Dharnidhar Basumatari
8. Shri Jyotirmoy Bosu
9. Shri Tridib Chaudhuri
10. Shri K. R. Ganesh
11. Shri Mani Ram Godara
12. Shri D. P. Jadeja
13. Shrimati Sheila Kaul
14. Shri Maharaj Singh
15. Shri P. G. Mavalankar
16. Shri Amrit Nahata
17. Shri H. M. Patel
18. Shri R. Balakrishna Pillai
19. Shri Bhola Raut
20. Shri Vasant Sathe
21. Shri Era Sezhiyan
22. Shri K. K. Shetty
23. Shri C. M. Stephen

24. Shri Satyendra Narayan Sinha
25. Shri V. Tulsiram

LEGISLATIVE COUNSEL

1. Shri S. Harihara Iyer—*Joint Secretary and Legislative Counsel.*
2. Shri S. Ramaiah—*Deputy Legislative Counsel.*

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

1. Shri K. E. Johnson—*Member, Central Board of Direct Taxes.*
2. Shri S. Narayan—*Joint Secretary.*
3. Shri R. R. Khosla—*Director.*
4. Shri S. I. Tripathi—*Deputy Secretary.*
5. Shri O. P. Bhardwaj, *Deputy Secretary.*
6. Shri S. C. Grover, *Under Secretary.*

SECRETARIAT

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

2. The Committee heard the evidence of the representatives of the Associations, Organisations, etc. mentioned below:

[In the beginning, the Chairman drew their attention to the provisions of Direction 58 of the Directions by the Speaker.]

I. **Federation of Indian Chambers of Commerce and Industry, New Delhi.**

Spokesmen:

1. Shri Charat Ram, President.
2. Shri A. K. Jain, Chairman, Taxation Sub-Committee.
3. Shri D. C. Kothari
4. Shri Madanmohan Mangaldas
5. Shri Viren J. Shah
6. Shri K. N. Modi
7. Shri H. B. Dhondy
8. Shri O. P. Vaish
9. Shri G. L. Bansal, Secretary-General.

[10.00 to 13.30 hours]

[The Committee adjourned at 13.30 hours and re-assembled at 15.30 hours.]

II. **Institute of Income-tax Practitioners of India, Bangalore.**

Spokesmen:

1. Shri K. B. Basavarajan, President.
2. Shri C. L. Aneja
3. Shri M. V. Shastry
4. Shri Harilal T. Sodha

[15.30 to 16.15 hours]

III. **Jamiat Ulama-i-Hind, New Delhi.**

Spokesmen:

1. Maulana Syed Asad Madni, M.P.
2. Shri M. Swalehuddin
3. Shri Tazimuddin Siddiqi
4. Shri A. A. Kidwai
5. Shri N. A. Zaki

[16.15 to 17.00 hours]

IV. **All India Women's Conference, New Delhi.**

Spokesmen:

1. Shrimati K. Lakshmi Raghuramaiah, President.
2. Shrimati Kamla Mankekar
3. Shrimati Sunanda Bhandare

[17.05 to 17.45 hours]

3. A verbatim record of evidence was kept.

4. At the end, the Committee decided that the Ministry of Finance (Central Board of Direct Taxes) might address a circular letter to all officers working in the investigation charges and the Directorate of Investigation to send their comments on the objects and provisions of the Bill, if they so like, to the Lok Sabha Secretariat direct for consideration of the Select Committee.

5. The Committee then adjourned to meet again at 10.00 hours on Monday, the 5th November, 1973.

XXI

Twenty-first Sitting

The Committee sat on Monday, the 5th November, 1973 from 10.00 to 12.15 hours and again from 15.30 to 17.50 hours.

PRESENT

Shri N. K. P. Salve—*Chairman*

MEMBERS

2. Shri Syed Ahmed Aga
3. Shri Virendra Agarwala
4. Shri Chhatrapati Ambesh
5. Shri Bhagawat Jha Azad
6. Shri S. M. Banerjee
7. Shri Dharnidhar Basumatari
8. Shri Tridib Chaudhuri
9. Shri K. R. Ganesh
10. Shri Mani Ram Godara
11. Shri D. P. Jadeja

12. Shri Maharaj Singh
13. Shri P. G. Mavalankar
14. Shri Amrit Nahata
15. Shri H. M. Patel
16. Shri Bhola Raut
17. Shri Era Sezhiyan
18. Shri K. K. Shetty
19. Shri Satyendra Narayan Sinha
20. Shri C. M. Stephen
21. Shri R. V. Swaminathan

LEGISLATIVE COUNSEL

1. Shri S. Harihara Iyer—*Joint Secretary and Legislative Counsel.*
2. Shri S. Ramaiah—*Deputy Legislative Counsel.*

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

1. Shri K. E. Johnson—*Member, Central Board of Direct Taxes.*
2. Shri S. Narayan—*Joint Secretary.*
3. Shri R. R. Khosla—*Director.*
4. Shri S. I. Tripathi—*Deputy Secretary.*
5. Shri O. P. Bhardwaj—*Deputy Secretary*
6. Shri S. C. Grover—*Under Secretary.*

SECRETARIAT

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

2. Shri Era Sezhiyan was in the Chair from 10.00 to 10.45 hours and again from 15.30 to 16.30 hours under Rule 258(3) of the Rules of Procedure.

3. The Committee heard the evidence of the representatives of the Associations, Organisations, etc. mentioned below:

[In the beginning, the Chairman drew their attention to the provisions of Direction 58 of the Directions by the Speaker.]

I. **Bar Council of Delhi, New Delhi.**

Spokesmen:

1. Shri Balram Sangal
2. Shri Vipin Chander Bahri

[10.00 to 12.05 hours]

[The Committee rose at 12.15 hours and re-assembled at 15.30 hours].

II. **All India Tax Advocates Association, New Delhi.**

Spokesmen:

1. Shri G. C. Sharma—Vice-President.
2. Shri O. P. Dua—General Secretary.

3. Shri K. K. Wadhera—Secretary
4. Shri Kartar Singh Suri—Member
5. Shri O. P. Sapra—Member.
6. Shri V. Vasudevan
7. Shri Randhir Chawla.

[15.30 to 17.10 hours]

III. **Central Wakf Council, New Delhi.**

Spokesmen:

1. Shri Moinul Haque Choudhury, M.P.
2. Shri Ch. Tayyab Hussain, M.P.
3. Dr. V. N. Saiyed Mohd., M.P.
4. Shri Tajuddin Ahmed, Secretary.

[17.15 to 17.45 hours]

4. A verbatim record of evidence was kept.

5. The Committee decided to meet on Wednesday, the 21st November, 1973 at 10.00 hours to finalise their future programme of work.

6. The Committee then adjourned.

XXII

Twenty-second Sitting

The Committee sat on Wednesday, the 21st November, 1973 from 10.00 to 10.50 hours.

PRESENT

Shri N. K. P. Salve—*Chairman*

MEMBERS

2. Shri Virendra Agarwala
3. Shri Chhatrapati Ambesh
4. Shri Bhagwat Jha Azad
5. Shri Tridib Chaudhuri
6. Shri K. R. Ganesh
7. Shri D. P. Jadeja
8. Shrimati Sheila Kaul
9. Shri Maharaj Singh
10. Shri P. G. Mavalankar
11. Shri S. B. P. Pattabhi Rama Rao
12. Shri Vasant Sathe
13. Shri Era Sezhiyan
14. Shri Satyendra Narayan Sinha
15. Shri C. M. Stephen
16. Shri R. V. Swaminathan

LEGISLATIVE COUNSEL

1. Shri S. Harihara Iyer—*Joint Secretary and Legislative Counsel.*
2. Shri S. Ramaiah—*Deputy Legislative Counsel.*

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

1. Shri R. D. Shah—*Chairman, Central Board of Direct Taxes.*
2. Shri S. Narayan—*Joint Secretary.*
3. Shri I. P. Gupta—*Joint Secretary.*
4. Shri S. I. Tripathi—*Deputy Secretary.*

SECRETARIAT

Shri B. K. Mukerjee—*Deputy Secretary.*

2. The Committee considered their future programme of work and decided to hold their sittings at Nagpur and Madras to hear oral evidence on the provisions of the Bill of the various Associations and Organisations as per list given at Annexure from Sunday the 6th to Sunday, the 13th January, 1974.

3. The Committee also decided to hold their sittings at New Delhi on the 28th and 29th January, 1974 to hear the oral evidence of the following officers of the Government of India:

(i) Cabinet Secretary.

(iii) Finance Secretary.

(iii) Chairman, Central Board of Direct Taxes.

(iv) Secretary, Department of Economic Affairs, Ministry of Finance.

(v) Director of Inspection (Investigation).

(vi) Three to four officers working on the investigation charges and the Directorate of Investigation—Names to be suggested by the Ministry of Finance (Department of Revenue and Insurance).

4. The Committee also decided to hear further oral evidence of the representatives of the All India Federation of Income-Tax Gazetted Services Associations, New Delhi at 10.00 hours on Saturday, the 15th December, 1973.

5. The Committee then adjourned.

ANNEXURE

LIST OF ASSOCIATIONS, ORGANISATIONS, ETC. SELECTED FOR ORAL EVIDENCE AT NAGPUR AND MADRAS

	Name of the Association/Organisation	Date of hearing of oral evidence
	NAGPUR	
1	Tax Bar Association, Sagar	*Sunday, 6th January, 1974 (15·00 to 18·00 hrs.) and Monday, 7th January, 1974 (09·00 to 12·00 hrs.)*
2	Vidharbha Industries Association, Nagpur	
3	Nag-Vidarbha Chamber of Commerce, Nagpur	
4	Income-tax Bar Association, Nagpur	
5	Tax Bar Association, Jabalpur	
6	Chamber of Income-tax Consultants, Bombay.	

	Name of the Association/Organisation	Date of hearing of oral evidence
	MADRAS	
1	The Society of Income-tax Practitioners, Vijayawada.	*From Wednesday, the 9th January, 1974 to Sunday, the 13th January, 1974* (10·00 to 13·30 hrs.)
2	Vijayawada Chamber of Commerce and Industry Vijayawada	
3	Anakapalle Merchants' Association, Anakapalle	
4	Andhra Pradesh Tax Bar Association, Hyderabad	
5	Shri Aurobindo Society, Pondicherry	
6	Southern India Chamber of Commerce and Industry, Madras	
7	Shri T. V. Vishwanatha Aiyer, Advocate, Supreme Court of India, Madras.	
8	Madura-Ramnad Chamber of Commerce, Madurai	
9	Madras State I.T. Practitioners Association Madras.	
10	Hindustan Chamber of Commerce, Madras	
11	Raja Charity Trust, Madras	
12	Indian Chamber of Commerce, Coimbatore	
13	Consutative Committee of City Chamber of Commerce, Madras	
14	The Mysore State Income Tax Practitioners Association, Bangalore	
15	Mysore State Chartered Accountants Association, Bangalore	
16	Mysore Chamber of Commerce & Industry, Kempegowda Road, Bangalore	
17	Arya Vaidya Sala, Kottakkal	
18	Cashew Nuts Manufacturers, Association, Quilon	

XXIII

Twenty-third Sitting

The Committee sat on Saturday, the 15th December, 1973 from 10.30 to 13.30 hours.

PRESENT

Shri N. K. P. Salve—*Chairman*

MEMBERS

2. Shri Virendra Agarwala
3. Shri Dharnidhar Basumatari

4. Shri S. R. Damani
5. Shri K. R. Ganesh
6. Shrimati Sheila Kaul
7. Shri P. G. Mavalankar
8. Shri S. B. P. Pattabhi Rama Rao
9. Shri Bhola Raut
10. Shri Era Sezhiyan

LEGISLATIVE COUNSEL

1. Shri S. Harihara Iyer—*Joint Secretary and Legislative Counsel.*
2. Shri S. Ramaiah—*Deputy Legislative Counsel.*

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

1. Shri K. E. Johnson—*Member, Central Board of Direct Taxes.*
2. Shri S. Narayan—*Joint Secretary.*
3. Shri I. P. Gupta—*Joint Secretary.*
4. Shri R. R. Khosla—*Director.*
5. Shri O. P. Bhardwaj—*Deputy Secretary.*
6. Shri S. I. Tripathi—*Deputy Secretary.*

SECRETARIAT

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

2. Before the Committee proceeded to hear further evidence of the following representatives of the All India Federation of Income Tax Gazetted Services Association, New Delhi, the Chairman drew their attention to Direction 58 of the Directions by the Speaker:

1. Shri K. Raha, President
2. Shri P. S. Gopalakrishnan,
3. Shri C. L. Wali,
4. Shri O. S. Bajpai
5. Shri R. C. Pandey, Secretary.

3. The evidence was not concluded. They were requested to appear before the Committee again at a later date.

4. A verbatim record of evidence was kept.

5. The Committee decided that the Central Board of Direct Taxes might be requested to furnish copies of the instructions laying down work norms of Income-tax Officers and the manner in which summary assessments were to be made.

6. The Committee then adjourned.

XXIV

Twenty-fourth Sitting

The Committee sat on Sunday, the 6th January, 1974 from 15.00 to 18.25 hours in the Council Chamber, Council House, Nagpur.

PRESENT

Shri N. K. P. Salve—Chairman

MEMBERS

2. Shri Dharnidhar Basumatari
3. Shri Tridib Chaudhuri
4. Shri K. R. Ganesh
5. Shri P. G. Mavalankar
6. Shri S. B. P. Pattabhi Rama Rao
7. Shri Bhola Raut
8. Shri Vasant Sathe
9. Shri V. Tulsiram

LEGISLATIVE COUNSEL

Shri S. Harihara Iyer, *Joint Secretary and Legislative Counsel.*

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

1. Shri R. D. Shah, *Chairman, Central Board of Direct Taxes.*
2. Shri S. Narayan, *Joint Secretary.*
3. Shri S. I. Tripathi, *Deputy Secretary.*
4. Shri Kalwant Rai, *Commissioner of Income-tax, Nagpur.*
5. Shri B. J. Chacko, *Inspecting Assistant Commissioner of Income-tax, Nagpur.*

SECRETARIAT

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

2. For want of quorum, the Committee held informal discussions with the representatives of the following Chamber of Commerce|Associations:—

1. Nag-Vidarbha Chamber of Commerce, Nagpur.

Spokesmen:

1. Shri Chandrakant J. Thakar
2. Shri R. S. Pandit
3. Shri H. M. Shukla
4. Shri K. N. Sharma
5. Shri R B. Jejaini
6. Shri B. K. Bagri

[15.00 to 16.15 hours]

II. Income Tax Bar Association, Nagpur

Spokesmen:

1. Shri G. P. Agrawal
2. Shri A. P. Chandak
3. Shri V. J. Huddar
4. Shri R. S. Pandit
5. Shri C. J. Thakar

[16.15 to 16.45 hours]

III. Tax Bar Association, Jabalpur

Spokesmen:

1. Shri B. L. Nema
2. Shri H. S. Shrivastava
3. Shri D. C. Bhamore
4. Shri M. C. Purohit

[16.45 to 18.25 hours]

XXV

Twenty-fifth Sitting

The Committee sat on Monday, the 7th January, 1974 from 09.00 to 11.10 hours in the Council Chamber, Council House, Nagpur.

PRESENT

Shri N. K. P. Salve—*Chairman*

MEMBERS

2. Shri Dharnidhar Basumatari
3. Shri K. R. Ganesh
4. Shri S. B. P. Pattabhi Rama Rao
5. Shri Bhola Raut
6. Shri Vasant Sathe
7. Shri V. Tulsiram

LEGISLATIVE COUNSEL

Shri S. Harihara Iyer—*Joint Secretary and Legislative Counsel.*

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

1. Shri R. D. Shah—*Chairman, Central Board of Direct Taxes.*
2. Shri S. Narayan—*Joint Secretary.*
3. Shri S. I. Tripathi—*Deputy Secretary.*
4. Shri Kalwant Rai—*Commissioner of Income Tax, Nagpur.*
5. Shri B. J. Chaco—*Inspecting Assistant Commissioner of Income-tax, Nagpur.*

SECRETARIAT

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

2. For want of quorum, the Committee held informal discussions with the representatives of the following Income-tax Consultants|Association:—

I. Chamber of Income tax Consultants, Bombay.

Spokesmen:

1. Shri P. C. Kshatri
2. Shri D. G. Vanjara
3. Shri H. T. Sodha

[09.00 to 10.30 hours]

II. Vidarbha Industries Association, Nagpur.

Spokesmen:

1. Shri Dhanraj Acharya
2. Shri R. G. Agarwal
3. Shri B. G. Dave
4. Shri G. R. Gokhale

[10.30 to 11.00 hours]

XXVI

Twenty-sixth Sitting

The Committee sat on Wednesday, the 9th January, 1974 from 10.00 to 13.50 hours in the Committee Room, Old Legislators' Hostel, Madras.

PRESENT

Shri N. K. P. Salve—*Chairman*

MEMBERS

2. Shri Chhatrapati Ambesh
3. Shri Bhagwat Jha Azad
4. Shri Dharnidhar Basumatari
5. Shri Jyotirmoy Bosu
6. Shri Tridib Chaudhuri
7. Shri K. R. Ganesh
8. Shrimati Sheila Kaul
9. Shri P. G. Mavalankar
10. Shri R. Balakrishna Pillai
11. Shri Bhola Raut
12. Shri Vasant Sathe
13. Shri Era Sezhiyan
14. Shri Satyendra Narayan Sinha
15. Shri C. M. Stephen

16. Shri R. V. Swaminathan
17. Shri V. Tulsiram

LEGISLATIVE COUNSEL

1. Shri K. K. Sundaram—*Secretary*
2. Shri S. Harihara Iyer—*Joint Secretary and Legislative Counsel.*

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

1. Shri R. D. Shah—*Chairman, Central Board of Direct Taxes.*
2. Shri S. Narayan—*Joint Secretary*
3. Shri S. I. Tripathi—*Deputy Secretary*
4. Shri G. S. Sampath—*Commissioner of Income-tax, Madras.*

SECRETARIAT

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

2. The Committee heard the evidence of the representatives of the State Government|Chambers of Commerce|Association, etc. mentioned below:—

[At the beginning, the Chairman drew their attention to the provisions of Direction 58 of the Directions by the Speaker.]

I. Government of Andhra Pradesh, Hyderabad.

Spokesmen:

1. Shri C. R. Krishnaswamy Rao Sahib—*Secretary to the Chief Minister.*
2. Shri P. L. Sivaram—*Commissioner, Endowments.*
3. Shri V. Sundaresan—*Secretary.*
4. Shri S. V. Subramaniyam—*Executive Officer, Tirumala Tirupati Devasthanam.*
5. Shri A. V. Surya Rao
6. Shri R. Sankaran

[10.00 to 11.30 hours]

II. Consultative Committe of City Chambers of Commerce, Madras.

Spokesmen:

1. Shri S. Narayaswamy—M.L.C.
2. Shri P. Brahmayya
3. Shri N. C. Krishnan
4. Shri C. S. Vidyasankaran
5. Shri R. N. Ratnam
6. Shri D. Shriniwasan

[11.30 to 12.55 hours]

III. Sri Aurobindo Society, Pondicherry

Spokesmen:

Shri Arunendra Nath Tagore

[12.55 to 13.30 hours]

IV. Madras State Income-tax Practitioner Association, Madras.

Spokesmen:

1. Shri V. N. Padmanabhan
2. Shri S. R. Gopalan
3. Shri M. S. Rangiah

[13.30 to 13.45 hours]

4. A verbatim record of evidence was kept.

5. The Committee then adjourned to meet again at 10.00 hours on Thursday, the 10th January, 1974 in Committee Room, Old Legislators' Hostel, Madras.

XXVII

Twenty-seventh Sitting

The Committee sat on Thursday, the 10th January, 1974 from 10.00 to 13.15 hours in the Committee Room, Old Legislators' Hostel, Madras.

PRESENT

Shri N. K. P. Salve—*Chairman*

MEMBERS

2. Shri Chhatrapati Ambesh
3. Shri Bhagwat Jha Azad
4. Shri Dharnidhar Basumatari
5. Shri Jyotirmoy Bosu
6. Shri Tridib Chaudhuri
7. Shri K. R .Ganesh
8. Shri D. P. Jadeja
9. Shrimati Sheila Kaul
10. Shri Maharaj Singh
11. Shri R. Balakrishna Pillai
12. Shri Vasant Sathe
13. Shri Era Sezhiyan
14. Shri Satyendra Narayan Sinha
15. Shri C. M. Stephen
16. Shri R. V. Swaminathan
17. Shri V. Tulsiram

LEGISLATIVE COUNSEL

1. Shri K. K. Sundaram—*Secretary*
2. Shri S. Harihara Iyer—*Joint Secretary and Legislative Counsel*

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

1. Shri R. D. Shah—*Chairman, Central Board of Direct Taxes*
2. Shri S. Narayan—*Joint Secretary*
3. Shri S. I. Tripathi—*Deputy Secretary*

SECRETARIAT

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

2. The Committee heard the evidence of the representatives of the Association|Organisations, etc. mentioned below:—

[At the beginning, the Chairman drew their attention to the provisions of Direction 58 of the Directions by the Speaker]

I. Shri T. V. Vishwanatha Aiyar—*Advocate, Supreme Court of India, Madras.*

[10.00 to 11.45 hours]

II. Andhra Pradesh Tax Bar Association, Hyderabad.

Spokesmen:

1. Shri M. A. Mohiuddin
2. Shri Y. V. Anjaneyulu
3. Shri Keshavlal Adhia
4. Shri P. Venugopal

[11.45 to 12.50 hours]

III. Raja Charity Trust, Madras.

Spokesmen:

1. Shri P. R. Ramasubramania Raja, Managing Trustee
2. Shri S. N. Ramakrishna Raja, Chartered Accountant
3. Shri M. Sanotham, Chartered Accountant
4. Shri N. K. Srikanta Raja

[12.50 to 13.05 hours]

IV. The Karnataka (Mysore) State Income-tax Practitioners' Association, Bangalore.

Spokesmen:

1. Shri G. B. Patil
2. Shri P. K. Ramachandra Setty
3. Shri P. N. S. Murthy
4. Shri M. Srinatha Rao

[13.05 to 13.15 hours]

3. A verbatim record of evidence was kept.

4. The Committee then adjourned to meet again at 15.00 hours on Friday, the 11th January, 1974 in Committee Room, Old Legislators' Hostel, Madras.

XXVIII

Twenty-eighth Sitting

The Committee sat on Friday, the 11th January, 1974 from 15.00 to 17.30 hours in the Committee Room, Old Legislators' Hostel, Madras.

PRESENT

Shri N. K. P. Salve—*Chairman*

MEMBERS

2. Shri Chhatrapati Ambesh
3. Shri Bhagwat Jha Azad
4. Shri Dharnidhar Basumatari
5. Shri Tridib Chaudhuri
6. Shri K. R. Ganesh
7. Shri D. P. Jadeja
8. Shrimati Sheila Kaul
9. Shri Maharaj Singh
10. Shri S. B. P. Pattabhi Rama Rao
11. Shri R. Balakrishna Pillai
12. Shri Bhola Raut
13. Shri Vasant Sathe
14. Shri Satendra Narayan Sinha
15. Shri C. M. Stephen
16. Shri R. V. Swaminathan
17. V. Tulsiram

LEGISLATIVE COUNSEL

1. Shri K. K. Sundaram—*Secretary*
2. Shri S. Harihara Iyer—*Joint Secretary and Legislative Counsel.*

Representative of the Ministry of Finance (Department of Revenue and Insurance)

1. Shri R. D. Shah—*Chairman, Central Board of Direct Taxes.*
2. Shri S. Narayan—*Joint Secretary*
3. Shri S. I. Tripathi—*Deputy Secretary*

SECRETARIAT

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

2. The Committee heard the evidence of the representatives of the Associations/Organisations, etc. mentioned below:—

[At the beginning the Chairman drew their attention to the provisions of the Direction 58 of the Directions by the Speaker.]

I. **Shri P. Sadagopan**— *Commissioner of Income-tax, Madras*

He desired that his evidence might be treated as confidential and not laid on the Tables of both Houses of Parliament.

[15.00 to 17.00 hours]

II. The Society of Income-tax Practitioner, Vijayawada.

Spokesmen:

1. Shri M. V. Shastry
2. Shri D. L. Narasimha Rao
3. Shri M. Venkateswara Rao

[17.05 to 17.15 hours]

III. The Anakapalle Merchants' Association, Anakapalle.

Spokesmen:

1. Shri I. Ramakrishna Rao
2. Shri B. K. Viswanadham
3. Shri K. Sreeramachandramurty
4. Shri P. Appalanarism Hulu
5. Shri B. S. V. N. Naidu
6. Shri K. R. Nookaraju

[17.15 to 17.30 hours]

3. The representatives of the Karnataka Income-tax Practitioners' Association, Bangalore presented their memorandum to the Committee. The Committee decided that they might be given an opportunity to appear before the Committee to give their evidence at New Delhi at a later date.

4. A verbatim record of evidence was kept.

5. The Committee then adjourned to meet again at 10.00 hours on Saturday, the 12th January, 1974 in Committee Room, Old Legislators' Hostel, Madras.

XXIX

Twenty-ninth Sitting

The Committee set on Saturday, the 12th January, 1974 from 10.00 to 13.15 hours in the Committee Room, Old Legislators' Hostel, Madras.

PRESENT

Shri N. K. P. Salve—*Chairman*

MEMBERS

2. Shri Bhagwat Jha Azad
3. Shri Dharnidhar Basumatari
4. Shri Tridib Chaudhuri
5. Shri K. R. Ganesh
6. Shri S. B. P. Pattabhi Rama Rao
7. Shri R. Balakrishna Pillai
8. Shri Bhola Raut
9. Shri Vasant Sathe
10. Shri Era Sezhiyan
11. Shri Satyendra Narayan Sinha
12. Shri R. V. Swaminathan
13. Shri V. Tulsiram

LEGISLATIVE COUNSEL

1. Shri K. K. Sundaram—*Secretary*
2. Shri S. Harihara Iyer—*Joint Secretary and Legislative Counsel.*

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

1. Shri R. D. Shah—*Chairman, Central Board of Direct Taxes.*
2. Shri S. Narayan—*Joint Secretary*
3. Shri S. I. Tripathi—*Deputy Secretary*

SECRETARIAT

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

2. The Committee heard the evidence of the representatives of the Association/Organisations, etc. mentioned below:—

[At the beginning, the Chairman drew their attention to the provisions of Direction 58 of the Directions by the Speaker.]

I. Hindustan Chamber of Commerce, Madras.

Spokesmen:

1. Shri G. Narayanaswamy
2. Shri V. Ramachandran
3. Shri Ashok Kumbhaj
4. Shri Bawrilal Nahar
5. Shri Anantha Krishan

[10.00 to 11.35 hours]

II. Madura-Ramnad Chamber of Commerce, Madurai.

Spokesmen:

1. Shri T. Manickavasagam
2. Shri M. A. Ramaswamy

[11.35 to 12.15 hours]

III. Mysore State Chartered Accountants' Association, Bangalore.

Spokesmen:

1. Shri J. Gopalakrishan
2. Shri K. Y. Sresty

The evidence was not concluded. They were requested to appear again on Sunday, the 13th January, 1974 at 09.30 hours.

[11.35 to 12.15 hours]

3. The Committee noted that the Indian Chamber of Commerce, Coimbatore was not represented by the President or other senior office bearers of their Chamber. The Committee desire that the Chamber might be informed accordingly and invited for oral evidence at New Delhi at a later date.

4. A verbatim record of evidence was kept.

5. The Committee then adjourned to meet again at 09.30 hours on Sunday, the 13th January, 1974 in Committee Room, Old Legislators' Hostel, Madras.

XXX

Thirtieth Sitting

The Committee sat on Sunday, 13th January, 1974 from 09.30 to 13.15 hours in the Committee Room, Old Legislators' Hostel, Madras.

PRESENT

Shri N. K. P. Salve—*Chairman*

2. Shri Bhagwat Jha Azad
3. Shri Dharnidhar Basumatari
4. Shri Jyotirmoy Bosu
5. Shri Tridib Chaudhuri
6. Shri K. R. Ganesh
7. Shri Maharaj Singh
8. Shri S. B. P. Pattabhi Rama Rao
9. Shri R. Balakrishna Pillai
10. Shri Bhola Raut
11. Shri Vasant Sathe
12. Shri Era Sezhiyan
13. Shri Satyendra Narayan Sinha
14. Shri R. V. Swaminathan
15. Shri V. Tulsiram

LEGISLATIVE COUNSEL

1. Shri S. Harihara Iyer—*Joint Secretary and Legislative Counsel.*

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

1. Shri S. Narayan—*Joint Secretary.*
2. Shri S. I. Tripathi—*Deputy Secretary.*

SECRETARIAT

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

2. The Committee heard the evidence of the representatives of the Associations|Organisations, etc. mentioned below:—

[At the beginning, the Chairman drew their attention to the provisions of the Direction 58 of the Directions by the Speaker.]

I. Mysore State Chartered Accountants' Association, Bangalore.

[Further evidence]

Spokesmen:

1. Shri J. Gopalakrishnan
2. Shri K. Y. Sresty

[09.30 to 11.00 hours]

II. Mysore Chamber of Commerce and Industry, Bangalore.

Spokesmen:

1. Shri M. V. Krishnamurthy

2. Shri K. G. Subbarama Setty
3. Shri B. V. Rathnaiah Setty
4. Shri C. M. Reddy
5. Shri J. Srinivasan

[11.05 to 11.45 hours]

III. Arya Vaidya Sala, Kottakkal, Kerala.

Spokesmen:

1. Shri K. Sreenivasan
2. Shri K. S. Paripoornan
3. Shri P. K. Warrier
4. Shri K. G. Warrier.

[11.45 to 12.15 hours]

The evidence was not concluded. They were requested to submit their supplementary memorandum on the provisions of the Bill and to appear again before the Committee at New Delhi at a later date.

IV. **Tamil Nadu Income-tax Employees' Association, Madras.**

Spokesmen:

1. Shri G. Balu—*President.*
2. Shri C. R. K. Murthy—*General Secretary.*
3. Shri N. Sundarajan
4. Shri K. Jayaraman
5. Shri S. Raghavan

[12.15 to 13.15 hours]

3. The Committee noted that the South India Gashewnut Manufacturers' Association, Quilon, Kerala was not represented by the President or any other senior member of their Association. The Committee desired that the Association might be informed accordingly and invited for oral evidence at New Delhi at a later date.

4. A verbatim record of evidence was kept.

5. At the end, the Committee placed on record their warm appreciation of the assistance rendered to them by the Secretaries of Maharashtra and Tamil Nadu Legislative Assemblies, their Reporters and other staff members in holding their sittings at Nagpur and Madras.

6. The Committee also placed on record their appropriation of the assistance rendered to them by the State Governments of Maharashtra and Tamil Nadu, officers of the Ministry of Finance, Income-tax Commissioners and their officers and staff at Nagpur and Madras in holding the sittings at these places. They spared no pains in making the stay of the members of the Committee at Nagpur and Madras confortable.

7. The Committee then adjourned.

XXXI

Thirty-first Sitting

The Committee sat on Monday, the 28th January, 1974 from 10.00 to 11.30 hours.

PRESENT

Shri N. K. P. Salve—*Chairman*

MEMBERS

2. Shri Syed Ahmed Aga
3. Shri Bhagwat Jha Azad
4. Shri Tridib Chaudhuri
5. Shri S. R. Damani
6. Shri Mani Ram Godara
7. Shri D. P. Jadeja
8. Shrimati Sheila Kaul
9. Shri Maharaj Singh
10. Shri P. G. Mavalankar
11. Shri Amrit Nahata
12. Shri S.B.P. Pattabhi Rama Rao
13. Shri Bhola Raut
14. Shri Vasant Sathe
15. Shri Era Sezhiyan
16. Shri Satyendra Narayan Sinha
17. Shri V. Tulsiram

LEGISLATIVE COUNSEL

1. Shri S. Harihara Iyer—*Joint Secretary and Legislative Counsel.*
2. Shri S. Ramaiah—*Deputy Legislative Counsel.*

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

1. Shri R. D. Shah—*Chairman, Central Board of Direct Taxes.*
2. Shri K. E. Johnson—*Member, Central Board of Direct Taxes.*
3. Shri S. Narayan—*Joint Secretary.*
4. Shri S. I. Tripathi—*Deputy Secretary*
5. Shri S. C. Grover—*Under Secretary.*

SECRETARIAT

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

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

3. Before the Committee proceeded to hear evidence of the following efficers of the Government of India, the Chairman drew their attention to Direction 58 of the Directions by the Speaker:—

1. Shri B. D. Pande Cabinet Secretary, Government of India.

2. Shri M. R. Yardi, Finance Secretary, Government of India.

3. Shri M. G. Kaul, Secretary (Department of Economic Affairs), Ministry of Finance, Government of India.

4. After some discussion, the Finance Secretary explained that in view of the new budget proposals before the Government, it would not be possible for him and his colleagues to tender useful evidence till the Finance Bill is passed by both the Houses of Parliament.

The evidence was, therefore, postponed till such time the Finance Bill was passed by both Houses of Parliament.

5. A verbatim record of evidence was kept.

6. The Committee then decided to meet at 10.30 hours *instead* of 10.00 hours on Tuesday, the 29th January, 1974.

7. The Committee then adjourned.

XXXII

Thirty-Second Sitting

The Committee sat on Tuesday, the 29th January, 1974 from 10.30 to 13.35 hours.

PRESENT

Shri N. K. P. Salve—*Chairman*

MEMBERS

2. Shri Syed Ahemd Aga
3. Shri Chhatrapati Ambesh
4. Shri Bhagwat Jha Azad
5. Shri S. M. Banerjee
6. Shri Tridib Chaudhuri
7. Shri Sat Pal Kapur
8. Shri Maharaj Singh
9. Shri P. G. Mavalankar
10. Shri Amrit Nahata
11. Shri S. B. P. Pattabhi Rama Rao
12. Shri Bhola Raut
13. Shri Vasant Sathe
14. Shri Satyendra Narayan Sinha
15. Shri C. M. Stephen
16. Shri V. Tulsiram

LEGISLATIVE COUNSEL

1. Shri S. Harihara Iyer—*Joint Secretary and Legislative Counsel.*
2. Shri S. Ramaiah—*Deputy Legislative Counsel.*

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

1. Shri K. E. Johnson—*Member, Central Board of Direct Taxes.*
2. Shri S. Narayan—*Joint Secretary.*

3. Shri S. I. Tripathi—*Deputy Secretary.*

4. Shri S. C. Grover—*Under Secretary.*

SECRETARIAT

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

2. Shrimati Sushila Rohatgi, Deputy Minister in the Ministry of Finance, who is not a member of the Select Committee, attended the sitting with the permission of the Chairman under the Proviso to Rule 299 of the Rules of Procedure and Conduct of Business in Lok Sabha.

3. Before the Committee proceeded to hear the evidence of the following officers of the Government of India, the Chairman drew their attention to Direction 58 of the Directions by the Speaker:—

I. Shri V. V. Badami, Director of Inspection (Investigation), Directorate of Inspection (Investigation), New Delhi.

[10.30 to 12.00 hours]

II. (1) Shri C. R. Krishnamurthi, Commissioner of Income-tax, Calcutta.

(2) Shri O. V. Kuruvilla, Commissioner of Income-tax, Bombay.

(3) Shri B. A. Shariff, Commissioner of Income-tax, Ahmedabad.

} Appeared jointly

[12.05 to 13.30 hours]

Sarvashri C. R. Krishnamurthi, O. V. Kuruvilla and B. A. Shariff, Commissioners of Income-tax desired that their evidence might be treated as confidential and not laid on the Table of the House.

4. A Vervatim record of the evidence was kept.

5. The Committee decided to meet sometime during the next Budget Session to consider and finalise their further programme of work.

6. The Committee felt that since they had still to hear oral evidence of quite a large number of witnesses on the provisions of the Bill and had to complete other stages of the Bill, it would not be possible for them to present their Report by the stipulated date, *i.e.*, the last day of the first week of the Budget Session (1974). The Committee, therefore, decided to seek further extension of time for presentation of their Report upto the last day of the Winter Session (1974).

7. The Committee authorised the Chairman and, in his absence, Shri P. G. Vavalankar to move necessary motion in the House in this behalf.

8. The Committee then adjourned.

XXXIII

Thirty-third Sitting

The Committee sat on Friday, the 3rd May, 1974 from 15.00 to 15.45 hours.

PRESENT

Shri Era Sezhiyan—*Chairman,*

MEMBERS

2. Shri Syed Ahmed Aga
3. Shri Chhatrapati Ambesh
4. Shri Bhagwat Jha Azad
5. Shri Dharnidhar Basumatari
6. Shri Tridib Chaudhuri
7. Shri S. R. Damani
8. Shrimati Sheila Kaul
9. Shri Maharaj Singh
10. Shri P. G. Mavalankar
11. Shri Amrit Nahata
12. Shri S. B. P. Pattabhi Rama Rao
13. Shri Bhola Raut
14. Shri Vasant Sathe
15. Shri Satyendra Narayan Sinha
16. Shri R. V. Swaminathan
17. Shri V. Tulsi Ram
18. Shri K. R. Ganesh.

LEGISLATIVE COUNSEL

1. Shri S. Harihara Iyer—*Joint Secretary and Legislative Counsel.*
2. Shri S. Ramaiah—*Deputy Legislative Counsel.*

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

1. Shri S. R. Mehta—*Chairman, Central Board of Direct Taxes.*
2. Shri S. Narayan—*Joint Secretary.*
3. Shri I. P. Gupta—*Joint Secretary.*
4. Shri R. R. Khosla—*Director.*
5. Shri S. I. Tripathi—*Deputy Secretary.*
6. Shri O. P. Bhardwaj—*Deputy Secretary.*
7. Shri S. C. Grover—*Under Secretary.*

SECRETARIAT

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

2. In the absence of the Chairman, Shri Era Sezhiyan 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. The Committee considered their future programme. After some discussion, the Committee decided to hear evidence of the following associations, organisations and officials:—

1. All India Federation of Income-tax Gazetted Services Association, New Delhi.
2. Institute of Chartered Accountants of India, New Delhi.
3. Federation of Associations of Small Industries of India, New Delhi.

4. Cabinet Secretary, Finance Secretary and Secretary, Department of Economic Affairs (Ministry of Finance).

5. Gujarat Chamber of Commerce & Industry, Ahmedabad.

6. Upper India Chamber of Commerce, Kanpur.

4. The Committee then decided to meet from Monday, the 10th to Friday, the 14th June, 1974 from 09.00 to 13.00 hours to hear the evidence.

5. The Committee then adjourned.

XXXIV

Thirty-fourth Sitting

The Committee sat on Monday, the 10th June, 1974 from 09.00 to 13.00 hours.

PRESENT

Shri N. K. P. Salve—*Chairman*

MEMBERS

2. Shri Virendra Agarwala
3. Shri Chhatrapati Ambesh
4. Shri Bhagwat Jha Azad
5. Shri S. M. Banerjee
6. Shri Tridib Chaudhuri
7. Shri K. R. Ganesh
8. Shri D. P. Jadeja
0. Shrimati Sheila Kaul
10. Shri Maharaj Singh
11. Shri H. M. Patel
12. Shri S. B. P. Pattabhi Rama Rao
13. Shri Bhola Raut
14. Shri Vasant Sathe
15. Shri Era Sezhiyan
16. Shri Satyendra Narayan Sinha
17. Shri V. Tulsiram.

LEGISLATIVE COUNSEL

Shri S. Harihara Iyer—*Joint Secretary and Legislative Council.*

REPRESENTATIVE OF THE MINISTRY OF FINANCE

(DEPARTMENT OF REVENUE & INSURANCE)

1. Shri S. R. Mehta—*Chairman, Central Board of Direct Taxes.*
2. Shri C. C. Ganapathy—*Member, Central Board of Direct Taxes.*
3. Shri I. P. Gupta—*Joint Secretary.*
4. Shri S. Narayan—*Joint Secretary.*
5. Shri R. R. Khosla—*Director.*
6. Shri S. I. Tripathi—*Deputy Secretary.*

7 Shri O. P. Bhardwaj—*Deputy Secretary.*

8. Shri S. C. Grover—*Under Secretary.*

SECRETARIAT

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

2. At the outset, the Chairman informed the Committee that he had received a request from Shri H. N. Ray, who had recently taken over the charge of Finance Secretary, to postpone the date of his evidence fixed for the 14th June, 1974. The Committee decided to postpone the date of evidence of the Cabinet Secretary, Finance Secretary and the Secretary for the Department of Economic Affairs to the first week of July, 1974.

3. The Chairman read out the letter dated the 27th May, 1974 which he had addressed to the Speaker, Lok Sabha regarding summoning the Comptroller and Auditor General or his nominee to appear before the Committee for evidence. The Committee decided to await the advice of the Speaker, Lok Sabha in this regard.

4. The Committee then decided to hear further evidence and also to have general discussion on the various points raised during the course of oral evidence during their next round of sittings to be held on Monday, the 8th and from Wednesday, the 10th to Saturday, the 13th July, 1974.

5. The Committee then proceeded to hear further evidence of the following representatives of All-India Federation of Income-tax Gazetted Services Associations, New Delhi and the Chairman drew their attention to Direction 58 of the Directions by the Speaker:—

1. Shri S. K. Roy—President.
2. Shri P. S. Gopala Krishnan
3. Shri R. C. Pandey
4. Shri C. L. Wali
5. Shri S. I. Tripathi—*Deputy Secretary.*
6. Shri J. N. Moitra.

The evidence concluded at 13.30 hours.

6. A verbatim record of evidence was kept.

7. The Committee then adjourned to meet again on Tuesday, the 11th June, 1974 at 09.00 hours.

XXXV

Thirty-fifth Sitting

The Committee sat on Tuesday, the 11th June, 1974 from 09.00 to 11.30 hours.

PRESENT

Shri N. K. P. Salve—*Chairman*

MEMBERS

2. Shri Virendra Agarwala
3. Shri Chhatrapati Ambesh

4. Shri Bhagwat Jha Azad
5. Shri S. M. Banerjee
6. Shri Tridib Chaudhuri
7. Shri S. R. Damani
8. Shri K. R. Ganesh
9. Shrimati Sheila Kaul
10. Shri Maharaj Singh
11. Shri H. M. Patel
12. Shri S. B. P. Pattabhi Rama Rao
13 Shri Bhola Raut
14. Shri Vasant Sathe
15. Shri Era Sezhiyan
16. Shri Satyendra Narayan Sinha

LEGISLATIVE COUNSEL

Shri S. Harihara Iyer—*Joint Secretary and Legislative Counsel.*

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

1. Shri S. R. Mehta—*Chairman, Central Board of Direct Taxes.*
2. Shri C. C. Ganapathy—*Member, Central Board of Direct Taxes.*
3. Shri I. P. Gupta—*Joint Secretary.*
4. Shri S. Narayan—*Joint Secretary.*
5. Shri S. I. Tripathi—*Deputy Secretary.*
6. Shri S. C. Grover—*Under Secretary.*

SECRETARIAT

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

2. Before the Committee proceeded to hear the evidence of the following representatives of the Institute of Chartered Accountants of India, New Delhi, the Chairman drew their attention to Direction 58 of the Directions by the Speaker:—

1. Shri S. K. Gupta—President.
2. Shri N. C. Krishnan—Vice-President.
3. Shri Anil M. Parikh—Chairman, Taxation Committee.
4. Shri V. B. Haribhakti—Past President.
5. Shri R. Santhanam.

The evidence concluded at 11.00 hours.

3. A verbatim record of evidence was kept.

4. The Committee decided that Shri R. D. Shah, former Chairman, Central Board of Direct Taxes might be invited to give evidence before the Committee on Friday, the 14th June, 1974.

5. The Committee also decided that the following Associations, Organisations etc., might be invited for oral evidence on the 8th and 10th July, 1974:—

(i) Income-tax Bar Association, Ahmedabad.

(ii) Shri G. P. Kapadia

(iii) Institute of Cost and Works Accountants of India, Calcutta.

(iv) Cabinet Secretary, Finance Secretary and Secretary, Department of Economic Affairs.

6. The Committee further decided to have a general discussion on the various points raised in the memoranda submitted to the Committee and also during the course of evidence from Thursday, the 11th to Saturday the 13th July, 1974.

7. The Committee further decided to hold their sittings from Wednesday, the 12th to Saturday, the 14th June, 1974 daily at 09.30 hours instead of 09.00 hours.

8. At the end, the Committee desired that the Ministry of Finance should furnish a note stating how the specific provisions of the Bill will help to achieve the proposed objectives of the Bill, *viz.*, (i) to unearth black-money and prevent its proliferation; (ii) to fight and curb tax evasion; (iii) to check avoidance of tax through various legal devices, including the formation of trusts and diversion of income or wealth to members of family; (iv) to reduce tax arrears and to ensure that in future, tax arrears do not accumulate; (v) to rationalise the exemptions and deductions available under the relevant enactments; and (vi) to streamline the administrative set-up and make it functionally efficient.

9. The Committee then adjourned to meet again at 09.30 hours on Wednesday, the 12th June, 1974.

XXXVI

Thirty-sixth Sitting

The Committee sat on Wednesday, the 12th June, 1974 from 09.30 to 10.15 hours.

PRESENT

Shri N. K. P. Salve—*Chairman*

MEMBERS

2. Shri Virendra Agarwala
3. Shri S. M. Banerjee
4. Shri Tridib Chaudhuri
5. Shri S. R. Damani
6. Shri K. R. Ganesh
7. Shri Mani Ram Godara
8. Shri Maharaj Singh
9. Shri Amrit Nahata
10. Shri H. M. Patel
11. Shri S. B. P. Pattabhi Rama Rao
12. Shri Bhola Raut
13. Shri Vasant Sathe
14. Shri Era Sezhiyan
15. Shri K. K. Shetty
16. Shri Satyendra Narayan Sinha

17. Shri C. M. Stephen
18. Shri R. V. Swaminathan

LEGISLATIVE COUNSEL

Shri S. Harihara Iyer—*Joint Secretary and Legislative Counsel.*

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

1. Shri S. R. Mehta—*Chairman, Central Board of Direct Taxes.*
2. Shri C. C. Ganapathy—*Member, Central Board of Direct Taxes.*
3 Shri Narayan—*Joint Secretary.*
4. Shri S. I. Tripathi—*Deputy Secretary.*
5. Shri S. C. Grover—*Under Secretary.*

SECRETARIAT

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

2. Before the Committee proceeded to hear the evidence of the following representatives of the Federation of Associations of Small Industries of India, New Delhi, the Chairman drew their attention to Direction 58 of the Directions by the Speaker:—

1. Shri O. N. Sharma
2. Shri S. G. Gupte
3. Shri J. R. Bhagwat
4. Shri N. K. Jain

3. The representatives of the Federation stated that their Vice-President could not come and they themselves were not fully prepared for evidence on the provisions of the Bill. They expressed regret and apologized for the inconvenience caused to the Committee. The witness then withdrew.

4. The Committee then decided that Shri M. R. Yardi, Former Finance Secretary might be invited for evidence before the Committee on Friday, the 14th June, 1974.

5. The Committee further decided to meet at 09.00 hours instead of 09.30 hours on Friday, the 14th June, 1974.

6. The Committee then adjourned to meet again at 09.30 hours on Thursday, the 13th June, 1974.

XXXVII

Thirty-seventh Sitting

The Committee sat on Thursday, the 13th June. 1974 from 09.30 to 13.00 hours.

PRESENT

Shri N. K. P. Salve—*Chairman*

MEMBERS

2. Shri Syed Ahmed Aga
3 Shri Virendra Agarwala

4. Shri Bhagwat Jha Azad
5. Shri S. M. Banerjee
6. Shri Dharnidhar Basumatari
7. Shri Tridib Chaudhuri
8. Shri S. R. Damani
9. Shri K. R. Ganesh
10 Shri Maharaj Singh
11. Shri P. G. Mavalankar
12. Shri Amrit Nahata
13. Shri H. M. Patel
14. Shri S. B. P. Pattabhi Rama Rao
15. Shri Bhola Raut
16. Shri Vavant Sathe
17. Shri Era Sezhiyan
18. Shri K. K. Shetty
19. Shri R. V. Swaminathan
20. Shri V. Tulsiram.

LEGISLATIVE COUNSEL

Shri S. Harihara Iyer—*Joint Secretary and Legislative Counsel.*

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

1. Shri S. R. Mehta—*Chairman, Central Board of Direct Taxes.*
2. Shri C. C. Ganapathy—*Member, Central Board of Direct Taxes.*
3. Shri I. P. Gupta—*Joint Secretary.*
4. Shri S. Narayan—*Joint Secretary.*
5. Shri S. I. Tripathi—*Deputy Secretary.*
6. Shri S. C. Grover—*Under Secretary.*

SECRETARIAT

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

2. The Committee heard the evidence of the representatives of the Chambers of Commerce and Industry mentioned below: —

[In the beginning, the Chairman drew their attention to the provisions of Direction 58 of the Directions by the Speaker.]

I. Gujarat Chamber of Commerce and Industry, Ahmedabad.

Spokesmen:

1. Shri Rasiklal Vadilal Vasa, President.
2. Shri Indravadan Pranlal, Vice-President.
3. Shri Shrenikbhai Kasturbhai.
4. Shri Hasmukhlal C. Shah, Hon. Secretary.
5. Shri H. M. Talati, Chartered Accountant.
6. Shri I. N. Kania, Deputy Secretary.

[09.30 to 11.40 hours]

II. **Upper India Chamber of Commerce, Kanpur**

Spokesmen:

1. Shri Gulab Chand Jain, Vice-President.
2. Shri A. P. Gupta, Member of Executive Committee.
3. Shri Manohar Lal, Member, Taxation Sub-Committee.
4. Shri A. K. Basu, Secretary.

[11.40 to 13.00 hours]

3. A verbatim record of evidence was kept.

4. The Committee then adjourned to meet again at 09.00 hours on Friday, the 14th June, 1974.

XXXVIII

Thirty-eighth Sitting

The Committee sat on Friday, the 14th June, 1974 from 09.00 to 13.15 hours.

PRESENT

Shri N. K. P. Salve—*Chairman.*

MEMBERS

2. Shri Syed Ahmed Aga
3. Shri Virendra Agarwala
4. Shri Chhatrapati Ambesh
5. Shri Bhagwat Jha Azad
6. Shri S. M. Banerjee
7. Shri Dharnidhar Basumatari
8. Shri Tridib Chaudhuri
9. Shri S. R. Damani
10. Shri K. R. Ganesh
11. Shri D. P. Jadeja
12. Shrimati Sheila Kaul
13. Shri Maharaj Singh
14. Shri Amrit Nahata
15. Shri H. M. Patel
16. Shri S. B. P. Pattabhi Rama Rao
17. Shri R. Balakrishna Pillai
18. Shri Vasant Sathe
19. Shri Era Sezhiyan
20. Shri K. K. Shetty
21. Shri V. Tulsiram.

LEGISLATIVE COUNSEL

Shri S. Harihara Iyer—*Joint Secretary and Legislative Counsel.*

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

1. Shri S. R. Mehta—*Chairman, Central Board of Direct Taxes.*
2. Shri C. C. Ganapathy—*Member, Central Board of Direct Taxes.*
3. Shri I. P. Gupta—*Joint Secretary.*
4. Shri S. Narayan—*Joint Secretary.*
5. Shri R. R. Khosla—*Director.*
6. Shri S. I. Tripathi—*Deputy Secretary.*
7. Shri O. P. Bhardwaj—*Deputy Secretary.*
8. Shri S. C. Grover—*Under Secretary.*

SECRETARIAT

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

2. The Committee heard the evidence of the individuals mentioned below:—

[In the beginning, the Chairman drew their attention to the provisions of Direction 58 of the Directions by the Speaker].

I. Shri R. D. Shah,
Former Chairman,
Central Board of Direct Taxes.
[09.00 to 12.00 hours]

II. Shri M. R. Yardi,
Former Finance Secretary.
[12.05 to 13.15 hours].

Shri Era Sezhiyan was in the Chair from 11.15 to 12.15 hours.

3. A verbatim record of evidence was kept.

4. The Committee reconsidered their future programme of work and decided to hear evidence of the following parties on the dates noted against each:—

Date & Day	Time	Name of the party
8-7-1974 (Monday)	10.00 hours.	(i) Cabinet Secretary, Finance Secretary and Secretary, Department of Economic Affairs.
10-7-1974 (Wednesday)	15.00 hours.	(ii) Income-tax Bar Association, Ahmedabad.
		(iii) Shri G. P. Kapadia.
		(iv) Institute of Cost and Works Accountants of India, Calcutta.
11-7-1974 (Thursday)	15.00 hours.	(v) Indian Revenue Service (Income-tax) Association, New Delhi.
		(vi) Shri Biharilal Kanaiyalal Ahmedabad.
		(vii) Gandhi Peace Foundation, New Delhi.

5. The Committee also decided to have a preliminary discussion on the various points raised in the memoranda submitted to the Committee and also during the course of evidence at their sittings to be held at 15.00 hours on Friday, the 12th and at 10.00 hours on Saturday, the 13th July, 1974.

6. The Committee desired that the Ministry of Finance (Department of Revenue and Insurance) might tabulate the various points raised during the course of evidence by the witnesses and offer their comments thereon for consideration of the Committee.

7. The Committee also desired that the Ministry of Finance might furnish a note on the important groups of trusts referred to during the course of discussion in the context of tax avoidance with their names and other information (as far as possible) for consideration of the Committee.

8. The Committee further decided to hold their sittings for about a week at Srinagar (Jammu & Kashmir) in September, 1974 to hear further evidence and also to have a general discussion on the points made in the memoranda as well as during the course of evidence before the Committee.

9. The Committee then adjourned.

XXXIX

Thirty-ninth Sitting

The Committee sat on Monday, the 8th July, 1974 from 10.00 to 12.30 hours.

PRESENT

Shri N. K. P. Salve—*Chairman.*

MEMBERS

2. Shri Syed Ahmed Aga
3. Shri Virendra Agarwala
4. Shri Chhatrapati Ambesh
5. Shri S. M. Banerjee
6. Shri Dharnidhar Basumatari
7. Shri Tridib Chaudhuri
8. Shri S. R. Damani
9. Shri Mani Ram Godara
10. Shrimati Sheila Kaul
11. Shri Maharaj Singh
12. Shri Amrit Nahata
13. Shri H. M. Patel
14. Shri Bhola Raut

15. Shri Satyendra Narayan Sinha
16. Shri Y. B. Chavan.

LEGISLATIVE COUNSEL

Shri S. Harihara Iyer—*Joint Secretary and Legislative Counsel.*

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

1. Shri S. R. Mehta—*Chairman, Central Board of Direct Taxes.*
2. Shri C. C. Ganapathy—*Member, Central Board of Direct Taxes.*
3. Shri S. Narayan—*Joint Secretary.*
4. Shri I. P. Gupta—*Joint Secretary.*
5. Shri R. R. Khosla—*Director.*
6. Shri S. I. Tripathi—*Deputy Secretary.*
7. Shri O. P. Bhardwaj—*Deputy Secretary.*
8. Shri K. N. Balasubramanian—*Officer on Special Duty.*
9. Shri S. C. Grover—*Under Secretary.*

SECRETARIAT

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

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

3. Before the Committee proceeded to hear evidence of the following officers of the Government of India, the Chairman drew their attention to Direction 58 of the Directions by the Speaker:—

1. Shri B. D. Pande, Cabinet Secretary, Government of India.
2. Shri H. N. Ray, Finance Secretary, Government of India.
3. Shri M. G. Kaul, Secretary. (Department of Economic Affairs) Ministry of Finance Government India.
4. A verbatim record of evidence was kept.
5. The Committee then adjourned.

XL

Fortieth Sitting

The Committee sat on Wednesday, the 10th July, 1974 from 15.00 to 18.00 hours.

PRESENT

Shri N. K. P. Salve—*Chairman.*

MEMBERS

2. Shri Syed Ahmed Aga
3. Shri Virendra Agarwala
4. Shri Chhatrapati Ambesh

5. Shri Bhagwat Jha Azad
6. Shri S. M. Banerjee
7. Shri Dharnidhar Basumatari
8. Shri Tridib Chaudhuri
9. Shri K. R. Ganesh
10. Shrimati Sheila Kaul
11. Shri Maharaj Singh
12. Shri P. G. Mavalankar
13. Shri Amrit Nahata
14. Shri H. M. Patel
15. Shri S. B. P. Pattabhi Rama Rao
16. Shri Vasant Sathe
17. Shri Satyendra Narayan Sinha.

LEGISLATIVE COUNSEL

Shri S. Harihara Iyer—*Joint Secretary and Legislative Counsel.*

REPRESENTATIVE OF THE MINISTRY OF FINANCE

(DEPARTMENT OF REVENUE & INSURANCE)

1. Shri S. R. Mehta—*Chairman, Central Board of Direct Taxes.*
2. Shri C. C. Ganapathy—*Member, Central Board of Direct Taxes.*
3. Shri S. Narayan—*Joint Secretary.*
4. Shri S. I. Tripathi—*Deputy Secretary.*
5. Shri K. N. Balasubramanian—*Officer on Special Duty.*
6. Shri S. C. Grover—*Under Secretary.*

SECRETARIAT

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

2. The Committee heard the evidence of the representatives of the Association|Institute, etc. mentioned below—

[At the beginning, the Chairman drew their attention to the provisions of Direction 58 of the Directions by the Speaker.]

I. Income-tax Bar Association, Ahmedabad.

Spokesmen:

1. Shri L. G. Thakkar—President.
2. Shri C. V. Mehta—Vice-President.
3. Shri V. J. Shah—Secretary.

[15.00 to 15.40 hours].

II. Shri G. P. Kapadia—Chartered Accountant, Bombay.

[15.40 to 17.40 hours].

III. Institute of Cost and Works Accountants of India, Calcutta.

Spokesmen:

1. Shri M. R. S. Iyengar—President.
2. Shri V. Kalyanaraman—Vice-President.
3. Shri G. K. Abhyankar.

4. Shri S. K. Mitra
5. Shri S. N. Ghose—*Secretary.*

[17.40 to 18.00 hours].

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

XLI

Forty-first Sitting

The Committee sat on Thursday, the 11th July, 1974 from 15.00 to 18.00 hours.

PRESENT

Shri N. K. P. Salve—*Chairman.*

MEMBERS

2. Shri Syed Ahmed Aga
3. Shri Virendra Agarwala
4. Shri Chhatrapati Ambesh
5. Shri Bhagwat Jha Azad
6. Shri S. M. Banerjee
7. Shri Dharnidhar Basumatari
8. Shri Tridib Chaudhuri
9. Shri K. R. Ganesh
10. Shri Mani Ram Godara
11. Shri Maharaj Singh
12. Shri P. G. Mavalankar
13. Shri Amrit Nahata
14. Shri H. M. Patel
15. Shri S. B. P. Pattabhi Rama Rao
16. Shri Bhola Raut
17. Shri Vasant Sathe
18. Shri Satyendra Narayan Sinha.

LEGISLATIVE COUNSEL

Shri S. Harihara Iyer—*Joint Secretary and Legislative Counsel.*

REPRESENTATIVES OF THE MINISTRY OF FINANCE

(DEPARTMENT OF REVENUE & INSURANCE)

1. Shri S. R. Mehta—*Chairman, Central Board of Direct Taxes.*
2. Shri C. C. Ganapathy—*Member, Central Board of Direct Taxes.*
3. Shri S. Narayan—*Joint Secretary.*
4. Shri S. I. Tripathi—*Deputy Secretary.*
5. Shri K. N. Balasubramanian—*Officer on Special Duty.*
6. Shri S. C. Grover—*Under Secretary.*

SECRETARIAT

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

2. The Committee heard the evidence of the representatives of the Association/Foundation, etc. mentioned below:—

[Tt the beginning, the Chairman drew their attention to the provisions of Direction 58 of the Directions by the Speaker].

I. Indian Revenue Service (Income-tax) Association, New Delhi.

Spokesmen:

1. Shri P. S. Bhaskaran—President.
2. Shri S. G. Jaisinghani.
3. Shri M. C. Joshi.
4. Shri G. C. Agarwal.
5. Shri P. Srinivasan.
6. Shri B. Gupta.

[15.00 to 16.15 hours].

II. Dr. Bihari Kanaiyalal, Ahmedabad.

[16.15 to 17.00 hours1

Spokesmen:

1. Shri V. Ramachandran, Secretary, Sarvaseva Sangh, Khadi Gramodyog Samiti, Coimbatore.
2. Shri A. C. Sen, Secretary, AVARD, New Delhi.
3. Shri Rameshwar Thakur, Chartered Accountant, New Delhi.
4. Shri S. D. Nargolwala, Delhi Parsi Anjuman, New Delhi.
5. Shri Devendra Kumar, Secretary, Gandhi Smarak Nidhi, Delhi.
6. Shri Rup Narayan, Secretary, All India Prohibition Council.
7. Shri A. K. Karan, Secretary, U.P. Gandhi Smarak Nidhi.

3. A verbatim report of evidence was kept.

4. The Committee decided that the proceedings of the sittings to be held for the purpose of general discussion on the points raised by the witnesses before the Committee *vis-a-vis* the provisions of the Bill might be recorded in verbatim.

5. The Committee then adjourned.

XLII

Forty-second Sitting

The Committee sat on Friday, the 12th July, 1974 from 15.00 to 17.30 hours.

PRESENT

Shri N. K. P. Salve—*Chairman*

MEMBERS

2. Shri Syed Ahmed Aga
3. Shri Virendra Agarwala
4. Shri Chhatrapati Ambesh
5. Shri Bhagwat Jha Azad

6. Shri S. M. Banerjee
7. Shri Dharnidhar Basumatari
8. Shri K. R. Ganesh
9. Shri Sat Pal Kapur
10. Shri Maharaj Singh
11. Shri Amrit Nahata
12. Shri H. M. Patel
13. Shri S. B. P. Pattabhi Rama Rao
14. Shri R. Balakrishna Pillai
15. Shri Bhola Raut
16. Shri Vasant Sathe
17. Shri Satyendra Narayan Singh
18. Shrimati Sheila Kaul
19. Shri C. M. Stephen
20. Shri R. V. Swaminathan.

LEGISLATIVE COUNSEL

Shri S. Harihara Iyer—*Joint Secretary and Legislative Counsel.*

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

1. Shri S. R. Mehta—*Chairman, Central Board of Direct Taxes.*
2. Shri C. C. Ganapathy—*Member, Central Board of Direct Taxes.*
3. Shri S. Narayan—*Joint Secretary.*
4. Shri S. I. Tripathi—*Deputy Secretary.*
5. Shri K. N. Balasubramanian—*Officer on Special Duty.*
6. Shri S. C. Grover—*Under Secretary.*

SECRETARIAT

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

2. At the outset, the Committee considered their future programme of work and decided—

(i) To hold sittings at Srinagar from Wednesday, the 11th to Saturday, the 14th September, 1974 for the purpose of hearing evidence of some associations, organisations, etc. and also to hold general discussion on the points raised by the witnesses during the course of evidence and also in the memoranda submitted to the Committee *vis-a-vis* provisions of the Bill.

(ii) To take up clause-by-clause consideration of the Bill from Monday, the 21st to Wednesday, the 23rd and again from Monday, the 28th to Wednesday, the 30th October, 1974.

3. The Committee desired that the Government might send their notices of amendments on the Bill to the Lok Sabha Secretariat by Wednesday, the 16th October, 1974.

4. The Committee also decided that members who are desirous of giving notices of amendments on the Bill, might do so by Saturday, the 19th October, 1974.

5. The Committee authorised the Chairman to select parties who may tender evidence at Srinagar.

6. The Committee then held preliminary discussion on the various aspects of the provisions relating to search and seizure contained in clause 36 of the Bill.

7. A verbatim record of the proceedings was kept.

8. The Committee then adjourned.

XLIII

Forty-third Sitting

The Committee sat on Saturday, the 13th July, 1974 from 10.00 to 10.30 hours.

PRESENT

MEMBERS

1. Shri Virendra Agarwala
2. Shri K. R. Ganesh
3. Shri Mani Ram Godara
4. Shri Maharaj Singh
5. Shri S. B. P. Pattabhi Rama Rao
6. Shri Vasant Sathe
7. Shri Satyendra Narayan Sinha
8. Shri R. V. Swaminathan.

LEGISLATIVE COUNSEL

Shri S. Harihara Iyer—*Joint Secretary and Legislative Counsel.*

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

1. Shri C. C. Ganapathy—*Member, Central Board of Direct Taxes.*
2. Shri S. Narayan—*Joint Secretary.*
3. Shri I. P. Gupta—*Joint Secretary.*
4. Shri S. I. Tripathi—*Deputy Secretary.*
5. Shri K. N. Balasubramanian—*Officer on Special Duty.*
6. Shri S. C. Grover—*Under Secretary.*

SECRETARIAT

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

2. The Committee adojurned for want of quoram.

XLIV

Forty-fourth Siting

The Committee sat on Friday, the 6th September, 1974 from 09.30 to 10.30 hours.

PRESENT

Shri N. K. P. Salve—*Chairman*

MEMBERS

2. Shri Syed Ahmed Aga
3. Shri Chhatrapati Ambesh
4. Shri Bhagwat Jha Azad
5. Shri Dharnidhar Basumatari
6. Shri D. P. Jadeja
7. Shri Maharaj Singh
8. Shri S. B. P. Pattabhi Rama Rao
9. Shri Bhola Raut
10. Shri Vasant Sathe
11. Shri Era Sezhiyan
12. Shri C. M. Stephen.

LEGISLATIVE COUNSEL

Shri S. Harihara Iyer—*Joint Secretary and Legislative Counsel.*

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

1. Shri C. C. Ganapathy—*Member, Central Board of Direct Taxes.*
2. Shri S. Narayan—*Member, Central Board of Direct Taxes.*
3. Shri S. I. Tripathi—*Deputy Secretary.*
4. Shri K. N. Balasubramanian—*Officer on Special Duty.*
5. Shri S. C. Grover—*Under Secretary.*

SECRETARIAT

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

2. The Committee reconsidered their programme of sittings at Srinagar from Wednesday, the 11th to Saturday, the 14th September, 1974. The Committee decided to adhere to the scheduled programme.

After some discussion the Committee decided that Chairman along with some members might meet the Speaker in connection with letter dated the 31st August, 1974 received from Shri P. G. Mavalankar, M.P., member of the Select Committee.

3. The Committee then adjourned.

XLV

Fourty-fifth Sitting

The Committee sat on Wednesday, the 11th September, 1974 from 15.00 to 17.30 hours in Committee Room, J & K Legislative Assembly Building, Srinagar.

PRESENT

Shri N. K. P. Salve—*Chairman*

MEMBERS

2. Shri Syed Ahmed Aga
3. Shri Bhagwat Jha Azad
4. Shri Tridib Chaudhuri
5. Shri Mani Ram Godara
6. Shrimati Sheila Kaul
7. Shri Maharaj Singh
8. Shri S. B. P. Pattabhi Rama Rao
9. Shri Bhola Raut
10. Shri R. V. Swaminathan

LEGISLATIVE COUNSEL

Shri S. Harihara Iyer—*Joint Secretary and Legislative Counsel.*

REPRESENTATIVES OF THE MINISTRY OF FINANCE

(DEPARTMENT OF REVENUE & INSURANCE)

1. Shri S. R. Mehta, *Chairman, Central Board of Direct Taxes.*
2. Shri C. C. Ganapathy, *Member, Central Board of Direct Taxes.*
3. Shri S. Narayan, *Member, Central Board of Direct Taxes.*
4. Shri R. R. Khosla, *Director.*
5. Shri S. I. Tripathi, *Deputy Secretary.*
6. Shri S. C. Grover, *Under Secretary.*

SECRETARIAT

Shri K. D. Chatterjee—*Deputy Secretary.*

2. Shrimati Sushila Rohatgi, Deputy Minister in the Ministry of Finance, who is not a Member of the Select Committee attended the sitting with the permission of the Chairman under the proviso to Rule 209 of the Rules of Procedure and Conduct of Business in Lok Sabha.

3. The Committee decided to hear the evidence of the representatives of the Kashmir Chamber of Commerce and Industry, Srinagar and Beopar Mandal, Srinagar at 09.30 hours on the 12th September, 1974.

4. The Committee then heard the evidence of the representatives of the Associations|Mandal mentioned below:—

(At the beginning, the Chairman drew their attention to the Provisions of Direction 58 of the Directions by the Speaker).

I. Tax Practitioners Association, Srinagar

Spokesmen:

1. Shri B. R. Bhasin, Advocate.

2. Shri Subash Dutt, Advocate.
3. Shri M. A. Bakhshi
4. Shri A. Rehman
5. Shri O. P. Sahney
6. Shri S. K. Kaul
7. Shri Mairajuddin
8. Shri Ali Mohd. Raja
9. Shri Hafiz-M-Umail

[15.00 to 16.10 hours]

[The representatives of Tax Practitioners' Association, Srinagar desired that their evidence might be treated as confidential and not laid on the Table of the House]

II. Tax Consultants Association and Chamber of Commercial and Industrial Undertakings, Ludhiana.

Spokesmen:

1. Shri S. R. Mittal
2. Shri B. B. Jain

[16.15 to 17.10 hours]

III. Viyaparik Association Mandal, Shree Ganga Nagar, Hanumangarh Town, Rajasthan.

Spokesmen:

1. Shri Pyare Lal Gupta
2. Shri Prem Sukh Aggarwal

[17.15 to 17.30 hours]

5. A verbatim record of evidence was kept.

6. The Committee then adjourned to meet again at 09.30 hours on Thursday, the 12th September, 1974.

XLVI

Forty-sixth Sitting

The Committee sat on Thursday, the 12th September, 1974 from 09.30 to 12.30 hours in Committee Room, J & K Legislative Assembly Building, Srinagar.

PRESENT

Shri N. K. P. Salve—*Chairman*

MEMBERS

2. Shri Syed Ahmed Aga
3. Shri Bhagwat Jha Azad
4. Shri Tridib Chaudhuri
5. Shri Mani Ram Godara
6. Shrimati Sheila Kaul
7. Shri Maharaj Singh

8. Shri S. B. P. Pattabhi Rama Rao
9. Shri Bhola Raut
10. Shri R. V. Swaminathan

LEGISLATIVE COUNSEL

Shri S. Harihara Iyer, *Joint Secretary and Legislative Counsel.*

REPRESENTATIVES OF THE MINISTRY OF FINANCE

(DEPARTMENT OF REVENUE & INSURANCE)

1. Shri S. Narayan—*Member, Central Board of Direct Taxes.*
2. Shri C. C. Ganapathy—*Member, Central Board of Direct Taxes.*
3. Shri R. R. Khosla—*Director.*
4. Shri S. I. Tripathi—*Deputy Secretary.*
5. Shri S. C. Grover—*Under Secretary.*

SECRETARIAT

Shri K. D. Chatterjee—*Deputy Secretary.*

2. Shrimati Sushila Rohatgi, Deputy Minister in the Ministry of Finance, who is not a Member of the Select Committee, attended the sitting with the permission of the Chairman under the proviso to Rule 299 of the Rules of Procedure and Conduct of Business in Lok Sabha.

3. The Committee then heard the evidence of the representatives of the Organisations mentioned below:—

[At the beginning, the Chairman drew their attention to the provisions of Direction 58 of the Directions by the Speaker].

I. Kashmir Chamber of Commerce and Industry, Srinagar.

Spokesmen:

1. Shri Dharambir Singh Oberoi, President.
2. Shri P. N. Puri, I. P. President.
3. Shri G. Rasull Khan, Sr. Vice-President.
4. Shri Vijay Dhar, Jr. Vice-President.
5. Shri M. Amin Tramboo, Secretary-General.

[9.30 to 10.30 hours]

II. Beopar Mandal, Srinagar.

Spokesmen:

1. Shri Om Parkash Kapur, General Secretary.
2. Shri Mohd. Yasin
3. Shri Ashok Kumar

[10.35 to 10.55 hours]

4. The Committee then held general discussion on the various aspects of the provisions relating to Income-tax Settlement Committee contained in Clause 58 of the Bill.

5. A verbatim record of the proceedings was kept.

6. The Committee then adjourned to meet again at 09.30 hours on Friday, the 13th September, 1974.

XLVII

Forty-seventh Sitting.

The Committee sat on Friday, the 13th September, 1974 from 09.30 to 12.15 hours in Committee Room, J & K Legislative Assembly Building, Srinagar.

PRESENT

MEMBERS

2. Shri Syed Ahmed Aga
3. Shri Bhagwat Jha Azad
4. Shri Tridib Chaudhuri
5 Shri Mani Ram Godara
6. Shrimati Sheila Kaul
7. Shri Maharaj Singh
8. Shri S B. P. Pattabhi Rama Rao
9. Shri Bhola Raut
10. Shri Era Sezhiyan
11. Shri R. V. Swaminathan
12. Shri C. M. Stephen

LEGISLATIVE COUNSEL

Shri S. Harihara Iyer, *Joint Secretary and Legislative Counsel.*

REPRESENTATIVES OF THE MINISTRY OF FINANCE

(DEPARTMENT OF REVENUE & INSURANCE)

1. Shri C. C. Ganapathy, *Member, Central Board of Direct Taxes.*
2. Shri S. Narayan, *Member, Central Board of Direct Taxes.*
3. Shri R. R. Khosla, *Director.*
4. Shri S. I. Tripathi, *Deputy Secretary.*
5. Shri S. C. Grover, *Under Secretary.*

SECRETARIAT

Shri K. D. Chatterjee—*Deputy Secretary*

2. Shrimati Sushila Rohatgi, Deputy Minister in the Ministry of Finance, who is not a Member of the Select Committee, attended the sitting with the permission of the Chairman under the proviso to Rule 299 of the Rules of Procedure and Conduct of Business in Lok Sabha.

3. The Committee held general discussion on the various aspects of the provisions relating to charitable trusts contained in Clause 6 of the Bill.

The discussion was not concluded.

4. A verbatim record of the proceedings was kept.

5. The Committee then adjourned to meet at 08-30 hours on Saturday, the 14th September, 1974.

XLVIII

Forty-eighth Sitting

The Committee sat on Saturday, the 14th September, 1974 from 08.30 to 10.30 hours in Committee Room, J & K Legislative Assembly Building, Srinagar.

PRESENT

Shri N. K. P. Salve—*Chairman*

MEMBERS

2. Shri Syed Ahmed Aga
3. Shri Bhagwat Jha Azad
4. Shri Mani Ram Godara
5. Shri D. P. Jadeja
6. Shrimati Sheila Kaul
7. Shri S. B. P. Pattabhi Rama Rao
8. Shri Bhola Raut
9. Shri Era Sezhiyan
10. Shri Satyendra Narayan Sinha
11. Shri C. M. Stephen
12. Shri R. V. Swaminathan

LEGISLATIVE COUNSEL

Shri S. Harihara Iyer—*Joint Secretary and Legislative Counsel.*

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

1. Shri C. C. Ganapathy—*Member, Central Board of Direct Taxes.*
2. Shri S. Narayan—*Member, Central Board of Direct Taxes.*
3. Shri R. R. Khosla—*Director.*
4. Shri S. I. Tripathi—*Deputy Secretary.*
5. Shri S. C. Grover—*Under Secretary.*

SECRETARIAT

Shri K. D. Chatterjee—*Deputy Secretary.*

2. Shrimati Sushila Rohatgi, Deputy Minister in the Ministry of Finance, who is not a Member of the Select Committee, attended the sitting with the permission of the Chairman under the proviso to Rule 299 of the Rules of Procedure and Conduct of Business in Lok Sabha.

3. The Committee held further general discussion on the various aspects of the provisions relating to Charitable Trusts contained in Clause 6 of the Bill.

4. A verbatim record of the proceedings was kept.

5. At the end, the Committee placed on record their grateful thanks to the Speaker, Jammu & Kashmir Legislative Assembly and their warm appreciation of the valuable assistance rendered to them by the Secretary, Jammu and Kashmir Legislative Assembly, Government of Jammu and Kashmir and Officers and other members of the staff of the Assembly Secretariat in holding the sittings at Srinagar.

6. The Committee also placed on record their warm appreciation of the assistance rendered to them by the Officers and members of the staff of the Commissioner of Income-tax, Amritsar in holding the sittings at Srinagar and making the stay of members of the Committee comfortable.

7. The Committee then adjourned.

XLIX

Forty-ninth Sitting

The Committee sat on Monday, the 21st October, 1974 from 10.00 to 11.00 hours.

PRESENT

Shri N. K. P. Salve—*Chairman*

MEMBERS

2. Shri Syed Ahmed Aga
3. Shri Virendra Agarwala
4. Shri Chhatrapati Ambesh
5. Shri Bhagwat Jha Azad
6. Shri S. M. Banerjee
7. Shri Dharnidhar Basumatari
8. Shri Tridib Chaudhuri
9. Shri S. R. Damani
10. Shri Maharaj Singh
11. Shri Amrit Nahata
12. Shri S. B. P. Pattabhi Rama Rao
13. Shri Bhola Raut
14. Shri Vasant Sathe
15. Shri Era Sezhiyan
16. Shri Satyendra Narayan Sinha
17. Shri R. V. Swaminathan

LEGISLATIVE COUNSEL

1. Shri S. Harihara Iyer—*Joint Secretary and Legislative Counsel.*
2. Shri S. Ramaiah—*Deputy Legislative Counsel, Ministry of Law, Justice and Company Affairs (Legislative Department).*

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

1. Shri S. R. Mehta—*Chairman, Central Board of Direct Taxes.*
2. Shri C. C. Ganapathy—*Member, Central Board of Direct Taxes.*
3. Shri S. Narayan—*Member, Central Board of Direct Taxes.*
4. Shri R. R. Khosla—*Director.*
5. Shri S. I. Tripathi—*Deputy Secretary.*
6. Shri O. P. Bhardwaj—*Deputy Secretary.*
7. Shri K. N. Balasubramanian—*O.S.D.*
8. Shri S. C. Grover—*Under Secretary.*

SECRETARIAT

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

2. At the outset, the Chairman and Members of the Committee welcomed the new Minister of Finance (Shri C. Subramaniam) and the Minister of State in the Ministry of Finance (Shri Pranab Kumar Mukherjee).

3. Shri C. Subramaniam, Minister of Finance and Shri Pranab Kumar Mukherjee, Minister of State in the Ministry of Finance, who are not members of the Select Committee, attended the sitting with the permission of the Chairman under the proviso to Rule 299 of the Rules of Procedure.

4. The Committee then considered their future programme of work. After some discussion, the Committee decided the following revised programme of work:—

(i) Date of receipt of notices of Government amendments.	12.11.1974.
(ii) Date of receipt of notices of amendments from members.	15.11.1974.
(iii) Clause-by-clause consideration of the Bill.	19th to 21st and from 26th to 28th November, 1974.

5. The Committee also decided to hold general discussion on the various points raised by the witnesses during the course of evidence and also in the memoranda submitted to the Committee *vis-a-vis* the provisions of the Bill on the 22nd and 23rd October, 1974 and sit for the purpose daily from 11.30 to 13.00 hours.

The Committee further decided to cancel their sittings fixed from the 28th to 30th October, 1974.

6. At the end, the Committee then considered the request made by the Secretary, Maharatta Chamber of Commerce and Industries, Poona for withdrawal of evidence tendered by their representatives before the Committee at Bombay on the 13th October, 1973. The Committee decided that the evidence tendered by the representatives of the Maharatta Chamber of Commerce and Industries, Poona might be expunged.

7. The Committee then adjourned.

L

Fiftieth Sitting

The Committee sat on Tuesday, the 22nd October, 1974 from 11.30 to 13.45 hours.

PRESENT

Shri N.K.P. Salve—*Chairman*

MEMBERS

2. Shri Syed Ahmed Aga
3. Shri Virendra Agarwala
4. Shri Bhagwat Jha Azad
5. Shri S. M. Banerjee
6. Shri Dharnidhar Basumatari
7. Shri Tridib Chaudhuri
8. Shri Mani Ram Godara
9. Shri Sat Pal Kapur
10. Shri P. G. Mavalankar

11. Shri Amrit Nahata
12. Shri S. B. P. Pattabhi Rama Rao
13. Shri R. Balakrishna Pillai
14. Shri Bhola Raut
15. Shri Vasant Sathe
16. Shri Satyendra Narayan Sinha
17. Shri C.M. Stephen
18. Shri R. V. Swaminathan

LEGISLATIVE COUNSEL

1. Shri S. Harihara Iyer—*Joint Secretary and Legislative Counsel.*
2. Shri S. Ramaiah—*Deputy Legislative Counsel.*

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

1. Shri S. R. Mehta—*Chairman, Central Board of Direct Taxes.*
2. Shri S. Narayan—*Member, Central Board of Direct Taxes.*
3. Shri C. C. Ganapathy—*Member, Central Board of Direct Taxes.*
4. Shri R. R. Khosla—*Director.*
5. Shri S. I. Tripathi—*Deputy Secretary.*
6. Shri O. P. Bhardwaj—*Deputy Secretary.*
7. Shri K. N. Balasubramanian—*O.S.D.*

8 Shri S. C. Grover—*Under Secretary.*

SECRETARIAT

Shri H. G. Paranjpe—*Deputy Secretary*

2. Shri C. Subramaniam, Minister of Finance and Shri Pranab Kumar Mukherjee, Minister of State in the Ministry of Finance, who are not members of the Committee, attended the sitting with the permission of the Chairman under the proviso to Rule 299 of the Rules of Procedure.

3. The Committee held further general discussion on the various aspects of the provisions relating to Charitable Trusts contained in clause 6 of the Bill.

4. The Committee then decided to hold further general discussion on the various points raised by the witnesses during the course of evidence and also in the memoranda *vis-a-vis* the provisions of the Bill and sit for the purpose as per revised programme given below:

	Time
23-10-1974 (Wednesday)	09.30 to 11.00 hours
28-10-1974 (Monday) to 30-10-1974 (Wednesday)	10.00 to 13.00 hours

5. The Committee then adjourned.

LI

Fifty-first Sitting

The Committee sat on Wednesday, the 23rd October, 1974 from 09.30 to 11.15 hours.

PRESENT

Shri N. K. P. Salve—*Chairman*

MEMBERS

2. Shri Syed Ahmed Aga
3. Shri Virendra Agarwala
4. Shri Bhagwat Jha Azad
5. S. M. Banerjee
6. Shri Dharnidhar Basumatari
7. Shri Tridib Chaudhuri
8. Shri S. R. Damani
9. Shri Mani Ram Godara
10. Shri Sat Pal Kapur
11. Shri Maharaj Singh
12. Shri S. B. P. Pattabhi Rama Rao
13. Shri Bhola Raut
14. Shri Vasant Sathe
15. Shri Satyendra Narayan Sinha
16. Shri C. M. Stephen

LEGISLATIVE COUNSEL

1. Shri S. Harihara Iyer—*Joint Secretary and Legislative Counsel.*

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

1. Shri S. R. Mehta—*Chairman, Central Board of Direct Taxes.*
2. Shri S. Narayan—*Member, Central Board of Direct Taxes.*
3. Shri C. C. Ganapathy—*Member, Central Board of Direct Taxes.*
4. Shri R. R. Khosla—*Director.*
5. Shri S. I. Tripathi—*Deputy Secretary.*
6. Shri O. P. Bhardwaj—*Deputy Secretary.*
7. Shri K. N. Balasubramanian—*O.S.D.*
8. Shri S. C. Grover—*Under Secretary.*

SECRETARIAT

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

2. Shri C. Subramaniam, Minister of Finance and Shri Pranab Kumar Mukherjee, Minister of State in the Ministry of Finance, who are not members of the Committee, attended the sitting with the permission of the Chairman under the proviso to Rule 299 of the Rules of Procedure.

3. The Committee held further general discussion on the various aspects of the provisions relating to Income-tax Settlement Committee contained in clause 58 of the Bill.

4. The Committee then decided to meet at 10.30 hours *instead of* 10.00 hours on Monday, the 28th October, 1974.

5. The Committee then adjourned.

LII

Fifty-Second Sitting

The Committee sat on Monday, the 28th October, 1974 from 10.30 to 13.20 hours.

PRESENT

Shri N. K. P. Salve—*Chairman*

MEMBERS

2. Shri Syed Ahmed Aga
3. Shri Virendra Agarwala
4. Shri Chhatrapati Ambesh
5. Shri Bhagwat Jha Azad
6. Shri S. M. Banerjee
7. Shri Jyotirmoy Bosu
8. Shri Tridib Chaudhuri
9. Shri Mani Ram Godara
10. Shri D. P. Jadeja
11. Shri Sat Pal Kapur
12. Shri Maharaj Singh
13. Shri P. G. Mavalankar
14. Shri Amrit Nahata
15. Shri Vasant Sathe
16. Shri Era Sezhiyan
17. Shri K. K. Shetty
18. Shri R. V. Swaminathan

LEGISLATIVE COUNSEL

1. Shri S. Harihara Iyer—*Joint Secretary and Legislative Counsel.*
2. Shri S. Ramaiah—*Deputy Legislative Counsel.*

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

1. Shri S. R. Mehta—*Chairman, Central Board of Direct Taxes.*
2. Shri S. Narayan—*Member, Central Board of Direct Taxes.*
3. Shri C. C. Ganapathy—*Member, Central Board of Direct Taxes.*
4. Shri R. R. Khosla—Director.
5. Shri S. I. Tripathi—*Deputy Secretary.*
6. Shri O. P. Bhardwaj—*Deputy Secretary.*
7. Shri K. N. Balasubramanian—*O.S.D.*
8. Shri S. C. Grover—*Under Secretary.*

SECRETARIAT

Shri H. L. Malhotra—*Section Officer.*

2. Shri C. Subramaniam, Minister of Finance, who is not a member of the Committee, attended the sitting with the permission of the Chairman under the proviso to Rule 299 of the Rules of Procedure.

3. The Committee held further general discussion on the various aspects of the provisions relating to searches and seizures contained in clause 36 of the Bill.

4. The Committee then decided to sit on the 29th and 30th October, 1974 at 11.00 hours instead of 10.30 hours.

5. The Committee then adjourned.

LIII

Fifty-third Sitting

The Committee sat on Tuesday, the 29th October, 1974 from 11.00 to 13.30 hours.

PRESENT

Shri N. K. P. Salve—*Chairman*

MEMBERS

2. Shri Syed Ahmed Aga
3. Shri Virendra Agarwala
4. Shri Chhatrapati Ambesh
5. Shri Bhagwat Jha Azad
6. Shri S. M. Banerjee
7. Shri Tridib Chaudhuri
8. Shri Sat Pal Kapur
9. Shri P. G. Mavalankar
10. Shri Amrit Nahata
11. Shri Vasant Sathe
12. Shri Era Sezhiyan
13. Shri K. K. Shetty
14. Shri Satyendra Narayan Sinha
15. Shri C. M. Stephen
16. Shri R. V. Swaminathan

LEGISLATIVE COUNSEL

1. Shri S. Harihara Iyer—*Joint Secretary and Legislative Counsel.*
2. Shri S. Ramaiah—*Deputy Legislative Counsel.*

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

1. Shri S. R. Mehta—*Chairman, Central Board of Tax Authorities.*
2. Shri S. Narayan—*Member, Central Board of Tax Authorities.*
3. Shri C. C. Ganapathy—*Member, Central Board of Tax Authorities.*

4. Shri R. R. Khosla—*Director.*

5. Shri S. I. Tripathi—*Deputy Secretary.*

6. Shri O. P. Bhardwaj—*Deputy Secretary.*

7. Shri K. N. Balasubramanian—*O.SLD.*

8. Shri S. C. Grover—*Under Secretary.*

SECRETARIAT

Shri H. L. Malhotra—*Section Officer.*

2. Shri C. Subramaniam, Minister of Finance and Shri Pranab Kumar Mukherjee, Minister of State in the Ministry of Finance, who are not members of the Committee, attended the sitting with the permission of the Chairman under Rule 299 of the Rules of Procedure.

3. The Committee held discussion on the results of sample study in regard to the additions made by the Income-tax Officers to the returned income.

The Committee desired that the Ministry of Finance might furnish, for their consideration, the following information:—

1. All India Income-tax Statistics for 1968-69.

2. Results of survey in respect of doctors, lawyers, chartered accountants, etc. for the purpose of assessment carried out by the Income-tax Department.

3. Results of Study made by the Income-tax Department on the additions made by the Income-tax Officers and reductions allowed in appeals.

4. The Committee held further general discussion on the various aspects of the provisions relating to clubbing of incomes contained in clause 14 of the Bill.

5. The Committee decided to hold general discussion on the question of tax arrears and the tax administration at their sitting to be held at 15.00 hours on Monday, the 18th November, 1974.

6. The Committee further decided to sit on the 30th October, 1974 at 10.00 hours instead of 11.00 hours.

7. The Committee then adjourned.

LIV

Fifty-fourth Sitting

The Committee sat on Wednesday, the 30th October, 1974 from 10.00 to 13.00 hours.

PRESENT

Shri N. K. P. Salve—*Chairman*

MEMBERS

2. Shri Syed Ahmed Aga

3. Shri Virendra Agarwala

4. Shri Chhatrapati Ambesh

5. Shri Bhagwat Jha Azad

6. Shri S. M. Banerjee

7. Shri Tridib Chaudhuri
8. Shri D. P. Jadeja
9. Shri Maharaj Singh
10. Shri Amrit Nahata
11. Shri Bhola Raut
12. Shri Vasant Sathe
13. Shri Era Sezhiyan
14. Shri K. K. Shetty
15. Shri Satyendra Narayan Sinha
16. Shri C. M. Stephen

LEGISLATIVE COUNSEL

Shri S. Harihara Iyer—*Joint Secretary and Legislative Counsel.*

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

1. Shri S. R. Mehta—*Chairman, Central Board of Direct Taxes.*
2. Shri S. Narayan—*Member, Central Board of Direct Taxes.*
3. Shri C. C. Ganapathy—*Member, Central Board of Direct Taxes.*
4. Shri R. R. Khosla—*Director.*
5. Shri S. I. Tripathi—*Deputy Secretary.*
6. Shri O. P. Bhardwaj—*Deputy Secretary.*
7. Shri K. N. Balasubramanian—*O.S.D.*
8. Shri S. C. Grover—*Under Secretary.*

SECRETARIAT

Shri H. L. Malhotra—*Section Officer.*

2. Shri C. Subramaniam, Minister of Finance and Shri Pranab Kumar Mukherjee, Minister of State in the Ministry of Finance, who are not members of the Committee, attended the sitting with the permission of the Chairman under Rule 299 of the Rules of Procedure.

3. The Committee held general discussion on the functioning of Revenue Audit in the Income--tax Department, donations to political parties and on the various aspects of the provisions relating to compulsory maintenance of accounts and compulsory audit of accounts contained in Clauses 12 and 39 of the Bill respectively.

4. The Committee then adjourned.

LV

Fifty-fifth Sitting

The Committee sat on Monday, the 18th November, 1974 from 15:00 to 17.45 hours.

PRESENT

Shri N. K. P. Salve—*Chairman*

MEMBERS

2. Shri Syed Ahmed Aga
3. Shri Virendra Agarwala

4. Shri Bhagwat Jha Azad
5. Shri S. M. Banerjee
6. Shri Maharaj Singh
7. Shri P. G. Mavalankar
8. Shri Vasant Sathe
9. Shri Era Sezhiyan
10. Shri C. M. Stephen
11. Shri R. V. Swaminathan
12. Shri C. Subramaniam

LEGISLATIVE COUNSEL

1. Shri S. Harihara Iyer—*Joint Secretary and Legislative Counsel.*
2. Shri S. Ramaiah—*Deputy Legislative Counsel*

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

1. Shri S. R. Mehta—*Chairman, Central Board of Direct Taxes.*
2. Shri S. Narayan—*Member, Central Board of Direct Taxes.*
3. Shri C. C. Ganapathy—*Member, Central Board of Direct Taxes.*
4. Shri R. S. Chadha—Member, *Central Board of Direct Taxes.*
5. Shri I. P. Gupta—*Joint Secretary.*
6. Shri R. R. Khosla—*Director.*
7. Shri S. I. Tripathi—*Deputy Secretary.*
8. Shri O. P. Bhardwaj—*Deputy Secretary.*
9. Shri P. S. Mehra—*Deputy Secretary.*
10. Shri K. N. Balasubramanian—*O.S.D.*
11. Shri S. C. Grover—*Under Secretary.*

SECRETARIAT

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

2. The Committee were informed that the notices of Government amendments were received on the 18th November, 1974. The Committee, therefore, felt that it would not be possible to take up clause-by-clause consideration of the Bill from the 19th November, 1974 onwards and decided to cancel their sittings fixed from the 19th to 21st November, 1974.

3. After some discussion, the Committee decided the following programme of work:—

(i) Last date of receipt of notices of amendments from Members.	23-11-1974
(ii) Clause-by-clause consideration of the Bill.	25th to 28th November, 1974.

4. The Committee then held general discussion on the various aspects of streamlining the tax administration.

5. The Committee then adjourned.

LVI

Fifty-sixth Sitting

The Committee sat on Monday, the 25th November, 1974 from 15.00 to 15.45 hours.

PRESENT

Shri N. K. P. Salve—*Chairman*

MEMBERS

2. Shri Virendra Agarwala
3. Shri Bhagwat Jha Azad
4. Shri S. R. Damani
5. Shri P. G. Mavalankar
6. Shri H. M. Patel
7. Shri S. B. P. Pattabhi Rama Rao
8. Shri Vasant Sathe
9. Shri Era Sezhiyan
10. Shri Satyendra Narayan Sinha

LEGISLATIVE COUNSEL

1. Shri S. Harihara Iyer—*Joint Secretary and Legislative Counsel.*
2. Shri S. Ramaiah—*Deputy Legislative Counsel.*

REPRESENTATIVES OF THE MINISTRY OF FINANCE

(DEPARTMENT OF REVENUE AND INSURANCE)

1. Shri S. R. Mehta—*Chairman, Central Board of Direct Taxes.*
2. Shri S. Narayan—*Member, Central Board of Direct Taxes.*
3. Shri C. C. Ganapathy—*Member, Central Board of Direct Taxes.*
4. Shri R. R. Khosla—*Director.*
5. Shri S. I. Tripathi—*Deputy Secretary.*
6. Shri O. P. Bhardwaj—*Deputy Secretary.*
7. Shri K. N. Balasubramanian—*O.S.D.*
8 Shri S. C. Grover—*Under Secretary.*

SECRETARIAT

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

2. After some discussion, the Committee decided to postpone clause-by-clause consideration of the Bill till Tuesday, the 26th November, 1974.

3. The Committee then adjourned.

LVII

Fifty-seventh Sitting

The Committee sat on Tuesday, the 26th November, 1974 from 15.00 to 15.30 hours.

PRESENT

Shri N. K. P. Salve—*Chairman*

MEMBERS

2. Shri Virendra Agarwala
3. Shri Dharnidhar Basumatari
4. Shri Tridib Chaudhuri
5. Shri D. P. Jadeja
6. Shri H. M. Patel
7. Shri S. B. P. Pattabhi Rama Rao
8. Shri Satyendra Narayan Sinha
9. Shri V. Tulsiram
10. Shri C. Subramaniam

LEGISLATIVE COUNSEL

1. Shri S. Harihara Iyer—*Joint Secretary and Legislative Counsel.*
2. Shri S. Ramaiah—*Deputy Legislative Counsel.*

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

1. Shri S. R. Mehta—*Chairman, Central Board of Direct Taxes.*
2. Shri S. Narayan —*Member, Central Board of Direct Taxes.*
3. Shri C. C. Ganapathy—*Member, Central Board of Direct Taxes.*
4. Shri R. R. Khosla—*Director.*
5. Shri S. I. Tripathi—*Deputy Secretary.*
6. Shri O. P. Bhardwaj—*Deputy Secretary.*
7. Shri K. N. Balasubramanian—*O.S.D.*
8. Shri S. C. Grover—*Under Secretary.*

SECRETARIAT

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

2. The Committee felt that in view their preoccupation with the business of the House, it would not be possible for them to take up clause-by-clause consideration of the Bill during the current session and decided to sit for the purpose in January, 1975.

3. In view of the above, the Committee also felt that it would not be possible for them to present their report by the stipulated date *i.e.* the last day of the current session and decided to seek another extension of time for presentation of their report up to the last day of the first week of the next Budget Session (1975).

4. The Committee authorised the Chairman and, in his absence, Shri H. M. Patel, to move the motion in this behalf in the House.

5. The Committee also decided that the sittings fixed for the 27th and 28th November, 1974 might be cancelled.

6. At the end, the Chairman announced that a sitting of the Committee would be held on a day during the current session to consider their future programme of work.

7. The Committee then adjourned.

LVIII

Fifty-eighth Sitting

The Committee sat on Wednesday, the 11th December, 1974 from 10.15 to 10.45 hours.

PRESENT

Shri N. K. P. Salve—*Chairman*

MEMBERS

2. Shri Virendra Agarwala
3. Shri Dharindhar Basumatari
4. Shri Tridib Chaudhuri
5. Shri S. R. Damani
6. Shri P. G. Mavalankar
7. Shri Era Sezhiyan
8. Shri C. M. Stephen
9. Shri R. V. Swaminathan
10. Shri C. Subramaniam

LEGISLATIVE COUNSEL

1. Shri S. Harihara Iyer—*Joint Secretary and Legislative Counsel.*
2. Shri S. Ramaiah—*Deputy Legislative Counsel.*

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

1. Shri S. R. Mehta—*Chairman, Central Board of Direct Taxes.*
2. Shri C. C. Ganapathy—*Member, Central Board of Direct Taxes.*
3. Shri S. I. Tripathi—*Deputy Secretary.*
4. Shri S. C. Grover—*Under Secretary.*

SECRETARIAT

Shri H. G. Paranjpe—*Chief Financial Committee Officer.*

2. The Committee considered their future programme of work and decided to take up clause-by-clause consideration of the Bill at their sittings to be held daily from Wednesday, the 29th January to Saturday the 1st February, 1975.

3. The Committee then adjourned.

LIX

Fifty-ninth Sitting

The Committee sat on Wednesday, the 29th January, 1975 from 15.00 to 16.25 hours.

PRESENT

Shri N. K. P. Salve—*Chairman*

MEMBERS

2. Shri Syed Ahmed Aga
3. Shri Virendra Agarwala
4. Shri Chhatrapati Ambesh
5. Shri Bhagwat Jha Azad
6. Shri S. M. Banerjee
7. Shri Tridib Chaudhuri
8. Shri S. R. Damani
9. Shri Mani Ram Godara
10. Shri D. P. Jadeja
11. Shri Sat Pal Kapur
12. Shri Maharaj Singh
13. Shri Amrit Nahata
14. Shri H. M. Patel
15. Shri S. B. P. Pattabhi Rama Rao
16. Shri R. Balakrishna Pillai
17. Shri Vasant Sathe
18. Shri Era Sezhiyan
19. Shri K. K. Shetty
20. Shri Satyendra Narayan Sinha
21. Shri R. V. Swaminathan
22. Shri V. Tulsiram
23. Shri C. Subramaniam

LEGISLATIVE COUNSEL

1. Shri S. Harihara Iyer—*Joint Secretary and Legislative Counsel.*
2. Shri S. Ramaiah—*Addl. Legislative Counsel.*

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

1. Shri S. R. Mehta—*Chairman, Central Board of Direct Taxes.*
2. Shri S. Narayana—*Member, Central Board of Direct Taxes.*
3. Shri C. C. Ganapathy—*Member, Central Board of Direct Taxes.*
4. Shri I. P. Gupta—*Joint Secretary.*
5. Shri S. I. Tripathi—*Deputy Secretary.*
6. Shri K. N. Balasubramanian—*Officer-on-Special Duty.*
7. Shri S. C. Grover—*Under Secretary.*

SECRETARIAT

Shri H. G. Paranjpe—*Chief Financial Committee Officer.*

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

3. Clauses 2, 28, 29, 61, 63, 84, 85, 91; 92; 94; 95; 114, 115, 120, 121, 123, 124, 138, 139 and 142 to 145. The Committee decided that the existing designations of various tax authorities should continue and desired that the necessary amendments in the Bill might be made wherever necessary.

These clauses, have, therefore, been omitted.

4. *Clause* 3.—I. (i) The Committee decided that the present definition of "Income-tax Officer" should continue and desired that the necessary amendments wherever necessary might be made in the Bill.

(ii) The following further amendments were accepted:—

(i) Page 2, *after* line 10, *insert*—

"(ia) after clause (15), the following clause shall be inserted, namely:—

'(15A) "child", in relation to an individual, includes a step-child and an adopted child of that individual;' "

(ii) Page 2, *omit* lines 24 to 27.

II. The notice of amendment which was considered and not accepted by the Committee is given in the Annexure.

The clause, as amended, was adopted.

5. *Clause* 4.—I. The following amendments were accepted:—

(i) Page 2, line 31, *after* "Income-tax Act" *insert* "-(i)"

(ii) Page 2, *after* line 39, *insert*—

'(ii) after clause (23B), the following clause shall be inserted, namely:—

"(23C) any income received by any person on behalf of—

(i) the Prime Minister's National Relief Fund; or

(ii) the Prime Minister's Fund (Promotion of Folk Art); or

(iii) the Prime Minister's Aid to Students Fund; or

(iv) any other fund or institution established for charitable purposes which may be notified by the Central Government in the Official Gazette, having regard to the objects of the fund or institution and its importance throughout India or throughout any State or States:

Provided that any notification issued by the Central Government under this sub-clause shall have effect for such assessment year or years (including an assessment year or years commencing before the date on which such notification is issued) as may be specified in the notification;" '.

II. The notice of amendment which was considered and not accepted by the Committee is given in the Annexure.

The clause, as amended, was adopted.

6. *Clause* 5.—I. The following amendments were accepted:—

(i) Page 3, line 5, *for* "accumulated or", *substitute* "finally"

(ii) Page 3, line 7 *omit* "accumulated or"

(iii) Page 3, *after* line 51, *insert*—

'(ia) after sub-section (1A), the following sub-section shall be inserted, namely:—

"(B) Where any income in respect of which an option is exercised under clause (2) of the Explanation to sub-section (1) is not applied to charitable or religious purposes in India during the period referred to in sub-clause (a) or, as the case may be, sub-clause (b), of the said clause, then, such income shall be deemed to be the income of the person in receipt thereof—

(a) in the case referred to in sub-clause (1) of the said clause, of the previous year immediately following the previous year in which the income was received, or

(b) in the case referred to in sub-clause (ii) of the said clause, of the previous year immediately following the previous year in which the income was derived.".'

II. The notices of amendments which were considered and not accepted by the Committee are given in the Annexure.

Further consideration of the clause was held over.

7. The Committee decided that they might also sit at 17.00 hours on Thursday, the 30th January, 1975 for clause-by-clause consideration of the Bill.

8. The Committee then adjourned.

ANNEXURE

LIST OF NOTICES OF AMENDMENTS CONSIDERED AND NOT ACCEPTED AT THE SITTING OF THE SELECT COMMITTEE HELD ON THE 29TH JANUARY, 1975

S. No.	Name of Member and text of amendment
1	2
	Clause 3
	SHRI H. M. PATEL:
	1. Page 2, *for* lines 26 and 27, *substitute*
	'(29A) "child" includes a step-child or an adopted child.'
	Clause 4
	SHRI VASANT SATHE:
	2. Page 2, line 31,
	after "Act" *insert*—
	"(i) clause (1) shall be omitted."
	Clause 5
	SHRI ERA SEZHIYAN:
	3. Page 2, *omit* "and' in line 46 and lines 47 to 50.
	4. Page 3, *omit* 'and' in line 4 and lines 5 to 51.

LX

Sixtieth Sitting

The Committee sat on Thursday, the 30th January, 1975 from 09.30 to 13.30 hours and again from 17.00 to 18.30 hours.

PRESENT

Shri N. K. P. Salve—*Chairman*

MEMBERS

2. Shri Syed Ahmed Aga
3. Shri Virendra Agarwala
4. Shri Chhatrapati Ambesh
5. Shri Bhagwat Jha Azad
6. Shri S. M. Banerjee
7. Shri Tridib Chaudhuri
8. Shri S. R. Damani
9. Shrimati Sheila Kaul
10. Shri Maharaj Singh
11. Shri Amrit Nahata
12. Shri S. B. P. Pattabhi Rama Rao
13. Shri R. Balakrishna Pillai
14. Shri Vasant Sathe
15. Shri Era Sezhiyan
16. Shri K. K. Shetty
17. Shri Satyendra Narayan Sinha
18. Shri R. V. Swaminathan
19. Shri V. Tulsiram
20. Shri C. Subramaniam

LEGISLATIVE COUNSEL

1. Shri S. Harihara Iyer—*Joint Secretary and Legislative Counsel.*
2. Shri S. Ramaiah—*Additional Legislative Counsel.*

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

1. Shri S. R. Mehta—*Chairman, Central Board of Direct Taxes.*
2. Shri S. Narayan—*Member, Central Board of Direct Taxes.*
3. Shri C. C. Ganapathy—*Member, Central Board of Direct Taxes.*
4. Shri I. P. Gupta—*Joint Secretary.*
5. Shri S. I. Tripathi—*Deputy Secretary.*
6. Shri K. N. Balasubramanian—*Officer-on-Special Duty.*
7. Shri S. C. Grover—*Under Secretary.*

SECRETARIAT

Shri H. G. Paranjpe—*Chief Financial Committee Officer.*

2. The Committee resumed further clause-by-clause consideration of the Bill.

3. *Clause* 5.—(*Vide* para 6 of the Minutes dated the 29th January, 1975).—The Committee resumed discussion on this clause.

I. The following amendments were accepted:—

(i) Page 4, *for* lines 10 and 11, *substitute*—

"during the previous year but is accumulated or set apart, either in whole or in part, for application to such purposes in India, such income so accumulated or set apart shall not be".

(ii) Page 4, *for* lines 34 and 35, *substitute*—

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

"(3A) Notwithstanding anything contained in sub-section (3), where due to circumstances beyond the control of the person in receipt of the income, any income invested or deposited in accordance with the provisions of clause (b) of sub-section (2) cannot be applied for the purpose for which it was accumulated or set apart, the Income-tax Officer may, on an application made to him in this behalf, allow such person to apply such income for such other charitable or religious purpose in India as is specified in the application by such person and is in confirmity with the objects of the trust; and thereupon the provisions of sub-section (3) shall apply as if the purpose specified by such person in the application under this sub-section were a purpose specified in the notice given to the Income-tax Officer under clause (a) of sub-section (2)."'

II The notice of amendment which was considered and not accepted by the Committee is given in the Annexure.

The clause, as amended, was adopted.

4. *Clause* 6.—I. The following amendments were accepted:—

(i) Page 4, *omit* lines 28 and 29.

(*ii*) Page 4, *for* lines 15 to 25, *substitute*—

"carries on any business, any income derived from such business unless the business is carried on in the course".

(iii) Pages 4-5, *for* lines 38 to 48, and lines 1 to 11, respectively, *substitute*—

'(c) after clause (c) and the provisos thereto, the following clause shall be inserted, namely:—

"(d) subject to the provisions of clause (bb), in the case of a trust for charitable or religious purposes or a charitable or religious institution, any income thereof assessable for any assessment year commencing on or after the Ist day of April, 1979, if any funds of the trust or institution are invested or continue to remain invested for any period during any previous year commencing on or after the 1st day of April, 1978, otherwise than in any of the forms or modes specified in sub-section (5)."'

11. The notices of amendments which were considered and not accepted by the Committee are given in the Annexure.

Further consideration of the clause was held over.

5. *New Clause* 6*A*.—Consideration of the notice of amendment for Further consideration of the clause was held over.

6. *Clause* 7.—The Committee were informed that consequent upon the amendment made by Section 4 of the Finance Act, 1974, the provisions of this clause have become redundant.

The clause was not, therefore, adopted.

7. *Clause* 8.—Further consideration of the clause was held over.

8. *Clause* 9.—The clause was adopted without any amendment.

9. *Clause* 10.—The following amendment was accepted:—

Page 6, line 30,

for "purchase", *substitute* "acquisition".

The clause, as amended, was adopted.

10. *Clause* 11.—The clause was adopted without any amendment.

11. The Committee rose at 13.30 hours and re-assembled at 17.00 hours.

12. *New Clause* 11*A*.—The following new clause was adopted:

Page 6, *after* line 35, *insert*—

'11A. In sub-section (1) of section 37 of the Income-tax Act, after the words and figures "section 30 to 36" the words, "figures and letters and section 80VV" shall be inserted.'. Amendment of Section 37.

13. *Clause* 12.—I. The following amendments were accepted:—

(i) Pages 6-7,

for lines 39 to 47 and lines 1 to 8 respectively, *substitute*—

"44B. (1) Every person, carrying on legal, medical, engineering or architectural profession or the profession of accountancy or technical consultancy or interior decoration or any other profession as is notified by the Board in the Official Gazette shall keep and maintain such books of account and other documents as may enable the Income-tax officer to compute his total income in accordance with the provisions of this Act. Maintenance of Accounts by certain persons carrying on profession or business.

(1A) Every person carrying on business or profession [not being a profession referred to in sub-section (1)] shall,—

(i) if his income from business or profession exceeds twenty-five thousand rupees or his total sales, turnover or gross receipts, as the case may be, in business or profession exceed or exceeds two hundred and fifty thousand rupees in any one of the three years immediately preceding the previous year; or

(ii) Where the business or profession is newly set up in any previous year, if his income from business or profession

is likely to exceed twenty-five thousand rupees or his total sales, turnover or gross receipts, as the case may be, in business or profession are or is likely to exceed two hundred and fifty thousand rupees, during such previous year,

keep and maintain such books of account and other documents as may enable the Income-tax Officer to compute his total income in accordance with the provisions of this Act.".

(ii) Page 7, line 13,

after "(1)", *insert* "or sub-section (1A)".

(iii) Page 7, line 19, *after* "(1)" *insert* "or sub-section (1A)".

II. The notice of amendment which was considered and not accepted by the Committee is given in the Annexure.

The clause, as amendment, was adopted.

14. *Clause* 13.—The clause was adopted without any amendment.

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

(i) Page 7, *after* line 40, *insert*—

"Provided that nothing in this clause shall apply in relation to any income arising to the spouse where the spouse possesses technical or professional qualifications and the income is solely attributable to the application of his or her technical or professional knowledge and experience.".

(ii) Page 7, *for* lines 43, *substitute*—

"(iv) subject to the provisions of clause (i) of section 27, in a case not falling under clause (i) of this sub-section,".

(iii) Page 8, *for* line 5, *substitute*—

"(v) subject to the provisions of clause (i) of section 27, in a case not falling under clause (iii) of this sub-section,".

(iv) page 8, line 11, *after* "indirectly" *insert*

"on or after the 1st day of June, 1973".

(v) Page 8, line 49, *for* "utilised", *substitute* 'invested".

(vi) Page 9, *for lines* 5 and 6, *substitute*—..

"aforesaid as on the first day of the previous year bears to the total investment in the business by the spouse or the minor child as on the said day, shall be included in the total income".

(vii) Page 9, *omit* lines 8 to 13.

(viii) Page 9, line 22, *omit* "also".

(ix) Page 9, *after* line 27, *insert*—

"(iia) in the proviso, for the words "minor son", the words "minor child" shall be substituted."

II. The notice of amendment which was considered and not accepted by the Committee is given in the Annexure.

The clause, as amended, was adopted.

16. At the end, the Committee decided that they might also sit at 15.15 hours on Friday, the 31st January, 1975 to take up further clause-by-clause consideration of the Bill.

17. The Committee then adjourned.

ANNEXURE

LIST OF NOTICES OF AMENDMENTS CONSIDERED AND NOT ACCEPTED AT THE SITTING OF THE SELECT COMMITTEE HELD ON THE 30TH JANUARY, 1975.

S. No.	Name of Member and text of amendment

CLAUSE 5

SHRI ERA SEZHIYAN:

1. Page 4, *omit* lines 1 to 25.

CLAUSE 6

SHRI H. M. PAEL:

2. Page 4, *for* lines 32 to 37, *substitute*—

"(bb) in the case of a charitable trust or institution for the relief of the poor, education or medical relief, any income from a regular business unconnected with any of the purposes of the trust."

SHRI S. R. DAMANI:

3. In amendment No. 19, proposed by Shri C. Subramaniam, after clause (d) *add*—

"Provided that the Charity Commissioner shall have the power to extend the time beyond April, 1978 in certain cases where a written representation is made to him giving reasons to his satisfaction for seeking the extension."

SHRI H. M. PATEL:

4. Page 4, line 43, *after* "voluntary contribution" *insert* "exceeding rupees one thousand"

SHRI ERA SEZHIYAN:

5. Page 5, lines 3 and 4,

for "which is not owned or controlled by the Government."

substitute "which is not a Government company as defined in Section 651 of the Companies Act, 1956, or a statutory corporation or a Banking Company to which the Banking Regulation Act, 1949 applies (including any bank or banking ins-

1	2

titution referred to in Section 51 of that Act) or a co-operative society or a financial institution under an Act passed by a State Legislature or Parliament."

SHRI S. R. DAMANI

6. Page 5, line 17, *for* "five" *substitute* "twenty-five"

SHRI ERA SEZHIYAN:

7. Page 5, *for* line 17, *substitute*—

"five per cent of the corpus of the trust as on the 1st April, 1973 or on the day of constitution of the trust in case the trust is formed after 1st April, 1973."

CLAUSE 12

SHRI ERA SEZHIYAN:

8. Page 6, *for* lines 41 to 43, *substitute* "as prescribed".

CLAUSE 14

9. Page 8, line 23, *after* "wife",

insert "or where the husband has more than one wife, that wife".

LXI

Sixty-first Sitting

The Committee sat on Friday, the 31st January, 1975 from 09.30 to 13.30 hours and again from 15.15 to 17.20 hours.

PRESENT

Shri N. K. P. Salve—*Chairman.*

MEMBERS

2. Shri Syed Ahmed Aga
3. Shri Virendra Agarwala
4. Shri Chhatrapati Ambesh
5. Shri Bhagwat Jha Azad
6. Shri S. M. Banerjee
7. Shri Dharnidhar Basumatari
8. Shri Tridib Chaudhuri
9. Shri D. P. Jadeja
10. Shri Sat Pal Kapur
11. Shri Maharaj Singh
12. Shri Amrit Nahata
13. Shri S. B. P. Pattabhi Rama Rao
14 Shri Chintamani Panigrahi

15. Shri R. Balakrishna Pillai
16. Shri Vasant Sathe
17. Shri Era Sezhiyan
18. Shri K. K. Shetty
19. Shri Satyendra Narayan Sinha
20. Shri C. M. Stephen
21. Shri R. V. Swaminathan
22. Shri C. Subramaniam.

LEGISLATIVE COUNSEL

1. Shri S. Harihara Iyer—*Joint Secretary and Legislative Counsel.*
2. Shri S. Ramaiah—*Additional Legislative Counsel.*

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

1. Shri S. R. Mehta—*Chairman, Central Board of Direct Taxes.*
2. Shri S. Narayan—*Member, Central Board of Direct Taxes.*
3. Shri C. C. Ganapathy—*Member, Central Board of Direct Taxes.*
4. Shri I. P. Gupta—*Joint Secretary.*
5. Shri S. I. Tripathi—*Deputy Secretary.*
6. Shri K. N. Balasubramanian—*Officer-on-special Duty.*
7. Shri S. C. Grover—*Under Secretary.*

SECRETARIAT

Shri H. G. Paranjpe—*Chief Financial Committee Officer.*

2. The Committee resumed further clause-by-clause consideration of the Bill.

3. *Clause* 15.—The clause was adopted without any amendment.

The Committee were assured that the working of proposed section 69D relating to amount borrowed or repaid on hundies, which is a new one, would be watched for sometime and, if necessary, suitable amendments would be proposed.

4. *Clauses* 16 *and* 17.—These clauses were adopted without any amendment.

5. *Clause* 18.—The following amendments were accepted:—

(i) Page 10, line 30, *after* "Income-tax Act", *insert* "(i)".

(ii) Page 10, *after* line 35, *insert*—

'(ii) in clause (i) of sub-section (5), after the words, brackets and figures "or clause (23)" the words, brackets, figures and letter "or clause 23(C)" shall be inserted.'

The clause, as amended was adopted.

6. *Clause* 19.—Consideration of this clause was held over.

7. *Clause* 20.—The clause was adopted without any amendment.

8. New Clause 20A.—The following new clause was adopted:—

Page 11, *after* line 14, *insert*—

"20A. In section 80HH of the Income-tax Act, sub-section (8) shall be omitted." Amendment of Section 80 HH.

9. Clause 21.—The following amendment was accepted:—

Page 11, *for* lines 16 to 22, *substitute*—

'(i) in sub-section 1), for the brackets, words, figures and letters "(reduced by the aggregate of the deductions, if any, admissible to the assessee under section 80H and section 80HH)", the brackets, words, figures and letters "(reduced by the deduction, if any, admissible to the assessee under section 80HH" shall be substituted;

(ii) in sub section (3), the word, figures and letter "section 80H,", shall be omitted.'

The clause, as amended, was adopted.

10. *Clause* 22.—The clause was adopted without any amendment.

11. *Clause* 23.—The following amendment was accepted:—

Page 11, *for* lines 33 to 35, *substitute*—

'(ii) for the words, figures and letters "deductions under section 80H, Section 80HH and section 80J", the words, figures and letters "deductions under section 80HH and section 80J" shall be substituted,'.

The clause, as amended, was adopted.

12. *Clause* 24.—The following amendment was accepted:—

Page 11, *for* line 39, *substitute*—

'(ii) the word, figures and letter "section 80H," shall be omitted.'

The clause, as amended, was adopted.

13. *Clause* 25.—The following amendment was accepted:—

Page 12, line 10, *for* "two" *substitute* "five"

The clause, as amended, was adopted.

14. *Clause* 26.—The clause was adopted without any amendment.

15. *Clause* 27.—The following amendments were accepted:—

(i) Page 12, *for* lines 43 and 44, *substitute*—

"(a) in relation to the said part of its gross total income.... 45%;".

(ii) Page 12, *after* line 44, *insert*—

'(iii) for the Explanation below sub-clause (3), the following Explanation shall be substituted, namely:—

"Explanation.—The provisions of this Chapter shall apply as if the aforesaid two parts of the gross total income of the company were respectively the gross total income of the

2 of 1974

company in relation to each such part and as if the amount of dividends actually distributed and the distributable income were also similarly apportioned for the purposes of section 104 and this section;" '.

The clause, as amended, was adopted.

16. *Clauses* 30 and 31.—These clauses were adopted without any amendment.

17. *Clause* 32.—The following amendments were accepted subject to drafting changes in nomenclature:—

(i) Page 13, lines 35-36, *for* "Deputy Commissioner", *substitute* "Assistant Commissioner" and wherever they occur in the clause.

(ii) Page 14, *for* lines 13 and 14, *substitute*—

"to the Income-tax Officer and the Deputy Commissioner (Appeals) shall be construed as references to the Deputy Commissioner (Assessment) and the Commissioner respectively and, accordingly—."

The clause, as amended, was adopted.

18. *Clause* 33.—The following amendment was accepted subject to drafting changes in nomenclature:—

Page 14, *for* lines 35 to 37, *substitute*—

"(Assessment)] also subordinate to him and the Board may similarly transfer any case from—

(i) any Income-tax Officer or Income-tax Officers, or

(ii) any Income-tax Officer or Income-tax Officers having concurrent jurisdiction with the Deputy Commissioner (Assessment),

to any other Income-tax Officer or Income-tax Officers [whether with or without concurrent jurisdiction with the Deputy Commissioner (Assessment)];"

The clause, as amended, was adopted.

19. *Clauses* 34 *and* 35.—These clauses were adopted without any amendment.

20. *Clause* 36.—The following amendments were accepted:—

(i) Page 18, lines 2 and 3, *omit* "or requisitioned under section 132A".

(ii) Page 18, line 13, *omit* "estimating the undisclosed income".

(ii) Page 18, *for* lines 46 to 48, *substitute*—

'(k) for sub-section (13), the following sub-section shall be substituted, namely:—

2 of 1974 "(13) The provisions of the Code of Criminal Procedure, 1973, relating to searches and seizure shall apply, so far as may be, to searches and seizure under sub-section (1) or sub-section (1A).";'

The clause, as amended, was adopted.

21. *Clauses* 37 *and* 38.—These clauses were adopted without any amendment.

22. *Clause* 39.—The following amendment was accepted:—

Pages 21-22,

omit lines 46—50 and 1—15 respectively.

The clause, as amended, was adopted.

23. *Clause* 40.—The following amendments were accepted:—

(i) Page 22, line 43, *for* "or the income", *substitute* "or the total income",

(ii) Page 23, line 6, for "whose total sales, turnover or receipts are or is likely to exceed", *substitute* "whose total sales, turnover or gross receipts are or is likely to exceed".

(iii) Page 23, line 15, *for* "1973", *substitute* "1974".

(iv) Page 23, *after* line 23, *insert*—

"(aa) quote such number in all challans for the payment of any sum due under this Act;".

The clause, as amended, was adopted.

24. *Clause* 41.—The following amendments were accepted:—

(i) Page 24, *for* lines 9 and 10, *substitute*—

"director, by any director thereof;".

(ii) Page 24, *for* lines 14 and 15, *substitute*—

"as such, by any partner thereof, not being a minor;".

The clause, as amended, was adopted.

25. *Clause* 42.—The following amendment was accepted:—

Page 24, *for* lines 21 to 26, *substitute*—

"(1) Where any tax is payable on the basis of any return required to be furnished under section 139 or section 148, after taking into account the amount of tax, if any, already paid under any provision of this Act, the assessee shall be liable to pay such tax before furnishing the return and the return shall be accompanied by proof of payment of such tax."

The clause, as amended, was adopted.

26. *Clause* 43.—The clause was adopted without any amendment.

27. *Clause* 44.—The following amendment was accepted:—

Page 25, *for* lines 6 to 10, *substitute*—

'44. In section 142 of the Income-tax Act,—

(i) in sub-section (1), for the words, brackets and figures "or upon whom a notice has been served under sub-section (2) of section 139", the words, brackets and figures "or to whom a notice has been issued under sub-section (2) of section 139" shall be substituted; Amendment of Section 142.

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

"(2A) If, at any stage of the proceedings before him, the Income-tax Officer, having regard to the nature and complexity of the accounts of the assessee and the interests of the revenue, is of the opinion that it is necessary so to do, he may, with the previous approval of the Commissioner, direct the assessee to get the accounts audited by an accountant, as defined in the Explanation below sub-section (2) of section 288, nominated by the Commissioner in this behalf and to furnish a report of such audit in the prescribed form duly signed and verified by such accountant and setting forth such particulars as may be prescribed and such other particulars as the Income-tax Officer may require.

(2B) The provisions of sub-section (2A) shall have effect notwithstanding that the accounts of the assessee have been audited under any other law for the time being in force or otherwise.

(2C) Every report under sub-section (2A) shall be furnished by the assessee to the Income-tax officer within such period as may be specified by the Income-tax Officer:

Provided that the Income-tax Officer may, on an application made in this behalf by the assessee and for any good and sufficient reason, extend the said period by such further period or periods as he thinks fit; so, however, that the aggregate of the period originally fixed and the period or periods so extended shall not, in any case, exceed one hundred and eighty days from the date on which the direction under sub-section (2A) is received by the assessee.

(2D) The expenses of, and incidental to, any audit under sub-section (2A) (including the remuneration of the accountant) shall be determined by the Commissioner (which determination shall be final) and paid by the assessee and in default of such payment, shall be recoverable from the assessee in the manner provided in Chapter XVII-D for the recovery of arrears of tax.";

(iii) in sub-section (3), after the words, brackets, and figures "under sub-section (2)", the words, brackets, figure and letter "or any audit under sub-section (2A)" shall be inserted.

The clause, as amended, was adopted.

28. *New clause* 44A.—The following new clause was adopted:—

Page 25, *after* line 10, *insert*—

'44A. In section 144 of the Income-tax Act, in clause (b), after the words, brackets and figures "sub-section (1) of section 142", the words, brackets, figures and letter "or fail to com- Amendment of Section 1440.

ply with a direction issued under sub-section (2A) of that section" shall be inserted.'

29. *Clause* 45.—The following amendment was accepted subject to drafting changes in nomenclature:—

Pages 25-26, *for* lines 33 to 49 and lines 1 to 22, respectively, *substitute*—

"144B. (1) Notwithstanding anything contained in this Act, where, in an assessment to be made under sub-section (3) of section 143, the Income-tax Officer proposes to make any variation in the income or loss returned which is prejudicial to the assessee and the amount of such variation exceeds the amount fixed by the Board under sub-section (6), the Income-tax Officer shall, in the first instance forward a draft of the proposed order of assessment (hereafter in this section referred to as the draft order) to the assessee. Reference to Deputy Commissioner (Assessment) in certain cases.

(2) On receipt of the draft order, the assessee may forward his objections, if any, to such variation to the Income-tax Officer within seven days of the receipt by him of the draft order or within such further period not exceeding fifteen days as the Income-tax Officer may allow on an application made to him in this behalf.

(3) If no objections are received within the period or the extended period aforesaid, or the assessee intimates to the Income-tax Officer the acceptance of the variation, the Income-tax Officer shall complete the assessment on the basis of the draft order.

(4) If any objections are received, the Income-tax Officer shall forward the draft order together with the objections to the Deputy Commissioner (Assessment) and the Deputy Commissioner (Assessment) shall, after considering the draft order and the objections and after going through (wherever necessary) the records relating to the draft order, issue, in respect of the matters covered by the objections, such directions as he thinks fit for the guidance of the Income-tax Officer to enable him to complete the assessment:

Provided that no directions which are prejudicial to the assessee shall be issued under this sub-section before an opportunity is given to the assessee to be heard.

(5) Every direction issued by the Deputy Commissioner (Assessment) under sub-section (4) shall be binding on the Income-tax Officer.

(6) For the purposes of sub-section (1), the Board may, having regard to the proper and efficient management of the work of assessment, by order, fix, from time to time, such amount as it deems fit:

Provided that different amounts may be fixed for different areas:

Provided further that the amount fixed under this sub-section shall in no case, be less than twenty-five thousand rupees.

(7) Nothing in this section shall apply to a case where a Deputy Commissioner (Assessment) exercises the powers or performs the functions of an Income-tax Officer in pursuance of an order made under section 125 or section 125A."

The clause, as amended, was adopted.

30. *Clause 46.*—The following amendments were accepted:—

(i) Page 26, line 27 *for* "thirty", *substitute* "ninety"

(ii) Page 26, line 29, *for* "thirty" *substitute* "ninety"

The clause, as amended, was adopted.

31. *Clause 47.*—The following amendment was accepted:—

Pages 26-27, *for* lines 34 to 44 and lines 1 to 3, respectively *substitute*—

"Explanation 1.—In computing the period of limitation for the purposes of this section—

(i) the time taken in reopening the whole or any part of the proceeding or in giving an opportunity to the assessee to be reheard under the proviso to section 129, or

(ii) the period during which the assessment proceeding is stayed by an order or injunction of any court, or

(iii) the period commencing from the date on which the Income-tax Officer directs the assessee to get his accounts audited under sub-section (2A) of section 142 and ending with the date on which the assessee furnishes a report of such audit under that sub-section, or

(iv) The period (not exceeding one hundred and eighty days) commencing from the date on which the Income-tax Officer forwards the draft order under sub-section (1) of section 144B to the assessee and ending with the date on which the Income-tax Officer receives the directions from the Deputy Commissoiner (Assessment) under sub-section (4) of that section, or, in a case where no objections to the draft order are received from the assessee, a period of thirty days, or

(v) in a case where an application made before the Income-tax Settlement Committee under section 245C is rejected by it or is not allowed to be proceeded with by it, the period commencing from the date on which such application is made and ending with the date on which the order under sub-section (1) of section 245D is received by the Commissioner under sub-section (2) of that section, shall be excluded.

The clause, as amended, was adopted.

32. *Clauses 48 and 49.*—These clauses were adopted without any amendment.

33. *Clause 50.*—Consideration of this clause was held over.

34. *Clause 51.*—The Committee were informed that even under the existing law, more or less the same position, as is envisaged in this

clause, is secured in respect of renumeration received by the film artistes in the form of annuity. The proposed provisions were, therefore, not necessary.

The clause was, therefore, not adopted.

35. *Clause 52.*—The following amendment was accepted:—

Page 28, line 40, *after* "benamidar", *insert*—

"and such knowledge or belief had not been communicated by such other partner to the Income-tax Officer in the prescribed manner."

The clause, as amended, was adopted.

36. *Clauses 53 and 54.*—These clauses were adojted without any amendment.

37. *Clause 55.*—The following amendment was accepted:—

Page 29, line 11, *after* "transferred" *insert*—
"directly or indirectly on or after the Ist day of June, 1973".

The Clause, as amended, was adopted.

38. *Clause 56.*—The clause was adopted without any amendment.

39. *Clause 57.*—The following amendment was accepted:

Pages 29-30, *for* lines 43 to 50 and lines 1 to 5 respectively *substitute*—

"having been paid by him after the 31st day of March, 1975, in pursuance of any order of assessment or penalty and such amount or any part thereof having been found in appeal or other proceeding under this Act to be in excess of the amount which such assessee is liable to pay as tax or penalty, as the case may be, under this Act, the Central Government shall pay to such assessee simple interest at the rate specified in sub-section (1) on the amount so found to be in excess from the date such amount was paid to the date on which the refund is granted:

Provided that where the amount so found to be in excess was paid in instalments, such interest shall be payable on the amount of each such instalment or any part of such instalment, which was in excess, from the date on which such instalment was paid to the date on which the refund is granted."

The clause, as amended, was adopted.

40. *Clause 58.*—The following amendments were accepted subject to drafting changes:—

(i) Pages 30-31, *for* lines 43 to 51 and lines 1 to 41 respectively *substitute*— Procedure on receipt of an application under Section 245C.

245D. (1) On receipt of an application under section 245C, the Settlement Committee shall call for a report from the Commissioner and on the basis of the materials contained in

such report and having regard to the nature and circumstances of the case or the complexity of the investigation involved therein, the Settlement Committee may, by order, allow the application to be proceeded with or reject the application:

Provided that an application shall not be rejected under this sub-section unless an opportunity has been given to the applicant of being heard:

Provided further that an application shall not be proceeded with under this sub-section if the Commissioner objects to the application being proceeded with on the ground that concealment of particulars of income on the part of the applicant or perpetration of fraud by him for evading any tax or other sum chargeable or imposable under the Indian Income-tax Act, 1922, or under this Act, has been established or is likely to be established by any Income-tax authority, in relation to the case. 11 of 22.

(2) A copy of every order under sub-section (1) shall be sent to the applicant and to the Commissioner.

(3) Where an application is allowed to be proceeded with under sub-section (1), the Settlement Committee may call for the relevant records from the Commissioner and after examination of such records, if the Settlement Committee is of the opinion that any further enquiry or investigation in the matter is necessary, it may direct the Commissioner to make or cause to be made such further enquiry or investigation and furnish a report on the matters covered by the application and any other matter relating to the case.

(4) After examination of the records and the report of the Commissioner, received under sub-section (1) and the report, if any, of the Commissioner received under sub-section (3), and after giving an opportunity to the applicant and to the Commissioner to be heard, either in person or through a representative duly authorised in this behalf, and after examining such further evidence as may be placed before it or obtained by it, the Settlement Committee may, in accordance with the provisions of this Act, pass such order as it thinks fit on the matters covered by the application and any other matter relating to the case not covered by the application, but referred to in the report of the Commissioner under sub-section (1) or sub-section (3).

(5) The materials brought on record before the Settlement Committee shall be considered by all the members thereof before passing any order under sub-section (4) and, in the case of a difference of opinion among the members, the opinion of the majority shall prevail and such order shall be expressed in terms of the views of the majority.

(6) Every order passed under sub-section (4) shall provide for the terms of settlement including any demand by way of tax, penalty or interest, the manner in which any sum due under the settlement shall be paid and all other matters to make the settlement effective and shall also provide that

Proce-
dure on
receipt
of an
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tion
under
Section
245C.

the Settlement shall be void if it is subsequently found by the settlement committee that it has been obtained by fraud or misrepresentation of facts.

(7) Where a settlement becomes void as provided under sub-section (6), the proceedings with respect to the matters covered by the settlement shall be deemed to have been revived from the stage at which the application was allowed to be proceeded with by the Settlement Committee and the Income-tax authority concerned, may, notwithstanding anything contained in any other provision of this Act, complete such proceedings at any time before the expiry of two years from the end of the financial year in which the settlement became void."

(ii) Page 32, *for* lines 8 to 35, *substitute*—

"Powers and procedure of Settlement Committee.

245F. (1) In addition to the powers conferred on the Settlement Committee under this Chapter it shall have all the powers which are vested in an Income-tax authority under this Act.

(2) Where an application made under section 245C has been allowed to be proceeded with under section 245D, the Settlement Committee shall, until an order is passed under sub-section (4) of section 245D, have, subject to the provisions of sub-section (3) of that section, exclusive jurisdiction to exercise the powers and perform the functions of an Income-tax authority under this Act in relation to the case.

(3) Notwithstanding anything contained in sub-section (2) and in the absence of any express direction to the contrary by the Settlement Committee, nothing contained in this section shall affect the operation of any other provision of this Act requiring the applicant to pay tax on the basis of self-assessment or by way of advance tax in relation to the matters before the Settlement Committee.

(4) For the removal of doubt, it is hereby declared that, in the absence of any express direction by the Settlement Committee to the contrary, nothing in this Chapter shall affect the operation of the provisions of this Act in so far as they relate to any matters other than those before the Settlement Committee.

(5) The Settlement Committee shall, subject to the provisions of this Chapter, have power to regulate its own procedure (including the fixation of places and times of its meetings) and may act notwithstanding that all the members of the Settlement Committee are not present at any of its meetings.".

(iii) Page 33, *after* line 45, *insert*—

"Proceedings before Settlement Committee to be Judicial proceedings.

245L. Any proceeding under this Chapter before the Settlement Committee shall be deemed to be a judicial proceeding within the meaning of sections 193 and 228, and for the purposes of section 196, of the Indian Penal Code." 45 of 1860.

Further consideration of the clause was held over.

41. The Committee rose at 13.30 hours and reassembled at 15.15 hours.

42. *Clauses* 59, *60 and 62.*—These clauses were adopted without any amendment.

43. *Clause* 64.—The following amendments were accepted:

(i) Page 35, *for* lines 5 to 24, *substitute*—

"(i) in sub-section (1),—

(a) in clause (b), after the words, brackets and figures "sub-section (2) of section 143", the words, brackets, figures and letter "or fails to comply with a direction issued under sub-section (2A) of section 142" shall be inserted;

(b) for clause (i) (excluding the Explanation thereto), the following clause shall be substituted, namely:—

"(i) in the cases referred to in clause (a),

(a) in the case of a person referred to in sub-section (4A) of section 139, where the total income in respect of which he is assessable as a representative assessee does not exceed the maximum amount which is not chargeable to income-tax, a sum not exceeding one per cent. of the total income computed under this Act without giving effect to the provisions of sections 11 and 12, for each year or part thereof during which the default continued:

(b) in any other case, in addition to the amount of the tax, if any, payable by him, a sum equal to two per cent, of the assessed tax for every month during which the default continues;";'

(ii) Page 36, line 42,

for "1972", *substitute* "1974".

(iii) Page 37, *for* lines 1 to 30, *substitute*—

'Explanation 4.—For the purposes of clause (iii) of this sub-section, the expression "the amount of tax sought to be evaded",

(a) in any case where the amount of income in respect of which particulars have been concealed or inaccurate particulars have been furnished exceeds the total income assessed, means the tax that would have been chargeable on the income in respect of which particulars have been concealed or inaccurate particulars have been furnished had such income been the total income;

(b) in any case to which Explanation 3 applies means the tax on the total income assessed;

(c) in any other case, means the difference between the tax on the total income assessed and the tax that would have been chargeable had such total income been reduced by the amount of income in respect of which particulars have been concealed or inaccurate particulars have been furnished.".

(iv) Page 37, line 39,

after "sub-section (3),", *insert* "(A)",

(v) Page 37, *after* line 44, *insert*—

'(B) the following proviso shall be inserted at the end, namely:—

"Provided that nothing contained in clause (a) or clause (b) shall apply to a case referred to in sub-clause (a) of clause (i) of sub-section (1)".

Further consideration of the clause was held over.

44. *Clause* 65.—The clause was adopted without any amendment.

45. *Clause* 66.—The following amendments were accepted subject to changes in nomenclature:—

(i) Page 38, line 30—

after 'Section 285', *insert*, ",Section 285B".

(ii) Page 38, *for* lines 40 to 46, *substitute*—

"(3) Any penalty imposable under sub-section (1) or sub-section (2) shall be imposed,—

(a) in a case where the contravention, failure or default in respect of which such penalty is imposable occurs to the course of any proceeding before the Commissioner or the Deputy Commissioner (Appeals), by the Commissioner or, as the case may be, the Deputy Commissioner (Appeals); and

(b) in any other case, by the Deputy Commissioner (Assessment)".

The clause, as amended, was adopted.

46. *Clause* 67.—The following amendments were accepted:—

(i) Page 39, line 42,

for "basis of his return",

substitute "income so disclosed".

(ii) Page 40, line 12,

for "and the minimum penalty imposed or"

substitute "or of the minimum penalty".

The clause, as amended, was adopted.

47. *Clauses* 68 to 70.—These clauses were adopted without any amendment.

48. *Clause* 71.—The following amendments were accepted:—

(i) Page 41, lines 43 and 44,

omit "chargeable or imposable".

(ii) Page 42, lines 41 and 43,

for "1971", *substitute* "1975".

Further consideration of the clause was held over.

49. *New clause* 71A.—The following new clause was adopted:—

'Page 42, *after* line 49, *insert*—

"Amendment of section 276 D.

71A. In section 276D of the Income-tax Act, after the words "such accounts and documents as are referred to in the notice", the words, brackets, figures and letter "or wilfully fails to comply with a direction issued to him under sub-section (2A) of that section" shall be inserted.".

50. *Clause* 72.— The following amendments were accepted:—

(i) Page 43, line 24, *for* "otherwise"

substitute "which is wilfully attempted to be evaded".

(ii) Page 43, line 34, *for* "is again convicted for the same offence",

substitute "is again convicted of an offence under any of the aforesaid provisions".

Further consideration of the clause was held over.

51. *Clause* 73.—The following amendment was accepted:—

Page, 45, line 21, *after* "penalty" *insert* "imposed or".

The clause, as amended, was adopted.

52. *Clause* 74.—The following amendment was accepted:—

Page 45, line 30, *for* "1898" *substitute* "1973".

The clause, as amended, was adopted.

53. *Clause* 75.—The following amendment was accepted:—

Page 46, line 7, *after* "tax", *insert*

"or other sum".

The clause, as amended, was adopted.

54. *Clause* 76.—The clause was adopted without any amendment.

55. *Clause* 77.—The following amendment was accepted:—

Page 46, line 37,

after "goods or services"

insert "in connection therewith".

The clause, as amended, was adopted.

56. *Clause* 78.—The following amendment was accepted:—

Page 46, lines 49 and 50—

for "made by him to persons engaged by him in such production as employees or otherwise".

substitute "in the aggregate made by him or due from him to each such person as is engaged by him in such production as employee or otherwise.".

The clause, as amended, was adopted.

57. *Clause* 79—The clause was adopted without any amendment.

58. *Clause* 80.—The following amendment was accepted:—

Page 47, *for* lines 13 to 16 *substitute*

"Section 360 of the Code of Criminal Procedure, 1973 and the Probation of Offenders Act, 1958 not to apply.

292A. Nothing contained in section 360 of the Code of Criminal Procedure, 1973 or in the Probation of Offenders Act, 1958, shall apply to a person convicted of an offence under this Act unless that person is under eighteen years of age." 2 of 1974 20 of 1958.

The clause, as amended, was adopted.

59. *Clause* 81.—The clause was adopted without any amendment.

60. *Clause* 82.—The following amendment was accepted:—

Page 42, *for* lines 17 to 22, *substitute*

'Substitution of new section for section 296. Rules and certain notifications placed to be placed before Parliament.

82. For section 296 of the Income-tax Act, the following section shall be substituted, namely:—

296. The Central Government shall cause every rule made under this Act and every notification issued under sub-clause (iv) of clause (23C) of section 10 to be laid as soon as may be after the rule is made or the notification is issued 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 notification or both Houses agree that the rule or notification should not be made or issued, that rule or notification 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 or notification".'

The clause, as amended, was adopted.

61. *Clause* 83.—The clause was adopted without any amendment.

62. *Clause* 86.—The following amendments were accepted:—

(i) Page 50, line 39, *after* "indirectly".

insert "on or after the 1st day of June, 1973".

(ii) Page 51, line 16 *for* "association", *substitute* "association of persons"

(iii) Page 51, line 26, *for* "minor child" *substitute* "child".

The clause, as amended, was adopted.

63. *Clauses* 87 *and* 88.—These clauses were adopted without any amendment.

64. *Clause* 89.—The following amendment was accepted subject to changes in nomenclature:—

Page 52, *for* lines 33 and 34 *substitute*—

"to the Wealth-tax Officer and the Deputy Commissioner (Appeals) shall be construed as references to the Deputy Commissioner (Assessment) and the Commissioner respectively and, accordingly—".

The clause, as amended, was adopted.

65. *Clause* 90.—The following amendment was accepted:—

Page 53, *for* lines 9 to 11 *substitute*—

"(Assessment) also subordinate to him and the Board may similarly transfer any case from—

(i) any Wealth-tax Officer or Wealth-tax Officers, or

(ii) any Wealth-tax Officer or Wealth-tax Officers having concurrent jurisdiction with the Deputy Commissioner (Assessment).

to any other Wealth-tax Officer or Wealth-tax Officers [whether with or without concurrent jurisdiction with the Deputy Commissioner (Assessment)]".

The clause, as amended, was adopted.

66. *Clause* 93.—The clause was adopted without any amendment.

67. *Clause* 96—The following amendment was accepted:—

Page 54, lines 31 and 32

for "by any other director thereof, or any other person, for the time being mainly in charge of the affairs of the company", *substitute*

"by any director thereof".

The clause, as amended, was adopted.

68. *Clause* 97.—The following amendment was accepted:—

Page 54, *for* lines 36 to 40, *substitute*

"(1) Where any tax is payable on the basis of any return required to be furnished under section 14 or section 15 or section 17, after taking into account the amount of tax, if any, already paid under any provision of this Act, the assessee shall be

liable to pay such tax before furnishing the return and the return shall be accompanied by proof of payment of such tax."

The clause, as amended was adopted.

69. *Clause* 98.—The following amendments were accepted:—

(i) Page 55, *for* lines 5 to 11 *substitute*—

"(a) four years commencing on and from the 1st day of April, 1975 or one year from the date of the filing of a return or a revised return under section 15, whichever is later, where the assessment year is an assessment year commencing before that date;

(b) four years from the end of the assessment year in which the net wealth was first assessable, or one year from the date of the filing of a return or a revised return under section 15, whichever is later where the assessment year is an assessment year commencing on or after the 1st day of April, 1975.";

(ii) Page 55, *for* lines 14 to 17, *substitute*

"(a) where any proceeding for an assessment or reassessment is pending on the 1st day of April, 1975, at any time after the expiration of a period of four years commencing on and from that date."

(iii) Page 55, line 21, *for* "1973" *substitute* "1975"

(iv) Page 55, line 27, *for* "1973" *substitute* "1975".

(v) Page 55, *for* lines 33 to 46, *substitute*

"(3) Nothwithstanding anything contained in sub-sections (1) and (2), an order of fresh assessment in pursuance of an order passed on or after the Ist day of April, 1975, under section 23, section 24 or section 25, setting aside or cancelling an assessment, may be made at any time before the expiry of four years from the end of the financial year in which the order under section 23 or section 24 is received by the Commissioner or, as the case may be, the order under section 25 is passed by the Commissioner.

(4) The provisions of sub-sections (1) and (2) shall not apply to the assessment or reassessment made on the assessee or any other person in consequence of or to give effect to, any finding or direction continued in an order under section 23, section 24, section 25, section 27 or section 29 or in an order of any court in a proceeding otherwise than by way of appeal or reference under this Act, and such assessment or re-assessment, may, subject to the provisions of sub-section (3), be completed at any time.

Explanation 1.—In computing the period of limitation for the purposes of this section—

(i) the time taken in reopening the whole or any part of the proceeding or in giving an opportunity to the assessee to be reheard under the proviso to section 39, or

(ii) the period during which the assessment proceeding is stayed by an order or injunction of any court, or

(iii) in a case where an application made before the Wealth-tax Settlement Committee under Section 22C is rejected by it or is not allowed to be proceeded with by it, the period commencing from the date on which such application is made and ending with the date on which the order under sub-section (1) of section 22D is received by the Commissioner under sub-section (2) of that section,

shall be excluded.

Explanation 2.—Where, by an order referred to in sub-section (4), any asset is excluded from the net wealth of one person and held to be the asset of another person, then, an assessment in respect of such asset on such other person shall, for the purposes of sub-section (2) of section 17 and this section, be deemed to be one made in consequence of, or to give effect to, any finding or direction contained in the said order, provided such other person was given an opportunity of being heard before the said order was passed."

The clause, as amended, was adopted.

70. *Clause* 99.—The following amendments were accepted:—

(i) Page 56, line 7,

for "two per cent of the tax".

substitute "two per cent of the assessed tax."

(ii) Page 56, '*after* line 8, *insert*—

"Explanation.—In this clause, 'assessed tax' means the wealth tax chargeable under the provisions of this Act;"

(iii) Page 56, *for* lines 21 to 49, *substitute*

"Explanation 1.—For the purposes of clause (iii) of this sub-section, the expression 'the amount of tax sought to be evaded'—

(a) in a case to which Explanation 3 applies, means the tax on the net wealth assessed;

(b) in any other case, means the difference between the tax on the net wealth assessed and the tax that would have been chargeable had the net wealth assessed been reduced by the amount which represents the value of any assets in respect of which particulars have been concealed or inaccurate particulars have been furnished and of any debts in respect of which inaccurate particulars have been furnished."

Further consideration of the clause was held over.

71. *Clause* 100.—The following amendment was accepted:—

Page 58, lines 38 and 39,

for "and where a contravention of the provisions of this section"

substitute "and where a contravention, failure or default for which any penalty is imposable under this section."

The Clause, as amended, was adopted.

72. *Clause* 101.—Consideraion of this clause was held over.

73. *Clauses* 102 to 104—These clauses were adopted without any amendment.

74. *Clause* 105.—The following amendment was accepted:—

Page 64, *for* lines 18 to 30, *substitute*—

"having been paid by him after the 31st day of March, 1975 in pursuance of any order of assessment or penalty and such amount or any part thereof having been found in appeal or other proceeding under this Act to be in excess of the amount which such assessee is liable to pay as tax or penalty, as the case may be, under this Act, the Central Government shall pay to such assessee simple interest at the rate specified in sub-section (3) on the amount so found to be in excess from the date such amount was paid to the date on which the refund is granted:

Provided that where the amount so found to be in excess was paid in instalments, such interest shall be payable on the amount of each such instalment or any part of such instalment, which was in excess, from the date on which such instalment was paid to the date on which the refund is granted:"

The clause, as amended, was adopted.

75. *Clause* 106.—The following amendment was accepted:—

Page 65, line 10, *after* "tax" *insert* "or other sum"

The clause, as amended, was adopted.

76. *Clause* 107.—The clause was adopted without any amendment.

77. *Clause* 108.—The following amendments were accepted:—

(i) Page 66, lines 4 and 5, *omit*

"chargeable or imposable"

(ii) Page 66, line 48, *for* "1974" *substitute* "1975"

(iii) Page 67, line 2, *for* "1974" *substitute* "1975"

(iv) Page 67, line 44, *for* "or otherwise" *substitute*

"or which is wilfully attempted to be evaded"

(v) Page 68, Lines 7 and 8—

for "is again convicted for the same offence"

substitute "is again convicted of an offence under any of the aforesaid provisions"

(vi) Page 69, line 2, *for* "1898" *substitute* "1973".

(vii) Page 69, line 7 *after* "penalty' *insert* "imposed or"

(viii) Page 69, *for* lines 22 to 25, *substitute*—

"Section 360 of Code of Criminal Procedure, 1973 and the Probation of Offenders Act, 1958 not to be apply.

35M. Nothing contained in section 360 of the Code of Criminal Procedure, 1973, or in the Probation of Offenders Act, 1958, shall apply to a person convicted of an offence under this Act unless that person in under eighteen years of age." 2 of 1974 20 1958.

Further consideration of the clause was held over.

78. *Clause* 109.—The clause was adopted without any amendment.

79. *Clause* 110.—The following amendment was accepted:—

Page 73, *for* lines 18 to 20, *substitute*—

2 of 1974.

"(11) The provisions of the Code of Criminal Procedure, 1973, relating to searches shall apply, so far as may be, to searches under this section."

The clause, as amended, was adopted.

80. *Clauses* 111 *to* 113.—These clauses were adopted without any amendment.

81. *Clause* 116.—The following amendments were accepted:—

(i) Page 76, *for* lines 9 and 10, *substitute*—

"assessee has made taxable gifts during any previous year and has also made taxable gifts (not being gifts made at any time before the Ist day of June, 1973) during any one or more of the four previous years immediately."

(ii) Page 76, line 20, *for* "during", *substitute* "for"

(iii) Page 76, line 26, *for* "during" *substitute* "for"

The clause, as amended, was adopted.

82. *Clause* 117.—The clause was adopted without any amendment.

83. *Clause* 118.—The following amendment was accepted subject to changes in nomenclature:—

Page 77, *for* lines 31 to 33, *substitute*—

"thereunder to the Gift-tax Officer and the Deputy Commissioner (Appeals) shall be construed as references to the Deputy Commisioner (Assessment) and the Commissioner respectively and, accordingly."

The clause, as amended, was adopted.

84. *Clause* 119.—The following amendment was accepted:—

Page 78, *for* lines 9 to 11, *substitute*—

"(Assessment)—subordinate to him and the Board may similarly transfer any case from—

(i) any Gift-tax Officer or Gift-tax Officers, or

(ii) any Gift-tax Officer or Gift-tax Officers having concurrent jurisdiction with the Deputy Commissioner (Assessment):"

to any other Gift-tax Officer or Gift-tax Officers [whether with or without concurrent jurisdiction with the Deputy Commissioner (Assessment)]:"

The clause, as amended, was adopted.

85. *Clause* 122.—The clause was adopted without any amendment.

86. *Clause* 125.—The following amendments were accepted:—

(i) Page 79, *for* lines 29 and 30, *substitute*—

"director, by any director thereof;"

(ii) Page 79, *for* lines 34 and 35, *substitute*

"partner as such, by any partner thereof, not being a minor;"

The clause, as amended, was adopted.

87. *Clause* 126.—The following amendments were accepted:—

(i) Pages 79 & 80, *for* lines 40 to 44 *and* lines 1-2 respectively *substitute*—

"(a) four years commencing on and from the 1st day of April, 1975 or one year from the date of the filing of a return or a revised return under section 14, whichever is later, where the assessment year is an assessment year commencing before that date;

(b) four years from the end of the assessment year in which the gifts were first assessable, or one year from the date of the filing of a return or a revised return under section 14, whichever is later, where the assessment year is an assessment year commencing on or after the 1st day of April, 1975."

(ii) Page 80, *for* lines 5 to 8, *substitute*—

"(a) where any proceeding for an assessment or a re-assessment is pending on the 1st day of April, 1975, at any time after the expiration of a period of four years commencing on and from that date;"

(iii) Page 80, line 12, *for* "1973", *substitute* "1975"

(iv) Page 80, line 18, *for* "1973" *substitute* "1975"

(v) Page 80, *for* lines 24 to 37, *substitute*—

"(3) Notwithstanding anything contained in sub-sections (1) and (2), an order of fresh assessment in pursuance of an order passed on or after the 1st day of April, 1975 under section 22, section 23 or section 24, setting aside or cancelling an assessment, may be made at any time before the expiry of four years from the end of the financial year in which the order under section 22 or section 23 is received by the Commissioner or, as the case may be, the order under section 24 is passed by the Commissioner.

(4) The provisions of sub-sections (1) and (2) shall not apply to the assessment or re-assessment made on the assessee in

consequence of, or to give effect to, any finding or direction contained in an order under section 22, section 23, section 24, section 26 or section 28 or in an order of any court in a proceeding otherwise than by way of appeal or reference under this Act and such assessment or re-assessment may, subject to the provisions of sub-section (3), be completed at any time.

Explanation 1.—In computing the period of limitation for the purposes of this section—

(i) the time taken in reopening the whole or any part of the proceeding or in giving an opportunity to the assessee to be reheard under the proviso to section 38, or

(ii) the period during which the assessment proceeding is stayed by an order or injunction of any court.

shall be excluded.

Explanation 2.—Where, by an order referred to in sub-section (4), any gift is excluded from the taxable gifts for an assessment year in respect of an assessee, then, an assessment of such gift for another assessment year shall, for the purposes of sub-section (2) of section 16 and this section, be deemed to be one made in consequence of, or to give effect to, any finding or direction contained in the said order."

The clause, as amended, was adopted.

88. *Clause* 127.—The following amendment was accepted:—

Page 80, line 40, *for* "fifty per cent. of the tax" *substitute* "fifty per cent. of the assessed tax"

The clause, as amended, was adopted.

89. *Clause* 128.—The following amendment was accepted:—

Page 81, lines 29 and 30, *for* "and where a contravention of the provisions of this section" , *substitute*—"and where a contravention, failure or default for which any penalty is imposable under this section"

The clause, as amended, was adopted.

90. *Clause* 129.—The following amendments were accepted:—

(i) Page 82, lines 3-4 *after* "Schedule," *insert*—

"or, in a case where the provisions of section 6A are applicable to a gift, in the manner specified in that section,"

(ii) Page 82, *for* lines 15 to 17, *substitute*—

"at the rates specified in the Schedule or, as the case may be in the manner specified in section 6A, and the total amount of tax on the aggregate value of all the gifts made during that year, excluding the taxable gift in respect of which tax has to be paid, calculated at the rates specified in the Schedule

or, as the case may be, in the manner specified in section 6A."

The clause, as amended, was adopted.

91. *Clauses* 130 *and* 131.—The clauses were adopted without any amendment.

92. *Clause* 132.—The following amendment was accepted:—

Page 82, *for* lines 31 to 44, *substitute*—

"sub-section (3) is due to an assessee as a result of any amount having been paid by him after the 31st day of March, 1975, in pursuance of any order of assessment or penalty and such amount or any part thereof having been found in appeal or other proceeding under this Act to be in excess of the amount which such assessee is liable to pay as tax or penalty, as the case may be, under this Act, the Central Government shall pay to such assessee simple interest at the rate specified in sub-section (3) on the amount, so found to be in excess from the date such amount was paid to the date on which the refund is granted:

Provided that, where the amount so found to be in excess was paid in instalments, such interest shall be payable, on the amount of each such instalment or any part of such instalment, which was in excess, from the date on which such instalment was paid to the date on which the refund is granted;"

The clause, as amended, was adopted.

93. *Clause* 133.—The clause was adopted without any amendment.

94. *Clause* 134.—The following amendment was accepted subject to the provisions being brought in line with similar provisions in the Bill:—

Page 84, *for* lines 12 to 15, *substitute*—

"Section 360 of the Code of Criminal Procedure, 1973, and the Probation of Offenders Act, 1958, not to apply.

35C. Nothing contained in Section 360 of the Code of Criminal Procedure, 1973 or in the Probation of Offeaders Act, 1958, shall apply to a person convicted of an offence under this Act unless that person is under eighteen years of age". 2 of 1974 20 of 1958

The clause, as amended, was adopted.

95. *Clauses* 135 to 137, 140 *and* 141.—These clauses were adopted without any amendment.

These clauses were, therefore, not adopted.

96. At the end, the Committee decided to meet at 10.30 hours instead of 09.30 hours on Saturday, the 1st February, 1975 for further clause-by-clause consideration of the Bill.

97. The Committee then adojurned.

LXII

Sixty-second Sitting

The Committee sat on Saturday, the 1st February, 1975 from 10.30 to 11.00 hours.

PRESENT

Shri N. K. P. Salve—*Chairman*

MEMBERS

2. Shri Syed Ahmed Aga
3. Shri Virendra Agarwala
4. Shri Chhatrapati Ambesh
5. Shri Bhagwat Jha Azad
6. Shri Dharnidhar Basumatari
7. Shri Mani Ram Godara
8. Shri Maharaj Singh
9. Shri Amrit Nahata
10. Shri S. B. P. Pattabhi Rama Rao
11. Shri Vasant Sathe
12. Shri Era Sezhiyan
13. Shri R. V. Swaminathan
14. Shri Tridib Chaudhuri

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

Shri S. C. Grover—*Under Secretary.*

SECRETARIAT

Shri H. G. Paranjpe—*Chief Financial Committee Officer.*

2. The Committee considered their future programme of work and decided that they might hold their sitting on Monday, the 17th February, 1975 at 15.00 hours to take up further clause-by-clause consideration of the Bill.

3. The Committee also decided that—

(i) the evidence tendered before the Committee be laid on the Table; and (ii) two copies each of the memoranda received

by the Committee from various Associations, Organisations, etc. be placed in Parliament Library for reference by the Members of Parliament after the Report had been presented.

4. The Committee then adjourned.

LXIII

Sixty-third Sitting

The Committee sat on Monday, the 17th February, 1975 from 15.00 to 16.30 hours.

PRESENT

Shri N. K. P. Salve—*Chairman*

MEMBERS

2. Shri Virendra Agarwala
3. Shri Chhatrapati Ambesh
4. Shri Bhagwat Jha Azad
5. Shri Dharindhar Basumatari
6. Shri Jyotirmoy Bosu
7. Shri Tridib Chaudhuri
8. Shri S. R. Damani
9. Shri Maharaj Singh
10. Shri P. G. Mavalankar
11. Shri H. M. Patel
12. Shri S.B.P. Pattabhi Rama Rao
13. Shri Bhola Raut
14. Shri Vasant Sathe
15. Shri Satyendra Narayan Sinha
16. Shri R. V. Swaminathan
17. Shri C. Subramaniam

LEGISLATIVE COUNSEL

1. Shri S. Harihara Iyer—*Joint Secretary & Legislative Counsel.*
2. Shri S. Ramaiah—*Additional Legislative Counsel.*

REPRESENTATIVES OF THE MINISTRY OF FINANCE

(DEPARTMENT OF REVENUE AND INSURANCE)

1. Shri S. R. Mehta—*Chairman, Central Board of Direct Taxes.*
2. Shri C. C. Ganapathy—*Member, Central Board of Direct Taxes.*
3. Shri S. Narayan—*Member. Central Board of Direct Taxes—*
4. Shri S. I. Tripathi—*Deputy Secretary.*
5. Shri K. N. Balasubramaniam—*O. S. D.*
6. Shri S. C. Grover—*Under Secretary.*

SECRETARIAT

Shri H. G. Paranjpe—*Chief Financial Committee Officer.*

2. The Committee resumed further clause-by-clause consideration of the Bill.

3. *Clause 6.*—[*vide* para 4 of the minutes dated the 30th January, 1975].—The following amendment was accepted:

Page 5, *after* line 17, *insert*—

'(iv) after sub-section (4) and before Explanation I, the following sub-sections shall be inserted, namely:—

"(5) The forms and modes of investing or depositing funds referred to in clause (d) of sub-section (1) shall be—

(a) in a case where such funds represent the original corpus of the trust or institution or any contributions made to the trust or institution with a specific direction that they shall form part of the corpus of the trust or institution—

(i) investment in savings certificates as defined in clause (c) of section 2 of the Government Savings Certificates Act, 1959 and any other securities or certificates issued or to be issued by the Central Government under the small savings schemes of that Government; 45 of 1959.

(ii) deposit in any account with the Post Office Savings Bank;

(iii) Deposit in any account with any nationalised Bank, that is to say, any corresponding new Bank constituted under section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970; 5 of 1970.

(iv) investment in units in the Unit Trust of India established under the Unit Trust of India Act, 1963;

(v) investment in any security for money created and issued by the Central Government or a State Government;

(vi) investment in debentures issued by, or on behalf of, any company or corporation both the principal whereof and the interest whereon are fully and unconditionally guaranteed by the Central Government or by a State Government;

(vii) investment or deposit in any Government company as defined in section 617 of the Companies Act, 1956; 1 of 1956.

(b) in any other case, the forms or modes referred to in sub-clause (i), sub-clause (ii), sub-clause (iii) and sub-clause (iv) of clause (a).

(6) Nothing contained in clause (d) of sub-section (1) shall apply in relation to—

(i) any funds forming part of the corpus of the trust or institution immediately before the 1st day of June, 1973;

(ii) any monies accumulated or finally set apart and invested or deposited in the manner referred to in clause (b) of sub-section (2) of section 11;

(iii) the original corpus (being assets other than cash) of any trust or institution created or established on or after the Ist day of June, 1973;

(iv) any contributions (otherwise than in cash) made to any trust or institution on or after the Ist day of June, 1973 with a speci-

fic direction that they shall form part of the corpus of the trust or institution.".

The clause, as further amended, was adopted.

4. *New clause 6A;*—[*vide* para 5 of the minutes dated the 30th January, 1975].—The clause was not adopted.

5. *Clause* 8.—(*vide* para 7 of the minutes dated the 30th January, 1975].—The clause was adopted without any amendment.

6. *Clause 19.*—[*vide* para 6 of the minutes dated the 31st January, 1975].—The following amendment was accepted:—

Page 10, line 40, *for* "chargeable under the head 'salaries' ", *substitute* "falling within clause (13A) of section 10".

The clause, as amended, was adopted.

7. *Clause* 40.—[*vide* para 23 of the minutes dated the 31st January, 1975].—The Committee re-opened discussion on this clause.

The following amendment was accepted:—

Page 23, *for* lines 13 to 18, *substitute*—

"(4) All permanent account numbers allotted to assessees before the commencement of the Taxation Laws (Amendment) Act, 1975 shall, with effect from such date as the Board may, by notification in the Official Gazette, specify be deemed to have been allotted to them under the provisions of this section."

The clause, as further amended, was adopted.

8. *Clause 50.*—[*vide* para 33 of the minutes dated the 31st January, 1975].—The following amendment was accepted:—

Page 27, *for* lines 14 to 19 *substitute*—

Amendment of section 179.

50. For the existing sub-heading "*M-Private Company in Liquidation*" before section 179 of the Income-tax Act, the sub-heading '*M-Private Companies*" shall be substituted and that section shall be renumbered as sub-section (1) thereof and,—

(a) in sub-section (1) as so renumbered, for the portion beginning with the word "Notwithstanding" and ending with the words "any previous year", the following shall be substituted, namely:—

"Notwithstanding anything contained in the Companies Act, 1956, where any tax due from a private company in respect of any income of any previous year or from any other company in respect of any income of any previous year during which such other company was a private company"; 1 of 1956.

(b) after sub-section (1) as so renumbered, the following sub-section shall be inserted, namely:—

"(2) Where a private company is converted into a public company and the tax assessed in respect of any income of any previous year during which such company was a private company cannot be recovered, then nothing contained in sub-section (1) shall

apply to any person who was a director of such private company in relation to any tax due in respect of any income of such private company assessable for any assessment year commencing before the Ist day of April, 1962.".

The clause, as amended, was adopted.

9. *Clause 58.*—[*vide* para 40 of the minutes dated the 31st January, 1975].—The following amendments were accepted:—

(i) Page 30, *for* lines 27 to 33, *substitute*—

Income-tax Settlement Commission.

245B. (1) The Central Government shall constitute a Commission to be called the Income-tax Settlement Commission (hereafter in this Chapter referred to as "the Settlement Commission)" for the settlement of cases under this Chapter.

(2) The settlement Commission shall consist of a Chairman and two other members and shall function within the Department of the Central Government dealing with direct taxes.

(3) The Chairman and other members of the Settlement Commission shall be appointed by the Central Government from amongst persons of integrity and outstanding ability, having special knowledge of, and experience in, problems relating to direct taxes and business accounts:

Provided that where a member of the Board is appointed as the Chairman or as a member of the Settlement Commission, he shall cease to be a member of the Board:

Provided further that until the members are appointed under this sub-section, it shall be competent for the Central Government to require, from time to time, any two members of the Board to serve as members of the Settlement Commission for such period as the Central Government thinks fit, in addition to their duties as members of the Board.

(ii) Page 33, *after* section 245L, *insert*—

Certain persons who have filed appeals to the Appellate Tribunal entitled to make applications to the Settlement Commission.

245M. (1) Notwithstanding anything contained in this Chapter, any assessee who has filed an appeal to the Appellate Tribunal under this Act which is pending before it shall on withdrawing such, appeal from the Appellate Tribunal, be entitled to make an application to the Settlement Commission to have his case settled under this Chapter:

Provided that no such assessee shall be entitled to make an application in a case where the Income-tax Officer has preferred an appeal under sub-section (2) of section 253 against the order to which the assessee's appeal relates.

(2) Any assessee referred to in sub-section (1) may make an application to the Appellate Tribunal for permission to withdraw the appeal.

(3) On receipt of an application under sub-section (2), the Appellate Tribunal shall grant permission to withdraw the appeal.

(4) Upon the withdrawal of the appeal, the proceeding in appeal immediately before such withdrawal shall, for the purposes of this Chapter, be deemed to be a proceeding pending before an Income-tax authority.

(5) An application to the Settlement Commission under this section shall be made within a period of thirty days from the date on which the order of the Appellate Tribunal permitting the withdrawal of the appeal is served on the assessee.

(6) An application made to the Settlement Commission under this section shall be deemed to be an application made under sub-section (1) of section 245C and the provisions of this Chapter [except sub-section (7) of section 245D] shall apply accordingly.

(7) Where an application made to the Settlement Commission under this section is not entertained by the Settlement Commission to be proceeded with, then, the assessee shall not be deemed to have withdrawn the appeal from the Appellate Tribunal and the provisions contained in section 253, section 254 and section 255 shall, so far as may be, apply accordingly."

The Committee desired that a corresponding provision might also be made in section 22M (clause 101) relating to Wealth-tax Settlement Commission.

The clause, as further amended, was adopted.

10. *Clause* 64.—(*vide* para 43 of the minutes dated the 31st January, 1975].—The following amendment was accepted:—

For lines 41 to 48 at page 35 and *for* lines 1 to 5 at page 36, *substitute*—

"*Explanation* 1.—Where in respect of any facts material to the computation of the total income of any person under this Act,—

(A) such person fails to offer an explanation or offers an explanation which is found by the Income-tax Officer or the Appellate Assistant Commissioner to be false, or

(B) such person offers an explanation which he is not able to substantiate,

then, the amount added or disallowed in computing the total income of such person as a result thereof shall, for the purposes of clause (c) of this sub-section, be deemed to represent the income in respect of which particulars have been concealed:

Provided that nothing contained in this Explanation shall apply to a case referred to in clause (B) in respect of any amount added or disallowed as a result of the rejection of any explanation offered by such person, if such explanation is *bona fide* and all the facts relating to the same and material to the computation of his total income have been disclosed by him."

The clause, as further amended, was adopted.

11. *Clause* 71.—[*vide* para 48 of the minutes dated 31st January, 1975]. The following amendments were accepted:—

(i) Page 41, *for* lines 20 to 28, *substitute*—

"(i) in a case where the amount of tax which he has failed to deduct or pay exceeds one hundred thousand rupees, with rigorous imprisonment for a term which shall not be less than six months but which may extend to seven years and with fine;

(ii) in any other case, with rigorous imprisonment for a term which shall not be less than three months but which may extend to three years and with fine;

(ii) Page 41, *for* lines 34 to 41, *substitute*—

"(i) in a case where the amount sought to be evaded exceeds one hundred thousand rupees, with rigorous imprisonment for a term which shall not be less than six months but which may extend to seven years and with fine;

(ii) in any other case, with rigorous imprisonment for a term which should not be less than three months but which may extend to three years and with fine".

(iii) Page 42, *for* lines 2 to 7, *substitute*—

"be punishable with rigorous imprisonment for a term which shall not be less than three months but which may extend to three years and shall, in the discretion of the court, also be liable to fine.".

(iv) Page 42, *for* lines 28 to 36, *substitute*—

"(i) in a case where the amount of tax, which would have been evaded if the failure had not been discovered, exceeds one hundred thousand rupees, with rigorous imprisonment for a term which shall not be less than six months but which may extend to seven years and with fine;

(ii) in any other case, with imprisonment for a term which shall not be less than three months but which may extend to three years and with fine.".

The clause, as further amended, was adopted.

12. *Clause* 72.—[*vide* para 50 of the minutes dated 31st January, 1975].—The following amendments were accepted:—

(i) Page 43, *for* lines 7 to 16, *substitute*—

"(i) in a case where the amount of tax, which would have been evaded if the statement or account had been accepted as true, exceeds one hundred thousand rupees, with rigorous imprisonment for a term which shall not be less than six months but which may extend to seven years and with fine;

(ii) in any other case, with rigorous imprisonment for a term which shall not be less than three months but which may extend to three years and with fine.".

(ii) Page 43, *for* lines 22 to 31, *substitute*—

"(i) in a case where the amount of tax, penalty or interest which would have been evaded, if the declaration, account

or statement had been accepted as true, or which is wilfully attempted to be evaded, exceeds one hundred thousand rupees, with rigorous imprisonment for a term which shall not be less than six month but which may extend to seven years and with fine;

(ii) in any other case, with rigorous imprisonment for a term which shall not be less than three months but which may extend to three years and with fine.".

(iii) Page 43, *for* lines 32 to 40, *substitute*—

"Punishment for second and subsequent offences."

278A. If any person convicted of an offence under section 276B or sub-section (1) of section 276C or section 276CC or section 277 or section 278 is again convicted of an offence under any of the aforesaid provisions, he shall be punishable for the second and for every subsequent offence with rigorous imprisonment for a term which shall not be less than six months but which may extend to seven years and with fine."

The clause, as further amended, was adopted.

13. *Clause* 99.—[*vide* para 70 of the minutes dated the 31st January, 1975].—The following amendment was accepted:—

Page 57, *for* lines 1 to 12, *substitute*—

"*Explanation* 2.—Where in respect of any facts material to the computation of the net wealth of any person under this Act,—

(A) such person fails to offer an explanation or offers an explanation which is found by the Wealth-tax Officer or the Appellate Assistant Commissioner to be false, or

(B) such person offers an explanation which he is not able to substantiate,

then, the amount added or disallowed in computing the net wealth of such person as a result thereof shall, for the purposes of clause (c) of this sub-section, be deemed to represent the value of the assets in respect of which particulars have been concealed:

Provided that nothing contained in this Explanation shall apply to a case referred to in clause (B) in respect of any amount added or disallowed as a result of the rejection of any explanation offered by such person, if such explanation is *bona fide* and all the facts relating to the same and material to the computation of his net wealth have been disclosed by him.".

The clause, as further amended, was adopted.

14. *Clause* 101.—[*vide* para 72 of the minutes dated the 31st January, 1975].—The following amendments were accepted:—

(i) Page 60, *for* lines 23 to 29, *substitute*—

'Wealth-tax Settlement Commission.

22B. (1) The Central Government shall constitute a Commission to be called the Wealth-tax Settlement Commission (hereafter in this Chapter referred to as the "Settlement Commission") for the settlement of cases under this Chapter.

(2) The Settlement Commission shall consist of a Chairman and two other members and shall function within the Department of the Central Government dealing with direct taxes.

(3) The Chairman and other members of the Settlement Commission shall be appointed by the Central Government from amongst persons of integrity and outstanding ability, having special knowledge of, and experience in, problems relating to direct taxes and business accounts:

Provided that where a member of the Board is appointed as the Chairman or as a member of the Settlement Commission, he shall cease to be a member of the Board:

Provided further that until the members are appointed under this sub-section, it shall be competent for the Central Government to require, from time to time, any two members of the Board to serve as members of the Settlement Commission for such period as the Central Government thinks fit, in addition to their duties as members of the Board.'

(ii) Page 65, *after* section 22L, *insert*—

"Certain persons who have filed appeals to the Appellate Tribunal entitled to make applications to the Settlement Commission.

22M. (1) Notwithstanding anything contained in this Chapter, any assessee who has filed an appeal to the Appellate Tribunal under this Act which is pending before it shall, on withdrawing such appeal from the Appellate Tribunal, be entitled to make an application to the Settlement Commission to have his case settled under this Chapter:

Provided that no such assessee shall be entitled to make an application in a case where the Wealth-tax Officer has preferred an appeal under sub-section (2) of section 24 against the order to which the assessee's appeal relates.

(2) Any assessee referred to in sub-section (1) may make an application to the Appellate Tribunal for permission to withdraw the appeal.

(3) On receipt of an application under sub-section (2), the Appellate Tribunal shall grant permission to withdraw the appeal.

(4) Upon the withdrawal of the appeal, the proceeding in appeal immediately before such withdrawal shall, for the purposes of this Chapter, be deemed to be a proceeding pending before a Wealth-tax authority.

(5) An application to the Settlement Commission under this section shall be made within a period of thirty days from the date on which the order of the Appellate Tribunal permitting the withdrawal of the appeal is served to the assessee.

(6) An application made to the Settlement Commission under this section shall be deemed to be an application made under sub-section (1)

of section 22C and the provisions of this Chapter [except sub-section (7) of section 22D] shall apply accordingly."

The clause, as amended, was adopted.

15. *Clause* 108.—[*vide* para 77 of the minutes dated the 31st January, 1975].—The following amendments were accepted:—

(i) *For* lines 43 to 48 at page 65 and *for* lines 1 to 2 at page 66, *substitute*—

"(i) in a case where the amount sought to be evaded exceeds one hundred thousand rupees, with rigorous imprisonment for a term which shall not be less than six months but which may extend to seven years and with fine;

(ii) in any other case, with rigorous imprisonment for a term which shall not be less than three months but which may extend to three years and with fine.".

(ii) Page 66, *for* lines 7 to 12, *substitute*—

"of this Act, be punishable with rigorous imprisonment for a term which shall not be less than three months but which may extend to three years and shall, in the discretion of the court, also be liable to fine."

(iii) Page 66, *for* lines 34 to 43, *substitute*—

"(i) in a case where the amount of tax, which would have been evaded if the failure had not been discovered, exceeds one hundred thousand rupees, with rigorous imprisonment for a term which shall not be less than six months but which may extend to three years and with fine.".

(ii) in any other case, with rigorous imprisonment for a term which shall not be less than three months but which may extend to three years and with fine.".

(iv) Page 67, *for* lines 21 to 30, *substitute*—

"(i) in a case where the amount of tax which would have been evaded if the statement or account had been accepted as true, exceeds one hundred thousand rupees, with rigorous imprisonment for a term which shall not be less than six months but which may extend to seven years and with fine;

(ii) in any other case, with rigorous imprisonment for a term which shall not be less than three months but which may extend to three years and with fine.".

(v) *For* lines 42 to 46 at page 67 and *for* lines 1 to 5 at page 68 *substitute*—

"(i) in a case where the amount of tax, penalty or interest, which would have been evaded, if the declaration, account or statement had been accepted as true, or which is wilfully attempted to be evaded, exceeds one hundred thousand rupees, with rigorous imprisonment for a term which shall not be less than six months but which may extend to seven years and with fine:

(ii) in any other case, with rigorous imprisonment for a term which shall not be less than three months but which may extend to three years and with fine.".

(vi) Page 68, *for* lines 6 to 13, *substitute*—

35G. If any person convicted of any offence under sub-section (1) of section 35A or section 35B or section 35D or section 35F is again convicted of an offence under any of the aforesaid provisions, he shall be punishable for the second and for every subsequent offence with rigorous imprisonment for a term which shall not be less than six months but which may extend to seven years and with fine.". "Punishment for second and subsequent offences.

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

(i) Page 1, line 6, *for* "1973" *substitute* "1975"

(ii) Page 1, line 9, *after* "Act" *add*

"and, any reference to 'the commencement of this Act' or to 'the commencement of the Taxation Laws (Amendment) Act, 1974' in any provision of this Act or in any amendment made by such provision shall be construed as a reference to the coming into force of that provision."

The clause, as amended, was adopted.

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

Page 1, line 1, *for* "Twenty-fourth" *substitute* "Twenty-fifth".

The Enacting Formula, as amended, was adopted.

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

19. At the end, the Committee made the following general obseravtions and decided that these might be incorporated in the draft Report:—

(1) The Committee noted with concern that the dispute between Class I and Class II Income-tax officers has been pending settlement for a very long time. As a consequence, the parties had to go to the court. This was unfortunate for the same seriously affected the efficiency of the Department. They felt that if problem of black money and tax evasion menace was to be avoided, it was essential that tax administration should be made effective and efficient. The dispute between the Class I and Class II in which a large group of income-tax personnel felt at the moment frustrated and demoralised was not conducive to efficient tax administration. They felt that the question of career prospects of Class II Income-tax Officers including the policies pursued by the Department about their seniority and promotion should be reviewed expeditiously.

(2) The Committee also felt that Government might consider the question of amending Section 80E of the Income-tax Act, 1961, on the lines of the Wanchoo Committee recommendation, that "the Scheme of allowing deduction in respect of premia paid for securing retirement annuity be extended to cover all individuals engaged in business, profession or vocation, whether as proprietors or in partnership."

(3) The Committee were informed by the Ministry that the following matters were already under Government's consideration:

(i) Augmenting man power generally in the Income-tax Department;

(ii) Giving Larger financial powers to the Income-tax authorities.

(iii) Upgrading the status of Chairman of the Board of Direct Taxes and the Board itself.

(iv) Streamlining the working of Directorate of Inspection (Investigation) which has an important role in unearthing black money.

(v) Evolving ways and means and norms for more effective scrutiny of assessees in higher income brackets.

They expressed the ardent hope that early action would be taken to implement these measures for no amount of legislative efforts can cope up with problems of black money and tax evasion unless an efficient and modern administrative tax machinery is set up to administer the direct taxes laws.

20. The Committee felt that as they had still to consider their report, it would not be possible for them to present their report by the stipulated date *i.e.* 21st February, 1975. The Committee, therefore, decided to seek further extension of time for presentation of their report upto the 20th March, 1975.

21. The Committee authorised the Chairman and, in his absence, Shri H. M. Patel, to move necessary motion in the House in this behalf.

22. The Committee authorised the Legislative Counsel to correct patent errors and also to carry out amendments of verbal and consequential nature in the Bill.

23. The Committee decided to hold their sitting at 16.00 hours on Tuesday, the 11th March, 1975 to consider and adopt their draft report.

24. The Chairman then drew the attention of the members to the provisions of Direction 87 of the Directions by the Speaker regarding minutes of dissent.

25. The Committee then adjourned.

LXIV

Sixty-Fourth Sitting

The Committee sat on Tuesday, the 11th March, 1975 from 16.00 to 17.15 hours.

PRESENT

Shri N. K. P. Salve—*Chairman*

MEMBERS

2. Shri Virendra Agarwala
3. Shri S. M. Banerjee
4. Shri Dharnidhar Basumatari
5. Shri Tridib Chaudhuri
6. Shri P. G. Mavalankar
7. Shri H. M. Patel
8. Shri S. B. P. Pattabhi Rama Rao
9. Shri R. Balakrishna Pillai
10. Shri Vasant Sathe
11. Shri Era Sezhiyan
12. Shri K. K. Shetty
13. Shri C. Subramaniam

LEGISLATIVE COUNSEL

1. Shri S. Harihara Iyer, Joint Secretary and Legislative Counsel.
2. Shri S. Ramaiah, Additional Legislative Counsel.

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

1. Shri S. R. Mehta, Chairman, CBDT.
2. Shri C. C. Ganapathy, Member, CBDT.
3 Shri S Narayan, Member, CBDT.
4. Shri I. P. Gupta, Joint Secretary.
5. Shri S. I. Tripathi, Deputy Secretary.
6. Shri K. N. Balasubramanian, Officer-on-Special Duty.
7. Shri S C. Grover, Under Secretary.

SECRETARIAT

1. Shri J. R. Kapur—Chief Legislative Committee Officer.
2. Shri H. L. Malhotra—Senior Legislative Committee Officer.

2. The Committee considered and adopted the Bill, as amended.

3. The Committee then considered and adopted the draft Report subject to the following modifications:—

For paragraphs 73 to 75, substitute—

"73. The proliferation of black money and tax evasion have become a menace to nation's economic development. The Committee feel that legislative efforts by themselves cannot cope

with these problems unless an efficient and modern administrative tax machinery is set up to administer the direct taxes laws.

74. The Committee note with concern that the dispute between the officers directly recruited to class I and those promoted to it has been pending settlement for a very long time. As a consequence, the parties had to go to the court. This was unfortunate for it seriously affected the efficiency of the Department. They feel that if the problem of black money and tax evasion is to be seriously dealt with, it is essential that tax administration should be made effective and efficient. The dispute in which a large group of income-tax personnel feel at the moment frustrated and demoralised is not conducive to efficient tax administration. They feel that the question of career prospects of Class II Income-tax Officers including the policies pursued by the Department in respect of their seniority and promotion should be reviewed expeditiously.

75. The Committee were informed by the Ministry that the following matters were already under Government's consideration:—

(i) Augmenting the man power adequately in the Income-tax Department;

(ii) Giving larger financial powers to the Income-tax authorities;

(iii) Upgrading the status of the Chairman of the Board of Direct Taxes and the Board itself;

(iv) Streamlining the working of the Directorate of Inspection (Investigation) which has an important role in unearthing black money; and

(v) Evolving ways and means and norms for more effective scrutiny of assessees in higher income brackets.

The Committee express the ardent hope that early decisions and consequent action would be taken in respect of these matters."

4. The Chairman announced that the Minutes of Dissent, if any, might be sent to the Lok Sabha Secretariat so as to reach them by 11.00 hours on Wednesday, the 19th March, 1975.

5. The Committee authorised the Chairman and, in his absence, Shri Vasant Sathe to present the Report to the House and to lay a copy of the Evidence on the Table of the House on Thursday, the 20th March, 1975.

6. The Committee placed on record their appreciation for the assistance rendered by the Minister of Finance during the course of their deliberations.

7. The Committee also placed on record their appreciation of the cooperation and assistance rendered by the Legislative Counsel, Additional Legislative Counsel, Officers of the Ministry of Finance and the Officers and staff of the Lok Sabha Secretariat.

8. The Committee also placed on record their thanks to the Chairman (Shri N. K. P. Salve) for very ably conducting the proceedings of the Committee and guiding their deliberations at various stages of the Bill.

9. The Committee then adjourned.

C.B. II No. 297

LOK SABHA

THE DELHI SALES TAX BILL, 1973

(Report of the Select Committee)

[Presented on the 18th April, 1975]

सत्यमेव जयते

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NEW DELHI

April, 1975/Chaitra, 1975

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CORRIGENDA

to

the Report of Select Committee on
the Delhi Sales Tax Bill,1973.

Cover page, line 2 from bottom, for "1975" read "1897"
Page (xv) (i) line 9 from bottom, for "(Eales)" read "(Sales)"
(ii) line 14 from bottom, for "inserted accordingly." read "other place."
Page 14, line 10 from bottom, for "the" read "this"
Page 23, line 15 from bottom, for "ertificate" read "certificate"
Page 35, line 18, after "section 4," insert "or"
Page 43, (i) line 1, for "sall" read "shall"
(ii) line 5, for "thereunler" read "thereunder"
(iii) line 26 for "recover" read "recovery".
Page 48, delete side-lined thick rule.
Page 55, line 21, for "Accounts" read "Accountants"
Page 65, line 11, for "Sounsel" read "Counsel"
Page 67, line 13 from bottom, for "Direction 59" read "Direction 58"
Page 75, line 2 from bottom, for "Secretary" read "Secretariat"
Page 78, line 23, for "has" read "is"
Page 106, line 20, for "asence " read "absence"

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SELECT COMMITTEE ON THE DELHI SALES TAX BILL, 1973

COMPOSITION OF THE COMMITTEE

Shri S. M. Siddayya—*Chairman*

MEMBERS

2. Shri Syed Ahmed Aga
3. Shri Shrikrishna Agrawal
4. Shri H. K. L. Bhagat
5. Shri Bhagirath Bhanwar
%6. Shri Chakleshwar Singh
7. Shri Amarsinh Chaudhari
8. Shrimati Premalabai Dajisaheb Chavan
*9. Shri Dalip Singh
$10. Shri M. Deiveekan
11. Shri Shanker Narayan Singh Deo
&12. Shri Biren Dutta
13. Shri C. C. Gohain
14. Shri N. E. Horo
15. Shri Chiranjib Jha
16. Shrimati Subhadra Joshi
**17. Shri Sat Pal Kapur
18. Shri Vikram Mahajan
19. Shrimati Shakuntala Nayar
20. Shri Arvinda Bala Pajanor
£21. Shri Sudhakar Pandey
22. Shri Birender Singh Rao
23. Shri P. V. Reddy
24. Shri Arjun Sethi
25. Dr. H. P. Sharma
26. Shri M. R. Sharma
27. Shri Ramavatar Shastri
28. Shri Somchand Solanki
29. Shri Amarnath Vidyalankar
@30. Shri C. Subramaniam

%Appointed w.e.f. 9.9.74 *vice* Shri Rudra Pratap Singh resigned.

*Appointed w.e.f. 19.11.74 *vice* Shri Buta Singh resigned.

$Appointed w.e.f. 9.9.74 *vice* Shri R. P. Ulaganambi resigned.

&Appointed w.e.f. 9.9.74 *vice* Shri Madhuryya Halder resigned.

**Appointed w.e.f. 19.11.74 *vice* Shri K. R. Ganesh resigned.

£Appointed w.e.f. 19.11.74 *vice* Shri Vishwanath Pratap Singh resigned.

@Appointed w.e.f. 19.11.74 *vice* Shri Y. B. Chavan resigned.

LEGISLATIVE COUNSEL

1. Shri S. Harihara Iyer—*Joint Secretary and Legislative Counsel.*
2. Shri S. Ramaiah—*Additional Legislative Counsel.*

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

1. Shri K. Narasimhan—*Additional Secretary*
2. Shri O. P. Mehra—*Deputy Secretary*
3. Shri S. D. Ramaswamy—*Under Secretary*
4. Shri Virendra Prakash—*Commissioner, Sales-tax, Delhi.*

REPRESENTATIVES OF THE MINISTRY OF HOME AFFAIRS

1. Shri K. R. Prabhu—*Additional Secretary*
2. Shri D. S. Misra—*Deputy Secretary.*

SECRETARIAT

1. Shri P. K. Patnaik—*Additional Secretary.*
2. Shri H. G. Paranjpe—*Chief Financial Committee Officer.*
3. Shri J. R. Kapur—*Chief Financial Committee Officer.*
4. Shri H. L. Malhotra—*Senior Legislative Committee Officer.*

REPORT OF THE SELECT COMMITTEE

I, the Chairman of the Select Committee to which the Bill* to consolidate and amend the law relating to the levy of tax on sale of goods in the Union territory of Delhi 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 9th April, 1973. The motion for reference of the Bill to a Select Committee of the House was moved in Lok Sabha by Shri K. R. Ganesh, the then Minister of State in the Ministry of Finance on the 6th September, 1974 and was adopted (Appendix I).

3. The Committee held 18 sittings in all.

4. The first sitting of the Committee was held on the 23rd September, 1974, to draw up their programme of work. The Committee decided to invite written memoranda from the Chambers of Commerce and Industry, Bar Councils, Supreme Court/High Court Bar Associations, Trade Unions, Chief Secretaries, Delhi Administration, Governments of Punjab, Haryana, Himachal Pradesh, Jammu & Kashmir, Rajasthan, Uttar Pradesh, Administrator, Union Territory of Chandigarh and everyone else interested in the subject matter of the Bill by the 14th October, 1974. The Committee further decided to hear oral evidence on the provisions of the Bill.

5. Subsequently, the Committee, at their sitting held on the 4th November, 1974, decided, on the request of several associations organisations, etc., to extend the date for submission of memoranda upto the 7th December, 1974.

6. 46 memoranda on the Bill were received by the Committee from various associations, organisations, etc. (*vide* list at Appendix II).

7. The Committee heard the evidence given by various associations, organisations, etc. at their sittings held from the 6th to 10th January, 1975 (*vide* list at Appendix III).

8. The Report of the Committee was to be presented by the 11th November, 1974. The Committee were granted extension of time on the 11th November, 1974 upto the last day of the Budget Session (1975).

9. At their sitting held on the 25th February, 1975, the Committee decided that (i) the evidence tendered before them might be laid on the Table of the House; and (ii) two copies each of the memoranda received by the Committee from various associations, organisations, etc. might be placed in the Parliament Library, after the report of the Committee was presented, for reference by the Members of Parliament.

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*Published in the Gazette of India, Extraordinary, Part II, Section 2, dated the 9th April, 1973.

10. At their sitting held on the 10th February, 1975, the Committee held a general discussion on the amendments proposed in relation to the various clauses of the Bill.

11. The Committee considered the Bill clause-by-clause at their sittings held on the 11th, 12th, 13th, 18th, 19th, 20th; 24th and 25th February, 1975.

12. The Committee considered and adopted the Report on the 7th April, 1975.

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

14. *Clause* 2 [*Explanation to sub-clause* (1)].—The Committee are of the view that the Explanation to sub-clause (1) of clause 2 of the Bill is redundant in view of the provisions contained in section 4(2) of the Central Sales-tax Act, 1956.

The Explanation has been omitted accordingly.

15. *Clause* 3.—(i) *Sub-clause* (3).—The Committee feel that in the event of a dealer's turnover falling below the taxable quantum in any year, he may be allowed to apply for cancellation of his registration certificate after the expiry of one year following that year in which his turnover has failed to exceed the taxable quantum. The dealer should be liable to pay tax in respect of goods purchased by him prior to the cancellation of his certificate free of tax on the strength of such certificate.

Proviso to sub-clause (3) has been inserted accordingly.

(ii) *Sub-clause* (7).—The Committee are of the view that the taxable quantum should be raised from Rs. 15,000 to Rs. 30,000 in the case of manufacturers and from Rs. 15,000 to Rs. 1,00,000 in the case of other dealers. The Committee are also of the view that the turnover of all sales should be taken into account for the purposes of computing the taxable quantum of a dealer irrespective of whether such sales are taxable under the Bill or not. Sub-clause (7) has been amended accordingly.

An Explanation to the sub-clause has also been inserted to provide that all sales will be included for the purpose of computing the taxable quantum.

16. *Clause* 4—*Sub-clause* (1).—(i) The Committee are of the view that the rate of tax in respect of goods included in the First Schedule appended to the Bill might be raised from ten paise in the rupee to twelve paise in the rupee.

Sub-clause (1) (a) has been amended accordingly.

(ii) The Committee feel that the levy of tax in respect of any food or drink served for consumption in a hotel or restaurant with which a cabaret, floor show or similar entertainment is provided therein should be at the rate of forty paise in the rupee.

New sub-clause (1) (c) has been inserted accordingly.

(iii) The Committee feel that in the case of taxable turnover in respect of any other goods, the tax at the rate of seven paise in the rupee might be levied.

Original sub-clause (1) (c) [New sub-clause 1(d)] has been amended accordingly.

(iv) Proviso to sub-clause (1) has been amended so as to permit amendment of the First or the Second Schedule either retrospectively or prospectively and it has been provided that no such retrospective amendment would prejudicially affect the interests of any dealer.

(v) *Sub-clause* 2(*a*) (*i*) has been amended to be in the line with the provisions of clause 5 of the Bill.

(vi) *Sub-clause* 2(*a*) (*iv*).—The Committee feel that the goods which have been purchased by a dealer within a period of twelve months prior to the date of his registration should be deducted from his turnover, provided the goods have been sold by the dealer within a period of twelve months from the date of his registration and the claim for such deduction is included in the return to be furnished by the dealer in respect of such sale.

Sub-clause 2(a) (iv) has been substituted accordingly.

(vii) *Sub-clause* 2(*a*) (*v*) (*A*).—Since newspapers are not goods for the purpose of levy of sales tax in Delhi, the Committee feel that it might be made clear that raw materials for the purpose of the printing of newspapers should not be entitled to get exemption from tax.

Sub-clause 2(a) (v) (A) has been amended accordingly.

(viii) *Sub-clause* 2(*a*) (*v*) (*C*).—The Committee feel that sales of only such containers or other materials as are used for the packing goods or class of goods specified in the certificate of registration of a dealer should be allowed tax free.

Sub-clause 2 (a) (v) (C) has been amended accordingly.

(ix) *Second and Third provisos to sub-clause* (2).—The changes made are of drafting nature.

17. *Clause* 5.—The Committee feel that the power of the Administrator to specify the point of sale at which any goods or class of goods should be taxed, be subject to such conditions, if any, as may be specified in the notification specifying the point of sale. The Committee also feel that where a point of sale (other than the last point on which the tax would be generally levied) is notified by the Administrator under this clause, the exemption on points of sale other than the point of sale so notified should be available on the production of prescribed declaration forms. The Administrator may, however be empowered to exempt any goods or classes of goods or dealers or classes of dealers from the requirement of production of declaration forms subject to such restrictions and conditions as may be specified in the notification to be issued in this behalf.

Clause 5 has been amended accordingly.

18. *Clause* 7.—The Committee feel that with the previous approval of the Central Government, the Administrator should have the power to amend the Third Schedule either retrospectively or prospectively and

no such retrospective amendment should prejudicially affect the interests of any dealer.

Clause 7 has been amended accordingly.

19. *Clause* 9—(i) *Sub-clause* (2).—The Committee feel that the Administrator might be authorised to appoint Additional Commissioners of Sales Tax and Sales Tax Officers, besides other persons, to assist the Commissioner in the execution of his functions under the Bill.

Sub-clause (2) has been amended accordingly.

(ii) *Sub-clause* (3).—The Committee are of the view that the jurisdiction of the various officers should be specified by the Commissioner instead of the Administrator, as provided for in the Bill.

Sub-clause (3) has been amended accordingly.

20. *Clause* 10.—The Committee are of the opinion that the powers to specify jurisdiction of officers under clause 9(3) of the Bill and to sanction prosecution in clause 52(1) of the Bill should be exercised by the Commissioner only. The powers to conduct search and seizure should not be delegated to any person lower in rank to a Sales-tax Officer and those under sub-section (1) of clause 49 should not be delegated to any person other than an Additional Commissioner of Sales Tax. The other powers could be delegated to any person appointed to assist the Commissioner under clause 9(2) of the Bill.

Clause 10 has been amended accordingly.

21. *Clause* 11.—The Committee are of the view that it should be made clear that the proceedings under this Bill should mean any proceedings which might be pending on the date when an order is passed under this Bill or which might have been completed on or before such date and include proceedings which might be commenced after that date.

An Explanation to this clause has been added accordingly.

22. *Clause* 13.—The amendment made in this clause is consequent on the repeal of the Code of Criminal Procedure, 1898 and the re-enactment of the Code of Criminal Procedure, 1973, after the introduction of this Bill.

23. *Clause* 14.—(i) The Committee are of the view that a provision should be made in the Bill itself for prescribing a period within which a certificate of registration should be granted.

(ii) The Committee feel that it might be made clear that the goods or class of goods in respect of which a notification is issued under clause 5 specifying the point at which the goods will be taxed, will not be specified in the registration certificate of a dealer. Further, such goods or class of goods, if any, are specified in the registration certificate and a notification in respect of such goods is issued under the said section 5 on any subsequent date, the certificate should be deemed to have been amended so as to omit the reference to such goods or classes of goods.

(iii) The Committee also feel that if the concerned authority is of the opinion that an application for registration is not in order, the same

might be rejected within the prescribed period after recording the reasons therefor.

The clause has been amended accordingly.

24. *Clause* 16.—(i) *Sub-clause* (1).—The amendment made is consequent upon the amendment made in clause 3(7) of the Bill.

(ii) *Sub-clause* (2).—The Committee feel that the registering authority should specify the restrictions and conditions in the provisional certificate of registration to be granted to a dealer who intends to start a manufacturing business in Delhi.

Sub-clause (2) has been amended accordingly.

(iii) *New sub-clause* (7).—The Committee feel that a person, who has been granted a provisional certificate of registration fails, without sufficient cause, to establish a manufacturing business within the period specified in the provisional certificate of registration or fails to comply with any of the restrictions or conditions subject to which the certificate was granted, should be liable to pay a penalty equivalent to one and a half times the amount of tax which a dealer might have paid had he not been so registered.

New sub-clause (7) has been inserted accordingly.

25. *Clause* 18.—(i) *Sub-clause* (1).—The Committee feel that the Commissioner should be empowered to demand, in appropriate cases, security for proper custody and use of declaration forms.

Sub-clause (1) has been amended accordingly.

(ii) *Sub-cluase* (2).—The Committee are of the opinion that in the case of a new dealer coming up for registration under this Bill, quantum of security might be determined with respect to the amount of tax which may be or become payable by the applicant having regard to the nature and size of his business. As regards the security for proper custody and use of forms, it may be computed with reference to the amount of tax which might be saved by a dealer by the issue of such declaration forms, and, in other cases, the amount of security should not exceed the estimated tax payable on the taxable turnover of a dealer for the year in which security is demanded.

Sub-clause (2) has been amended accordingly.

26. *Clause* 19.—The amendment made is of a clarificatory nature.

27. *Clause* 20 [*Sub-clause* (3) (d)].—The Committee feel that a dealer could avoid cancellation of his registration certificate by filling some returns in a year while not submitting the others. The case of such a dealer would be covered by the residuary powers for cancellation of registration certificate as contained in re-numbered item (f) of the sub-clause.

Sub-clause (3) (d) has, therefore, been omitted.

(ii) *Sub-clause* (7).—This sub-clause has been substituted by a new sub-clause with a view to clarify that a person would be liable to pay tax in respect of the sales effected by him prior to the date of cancellation of his certificate of registration.

(iii) *New sub-clause* (8).—The Committee are of the view that where it is found that a person registered as a dealer ought not to have been so registered, then such person should be liable to pay tax for the period he was registered, as if he were a dealer.

Sub-clause (8) has been inserted accordingly.

28. *Clause* 23.—(i) *Sub-clause* (6).—The Committee are of the view that, when a dealer liable to pay tax under the Bill has failed to get himself registered, the amount of penalty to be imposed on a dealer should not be more than twice the amount of the tax assessed.

Sub-clause (6) has been amended accordingly.

(ii) *Sub-clause* (7).—The amendment has been made with a view to reduce the period of assessment from eight years to six years in the case of a dealer who is liable to pay tax and who has failed to get himself registered.

29. *Clause* 24.—The amendments made in this clause are with a view to reduce the period of re-assessment of an escaped assessment from eight to six years.

The other amendment made is of a clarificatory nature.

30. *Clause* 25.—The amendments made are of clarificatory nature.

31. *New Clause* 26.—This clause has been inserted with a view to provide for the continuation of recovery proceedings, in respect of which any appeal or revision application or other proceedings are filed. Where the amount of tax or penalty is enhanced, fresh notice to the dealer should be issued only in respect of the amount by which such Government dues are enhanced. Where the amount of tax or penalty has been reduced, no fresh notice for the reduced amount would be necessary. The Commissioner, in such a case, would give intimation to the dealer and to the authority with whom such proceedings are pending about such reduction.

32. *New Clause* 27.—The Committee note that the Public Accounts Committee (1973-74) in their 116th Report has recommended the inclusion of a provision for levying interest for belated payments. The Committee, are, therefore, of the opinion that simple interest should be paid by the dealer at the rate of one per cent. If the default is for a period of one month and at the rate of one and a half per cent. per month where the default is for more than a month, for so long as there is default in the payment of the tax. The interest may be deemed as tax payable under the Bill.

New clause 27 has been inserted accordingly.

33. *Clause* 28 [*Original clause* 26].—*New Sub-clause* (7).—The Committee feel that the Commissioner or any other person appointed to assist the Commissioner should be empowered to apply to a court for payment to him of any amount, belonging to a dealer, which is lying in the custody of the court, in order to discharge the liability in respect of tax and penalty due from such a dealer.

New Sub-clause (7) has been inserted accordingly.

34. *Clause* 30 [*Original clause* 28]—(i) *Sub-clause* (1).—The amendment is made of a clarificatory nature.

(ii) *Sub-clause* (3).—The Committee feel that the Commissioner may for sufficient cause allow a claim for refund being made after the expiry of the period of twelve months but not later than twelve months from such expiry.

Sub-clause (3) has been amended accordingly.

(iii) *Sub-clause* (4).—The Committee feel that in the case of delayed refunds due to person, the Commissioner should pay interest at the same rates as given in clause 27 above if refund is not made within ninety days from the date of his making the claim.

Sub-clause (4) has been amended accordingly.

(iv) *New Sub-clause* (5).—The Committee feel that where any question arises as to the period which is to be excluded for the purposes of calculation of interest, the decision of the Commissioner should be taken as final in such cases.

New sub-clause (5) has been inserted accordingly.

(v) *Sub-clause* 8 [*Original Sub-clause* (7)].—In view of the provisions of Section 15(b) of the Central Sales Tax Act, 1956, sub-clause (2) has been amended to provide that the amount in respect of local sales tax paid on declared goods which are subsequently sold in the course of inter-State trade or commence should be re-imbursed to the person who makes such sale in the course of inter-state trade or commerce.

35. *Clause* 31 [*Original clause* 29].—The Committee feel that it should be made clear that set off would be admissible if delay in granting the registration certificate to a dealer is beyond the period prescribed for grant of such registration certificate.

The clause has been amended accordingly.

36. *Clause* 32 [*Original clause* 30].—*New sub-clause* (2).—(i) The Committee feel that the liability of the transferee of a business should not be limited to the value of the assets obtained by transfer.

Proviso to sub-clause (1) has been omitted accordingly.

(ii) The Committee feel that the transferee or the lessee in a business should be liable to pay tax on the sale of goods effected by him after the date of transfer of the business and the transferee or the lessee, where he is an existing dealer, should make an application for the amendment of the registration certificate.

New sub-clause (2) has been inserted accordingly.

37. *Clauses* 35 *and* 36 [*Original clauses* 33 *and* 34].—The amendments made are of clarificatory nature.

38. *Clause* 38 [*Original clause* 36].—The Committee feel that the Commissioner may be empowered to direct any class of registered dealers to keep such accounts as may be specified by him in the notification.

New sub-clause (2) has been inserted accordingly.

39. *Clause* 39 [*Original clause* 37].—The Committee feel that the statutory requirement of issuing a bill|cash memorandum should be only in respect of sales where value of goods sold in any one transaction exceeds rupees ten. Further the Administrator should be empowered either to exempt any goods or class of goods or dealers or class of dealers from the requirement of issuing a bill|cash memorandum for sale of goods exceeding ten rupees in value in anyone transaction or specify in the notification that the Bill|cash memorandum would be required to be issued if the sale of goods is of such amount exceeding ten rupees as is mentioned in the notification.

The clause has been amended accordingly.

40. *Clause* 41 [*Original clause* 39].—*Sub-clause* (7).—The amendment made in this sub-clause is consequent on the repeal of the Code of Criminal Procedure, 1898 and re-enactment of the Code of Criminal Procedure, 1973. after the Bill was introduced.

41. *Clause* 43 [*Original clause* 41].—(i) *Sub-clause* (1).—The Committee are of the opinion that any person (including a dealer) aggrieved by any order should have the right to prefer an appeal against such order.

Sub-clause (1) has been amended accordingly.

(ii) *Sub-clauses* (2) *and* (4).—The Committee feel that the Commissioner should also have the right to appeal to the Appellate Tribunal if he is aggrieved by the order of the first appellate authority. In such a case, the Commissioner is not required to pay the fee of fifty rupees which is required to be paid when the appeal is filed by any other person.

Sub-clauses (2) and (4) have been amended accordingly.

(iii) *Sub-clause* (5).—The Committee feel that a provision might be made in the Bill itself that no appeal would be entertained by the appellate authority unless the amount admitted to be due has been paid by the Appellant.

Second proviso to sub-clause (5) has been inserted accordingly.

42. *Clause* 45 [*Original clause* 43].—*Sub-clause* (1).—This sub-clause has been amended with a view to bring it on the lines of an identical provision in the Income-tax Act, 1962.

The other amendment made is of consequential nature.

43. *Clause* 46—[*Original clause* 44].—The Committee feel that a final order under this clause should be made before the expiry of five years from the date of the order sought to be revised.

Proviso to this clause has been substituted accordingly.

44. *Clause* 48 [*Original Clause* 46].—(i) *New sub-clause* (3).—This sub-clause has been inserted with a view to permit the authority passing any order to amend any order if the matter covered by such order is identical to the matter already decided in any proceeding by way of appeal or revision.

(ii) *New sub-clauses* (6) *and* (7).—The Committee feel that there should be a provision for review of orders passed by any authority or by

the Appellate Tribunal and. before any order in review is passed, any person likely to be affected adversely should be given reasonable opportunity of being heard.

New sub-clause (6) and (7) have been inserted accordingly. Other amendments made are of verbal nature.

45. *Clause* 49 [*Original clause* 47].—The Committee feel that a period should be prescribed within which any disputed question should be determined by the Commissioner.

The clause has been amended accordingly.

46. *Clause* 50 [*Original clause* 48].

(i) *Sub-clauses* (*b*), (*c*) and (*d*).—The Committee feel that onus in respect of offences mentioned in sub-clauses (b), (c) and (d) of the clause should be on the person within whose knowledge the facts relating thereto would be.

(ii) *Sub-clause* (*g*).—The Committee feel that the burden of proof should be on the person who makes any collection of tax otherwise in accordance with the provisions of the Bill and the rules made thereunder.

(iii) *Sub-clause* (*h*).—This sub-clause has been amended in the light of amendments made in clause 38 of the Bill.

(iv) *New sub-clause* (*o*).—The sub-clause creates a new offence where the owner or person in charge of a goods vehicle fails, neglects or refuses to comply with the requirements contained in clause 64 of the Bill.

(v) The Committee feel that imprisonment in respect of offences mentioned in this clause of the Bill should be rigorous and not simple and the quantum of daily fine in respect of a continuing offence should be raised to two hundred rupees and, in respect of certain offences, if the court is satisfied that the offence has been committed wilfully, the offender should be punished with rigorous imprisonment for a term which might extend to six months and with fine, and when the offence is a continuing one, with a daily fine of three hundred rupees during the period of continuance of the offence.

(vi) The Committee also feel that a person who has applied for registration in accordance with the provisions of clause 14(2) or clause 17(2) should not be deemed to have committed an offence under sub-clause (b).

Sub-clause (2) has been inserted accordingly.

49. *Clauses* 52 *and* 53 [*Original clauses* 50 *and* 51].—The term "magistrate of the first class" has been substituted by the term "Metropolitan Magistrate". This amendment and the other amendment to this clause and the amendment to Clause 53 (original clause 51) are consequent on the repeal of the Code of Criminal Procedure, 1898 and the re-enactment of the Code of Criminal Procedure. 1973 after the introduction of the Bill.

48. *Clause* 54 [*Original clause* 52].—*Sub-clause* (1).—This sub-clause provides for compounding of offences for a sum not exceeding five thousand rupees or double the amount of tax which would have been payable by a person whichever is higher. The Committee feel that since the quantum

of penalty in lieu of prosecution has been raised of two and a half times, the quantum of composition money should also be raised to a sum not exceeding three times the amount of tax which would have been payable if such person had complied with the provisions of the Bill.

Sub-clause (1) has been amended accordingly.

49. *Clause* 55 [*Original clause* 53].—*Sub-clause* (1).—Item (b) of sub-clause (1) has been omitted as a provision in this regard has been made in sub-clause (5) of clause 25 of the Bill.

The other amendments made are with a view to raise the quantum of penalty in lieu of prosecution for an offence relating to non-furnishing of return or non-payment of tax within due time, from a sum not exceeding one and a half times to a sum not exceeding twice the amount of such tax sought to be evaded and where no tax is payable by a person, the quantum of penalty in respect of the said offence should be raised from a sum not exceeding one thousand rupees to a sum not exceeding two thousand rupees.

Sub-clause (1) has been amended accordingly.

50. *Clause* 56 [*Original clause* 54].—The amendments made in this clause are on the lines made in clauses 54 and 55 of the Bill.

51. *Clause* 57 [*Original clause* 55].—*Sub-clause* (1).—The amendment made is on the lines made in clause 56 of the Bill.

The Committee recommends that there should be a provision in the Bill to penalise officers conniving or colluding with the tax evaders. The Government should also consider to include similar provisions in other taxation laws.

52. *Clause* 58 [*Original clause* 56].—The Committee are of the view that notices on all the adult members of the erstwhile Hindu undivided family shall be served in case the person who was the last manager of such family could not be found.

Clause 56 has been amended accordingly.

53. *Clause* 64 [*Original clause* 62].—(i) *Sub-Clause* (3).—The Committee feel that the owner or person in charge of a goods vehicle entering or leaving Delhi should file a declaration in the prescribed form which should be obtained from the prescribed authority. The Committee further feel that a penalty not exceeding two and a half times the tax or one thousand rupees, whichever is higher, should be imposed if the owner or person in charge of a goods vehicle fails to carry goods which are meant to be carried to a place outside Delhi to that place within the prescribed period without reasonable cause.

Sub-clause (3) has been amended accordingly.

(ii) *Sub-clause* (4).—The Committee feel that an officer empowered by the Administrator should be authorised to search the goods vehicle or part thereof and also to examine the contents therein.

Sub-Clause (4) has been amended accordingly.

(iii) *New sub-clause* (5).—The Committee feel that an officer empowered by the Administrator should have the power to detain the goods if such officer has reason to believe that the owner or person in charge of the goods vehicle is attempting to evade payment of tax. The goods so detained should not be allowed to be transported unless a security for an amount not exceeding one thousand rupees or the amount of tax payable if such goods were sold in Delhi, whichever is more, is furnished.

(iv) *New sub-clause* (6).—The Committee feel that where the security is not furnished within the prescribed period, the goods in question should be disposed of in such manner and subject to such conditions as may be prescribed.

54. *Clause* 65 [*Original clause* 63].—The Committee feel that the Commissioner should publish in the official Gazette such particulars as may be prescribed at intervals not exceeding three months of dealers whose registration certificates are cancelled under the provisions of the Bill.

Clause 63 has been substituted accordingly.

55. *New clause* 68.—The Committee feel that transfer of any assets by way of sale, mortgage, gift or exchange or any other mode during the pendency of any proceedings under the Bill should be void as against any claim in respect of any tax or any other sum payable under the Bill.

New clause has been inserted accordingly.

56. *New clause* 69.—The Committee feel that chapter XXXVI of the Code of Criminal Procedure, 1973 should not apply to any offence punishable under the Bill, or to any other offence which under the provisions of that Code might be tried along with such offence.

New Clause has been inserted accordingly.

57. *New clause* 70.—The Committee feel that it should be made clear that where any amount is recoverable as an arrear of land revenue under the provisions of the Bill, such recovery should be made in accordance with the provisions of the Delhi Land Reforms Act, 1954 if the recovery is to be made inside Delhi and of the Revenue Recovery Act, 1890 if the recovery is to be made in any inserted accordingly.

New clause has been inserted accordingly.

58. *Clause* 71 [*Original clause* 66].—The amendments made in this clause are of consequential nature.

59. *New clause* 75.—The Committee feel that a dealer who is liable to pay tax under the Bengal Finance (Eales Tax) Act, 1941, as in force in Delhi, but who is not liable to pay tax under the provisions of the Bill, should continue to be liable to pay tax on sales of goods purchased by him prior to the commencement of the Bill.

New clause has been inserted accordingly.

60. *The First Schedule*.—

(i) *Entry* 2.—The Committee are of the opinion that "cycle combination" might be changed to "motor and cycle combinations". The Entry has been amended accordingly.

(ii) *Entries* 4 *and* 7.—The Committee recommend that the existing rate of tax on transistors and watches at ten per cent should continue.

(iii) *Entry* 15.—The amendment made by the substitution of this entry is of a clarificatory nature.

(iv) *Entry* 16.—The Committee are of the view that spoons are essential item of every household and should, therefore, be excluded from this entry. The Entry has been amended accordingly.

(v) *Entry* 18.—The Committee feel that the existing rate of tax at 7 per cent. on cheaper variety of crockery should continue.

(vi) *Entry* 23.—The Committee recommend that the existing rate of tax on motor spirit and high speed diesel oil at the rate of 7 per cent should continue.

(vii) *Entry* 25.—The Committee are of the view that leather belts are mostly used by students and should, therefore, not be included in this entry. The Entry has been amended accordingly.

(viii) *Entry* 26.—The Committee feel that the rate of tax on wooden furniture should not exceed ten per cent.

(ix) *Entry* 31.—The Committee feel that goods made out of plastic, celluloid, bakelite and other similar goods having the value not exceeding thirty rupees per piece might be excluded. The Entry has been amended accordingly.

61. *The Second Schedule* [*Entry* 1].—The Committee recommend that no tax should be levied on "charcoal". The Entry has been amended accordingly.

62. *The Third Schedule*.—

(i) *Entry* 1.— The Committee feel that all forms of rice and cooked *dal* might also be included in this Entry. The Entry has been amended accordingly.

(ii) *Entry* 3—The Committee are of the opinion that bread (*double roti*) prepared either with power or without the aid of power should be free from tax. The Entry has been amended accordingly.

(iii) *Entry* 14.—Geometry boxes and instruments such as instruments used in mechanical drawing and biology used by students should not be taxed. The Entry has been amended accordingly.

(iv) *Entry* 15.—The words "and charcoal" have been inserted in this Entry for the reasons set out in paragraph 61 above.

(v) *Entry* 17.—The Committee are of the opinion that agricultural implements including chaffcutters and persian wheels and electric motor including monoblock pumping sets of 3 to 7-1|2 horse power are required by all farmers. These items should, therefore, be exempted from tax. The Entry has been substituted accordingly.

(vi) *Entry* 26.—The Committee are of the opinion that "prepared pans" should also be free from tax. The Entry has been amended accordingly.

(vii) *New Entries* 32 *to* 36.—The Committee recommend that the following items should also be included in the category of exempted goods:—

"1. Handspun yarn.

2. *Achar* and *Muraba* except when sold in sealed containers.

3. Scientific goods including scientific glass goods, geometrical and drawing goods used in schools and colleges for teaching and for use by students.

4. Livestock including poultry.

5. Cotton paddings."

These items have, therefore, been inserted in the Third schedule.

63. *Clause* 1 *and Enacting Formula*.—The amendments made are of a formal nature.

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

65. The Committee also recommend that—

(i) while fixing rates of tax the peculiar position of Delhi as a trade distributing Centre, should be kept in view;

(ii) with a view to check evasion of tax and also to facilitate collection, wherever possible, the tax should be levied at the first point;

(iii) the tax on silk and pure silk fabrics should be levied at the first point;

(iv) the tax on hosiery goods and umbrella cloth covers which is at present being charged at one per cent should continue to be so charged for the present;

(v) the tax on kerosene and matches should be levied at the first point and it should not in any case be more than three per cent. on kerosene and four per cent on matches;

(vi) the tax on black lead and coloured pencils used by students should be levied at the first point and should not in any case be more than five per cent;

(vii) cycle, cycle-rickshaw and tri-cycle and the parts thereof which are at present being taxed at the general rate should continue to be so taxed; and

(viii) the concessional rate of tax allowed to *halwais* may be continued.

NEW DELHI;
April 17, 1975.
Chaitra 27, 1897 (*S*).

S. M. SIDDAYYA
Chairman,
Select Committee.

MINUTE OF DISSENT

I

The taxation policy of the Government should be such which should not hit the common man. But it is not so today. The present policy of the Government is hitting the poor people and sparing the rich to a great extent. This is also evident in the Delhi Sales Tax Bill, 1973 as reported by the Select Committee.

For checking evasion of tax and also facilitating collection, the principle of single point Sales Tax *i.e.* at the first point should be adopted and implemented. This demand is raised from almost all the quarters. This system will also lessen the expenditure of the Government and will check corruption to a greater degree. The present system of Sales Tax is responsible for tax evasion and corruption. By adopting corrupt means, hundreds of crores of rupees are eaten up by the business community who are liable to pay sales and other taxes.

However, the Select Committee have attempted in this direction by recommending levy of first-point Sales Tax, wherever possible. This is a welcome step.

For the purpose of levying Sales Tax on coal, it has been included in the Second Schedule. It comes under the category of essential commodities. Coal is used by a large number of poor people for whom it is becoming difficult to meet their both ends. Coal is consumed mostly by the poor and middle class people who are badly hit by the rising prices. The price of coal is itself beyond the reach of the common man. The imposition of Sales Tax on coal further increase the price. So, in my opinion, coal should not be taxed and this should be included in the Third Schedule of the Bill as it is vitally linked with the life of the people as an article of mass consumption.

According to the Select Committee, the tax on kerosene and matches should be levied at the first point and it should not in any case be more than three per cent on kerosene and four per cent on matches. I violently disagree with this provision of the Bill.

It is well known that these two articles are used almost by all people. But, in comparison to the rich, these articles are used more by the poor and the middle strata of the population who constitute not less than 95 per cent. So, the imposition of Sales Tax on these two articles will hit them most. Nobody can appreciate this anti-people stand of the Government, who are professing by socialism day in and day out. So, these two articles of mass consumption should be spared from the perview of the Sales Tax.

In the end, I would recommend that coal, kerosene and matches should not be taxed by the Delhi Administration and they should be included in the Third Schedule for the purpose.

NEW DELHI;
April 9, 1975.

RAMAVATAR SHASTRI.

THE DELHI SALES TAX BILL, 1973

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THE THIRD SCHEDULE.

THE THIRD SCHEDULE
THE SECOND SCHEDULE
THE FIRST SCHEDULE

Bill No. 22—A of 1973.

THE DELHI SALES TAX BILL, 1973

[AS REPORTED BY THE SELECT COMMITTEE]

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

A

BILL

to consolidate and amend the law relating to the levy of tax on sale of goods in the Union territory of Delhi.

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

CHAPTER I

PRELIMINARY

Short title, extent and commencement.

1. (*1*) This Act may be called the Delhi Sales Tax Act, 1975.

(*2*) It extends to the whole of the Union territory of Delhi.

(*3*) It shall come into force on such date as the Administrator may, by notification in the Official Gazette, appoint.

Definitions.

2. In this Act, unless the context otherwise requires,—

(*a*) "Administrator" means the Administrator of Delhi appointed by the President under article 239 of the Constitution;

(*b*) "Appellate Tribunal" means the Appellate Tribunal constituted under section 13;

(c) "business" includes—

(*i*) any trade, commerce or manufacture or any adventure or concern in the nature of trade, commerce or manufacture whether or not such trade, commerce, manufacture, adventure or concern is carried on with a motive to make gain or profit and whether or not any gain or profit accrues from such trade, commerce, manufacture, adventure or concern; and

(*ii*) any transaction in connection with, or incidental or ancillary to, such trade, commerce, manufacture, adventure or concern;

(*d*) "Commissioner" means the Commissioner of Sales Tax appointed under sub-section (*1*) of section 9;

(*e*) "dealer" means any person who carries on business of selling goods in Delhi and includes—

(*i*) the Central Government or a State Government carrying on such business;

(*ii*) an incorporated society (including a co-operative society), club or association which sells or supplies goods, whether or not in the course of business, to its members for cash or for deferred payment or for commission, remuneration or other valuable consideration;

(*iii*) a manager, factor, broker, commission agent, *del credere* agent, or any mercantile agent, by whatever name called, and whether of the same description as hereinbefore mentioned or not, who sells goods belonging to any principal whether disclosed or not; and

(*iv*) an auctioneer who sells or auctions goods belonging to any principal, whether disclosed or not and whether the offer of the intending purchaser is accepted by him or by the principal or a nominee of the principal;

(*f*) "Delhi" means the Union territory of Delhi;

(*g*) "goods" includes all materials, articles, commodities and all other kinds of movable property, but does not include newspapers, actionable claims, stocks, shares, securities or money;

(*h*) "manufacture", with its grammatical variations and cognate expressions, means producing, making, extracting, altering, ornamenting, finishing or otherwise processing, treating or adapting any goods, but does not include any such process or mode of manufacture as may be prescribed;

(*i*) "Official Gazette" means the Delhi Gazette;

(*j*) "prescribed" means prescribed by rules made under this Act;

(*k*) "registered" means registered under this Act;

(*l*) "sale", with its grammatical variations and cognate expressions, means any transfer of property in goods by one person to

another for cash or for deferred payment or for any other valuable consideration, and includes—

(*i*) a transfer of goods on hire-purchase or other system of payment by instalments, but does not include a mortgage or hypothecation of, or a charge or pledge on, goods;

(*ii*) supply of goods by a society (including a co-operative society), club, firm or any association to its members for cash or for deferred payment, or for commission, remuneration or other valuable consideration, whether or not in the course of business; and

(*iii*) transfer of goods by an auctioneer referred to in sub-clause (*iv*) of clause (*e*);

* * * * * *

(*m*) "sale price" means the amount payable to a dealer as consideration for the sale of any goods, less any sum allowed as cash discount according to the practice normally prevailing in trade, but inclusive of any sum charged for anything done by the dealer in respect of the goods at the time of or before the delivery thereof other than the cost of freight or delivery or the cost of installation in cases where such cost is separately charged;

(*n*) "tax" means sales tax payable under this Act;

(*o*) "turnover" means the aggregate of the amounts of sale price receivable, or, if a dealer so elects, actually received by the dealer, in respect of any sale of goods made during any prescribed period in any year after deducting the amount of sale price, if any, refunded by the dealer to a purchaser in respect of any goods purchased and returned by the purchaser within the prescribed period:

Provided that an election as aforesaid once made shall not be altered except with the permission of the Commissioner and on such terms and conditions as he may think fit to impose;

(*p*) "year" means the financial year.

CHAPTER II

INCIDENCE AND LEVY OF TAX

Incidence of tax.

3. (*1*) Every dealer whose turnover during the year immediately preceding the commencement of this Act exceeds the taxable quantum and every dealer who at the commencement of this Act, is registered or is liable to pay tax under the Central Sales Tax Act, 1956, shall be liable to pay tax under this Act on all sales effected by him on or after such commencement.

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(2) Every dealer to whom sub-section (*1*) does not apply, shall—

(*i*) with effect from the date immediately following the day on which his turnover calculated from the commencement of any year first exceeds within such year the taxable quantum, be liable to pay tax under this Act on all sales effected by him after that day;

(*ii*) if he becomes liable to pay tax under the Central Sales Tax Act, 1956 or is registered as a dealer under the said Act at any time after the commencement of this Act, be liable to pay tax on all sales effected by him or on his behalf within Delhi on or after the date he

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becomes so liable or is registered under the said Act, whichever is earlier.

(*3*) Every dealer who has become liable to pay tax under this Act shall continue to be so liable until the expiry of three consecutive years during each of which his turnover has failed to exceed the taxable quantum and such further period after the date of such expiry as may be prescribed and on the expiry of such further period his liability to pay tax shall cease:

Provided that any dealer may, after the expiry of one year following the year in which his turnover has failed to exceed the taxable quantum, apply for the cancellation of his certificate of registration, and on such cancellation, his liability to pay tax shall cease:

Provided further that in respect of any goods purchased by any dealer before the date of such cancellation and remaining unsold or unutilised for the purpose for which they were purchased, he shall be liable to pay so much of tax as would have been payable had he not been registered as a dealer on the date of purchase of such goods.

(*4*) Every dealer whose liability to pay tax under this Act has ceased under sub-section (*3*), shall, if his turnover calculated from the commencement of any year again exceeds the taxable quantum on any day within such year, be liable to pay such tax with effect from the date immediately following the day on which his turnover first exceeds the taxable quantum, on all sales effected by him after that day.

(*5*) Any dealer whose certificate of registration has been cancelled under sub-section (*3*) of section 20, shall—

(*a*) if his turnover calculated from the date of cancellation of such certificate exceeds the taxable quantum on any day within the year; or

(*b*) if his turnover calculated from the commencement of any subsequent year, exceeds the taxable quantum on any day within that year,

be liable to pay tax under this Act with effect from the date immediately following the day on which such turnover again first exceeds the taxable quantum on all sales effected by him after that day of goods imported by him from outside Delhi or manufactured by him in Delhi or purchased by him without payment of tax leviable under this Act.

(*6*) No dealer who deals exclusively in one or more classes of goods specified in the Third Schedule shall be liable to pay any tax under this Act.

(*7*) For the purposes of this Act, "taxable quantum" means,—

(*a*) in relation to any dealer who imports for sale any goods into Delhi .. .. *Nil*,

(*b*) in relation to any dealer who manufactures goods for sale regardless of the value of goods manufactured .. .. Rs. 30,000·00,

(*c*) in relation to any other dealer .. .. Rs. 1,00,000·00:

Provided that if the Administrator is of opinion that having regard to the difficulty in maintaining accounts or for other sufficient cause the taxable quantum in respect of any class of dealers falling under clause (*b*) should be increased, the Administrator may, by notification in the Official Gazette, fix in respect of such class of dealers such taxable quantum, not exceeding rupees one lakh, as may be specified in the notification.

Explanation.—For the purposes of computation of taxable quantum under sub-section (7), the turnover of all sales effected by a dealer shall be taken into account irrespective of whether such sales are taxable under this Act or not.

Rate of tax.

4. (*1*) The tax payable by a dealer under this Act shall be levied—

(*a*) in the case of taxable turnover in respect of the goods specified in the First Schedule, at the rate of twelve paise in the rupee;

(*b*) in the case of taxable turnover in respect of the goods specified in the Second Schedule, at such rate not exceeding three paise in the rupee as the Central Government may, from time to time, by notification in the Official Gazette, determine;

(*c*) in the case of taxable turnover in respect of any food or drink served for consumption in a hotel or restaurant or part thereof, with which a cabaret, floor show or similar entertainment is provided therein, at the rate of forty paise in the rupee;

(*d*) in the case of taxable turnover in respect of any other goods, at the rate of seven paise in the rupee:

Provided that the Administrator may with the previous approval of the Central Government and by notification in the Official Gazette, add to, or omit from, or otherwise amend, the First Schedule or the Second Schedule, either retrospectively or prospectively, and thereupon the First Schedule or, as the case may be, the Second Schedule, shall be deemed to be amended accordingly:

Provided further that no such amendment shall be made retrospectively if it would have the effect of prejudicially affecting the interests of any dealer:

Provided also that in respect of any goods or class of goods the Administrator is of opinion that it is expedient in the interest of the general public so to do, he may, with the previous approval of the Central Government and by notification in the Official Gazette, direct that the tax in respect of the taxable turnover of such goods or class of goods shall, subject to such conditions as may be specified, be levied at such modified rate not exceeding the rate applicable under this section, as may be specified in the notification.

(*2*) For the purposes of this Act, "taxable turnover" means that part of a dealer's turnover during the prescribed period in any year which remains after deducting therefrom,—

(*a*) his turnover during that period on—

(*i*) sale of goods, the point of sale at which such goods shall be taxable is specified by the Administrator under section 5 and in respect of which due tax is shown to the satisfaction of the Commissioner to have been paid;

(*ii*) sale of goods declared tax-free under section 7;

(*iii*) sale of goods not liable to tax under section 8;

(*iv*) sale of goods which are proved to the satisfaction of the Commissioner to have been purchased within a period of twelve months prior to the date of registration of the dealer and subjected to tax under the Bengal Finance (Sales Tax) Act, 1941, as it was then in force, or under this Act;

Bengal Act VI of 1941.

(*v*) sale to a registered dealer—

(*A*) of goods of the class or classes specified in the certificate of registration of such dealer, as being intended for use by him as raw materials in the manufacture in Delhi of any goods, other than goods specified in the Third Schedule, or newspapers,—

(*1*) for sale by him inside Delhi; or

(*2*) for sale by him in the course of inter-State trade or commerce, being a sale occasioning, or effected by transfer of documents of title to such goods during the movement of such goods from Delhi; or

(*3*) for sale by him in the course of export outside India being a sale occasioning the movement of such goods from Delhi, or a sale effected by transfer of documents of title to such goods effected during the movement of such goods from Delhi, to a place outside India and after the goods have crossed the customs frontiers of India; or

(*B*) of goods of the class or classes specified in the certificate of registration of such dealer as being intended for resale by him in Delhi, or for sale by him in the course of inter-State trade or commerce or in the course of export outside India in the manner specified in sub-item (*2*) or sub-item (*3*) of item (*A*), as the case may be; and

(*C*) of containers or other materials, used for the packing of goods, of the class or classes specified in the certificate of registration of such dealer, other than goods specified in the Third Schedule, intended for sale or resale;

(*vi*) such other sales as are exempt from payment of tax under section 66 or as may be prescribed:

Provided that no deduction in respect of any sale referred to in sub-clause (*iv*) shall be allowed unless the goods, in respect of which deduction is claimed, are proved to have been sold by the dealer within a period of twelve months from the date of his registration and the claim for such deduction is included in the return required to be furnished by the dealer in respect of the said sale:

Provided further that no deduction in respect of any sale referred to in sub-clause (*v*) shall be allowed unless a true declaration duly filled and signed by the registered dealer to whom the goods are sold and containing the prescribed particulars in the prescribed form obtainable from the prescribed authority is furnished in the prescribed manner and within the prescribed time, by the dealer who sells the goods:

Provided also that where any goods are purchased by a registered dealer for any of the purposes mentioned in sub-clause (*v*), but are not so utilised by him, the price of the goods so purchased shall be allowed to be deducted from the turnover of the selling dealer but shall be included in the taxable turnover of the purchasing dealer; and

(*b*) the tax collected by the dealer under this Act as such and shown separately in cash memoranda or bills, as the case may be.

Power of Administrator to prescribe points at which goods may be taxed.

5. Notwithstanding anything contained in this Act, the Administrator may, by notification in the Official Gazette and subject to such conditions, if any, as may be specified therein, specify the point of sale at which any goods or class of goods may be taxed, and on the issue of such notification, the points of sale in relation to any such goods or class of goods other than the point of sale so notified, shall be exempt from payment of tax under this Act:

Provided that no such exemption shall be allowed unless a true declaration duly filled and signed by the registered dealer by whom the goods are sold and containing the prescribed particulars in the prescribed form obtainable from the prescribed authority is furnished in the prescribed manner and within the prescribed time, by the dealer who purchases the goods:

Provided further that the Administrator may, if he is of opinion that it is necessary in the public interest so to do, by notification in the Official Gazette, exempt, subject to such restrictions and conditions as may be specified therein, any dealer or class of dealers from furnishing a declaration under the first proviso.

Burden of proof.

6. The burden of proving that in respect of any sale effected by a dealer he is not liable to pay tax under this Act, shall lie on him.

Tax-free goods.

7. (*1*) No tax shall be payable under this Act on the sale of goods specified in the Third Schedule subject to the conditions and exceptions, if any, set out therein.

(*2*) The Administrator may, with the previous approval of the Central Government and by notification in the Official Gazette, add to, or omit from, or otherwise amend, the Third Schedule either retrospectively or prospectively, and thereupon the Third Schedule shall be deemed to be amended accordingly:

Provided that no such amendment shall be made retrospectively if it would have the effect of prejudicially affecting the interests of any dealer.

Certain sales and purchases not liable to tax.

8. Nothing in this Act or the rules made thereunder shall be deemed to impose, or authorise the imposition of a tax on any sale or purchase of any goods when such sale or purchase takes place—

(*i*) in the course of inter-State trade or commerce; or

(*ii*) outside Delhi; or

(*iii*) in the course of the import of the goods into, or export of the goods out of, the territory of India.

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Explanation.—Sections 3, 4 and 5 of the Central Sales Tax Act, 1956 shall apply for determining whether or not a particular sale or purchase

takes place in the manner indicated in clause (*i*), clause (*ii*) or clause (*iii*) of this section.

CHAPTER III

Sales tax authorities and Appellate Tribunal

Sales tax authorities.

9. (*1*) For carrying out the purposes of this Act, the Administrator shall appoint a person to be the Commissioner of Sales Tax.

(*2*) To assist the Commissioner in the execution of his functions under this Act, the Administrator may appoint as many Additional Commissioners of Sales Tax, Sales Tax Officers and such other persons with such designations as the Administrator thinks necessary.

(*3*) The Commissioner shall have jurisdiction over the whole of Delhi and the other persons appointed under sub-section (*2*) shall have jurisdiction over such areas as the Commissioner may specify.

(*4*) The Commissioner and other persons appointed under sub-section (*2*) shall exercise such powers as may be conferred, and perform such duties as may be required, by or under this Act.

Delegation of Commissioner's powers.

10. Subject to such restrictions and conditions as may be prescribed, the Commissioner may, by order in writing, delegate any of his powers under this Act except those under sub-section (*3*) of section 9 and sub-section (*1*) of section 52 to any person appointed under sub-section (*2*) of section 9:

Provided that the powers of the Commissioner under clauses (*i*) to (*vi*) (both inclusive) of sub-section (*3*) of section 41 shall not be delegated to any person lower in rank than that of a Sales Tax Officer, and those under sub-section (*1*) of section 49 shall not be delegated to any person other than an Additional Commissioner of Sales Tax appointed under sub-section (*2*) of section 9.

Power to transfer proceedings.

11. (*1*) The Commissioner may, by order in writing, transfer any proceedings or class of proceedings under any provision of this Act from any person appointed under sub-section (*2*) of section 9 to any other person so appointed whether or not such other person has jurisdiction in respect of the area to which such proceedings or class of proceedings relate, and the Commissioner may likewise transfer any such proceedings (including a proceeding already transferred under this section) from any such person to himself.

(*2*) The person to whom any proceeding is transferred under sub-section (*1*) shall proceed to dispose it of as if it had been initiated by himself.

(*3*) The transfer of a proceeding shall not render necessary the re-issue of any notice already issued before such transfer and the person to whom the proceeding is transferred may, in his discretion, continue it from the stage at which it was left by the person from whom it was transferred.

Explanation.—For the purposes of this section, "proceedings" in relation to any person whose name is specified in any order issued thereunder, means all proceedings under this Act in respect of any year which may be pending on the date of such order or which may have been completed on or before such date, and includes also such proceedings

which may be commenced after the date of such order in respect of any year.

Disputes regarding territorial jurisdiction.

12. (*1*) No person shall be entitled to call in question the jurisdiction of any sales tax authority appointed under section 9, not being an appellate authority, after the expiry of ninety days from the date of receipt by that person of any notice under this Act issued by such sales tax authority.

(*2*) Any objection as to the jurisdiction of any such sales tax authority may be raised within the period aforesaid by submitting a memorandum to the authority concerned who shall refer the question to the Commissioner and the Commissioner shall after giving the person raising the objection a reasonable opportunity of being heard, make an order determining the question and his decision in this behalf shall be final.

Appellate Tribunal.

13. (*1*) The Central Government shall, as soon as may be after the commencement of this Act, constitute an Appellate Tribunal consisting of one or more members, as it thinks fit, to exercise the powers and discharge the functions conferred on the Appellate Tribunal by or under this Act:

Provided that where the Appellate Tribunal consists of one member, that member shall be a person who has held a civil judicial post for at least ten years or who has been a member of the Central Legal Service (not below Grade III) for at least three years or who has been in practice as an advocate for at least ten years, and where the Appellate Tribunal consists of more than one member, one such member shall be a person qualified as aforesaid.

(*2*) Where the number of members of the Appellate Tribunal is more than one, the Central Government shall appoint one of those members to be the Chairman of the Appellate Tribunal.

(*3*) Subject to the provisions of sub-section (*1*), the qualifications and other conditions of service of the member or members constituting the Appellate Tribunal and the period for which such member or members shall hold office, shall be such as may be determined by the Central Government.

(*4*) Any vacancy in the membership of the Appellate Tribunal shall be filled up by the Central Government as soon as practicable.

(*5*) Where the number of members of the Appellate Tribunal is more than one and if the members differ in opinion on any point, the point shall be decided according to the opinion of the majority, if there is a majority, but if the members are equally divided, the decision of the Chairman of the Appellate Tribunal thereon shall be final.

(*6*) Subject to the previous sanction of the Central Government, the Appellate Tribunal shall, for the purpose of regulating its procedure and disposal of its business, make regulations consistent with the provisions of this Act and the rules made thereunder.

(7) The regulations made under sub-section (6) shall be published in the Official Gazette.

(8) The Appellate Tribunal shall, for the purpose of discharging its functions, have all the powers which are vested in the Commissioner under section 42 and any proceeding before the Appellate Tribunal shall be deemed to be a judicial proceeding within the meaning of sections 193 and 228, and for the purpose of section 196 of the Indian Penal Code and the Appellate Tribunal shall be deemed to be a civil court for all the purposes of section 195 and Chapter XXVI of the Code of Criminal Procedure, 1973. 45 of 1860. 2 of 1974.

CHAPTER IV

REGISTRATION, AMENDMENT AND CANCELLATION

Registration.

14. (1) No dealer shall, while being liable to pay tax under section 3, carry on business as a dealer unless he has been registered and possesses a certificate of registration.

(2) Every dealer required by sub-section (1) to be registered shall make an application for registration within such time, in such manner and to such authority, as may be prescribed.

(3) If the said authority is satisfied that the application is in order, it shall, in accordance with such rules as may be prescribed, register the applicant within the prescribed period and grant him a certificate of registration in the prescribed form which shall specify the goods or class of goods for the purposes of sub-clause (v) of clause (a) of sub-section (2) of section 4:

Provided that if the said authority is of opinion that the application is not in order, it shall, by an order passed within the said period and for reasons to be recorded in writing, reject the application:

Provided further that no goods or class of goods in respect of which the points of sale has been specified by the Administrator under section 5 shall be specified in a certificate of registration, and where a notification is issued under that section subsequent to the grant of any certificate of registration in respect of any goods or class of goods specified in a certificate, the said certificate shall be deemed to have been amended to omit the references to such goods or class of goods.

(4) For the removal of doubts, it is hereby declared that the goods or class of goods to be specified in a certificate of registration granted under sub-section (3) of this section or sub-section (2) of section 16 shall not include goods referred to in sub-clause (i) or sub-clause (ii) of clause (a) of sub-section (2) of section 4.

Voluntary registration.

15. (1) Any dealer, other than a dealer who deals exclusively in one or more classes of goods specified in the Third Schedule, whose turnover during a year exceeds twenty-five thousand rupees may, notwithstanding that he may not be liable to pay tax under section 3, apply for registration under this section.

(2) The provisions of sub-sections (2), (3) and (4) of section 14 shall, as far as may be, apply in relation to registration of dealers under this section.

(3) Every dealer who has been registered under this section shall, for so long as his registration remains in force, be liable to pay tax under this Act.

(4) The registration of a dealer under this section shall be in force for a period of not less than three complete years and shall remain in force thereafter unless cancelled under the provisions of this Act.

Provisional registration.

16. (1) Any person who intends to establish a business in Delhi for the purpose of manufacturing goods of a value exceeding thirty thousand rupees per year, may, notwithstanding that he is not required to be registered under section 14, apply for provisional registration in such manner and to such authority as may be prescribed.

(2) If the said authority, after making such inquiry as it may consider necessary, is satisfied as to the *bona fide* intention of the person making the application, it may, subject to such restrictions and conditions as it may impose, grant a provisional certificate of registration on such person furnishing such security as it may consider necessary and shall specify in such certificate the goods or class of goods for the purposes of sub-clause (*v*) of clause (*a*) of sub-section (2) of section 4.

(3) Every person who has been granted a provisional certificate of registration under this section shall, for so long as such certificate is in force, be liable to pay tax under this Act.

(4) A provisional certificate of registration granted under this section shall be in force for such period as may be specified therein.

(5) The authority prescribed under sub-section (1) may, on application made in this behalf in the prescribed manner and subject to such restrictions and conditions as it may impose, extend, from time to time, the period specified in the provisional certificate of registration.

(6) The provisions of section 18 shall, so far as may be, apply in relation to security required to be furnished under sub-section (2) of this section.

(7) If a person, who has been granted a provisional certificate of registration under this section, fails without sufficient cause to establish a business within the period specified in such certificate or fails to comply with any of the restrictions or conditions subject to which such certificate was granted, he shall be liable to pay a penalty equal to one and a half times the amount of tax which would have been payable had he not been so registered under this section.

Special registration.

17. (1) No dealer shall, while being liable to pay tax under sub-section (5) of section 3, carry on business as a dealer unless he has obtained a special certificate of registration.

(2) Every dealer required to be registered under sub-section (1) shall make an application for registration within such time, in such manner and to such authority, as may be prescribed.

(3) If the said authority is satisfied that the application is in order, it shall, in accordance with such rules as may be prescribed, grant a special certificate of registration to the applicant in the prescribed form:

Provided that the said authority shall not specify in any such certificate the goods or class of goods for the purposes of sub-clause (*v*) of clause (*a*) of sub-section (2) of section 4.

Security from certain class of dealers.

18. (*1*) The Commissioner may, if it appears to him to be necessary so to do for the proper realisation of the tax, composition money or other dues payable under this Act or for the proper custody and use of the forms referred to in the second proviso to clause (*a*) of sub-section (*2*) of section 4, or the first proviso to section 5, as the case may be, impose, for reasons to be recorded in writing as a condition of the grant of the certificate of registration under section 14, section 15 or section 17 to a dealer or of the continuance in effect of such certificate granted to any dealer, a requirement that the dealer shall furnish in the prescribed manner and within such time as may be specified in the order such security or, as the case may be, such additional security as may be so specified, for all or any of the aforesaid purposes.

(*2*) No dealer shall be required to furnish any security or additional security under sub-section (*1*) unless he has been given an opportunity of being heard and the amount of security or additional security that may be required to be furnished, shall,—

(*a*) in the case of a dealer liable to pay tax under sub-section (*2*) of section 3 who has applied for the grant of a certificate of registration under section 14, be such amount as the Commissioner may, having regard to the nature and size of the business of such dealer, determine for the payment of the tax for which the dealer may be or become liable under this Act;

(*b*) in a case where security is to be given for the proper custody and use of the forms referred to in sub-section (*1*), be the amount of tax determined by the Commissioner which is likely to be saved by a dealer by the issue of such forms;

(*c*) in any other case, not exceed the tax payable, in accordance with the estimate of the Commissioner on the taxable turnover of the dealer,

for the year in which such security or additional security is required to be furnished.

(*3*) Where the security or additional security furnished by a dealer is in the form of a surety bond and the surety dies or becomes insolvent, the dealer shall, within thirty days of the occurrence of such event, inform the authority granting the certificate of registration and shall, within ninety days of such occurrence, execute a fresh surety bond.

(*4*) The Commissioner may by order, for good and sufficient cause, and after giving the dealer an opportunity of being heard, forfeit the whole or any part of the security furnished by a dealer.

(*5*) Where, by reason of an order under sub-section (*4*), the security furnished by any dealer is forfeited in whole or is rendered insufficient, he shall furnish a fresh security of the requisite amount or, as the case may be, shall make up the deficiency in such manner and within such period as may be specified in the order.

19. (*1*) The Commissioner may, after considering any information furnished under this Act or otherwise received and after making such inquiry as he may deem fit, amend from time to time any certificate of registration. Amendment of certificate of registration.

(*2*) An amendment of the certificate of registration made under sub-section (*1*) shall take effect:—

(*a*) in the case of a change in the name, ownership or place of business, or opening of a new place of business, from the date of the contingency which necessitates the amendment whether or not information in that behalf is furnished within the time prescribed under section 40;

(*b*) in the case of any addition or modification in the description of any goods or class of goods in the certificate of registration, from the date of the contingency if information in that behalf is furnished within the time prescribed under section 40 and from the date of receipt of request for such addition or modification by the Commissioner, in any other case;

(*c*) in the case of deletion of any goods or class of goods, from the date of order of deletion:

Provided that the Commissioner shall, before amending on his own motion a certificate of registration, give the dealer affected by such amendment a reasonable opportunity of being heard:

Provided further that where in consequence of a change in the ownership of a business the liability to pay tax of a dealer ceases, the amendment of the certificate of registration shall take effect from the date on which information in respect of such change is furnished under section 40.

(*3*) Any amendment of a certificate of registration under this section shall be without prejudice to any liability for tax or penalty imposable, or for any prosecution for an offence under this Act.

(*4*) For the removal of doubts, it is hereby declared that where a registered dealer—

(*a*) effects a change in the name of his business; or

(*b*) is a firm and there is a change in the constitution of the firm without dissolution thereof; or

(*c*) is a trustee of a trust and there is a change in the trustees thereof; or

(*d*) is a guardian of a ward and there is a change in the guardian; or

(*e*) is a Hindu undivided family and the business of such family is converted into a partnership business with all or any of the co-parceners as partners thereof,

then, merely by reason of any of the circumstances aforesaid, it shall not be necessary for the dealer, or the firm who changed constitution or the new trustees, or the new guardian, or as the case may be, the partners of such partnership business, to apply for a fresh certificate of registration

and on information being furnished in the manner required by section 40 the certificate of registration shall be amended.

Cancellation of certificate of registration.

20. (*1*) Where—

(*a*) any business in respect of which a certificate of registration has been granted to a dealer under this Act, is discontinued; or

(*b*) in the case of transfer of business by a dealer, the transferee already holds a certificate of registration under this Act; or

(*c*) a dealer has ceased to be liable to pay tax under this Act,

the Commissioner may cancel the certificate of registration of such dealer or the transferor, as the case may be, from such date as may be specified by him:

Provided that in a case referred to in clause (*a*) or clause (*b*), the certificate of registration shall be deemed to be inoperative with effect from the date of discontinuance or transfer of the business, as the case may be, and in a case referred to in clause (*c*), from the date on which the dealer's liability to pay tax has ceased, notwithstanding the fact that the order of cancellation is passed or that the particulars of the dealer regarding cancellation are published, as required by section 65, in the Official Gazette, after the aforesaid date:

Provided further that where a dealer has failed to furnish information regarding discontinuance of his business as required by section 40, the Commissioner shall before cancelling the certificate from any specified date, publish in the Official Gazette, a notice of his intention so to do for the information of the dealer and shall hear objections, if any, of the dealer before passing the order.

(*2*) A dealer registered under section 15 may, subject to the provisions of sub-section (*4*) of that section, apply in the prescribed manner not later than six months before the end of a year to the Commissioner for cancellation of his certificate of registration and the Commissioner shall, unless the dealer is liable to pay tax under section 3, cancel the certificate of registration accordingly, and such cancellation shall take effect from the end of the year.

(*3*) Notwithstanding anything contained in sub-sections (*1*) and (*2*), the Commissioner may at any time for reasons to be recorded in writing and after giving the dealer an opportunity of being heard, cancel the certificate of registration held by such dealer from such date as the Commissioner may specify in the behalf—

(*a*) if the dealer has failed to pay any tax (including any penalty) due from him under any provisions of this Act; or

(*b*) if the dealer holds or accepts or furnishes or causes to be furnished a declaration for the purposes of sub-clause (*v*) of clause (*a*) of sub-section (*2*) of section 4 or section 5 which he knows or has reason to believe to be false; or

(*c*) if the dealer who has been required to furnish the security under the provisions of section 18 has failed to furnish such security; or

* * * * *

(*d*) if the dealer contravenes or has contravened any of the provisions of this Act; or

(*e*) if the dealer has been convicted of an offence under this Act or under the Bengal Finance (Sales Tax) Act, 1941, as then in force in Delhi; or

Bengal Act VI of 1941.

(*f*) if there is any other reason which in the opinion of the Commissioner warrants such cancellation.

(4) (*a*) If an order of cancellation passed under sub-section (3) is set aside as a result of an appeal or other proceeding under this Act, the certificate of registration of the dealer shall be restored and he shall be liable to pay tax as if his certificate had not been cancelled.

(*b*) If any dealer whose certificate of registration has been restored under clause (*a*) satisfies the Commissioner that tax has been paid by such dealer on sale of goods made to him during the period his certificate of registration was inoperative which, but for the cancellation of such certificate he would not have paid, then the amount of such tax shall be adjusted or refunded in such manner as may be prescribed.

(5) Every dealer who applies for cancellation of his registration shall surrender with his application the certificate of registration granted to him and every dealer whose registration is cancelled otherwise than on the basis of his application shall surrender the certificate of registration within seven days of the date of communication to him of the order of cancellation.

(6) If a dealer fails to surrender his certificate of registration as provided in sub-section (5), the Commissioner may, by an order in writing and after giving the dealer an opportunity of being heard, direct that the dealer shall pay by way of penalty a sum not exceeding twenty-five rupees for every day of default.

(7) The cancellation of a certificate of registration shall not effect the liability of any person to pay tax due for any period prior to the date of such cancellation whether such tax is assessed before the date of cancellation but remain unpaid or is assessed thereafter notwithstanding that he is not liable to pay tax under this Act.

(8) Where by any order passed under this Act it is found that any person registered is a dealer cught not to have been so registered, then, notwithstanding anything contained in this Act, such person shall be liable to pay tax for the period commencing with the date of his registration and ending with the date of such order, as if he were a dealer.

CHAPTER V

RETURNS, ASSESSMENT, RECOVERY AND REFUND OF TAX

Periodical payment of tax and filing of returns.

21. (*1*) Tax payable under this Act shall be paid in the manner hereinafter provided at such intervals as may be prescribed.

(2) Every registered dealer and every other dealer who may be required so to do by the Commissioner by notice served in the prescribed

manner shall furnish such returns of turnover by such dates and to such authority as may be prescribed.

(3) Every registered dealer required to furnish returns under sub-section (2) shall pay into a Government Treasury or the Reserve Bank of India or in such other manner as may be prescribed, the full amount of tax due from him under this Act according to such return, and shall where such payment is made into a Government Treasury or the Reserve Bank of India furnish along with the return a receipt from such Treasury or Bank showing the payment of such amount.

(4) If any registered dealer discovers any mistake or error in any return furnished by him, he may at any time, before the expiry of three months next following the last date prescribed for furnishing of the return, furnish a revised return, and if the revised return shows a higher amount of tax to be due than was shown in the original return, it shall be accompanied by a receipt showing payment in the manner provided in sub-section (3) of the excess amount.

(5) Every return under this section shall be signed and verified—

(a) in the case of an individual, by the individual himself, and where the individual is absent from India by the individual concerned or by some person duly authorised by him in this behalf and where the individual is mentally incapacitated from attending to his affairs, by his guardian or by any other person competent to act on his behalf;

(b) in the case of a Hindu undivided family, by a *Karta*, and where the *Karta* is absent from India or is mentally incapacitated from attending to his affairs, by any other adult member of such family;

(c) in the case of a company or local authority, by the principal officer thereof;

(d) in the case of a firm, by any partner thereof, not being a minor;

(e) in the case of any other association, by any member of the association or the principal officer thereof; and

(f) in the case of any other person, by that person or by some person competent to act on his behalf.

(6) For the purposes of sub-section (5) of this section and section 59 the expression "principal officer" shall have the meaning assigned to it under clause (35) of section 2 of the Income-tax Act, 1961. 43 of 1961.

Collection of tax only by registered dealers.

22. (1) No person who is not a registered dealer shall collect in respect of any sale of goods by him in Delhi any amount by way of tax under this Act, and no registered dealer shall make any such collection except in accordance with this Act and the rules made thereunder.

(2) Notwithstanding anything contained in sub-section (1), a dealer who has been permitted by the Commissioner to make a lump sum payment under section 29 shall not collect any sum by way of tax on the sale of goods if made during the period to which such lump sum payment relates.

23. (*1*) The amount of tax due from a registered dealer shall be assessed separately for each year during which he is liable to pay the tax: Assessment.

Provided that when such dealer fails to furnish a return relating to any period of a year by the prescribed date, the Commissioner may, if he thinks fit, assess the tax due from such dealer separately for that period or any other period of such year:

Provided further that the Commissioner may subject to such conditions as may be prescribed and for reasons to be recorded in writing, assess the tax due from any dealer for a part of a year.

(*2*) If the Commissioner is satisfied that the returns furnished in respect of any period are correct and complete, he shall assess the amount of tax due from the dealer on the basis of such returns.

(*3*) (*a*) If the Commissioner is not satisfied that the returns furnished in respect of any period are correct and complete and he thinks it necessary to require the presence of the dealer or the production of further evidence, he shall serve on such dealer in the prescribed manner a notice requiring him on a date and at a place specified therein either to attend and produce or cause to be produced all evidence on which such dealer relies in support of his returns, or to produce such evidence as is specified in the notice.

(*b*) On the date specified in the notice, or as soon as may be thereafter, the Commissioner shall after considering all the evidence which may be produced, assess the amount of tax due from the dealer.

(*4*) If a dealer fails to comply with the terms of any notice issued under sub-section (*3*), the Commissioner shall assess to the best of his judgment the amount of tax due from him.

(*5*) If a dealer fails to furnish returns in respect of any period by the prescribed date, the Commissioner shall after giving the dealer a reasonable opportunity of being heard, assess to the best of his judgment the amount of tax, if any, due from him.

(*6*) If, upon information which has come into his possession, the Commissioner is satisfied that any dealer who has been liable to pay tax under this Act in respect of any period, has failed to get himself registered under section 14 or section 17, as the case may be, the Commissioner shall proceed in such manner as may be prescribed to assess to the best of his judgment the amount of tax due from the dealer in respect of such period and all subsequent periods and in making such assessment shall give the dealer a reasonable opportunity of being heard, and the Commissioner may, if he is satisfied that the default was made without reasonable cause, direct that the dealer shall pay by way of penalty, in addition to the amount of the tax so assessed, a sum not exceeding twice that amount.

(*7*) No assessment under the provisions of sub-sections (*1*) to (*5*) shall be made after the expiry of four years, and no assessment under the provisions of sub-section (*6*) shall be made after the expiry of six

years from the end of the year in respect of which or part of which the tax is assessable:

Provided that where such assessment is made in consequence of or to give effect to, any order of an appellate or revisional authority or of a court, the period of four years or six years, as the case may be, shall be reckoned from the date of such order and further that the provisions of sub-section (*1*) of section 24 regarding time limit for service of notice shall not apply for assessment made under this proviso.

(*8*) Any assessment made under this section shall be without prejudice to any prosecution for an offence under this Act.

Turnover escaping assessment.

24. (*1*) Where after a dealer has been assessed under section 23 for any year or part thereof, the Commissioner has reason to believe that the whole or any part of the turnover of a dealer in respect of any period has escaped assessment to tax or has been under-assessed or has been assessed at a rate lower than the rate at which it is assessable, or any deduction has been wrongly made therefrom, the Commissioner may—

(*a*) within six years from the date of final order of assessment, in a case where the dealer has concealed, omitted or failed to disclose fully the particulars of such turnover; and

(*b*) within four years from the date of final order of assessment, in any other case,

serve a notice on the dealer and after giving the dealer an opportunity of being heard and making such inquiry as he considers necessary, proceed to determine to the best of his judgment, the amount of tax due from the dealer in respect of such turnover, and the provisions of this Act shall, so far as may be, apply accordingly.

Explanation.—For the purposes of this section, production before the Commissioner of account books or other evidence from which material evidence could with due diligence have been discovered by the Commissioner will not necessarily amount to disclosure within the meaning of this section.

(*2*) No order of assessment, reassessment or re-computation shall be made under sub-section (*1*), after—

(*a*) the expiry of four years or, as the case may be, six years as specified in sub-section (*7*) of section 23; or

(*b*) the expiry of one year from the date of service of notice under sub-section (*1*),

whichever is later.

Payment and recovery of tax.

25. (*1*) The amount of tax—

(*a*) due where returns have been furnished without the receipt showing full payment thereof; and

(*b*) assessed, reassessed or re-computed for any period under section 23 or section 24, less the amount if any, already paid by the dealer in respect of the said period,

shall together with any penalty that may be directed to be paid under any of the provisions of this section, sub-section (*6*) of section 23, section 55,

section 56 or section 57 be paid by the dealer or the person liable therefor into a Government Treasury or the Reserve Bank of India or in such other manner as may be prescribed within thirty days from the date of service of notice of demand issued by the Commissioner for this purpose:

Provided that where the Commissioner has reason to believe that it will be detrimental to revenue if the full period of thirty days aforesaid is allowed, he may direct that the sum specified in the notice of demand shall be paid within such period being a period less than the period of thirty days aforesaid, as may be specified by him in that notice.

(2) On an application made before the expiry of the due date under sub-section (*1*), the Commissioner may in respect of any particular dealer or person and for reasons to be recorded in writing, extend the time for payment or allow payment by instalments or grant stay, subject to such conditions as he may think fit to impose in the circumstances of the case.

(3) If the amount of tax and penalty, if any, is not paid within the time specified in sub-section (*1*) or extended under sub-section (*2*), as the case may be, the dealer or the person liable therefor shall be deemed to be in default in respect of that amount.

(*4*) In a case where payment by instalments is allowed under sub-section (*2*) and the dealer or the person liable for such payment commits default in paying any one of the instalments within the time fixed under that sub-section, the dealer or the person aforesaid shall be deemed to be in default in respect of the whole of the amount then outstanding and the other instalment or instalments shall be deemed to have been due on the same date as the instalment actually in default.

(5) When a dealer or a person is in default or is deemed to be in default in making payment of tax and penalty, if any, he shall in addition to the amount of arrears payable under the foregoing sub-sections, be liable to pay by way of penalty an amount which in the case of a continuing default may be increased, from time to time, so however, that the total amount of penalty does not exceed the amount * * * in arrears:

Provided that before levying any such penalty the dealer or the person aforesaid shall be given a reasonable opportunity of being heard.

(*6*) Where as a result of any final order the amount of tax and penalty, if any, with respect to the default, in the payment of which the penalty was levied, has been wholly reduced, the penalty levied shall be cancelled and the amount of penalty paid shall be refunded.

(7) Any amount of tax or penalty in respect of which a dealer or person is in default, or any composition money due under section 29 or section 54 which remains unpaid, shall be recoverable as an arrear of land revenue:

Provided that where security, other than in the form of surety bond, has been furnished by a dealer under sub-section (2) of section 16 or section 18, the Commissioner may, for good and sufficient reasons in writing, realise any amount of tax or penalty or composition money remaining unpaid as aforesaid or part thereof by ordering forfeiture of the whole or any part of the security.

Continuation of certain recovery proceedings.

26. Where any notice of demand in respect of any tax or penalty or any other amount payable under this Act (hereafter in this section referred to as "government dues") is served upon any dealer, and any appeal, revision application or other proceeding is filed or taken in respect of such government dues, then,—

(*a*) where such government dues are enhanced in such appeal, revision or other proceeding, the Commissioner shall serve upon the dealer another notice of demand only in respect of the amount by which such government dues are enhanced and any recovery proceedings in relation to such government dues as are covered by the notice of demand served upon him before the disposal of such appeal, revision application or proceeding may, without the service of any fresh notice of demand, be continued from the stage at which such proceedings stood immediately before such disposal;

(*b*) where such government dues are reduced in such appeal, revision or proceeding,—

(*i*) it shall not be necessary for the Commissioner to serve upon the dealer a fresh notice of demand;

(*ii*) the Commissioner shall give intimation of such reduction to him and to the appropriate authority with whom recovery proceedings are pending;

(*iii*) any recovery proceedings initiated on the basis of the notice of demand served upon him before the disposal of such appeal, revision application or proceeding may be continued in relation to the amount so reduced from the stage at which such proceedings stood immediately before such disposal.

Interest.

27. (*1*) If any dealer fails to pay the tax due as required by sub-section (*3*) of section 21, he shall, in addition to the tax (including any penalty) due, be liable to pay simple interest on the amount so due at one per cent. per month from the date immediately following the last date for the submission of the return under sub-section (*2*) of the said section for a period of one month, and at one and a half per cent. per month thereafter for so long as he continues to make default in such payment or till the date of completion of assessment under section 23, whichever is earlier.

(*2*) When a dealer or a person is in default or is deemed to be in default in making the payment of tax, he shall, in addition to the amounts payable under section 23 or section 24, be liable to pay simple interest on such amount at one per cent. per month from the date of such default for a period of one month, and at one and a half per cent. per month thereafter for so long as he continues to make default in the payment of the said amount.

(*3*) Where as a result of any final order the amount of tax (including any penalty) due or in default is wholly reduced, the amount of interest, if any, paid shall be refunded, or if such amount is varied, the interest due shall be calculated accordingly:

Provided that where any amount of tax payable is enhanced by any such order, interest shall be payable on the amount by which the tax is

enhanced after the expiry of a period of three months from the date of the order:

Provided further that where the realisation of any amount remains stayed by the order of any court or authority and such order is subsequently vacated, interest shall be payable also for any period during which such order remained in operation.

(4) The interest payable under this section shall be deemed to be tax due under this Act.

Special mode of recovery.

28. (*1*) Notwithstanding anything contained in any law or contract to the contrary, the Commissioner may, at any time or from time to time, by notice in writing, a copy of which shall be forwarded to the dealer at his last known address, require—

(*a*) any person from whom any amount of money is due, or may become due, to a dealer on whom notice has been served under sub-section (*1*) of section 25, or

(*b*) any person who holds or may subsequently hold money for or on account of such dealer,

to pay to the Commissioner, either forthwith upon the money becoming due or being held or within the time specified in the first mentioned notice (but not before the money becomes due or is held as aforesaid) so much of the money as is sufficient to pay the amount due by the dealer in respect of the arrears of tax and penalty under this Act, or the whole of the money when it is equal to or less than that amount.

Explanation.—For the purposes of this sub-section, the amount of money due to a dealer from, or money held for or on account of a dealer by, any person, shall be calculated by the Commissioner after deducting therefrom such claims (if any) lawfully subsisting, as may have fallen due for payment by such dealer to such person.

(*2*) The Commissioner may amend or revoke any such notice or extend the time for making any payment in pursuance of the notice.

(*3*) Any person making any payment in compliance with a notice under this section shall be deemed to have made the payment under the authority of the dealer, and the receipt thereof by the Commissioner shall constitute a good and sufficient discharge of the liability of such person to the extent of the amount specified in the receipt.

(4) Any person discharging any liability to the dealer after receipt of the notice referred to in this section, shall be personally liable to the Commissioner to the extent of the liability discharged or to the extent of the liability of the dealer for tax and penalty, whichever is less.

(5) Where a person to whom a notice under this section is sent, proves to the satisfaction of the Commissioner that the sum demanded or any part thereof is not due to the dealer or that he does not hold any money for or on account of the dealer, then, nothing contained in this

section shall be deemed to require such person to pay any such sum or part thereof, as the case may be, to the Commissioner.

(6) Any amount of money which the aforesaid person is required to pay to the Commissioner, or for which he is personally liable to the Commissioner under this section shall, if it remains unpaid, be recoverable as an arrear of land revenue.

(7) The Commissioner may apply to the court in whose custody there is money belonging to the dealer for payment to him of the entire amount of such money or if it is more than the tax and penalty, if any, due, an amount sufficient to discharge such tax and the penalty.

Lump sum payment of tax.

29. The Commissioner may, in such circumstances and subject to such conditions as may be prescribed, permit any dealer to pay in lieu of the amount of tax payable by him under the provisions of this Act, a lump sum determined in the prescribed manner, by way of composition.

Refund.

30. (1) If any person satisfies the Commissioner that the amount of tax paid by him or on his behalf for any year exceeds the amount payable by him under this Act for that year, he shall, on making a claim in the prescribed form and verified in the prescribed manner, be entitled to refund of the excess either by cash payment or at his option by deduction of such excess from the amount of tax and penalty (if any) due in respect of any other period:

Provided that the Commissioner shall first apply such excess towards the recovery of any amount in respect of which a notice under section 25 has been issued and shall then refund the balance, if any.

Explanation.—When no assessment is made, the due tax paid under section 21 by the dealer shall be deemed to be the tax payable under this Act.

(2) Where on account of death, incapacity, insolvency, liquidation or other cause a person is unable to claim or receive any refund due to him, his legal representative or the trustee or guardian or receiver, as the case may be, shall be entitled to claim or receive such refund for the benefit of such person or his estate.

(3) No claim for refund under sub-section (1) shall be allowed unless it is made within a period of twelve months from the date of the order giving rise to a claim for such refund, and the Commissioner shall, except as otherwise provided in this Act, refund any amount which becomes due to a dealer in the prescribed manner:

Provided that the Commissioner may allow a claim for refund to be made after the expiry of the said period but not later than twelve months from such expiry, if he is satisfied that there was sufficient cause for not making such claim within that period.

(4) Where an amount required to be refunded by the Commissioner to any person as a result of any order passed in appeal or other proceedings under this Act is not so refunded to him within ninety days from the date of his claim under sub-section (3), such person shall be entitled to be paid simple interest on such amount at one per cent. per month from the date immediately following the expiry of the period of ninety days for a period

of one month and at one and a half per cent. per month, thereafter for so long as the refund is not made.

Explanation.—If the delay in making the refund during any of the periods referred to in this sub-section is attributable to the person making the claim, whether wholly or in part, the period of the delay attributable to him shall be excluded from the period for which interest is payable.

(5) Where any question arises as to the period to be excluded for the purposes of calculation of interest under sub-section (4), such question shall be determined by the Commissioner whose decision thereon shall be final.

(6) Where an order giving rise to a refund is the subject matter of an appeal or further proceeding or where any other proceeding under this Act is pending and the Commissioner is of opinion that the grant of the refund is likely to adversely affect the revenue, the Commissioner may withhold the refund till such time as the Commissioner may determine.

(7) In any claim for refund, it shall not be open to the dealer to question the correctness of any assessment or other matter decided which has become final and conclusive or ask for a review of the same and the dealer shall not be entitled to any relief on such claim except refund of tax wrongly paid or paid in excess.

(8) Any tax levied and collected under this Act in respect of sale in Delhi of any declared goods which are subsequently sold in the course of inter-State trade or commerce, shall be reimbursed to the person making the sale in the course of inter-State trade or commerce, in such manner and subject to such conditions as may be prescribed.

Explanation.—For the purpose of sub-section (8), "declared goods" means goods declared by section 14 of the Central Sales Tax Act, 1956 to be of special importance in inter-State trade or commerce.

74 of 1956.

31. (1) Where the Commissioner is satisfied that delay beyond the prescribed period has occurred in the grant of a ertificate of registration to a dealer and that such delay was not wholly due to any fault, omission or negligence on the part of the dealer, the amount of tax, if any, paid on sales of goods made to such dealer which would not have been payable but for the delay in the grant of a ertificate of registration as foresaid, shall be adjusted against any amount payable by the dealer under this Act:

Provided that—

(*a*) in case the amount of tax so paid by the dealer exceeds his liability to pay any amount under this Act, the adjustment shall be made to the extent of such liability and the balance shall be refunded to the dealer; and

(*b*) in case there is no liability to pay any amount under this Act, the entire amount of tax paid shall be refunded to the dealer:

Provided further that the dealer shall not be entitled to any such adjustment or refund in respect of the goods which are not specified in the certificate of registration granted to him.

(2) No application for adjustment or refund of tax under this section shall be entertained unless it is made within three months from the date on which a certificate of registration is granted to the dealer.

CHAPTER VI

LIABILITY IN SPECIAL CASES

Liability in case of transfer of business.

32. (*1*) Where a dealer, liable to pay tax under this Act, transfers his business in whole or in part, by sale, gift, lease, leave or licence, hire or in any other manner whatsoever, the dealer and the person to whom the business is so transferred shall jointly and severally be liable to pay the tax (including any penalty) due from the dealer up to the time of such transfer, whether such tax (including any penalty) has been assessed before such transfer, but has remained unpaid or is assessed thereafter.

* * * * *

(*2*) Where the transferee or the lessee of a business referred to in sub-section (*1*) carries on such business either in his own name or in some other name, he shall be liable to pay tax on the sale of goods effected by him with effect from the date of such transfer and shall, if he is an existing dealer, apply within the prescribed time for amendment of his certificate of registration.

Liability in case of company in liquidation.

33. (*1*) Every person—

(*a*) who is a 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 (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 Commissioner.

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

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

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 and penalty, if any, payable by the company under this Act or for making 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 Commissioner reasonable.

(*4*) If the liquidator fails to give notice in accordance with sub-section (*1*) or fails to set aside the amount as required by sub-section (*3*) or parts with any assets of the company or the properties in his hand in contravention of the provisions of that sub-section, he shall be personally liable for

the payment of the tax and penalty, if any, which the company would be liable to pay under this Act:

Provided that if the amount of any tax and penalty, if any, 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.

(6) When any private company is wound up and any tax and penalty, if any, assessed under this Act on the company 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 and penalty, if any, unless he proves to the satisfaction of the Commissioner that 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.

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

(8) For the purposes of this section, the expressions "company" and "private company" shall have the meanings respectively assigned to them under clauses (*i*) and (*iii*) of sub-section (*1*) of section 3 of the Companies Act, 1956. 1 of 1956.

Liability of partners of firm to pay tax.

34. Notwithstanding any contract to the contrary, where any firm is liable to pay any tax (including any penalty) under this Act, the firm and each of the partners of the firm shall be jointly and severally liable for such payment:

Provided that where any such partner retires from the firm, he shall intimate the date of his retirement to the Commissioner by a notice in that behalf in writing and he shall be liable to pay tax (including any penalty) remaining unpaid at the time of his retirement and any tax (including any penalty) due up to the date of his retirement though unassessed on that date:

Provided further that if no such intimation is given within fifteen days from the date of retirement, the liability of the partner under the first proviso shall continue until the date on which such intimation is received by the Commissioner.

Liability of guardians, trustees, etc.

35. Where the business in respect of which tax is payable under this Act is carried on by, or is in charge of any guardian, trustee or agent of a minor or other incapacitated person on his behalf and for the benefit of such minor or other incapacitated person, the tax (including any penalty) shall be levied upon and recoverable from such guardian, trustee or agent, as the case may be, in like manner and to the same extent as it would be assessed upon and recoverable from any such minor or other incapacitated person, if he were of full age and of sound mind and if he were conducting the business himself, and all the provisions of this Act shall, so far as may be, apply accordingly.

Liability of Court of Wards, etc.

36. Where the estate or any portion of the estate of a dealer owning a business in respect of which tax is payable under this Act is under the control of the Court of Wards, the Administrator-General, the Official Trustee or any receiver or manager (including any person, whatever be his designation, who in fact manages the business) appointed by or under any order of a court, the tax (including any penalty) shall be levied upon and be recoverable from such Court of Wards, Administrator-General, Official Trustee, receiver or manager in like manner and to the same extent as it would be assessable upon and be recoverable from the dealer if he were conducting the business himself; and all the provisions of this Act shall, so far as may be, apply accordingly.

Liability in other cases.

37. (*1*) Where a dealer is a firm or an association of persons or a Hindu undivided family, and such firm, association or family has discontinued business—

(*a*) the tax payable under this Act, by such firm, association or family up to the date of such discontinuance may be assessed as if no such discontinuance had taken place; and

(*b*) every person who was at the time of such discontinuance a partner of such firm, or a member of such association or family, shall, notwithstanding such discontinuance, be liable jointly and severally for the payment of tax assessed and penalty imposed and payable by such firm, association or family, whether such tax (including any penalty) has been assessed prior to or after such discontinuance, and subject as aforesaid, the provisions of this Act shall, so far as may be, apply as if every such person or partner or member were himself a dealer:

Provided that where the partner of a firm liable to pay such tax (including any penalty) dies, the provisions of sub-section (*4*) shall, so far as may be, apply.

(*2*) Where a change has occurred in the constitution of a firm or association, the partners or members of the firm or association as it existed before and as it exists after its re-constitution, shall, without prejudice to the provisions of section 34, jointly and severally be liable to pay any tax (including any penalty) due from such firm or association for any period before its re-constitution.

(*3*) The provisions of sub-section (*1*) shall, so far as may be, apply where the dealer, being a firm or assoiation of persons, is dissolved, or where the dealer, being a Hindu undivided family, has effected partition with respect to the business carried on by it and accordingly references in that sub-section to discontinuance shall be construed as references to dissolution or, as the case may be, to partition.

(*4*) Where a dealer liable to pay tax under this Act dies, then—

(*a*) if the business carried on by the dealer is continued after his death by his legal representative or any other person, such legal representative or other person, shall be liable to pay the tax (including any penalty) due from the dealer under this Act, whether such tax (including any penalty) has been assessed before his death but has remained unpaid, or is assessed after his death;

(*b*) if the business carried on by the dealer is discontinued after his death, his legal representative shall be liable to pay out of the

estate of the deceased, to the extent the estate is capable of meeting the charge, the tax (including any penalty) due from the dealer under this Act, whether such tax (including any penalty) has been assessed before his death but has remained unpaid, or is assessed after his death,

and the provisions of this Act shall, so far as may be, apply to such legal representative or other person as if he were the dealer himself.

Explanation.—For the purposes of this sub-section and section 40, "legal representative" has the meaning assigned to it in clause (*11*) of section 2 of the Code of Civil Procedure, 1908.

5 of 1908.

CHAPTER VII

LIABILITY TO PRODUCE ACCOUNTS AND SUPPLY OF INFORMATION

Accounts.

38. (*1*) Every dealer liable to pay tax under this Act, and every other dealer on whom a notice has been served to furnish returns under sub-section (*2*) of section 21 shall keep at his place of business a true account of the value of goods bought and sold by him, and if the Commissioner considers that such account is not sufficiently clear and intelligible to enable him to make a proper check of the returns referred to in that sub-section, he may require such dealer by notice in writing to keep such accounts (including records of purchases and sales) as may be specified therein.

(*2*) The Commissioner may, by notification in the Official Gazette, direct any class of registered dealers generally to keep such accounts (including records of purchases and sales) as may be specified in the notification subject to such conditions and restrictions as may be prescribed.

Memoranda of sales.

39. If a registered dealer—

(*a*) sells goods to another registered dealer, or

(*b*) makes sales in the course of inter-State trade or commerce, or

(*c*) sells any goods exceeding ten rupees in value in any one transaction to any other person,

he shall issue to the purchaser a bill or cash memorandum serially numbered, signed and dated by him or his servant, manager or agent and showing therein his name and address and such other particulars as may be prescribed and he shall keep a duplicate or copy of such bill or cash memorandum duly signed and dated and preserve it for a period of not less than five years from the end of the year unless any proceedings in respect of that year are pending in which case they shall be preserved till the final decision in those proceedings:

Provided that if in respect of any goods or class of goods or any dealers or class of dealers, the Administrator is of opinion that it is not practicable to issue any bills or cash memoranda for sale of goods exceeding ten rupees in value in any one transaction to any other person, he may, by notification in the Official Gazette,—

(*i*) specify such amount exceeding ten rupees in value as the amount for the issue of such bills or cash memoranda;

(*ii*) exempt such goods or class of goods or dealers or class of dealers from the operation of this section.

Information to be furnished regarding change of business.

40. If any dealer to whom the provisions of sub-section (2) of section 21 apply—

(*a*) sells or otherwise disposes of his business or any part of his business or any place of business, or effects or comes to know of any other change in the ownership of the business; or

(*b*) discontinues his business or changes his place of business or warehouse, or opens a new place of business; or

(*c*) changes the name or nature of his business, or effects any change in the goods or class of goods in which he carries on his business and which is or are specified in his certificate of registration; or

(*d*) enters into partnership or other association in regard to his business,

he shall, within the prescribed time, inform the prescribed authority accordingly, and if any such dealer dies, his legal representative shall in like manner inform the said authority.

Production and inspection of accounts and documents and search of premises.

41. (*1*) The Commissioner may, subject to such conditions as may be prescribed, require any dealer—

(*a*) to produce before him such books of accounts, registers or documents,

(*b*) to furnish such information relating to the stock of goods of, or purchases, sales or deliveries of goods by, the dealer or any other information relating to his business,

as may be deemed necessary, for the purposes of this Act.

(2) (*a*) All books of accounts, registers and documents relating to the stock of goods of, or purchases, sales and deliveries of goods by, any dealer, and

(*b*) All goods kept in any place of business or warehouse of any dealer, shall at all reasonable times be open to inspection by the Commissioner and the Commissioner may take or cause to be taken such copies or extracts of the said books of accounts, registers or documents and such inventory of the goods found as appear to him necessary for the purposes of this Act.

(3) Where the Commissioner, upon information in his possession or otherwise, has reasonable grounds to believe that—

(*a*) any person to whom a notice under this Act was issued to produce, or cause to be produced, any books of accounts or other documents has omitted or failed to produce or caused to be produced such books of accounts or other documents, as required by such notice, or

(*b*) any person to whom a notice as aforesaid has been or might be issued, will not, or would not produce or cause to be produced any books of accounts or other documents which will be useful for, or relevant to, any proceedings under the Bengal Finance (Sales Tax) Act, 1941, as it was in force in Delhi, or under this Act, or

Bengal Act VI of 1941.

(*c*) books of accounts, registers or documents of any dealer may be destroyed, mutilated, altered, falsified or secreted or any sales by that dealer have been or may be suppressed, with a view to evade or

Bengal Act VI of 1941.

attempt to evade payment of tax due under the Bengal Finance (Sales Tax) Act, 1941, as it was in force in Delhi, or under this Act, the Commissioner or any other person appointed under sub-section (2) of section 9, if so authorised by the Commissioner may,

(*i*) enter and search any building or place where he has reason to suspect that books of accounts and other documents or the sale proceeds are kept;

(*ii*) break open the lock of any door, box, locker, safe, almirah or other receptacle for exercising the powers conferred by clause (*i*) where the keys thereof are not available;

(*iii*) seize any such books of accounts or other documents or any inventory of goods as appear to him necessary for the purposes of this Act;

(*iv*) place marks of identification on any books of accounts or other documents or make or cause to be made extracts or copies therefrom;

(*v*) make a note or any inventory of any such money or goods found as a result of such search;

(*vi*) seal the premises including the office, shop, godown, box, locker, safe, almirah or other receptacle if the owner or the person in occupation or in charge of such office, shop, godown, box, locker, safe, almirah or other receptacle leaves the place or is not available or fails or refuses to open it when called upon to do so.

(4) The Commissioner may requisition the services of any police officer or any public servant, or of both to assist him for all or any of the purposes specified in sub-section (3).

(5) Where the Commissioner seizes any books of accounts or other documents, he shall give the dealer or the person present on his behalf, as the case may be, a receipt for the same and obtain acknowledgment of the receipt so given to him:

Provided that if the dealer or person from whose custody the books of accounts or other documents are seized refuses to give an acknowledgment, the Commissioner may leave the receipt at the premises and record this fact:

Provided further that the dealer or person aforesaid may file objections before the Commissioner against such search, seizure or inventory within seven days of such search or seizure or inventory.

(6) The Commissioner shall keep in his custody the books of accounts, registers or documents seized under sub-section (3) for such period not later than the completion of all the proceedings under this Act in respect of years for which those books of accounts, registers or documents are relevant, as he considers necessary, and thereafter shall return the same to the dealer or any other person from whose custody or power they were seized:

Provided that the Commissioner may, before returning such books of accounts or other documents as aforesaid, place or cause to be placed such marks of identification thereon as appear to him to be necessary:

Provided further that the Commissioner may, before returning the books of accounts and other documents, require that the dearler or the person, as the case may be, shall give written undertaking that the books of accounts and other documents shall be presented whenever required by any competent authority for any proceedings under this Act.

(7) Save as otherwise provided in this section, every search or seizure made under this section shall be carried on in accordance with the provisions of the Code of Criminal Procedure, 1973 relating to searches or seizures made under that Code. 2 of 1974.

(8) The Commissioner may, for the purposes of this Act,—

(*a*) require any person, including a banking company, post office or any officer thereof, to furnish information in relation to such points or matters or to furnish statements of accounts and affairs verified in the manner specified by him, giving information in relation to such points or matters as in his opinion will be useful for, or relevant to, any proceeding under this Act;

(*b*) require any person—

(*i*) who transports or holds in custody, for delivery to or on behalf of any dealer any goods to give any information likely to be in his possession in respect of such goods or to permit inspection thereof, as the case may be;

(*ii*) who maintains or has in his possession any books of accounts, registers or documents relating to the business of a dealer to produce such books of accounts, registers or documents for inspection.

Power of Commissioner and other authorities to take evidence on oath, etc.

42. (*1*) The Commissioner or any person appointed under sub-section (*2*) of section 9 to assist him shall, for the purposes of this Act, have the same powers as are vested in a court under the Code of Civil Procedure, 1908, when trying a suit, in respect of the following matters, namely:— 5 of 1908.

(*a*) enforcing the attendance of any person and examining him on oath or affirmation;

(*b*) compelling the production of accounts and documents; and

(*c*) issuing commissions for the examination of witnesses,

and any proeeding under this Act before the Commissioner or any person appointed under sub-section (*2*) of section 9 to assist him shall be deemed to be a judicial proceeding within the meaning of sections 193 and 228 and for the purposes of section 196 of the Indian Penal Code. 45 of 1860

(*2*) Subject to any rules made in this behalf, any authority referred to in sub-section (*1*) may impound and retain in its custody for such period as it thinks fit, any books of accounts or other documents produced before it in any proceedings under this Act:

Provided that a person appointed under sub-section (*2*) of section 9 to assist the Commissioner shall not—

(*a*) impound any books of accounts or other documents without recording his reasons for so doing; or

(*b*) retain in his custody any such books or documents for a period exceeding thirty days,

without obtaining the approval of the Commissioner therefor.

CHAPTER VIII

APPEALS, REFERENCE AND REVISION

43. (*1*) Any person aggrieved by any order, not being an order mentioned in section 44 passed under this Act or the rules made thereunder, may appeal to the prescribed authority: Appeals.

Provided that where an order, not being an order mentioned in section 44 or made under section 47 is passed by the Commissioner, the person aggrieved may appeal therefrom to the Appellate Tribunal.

(*2*) The Commissioner or any person aggrieved by an order passed in appeal by the prescribed authority may appeal to the Appellate Tribunal against such order.

(*3*) Subject to the provisions of section 62, no appeal shall be entertained unless it is filed within sixty days from the date of service of the order appealed against.

(*4*) Every appeal filed under this section shall be in the prescribed form and shall be verified in the prescribed manner and in the case of an appeal to the Appellate Tribunal filed by any person other than the Commissioner, shall be accompanied by a fee of fifty rupees.

(*5*) No appeal against an order of assessment with or without penalty or against an order imposing the penalty shall be entertained by an appellate authority unless such appeal is accompanied by a satisfactory proof of the payment of tax with or without penalty or, as the case may be, of the payment of the penalty in respect of which the appeal has been preferred:

Provided that the appellate authority may, if it thinks fit, for reasons to be recorded in writing, entertain an appeal against such order—

(*a*) without payment of the tax and penalty, if any, or as the case may be, of the penalty, on the appellant furnishing in the prescribed manner security for such amount as it may direct, or

(*b*) on proof of payment of such smaller sum, with or without security for such amount of tax or penalty which remains unpaid, as it may direct:

Provided further that no appeal shall be entertained by the appellate authority unless it is satisfied that such amount of tax as the appellant may admit to be due from him has been paid.

(*6*) The appellate authority may, after giving the appellant an opportunity of being heard,—

(*a*) confirm, reduce, enhance or annul the assessment (including any penalty imposed), or

(*b*) set aside the assessment (including any penalty imposed) and direct the assessing authority to make a fresh assessment after such further inquiry as may be directed, or

(*c*) pass such order as it may think fit.

(*7*) Save as provided in section 45, an order passed by the Appellate Tribunal on appeal shall be final.

Non-appealable orders.

44. No appeal and no application for revision shall lie against—

(*a*) a notice issued under this Act calling upon a dealer for assessment or asking a dealer to show cause as to why he should not be prosecuted for an offence under this Act; or

(*b*) an order pertaining to the seizure or retention of books of accounts, registers and other documents; or

(*c*) an order sanctioning prosecution under this Act; or

(*d*) an interim order passed in the course of any proceedings under this Act.

Statement of case to the High Court.

45. (*1*) Within sixty days from the date of an order passed by the Appellate Tribunal under sub-section (*6*) of section 43, * * * the dealer or the Commissioner may, by application in writing, and accompanied, where the application is made by a dealer, by a fee of fifty rupees, require the Appellate Tribunal to refer to the High Court any question of law arising out of such order, and, subject to the other provisions contained in this section, the Appellate Tribunal shall, within one hundred and twenty days of the receipt of such application, draw up a statement of the case and refer it to the High Court:

Provided that the Appellate Tribunal may, if it is satisfied that the dealer or the Commissioner was prevented by sufficient cause from presenting the application within the period hereinbefore specified, allow it to be presented within a further period not exceeding thirty days.

(2) If the Appellate Tribunal refuses to state the case which it has been required to do, on the ground that no question of law arises, the dealer or the Commissioner, as the case may be, may, within thirty days of the communication of such refusal either withdraw his application (and if he does so, any fee paid shall be refunded), or apply to the High Court against such refusal.

(3) If upon receipt of an application under sub-section (2), the High Court is not satisfied as to the correctness of the decision of the Appellate Tribunal, it may require the Appellate Tribunal to state the case and refer it, and on receipt of such requisition, the Appellate Tribunal shall state the case and refer it accordingly.

(4) If the High Court is not satisfied that the statements in a case referred to it are sufficient to enable it to determine the questions raised thereby, the Court may refer the case back to the Appellate Tribunal for the purpose of making such additions thereto or alterations therein as it may direct in that behalf.

(5) The High Court upon the hearing of any such case shall decide the question of law raised thereby, and shall deliver its judgment thereon containing the grounds on which such decision is founded, and shall send to the Appellate Tribunal a copy of such judgment under the seal of the Court and the signature of the Registrar, and the Appellate Tribunal shall dispose of the case accordingly.

(*6*) Where a reference is made to the High Court under this section, the costs [which shall not include the fee referred to in sub-section (*1*)] shall be in the discretion of the Court.

(7) The payment of the amount of tax and penalty (if any) due in accordance with the order of the Appellate Tribunal in respect of which an application has been made under sub-section (*1*) shall not be stayed pending the disposal of such application or any reference made in consequence thereof but if such amount is reduced as a result of such reference, the excess tax paid shall be refunded in accordance with the provisions of section 30.

Revision of orders prejudicial to revenue.

46. The Commissioner may call for and examine the record of any proceeding under this Act and if he considers that any order passed therein by any person appointed under sub-section (2) of section 9 to assist him, is erroneous in so far as it is prejudicial to the interests of revenue, he may, after giving the dealer an opportunity of being heard and after making or causing to be made such inquiry as he deems necessary, pass such order thereon as the circumstances of the case justify, including an order enhancing or modifying the assessment and penalty (if any) imposed or cancelling the assessment and penalty (if any) imposed and directing a fresh assessment:

Provided that a final order under this section shall be made before the expiry of five years from the date of the order sought to be revised.

Revision of other orders.

47. (*1*) In the case of any order, other than an order referred to in section 44 or to which section 46 applies, passed by a person appointed under sub-section (*2*) of section 9 to assist him, the Commissioner may, either on his own motion or on an application filed in accordance with such rules as may be prescribed, call for the record of any proceeding under this Act in which any such order has been passed and may make such inquiry or cause such inquiry to be made and, subject to the provisions of this Act, may pass such orders thereon, not being an order prejudicial to the dealer, as he thinks fit:

Provided that the Commissioner shall not revise any order under this sub-section,—

(*a*) where an appeal against the order is pending before the appellate authority under section 43; or

(*b*) where, if such appeal lies, the time within which it may be filed has not expired; or

(*c*) where in the case of the second appeal, the dealer has not waived his right of appeal.

(*2*) The Commissioner shall not on his own motion revise any order under this section after the expiry of two years from the date of the order sought to be revised.

(*3*) In the case of an application for revision under this section by the dealer, the application shall be made within two years from the date on which the order in question was communicated to him or the date on which he otherwise comes to know of it, whichever is earlier.

Rectification of mistakes.

48. (*1*) The Commissioner or any person appointed under sub-section (*2*) of section 9 to assist him, may at any time within two years from the date of any order passed by the Commissioner or by that person, as the case may be, on his own motion, rectify any mistake apparent from the record, and shall within a like period, rectify any such mistake which has been brought to his notice by any person affected by such order:

Provided that no such rectification shall be made, if it has the effect of enhancing the tax or reducing the amount of refund, unless the Commissioner or the person appointed under sub-section (*2*) of section 9 to assist him, as the case may be, has given notice in writing to the person likely to be affected by the order of his intention to do so and has allowed such person a reasonable opportunity of being heard.

(*2*) The provisions of sub-section (*1*) shall apply to the rectification of a mistake by an appellate authority under section 43 as they apply to the rectification of a mistake by the Commissioner.

(*3*) Where any matter has been considered and decided in any proceeding by way of appeal or revision relating to an order referred to in sub-section (*1*) or sub-section (*2*), the authority passing such order may, notwithstanding anything contained in any law for the time being in force, amend the order under sub-section (*1*) or sub-section (*2*), as the case may be, in relation to any matter other than the matter which has been so considered and decided.

(*4*) Where any such rectification has the effect of reducing the amount of the tax or penalty, the Commissioner shall, in the prescribed manner, refund any amount due to such person.

(*5*) Where any such rectification has the effect of enhancing the amount of the tax or penalty or reducing the amount of the refund, the Commissioner shall recover the amount due from such person in the manner provided for in Chapter V.

(*6*) Save as provided in the foregoing sub-sections, and subject to such rules as may be prescribed, any assessment made or order passed under this Act or the rules made thereunder by any person appointed under section 9 or by the Appellate Tribunal may be reviewed by such person or by the Appellate Tribunal, as the case may be, *suo motu* or upon an application made in that behalf.

(*7*) Before any order is passed under sub-section (*6*) which is likely to affect any person adversely, such person shall be given a reasonable opportunity of being heard.

Determination of disputed questions.

49. (*1*) If any question arises, otherwise than in proceedings before a court, or before the Commissioner has commenced assessment or re-assessment of a dealer under section 23 or section 24, whether for the purposes of this Act,—

(*a*) any person, society, club or association or any firm or any branch or department of any firm is a dealer; or

(*b*) any particular thing done to any goods amounts to or results in the manufacture of goods within the meaning of that term as given in clause (*h*) of section 2; or

(*c*) any transaction is a sale, and if so, the sale price therefor; or

(*d*) any particular dealer is required to be registered; or

(*e*) any tax is payable in respect of any particular sale, or if the tax is payable, the rate thereof,

the Commissioner shall, within such period as may be prescribed, make an order determining such question.

Explanation.—For the purposes of this sub-section, the Commissioner shall be deemed to have commenced assessment or reassessment of a dealer under section 23 or section 24, when the dealer is served with any notice by the Commissioner under section 23 or section 24, as the case may be.

(2) The Commissioner may direct that the determination shall not affect the liability of any person under this Act as respects any sale effected prior to the determination.

Bengal Act VI of 1941.

(3) If any such question arises from any order already passed under this Act or under the Bengal Finance (Sales Tax) Act, 1941 as then in force in Delhi, no such question shall be entertained for determination under this section; but such question may be raised in appeal against, or by way of revision of, such order.

CHAPTER IX

OFFENCES AND PENALTIES

50. (1) Whoever— Offences.

(a) holds, gives, produces or accepts a declaration under the second proviso to clause (a) of sub section (2) of section 4, under the first proviso to section 5, which he knows or has reason to believe to be false; or

....

(b) carries on business as a dealer without obtaining a certificate of registration as required under sub-section (1) of section 14 or sub-section (1) of section 17; or

(c) not being a registered dealer, * represents when purchasing goods that he is a registered dealer; or

(d) being a registered dealer, represents when purchasing any goods or class of goods not covered by his certificate of registration, that such goods or class of goods are covered by such certificate; or

(e) fails to comply with the provisions of sub-section (5) of section 20; or

(f) fails to submit any return as required by sub-section (2) of section 21 by the prescribed date or submits a false return; or

(g) not being a registered dealer, collects any amount by way of tax under this Act or makes any collection of such tax otherwise than in accordance with this Act or the rules made thereunder; or

(h) fails to keep a true account of the value of goods bought or sold by him as required by section 38, or fails when required so to do under that section, to keep any account or record of purchases or sales specified in any notice or notification referred to in that section; or

(i) fails or neglects to issue cash memorandum or bills as required under section 39; or

(j) knowingly maintains or produces incorrect accounts, registers or documents or knowingly furnishes incorrect information; or

(k) neglects to furnish any information required by section 40;

or

(*l*) refuses to comply with any requirements made of him under section 41; or

(*m*) closes his place of business with a view to preventing inspection under section 41; or

(*n*) obstructs or prevents any officer making inspection, search or seizure under section 41, or performing any functions under section 64, as the case may be; or

(*o*) being the owner or person in charge of a goods vehicle fails, neglects or refuses to comply with any of the requirements contained in section 64; or

(*p*) aids or abets any person in the commission of any offence specified in clauses (*a*) to (*o*);

shall be punishable with rigorous imprisonment for a term which may extend to six months or with fine, or with both, and where the offence is a continuing one, with a daily fine not exceeding two hundred rupees during the period of the continuance of the offence:

Provided that no prosecution for an offence under this Act shall be instituted in respect of the same facts in respect of which a penalty has been imposed under sub-section (*6*) of section 20, sub-section (*6*) of section 23, section 55, section 56 or section 57:

Provided further that a person shall not be deemed to have committed an offence under clause (*b*) if he had applied for registration under this Act in accordance with the provisions of sub-section (*2*) of section 14, or sub-section (*2*) of section 17, as the case may be.

(*2*) Notwithstanding anything contained in sub-section (*1*), if any person commits an offence under clause (*a*) or clause (*f*) or clause (*j*) or clause (*l*) or clause (*m*) or clause (*o*) of that sub-section and the court is satisfied that the offence has been committed wilfully, he shall be punishable with rigorous imprisonment for a term which may extend to six months and with fine, and where the offence is a continuing one, with a daily fine not exceeding three hundred rupees during the period of the continuance of the offence.

Offences by companies.

51. (*1*) Where an offence under this Act has been committed by a company, every person who at the time the offence was committed, was in charge of, and was responsible to, the company for the conduct of the business of the company, as well as the company, shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly:

Provided that nothing contained in this sub-section shall render any such person liable to any punishment provided in this Act, if he proves that the offence was committed without his knowledge or that he exercised all due diligence to prevent the commission of such offence.

(*2*) Notwithstanding anything contained in sub-section (*1*), where an offence under this Act has been committed by a company and it is proved that the offence has been committed with the consent or connivance of,

or that the commission of the offence is attributable to any neglect on the part of any director, manager, secretary or other officer of the company, such director, manager, secretary or other officer shall also be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly.

Explanation.—For the purposes of this section,—

(*a*) "company" means a body corporate, and includes a firm or other association of individuals; and

(*b*) "director", in relation to a firm, means a partner in the firm.

Cognizance of offences.

52. (*1*) No court shall take cognizance of any offence under this Act or rules made thereunder except with the previous sanction of the Commissioner, and no court inferior to that of a Metropolitan Magistrate shall try any such offence.

2 of 1974.

(*2*) Notwithstanding anything contained in the Code of Criminal Procedure, 1973, all offences punishable under this Act or rules made thereunder shall be cognizable and bailable.

Investigation of offences.

53. (*1*) Subject to such conditions as may be prescribed, the Commissioner may authorise either generally or in respect of a particular case or class of cases any person appointed under sub-section (*2*) of section 9 to assist him to investigate all or any of the offences punishable under this Act.

2 of 1974.

(*2*) Every person so authorised shall, in the conduct of such investigation, exercise the powers conferred by the Code of Criminal Procedure, 1973, upon an officer in charge of a police station for the investigation of a cognizable offence.

Composition of offences.

54. (*1*) Subject to such conditions as may be prescribed, the Commissioner may accept, from any person alleged to have committed an offence under section 50 or under any rules made under this Act, either before or after the commencement of any proceedings against such person in respect of such offence, by way of composition for such offence, a sum not exceeding five thousand rupees or where the offence alleged to have been committed is under any of the clauses (*a*), (*b*), (*c*), (*d*) and (*f*) of that section, not exceeding three times the amount of the tax which would thereby have been avoided, whichever is higher.

(*2*) On payment in full of such sum as may be determined by the Commissioner under sub-section (*1*),—

(*a*) no proceedings shall be commenced against such person as aforesaid; and

(*b*) if any proceedings have already been commenced against such person as aforesaid, such proceedings shall not be further proceeded with.

Imposition of penalty.

55. (*1*) If a dealer fails without reasonable cause to furnish any return by the prescribed date as required under sub-section (*2*) of section 21, or to pay the tax due according to the return as required by

sub-section (3) of that section, the Commissioner may after giving the dealer an opportunity of being heard, direct that the dealer shall pay, by way of penalty, in addition to the amount of tax payable, a sum not exceeding twice that amount or where no tax is payable a sum not exceeding two thousand rupees.

(2) The penalties specified under sub-section (1) may be imposed by the Commissioner notwithstanding the fact that assessment proceedings have not been initiated against the dealer under section 23.

Penalty for concealment of sales or furnishing inaccurate particulars or making false representations.

56. (1) If the Commissioner or any person appointed under sub-section (2) of section 9 to assist him, in the course of any proceedings under this Act, is satisfied that a dealer has concealed the particulars of his sales or has furnished inaccurate particulars of his sales * * *, he may, after giving the dealer a reasonable opportunity of being heard, direct that the dealer shall pay, by way of penalty, in addition to the amount of tax payable, a sum not exceeding two and a half times the amount of tax which would thereby have been avoided.

(2) If a person commits an offence under clause (*a*) of section 50, the Commissioner or any person appointed under sub-section (2) of section 9 to assist him may, after giving that person a reasonable opportunity of being heard, by order in writing, impose upon such person by way of penalty a sum not exceeding two and a half times the amount of tax which would thereby have been avoided.

(3) If a person purchasing goods commits an offence under clause (*c*) or clause (*d*) of section 50, the authority which granted him, or, as the case may be, is competent to grant him a certificate of registration under this Act, may, after giving him a reasonable opportunity of being heard, by order in writing, impose upon him by way of penalty, a sum not exceeding two and a half times 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.

Penalty for contravening provisions regarding collection of tax by dealers.

57. If any person acts in contravention of the provisions of section 22, he shall be liable to a penalty not exceeding two and a half times the tax wrongly collected:

Provided that the Commissioner shall not impose such penalty unless the person concerned has been given an opportunity of being heard.

CHAPTER X

MISCELLANEOUS

Service of notice when family is disrupted or firm is dissolved.

58. (1) Where a Hindu undivided family has been partitioned, notices under this Act shall be served on the person who was the last manager of the Hindu family, or if such person cannot be found, then on all adults who were members of the Hindu family, immediately before the partition.

(2) Where a firm or an association of persons is dissolved, notices under this Act may be served on any person who was a partner (not being a minor) of the firm, or member of the association, as the case may be, immediately before its dissolution.

Service of notice in the case of discontinued business

59. Where an assessment is to be made in respect of business which has been discontinued, a notice under this Act shall be served in the case of a firm or an association of persons on any person who was a member of such firm or association at the time of its discontinuance or in the case of a company on the principal officer thereof.

Appearance before any authority in proceedings.

60. (*1*) Any person, who is entitled or required to attend before any authority in connection with any proceedings under this Act, may attend,—

(*a*) by a person authorised by him in writing in this behalf, being a relative or a person regularly employed by him; or

(*b*) by a legal practitioner or chartered accountant who is not disqualified by or under sub-section (*2*); or

(*c*) by a sales tax practitioner who possesses the prescribed qualifications and is entered in the list which the Commissioner shall maintain in that behalf, and who is not disqualified by or under sub-section (*2*).

(*2*) The Commissioner may, by order in writing and for reasons to be recorded therein, disqualify for such period as is stated in the order from attending before any such authority any legal practitioner, chartered accountant or sales tax practitioner—

(*i*) who has been removed or dismissed from Government service; or

(*ii*) who being a legal practitioner or chartered accountant is found guilty of misconduct in connection with any proceedings under this Act by an authority empowered to take disciplinary action against the members of the profession to which he belongs; or

(*iii*) who being a sales tax practitioner is found guilty of such misconduct by the Commissioner.

(*3*) No order of disqualification shall be made in respect of any particular person unless he has been given a reasonable opportunity of being heard.

(*4*) Any person against whom any order of disqualification is made under this section may, within one month of the date of communication of such order, appeal to the Administrator to have the order cancelled.

(*5*) The order of the Commissioner shall not take effect until one month of the making thereof or when an appeal is preferred, until the appeal is decided.

(*6*) The Commissioner may at any time *suo motu* or on an application made to him in this behalf, revoke any order made against any person under sub-section (*2*) and thereupon such person shall cease to be disqualified.

Change of an incumbent of an office.

61. Whenever in respect of any proceeding under this Act the Commissioner or any person appointed under sub-section (2) of section 9 to assist him, ceases to exercise jurisdiction and is succeeded by another who has and exercises jurisdiction, the person so succeeding may continue the proceeding from the stage at which the proceeding was left by his predecessor:

Provided that the dealer concerned may demand that before the proceeding is so continued, the previous proceeding or any part thereof be reopened or that before any order of assessment is passed against him, he be re-heard.

Extension of period of limitation in certain cases.

62. (*1*) An appellate authority may admit an appeal under section 43 after the period of limitation laid down in that section, if the appellant satisfies the appellate authority that he had sufficient cause for not preferring the appeal within such period.

(*2*) In computing the period laid down under sections 43, 45, 46 and 47, the provisions of sections 4 and 12 of the Limitation Act, 1963, shall, so far as may be, apply. 36 of 1963.

(*3*) In computing the period of limitation prescribed by or under any provision of this Act, or the rules made thereunder, other than section 43, 45, 46 or 47, any period during which any proceeding is stayed by an order or injunction of any court shall be excluded.

Returns, etc., to be confidential.

63. (*1*) All particulars contained in any statement made, return furnished or accounts or documents produced in accordance with this Act, or in any record of evidence given in the course of any proceedings under this Act, other than proceedings before a criminal court, shall, save as provided in sub-section (*3*), be treated as confidential, and notwithstanding anything contained in the Indian Evidence Act, 1872, no court shall, save as aforesaid, be entitled to require any servant of the Government to produce before it any such statement, return, account, document or record or any part thereof, or to give evidence before it in respect thereof. 1 of 1872.

(*2*) If, save as provided in sub-section (*3*), any servant of the Government discloses any of the particulars referred to in sub-section (*1*), he shall be punishable with imprisonment which may extend to six months, and shall also be liable to fine.

(*3*) Nothing in this section shall apply to the disclosure—

(*a*) of any of the particulars referred to in sub-section (*1*) for the purposes of investigation or prosecution under this Act or the Indian Penal Code or any other enactment for the time being in force; or 45 of 1860.

(*b*) of such facts to an officer of the Central Government or any State Government as may be necessary for verification of such facts or for the purposes of enabling that Government to levy or realise any tax imposed by it; or

(*c*) of any such particulars where such disclosure is occasioned by the lawful employment under this Act of any process for the service of any notice or the recovery of any demand; or

(*d*) of any such particulars to a civil court in any suit or proceeding to which the Government or any sales tax authority is a party and which relates to any matter arising out of any proceeding under this Act or under any other law for the time being in force authorizing any sales tax authority to exercise any powers thereunder; or

(*e*) of any such particulars by any public servant where the disclosure is occasioned by the lawful exercise by him of his powers under the Indian Stamp Act, 1899, to impound an insufficiently stamped document; or

2 of 1899.

(*f*) of any such particulars to the Reserve Bank of India as are required by that Bank to enable it to compile financial statistics of international investment and balance of payment; or

(*g*) of any such particulars to any officer appointed by the Comptroller and Auditor-General of India for purpose of audit of tax receipts or refunds; or

(*h*) of any such particulars relevant to any inquiry into a charge of misconduct in connection with income-tax proceedings against a legal practitioner or chartered accountant, to the authority empowered to take disciplinary action against members of the profession to which he belongs; or

(*i*) of such particulars to the officers of the Central Government or any State Government for such other purposes, as the Administrator may by general or special order direct.

Setting up of check-posts and barriers.

64. (*1*) The Administrator may, by notification in the Official Gazette, set up check-posts or barriers, or both, at any place in Delhi with a view to preventing evasion of tax and other dues payable under this Act.

(*2*) The owner or person in charge of a goods vehicle shall carry with him a goods vehicle record, a trip sheet or a log book, as the case may be, and a bill of sale or a delivery note containing such particulars as may be prescribed in respect of the goods carried in the goods vehicle and produce the same before any officer in charge of a check-post or barrier or any other officer as may be empowered by the Administrator in this behalf.

(*3*) The owner or person in charge of a goods vehicle entering or leaving Delhi shall also file a declaration containing such particulars in the prescribed form obtainable from the prescribed authority and in such manner as may be prescribed, before the officer in charge of a check-post or barrier or before the other officer empowered as aforesaid:

Provided that where the owner or person in charge of a goods vehicle after filing a declaration at the time of entering Delhi that the goods are meant to be carried to a place outside Delhi, fails, wihout reasonable cause, to carry such goods outside Delhi within the prescribed period, he shall, in addition to the payment of tax, if any, be liable to a penalty not exceeding two and a half times the tax that would have been payable had the goods been sold inside Delhi or one thousand rupees, whichever is more.

(4) At every check-post or barrier, or at any other place when so required by an officer empowered by the Administrator in this behalf, the driver or any other person in charge of a goods vehicle shall stop the vehicle and keep it stationary so long as may be required by the officer in charge of the check-post or barrier or the officer empowered as aforesaid to search the goods vehicle or part thereof, examine the contents therein and inspect all records relating to the goods carried, which are in the possession of such driver or other person in charge, who shall, if so required, give his name and address and the name and address of the owner of the vehicle as well as those of the consignor and consignee of the goods.

(5) If on an examination of the contents in a goods vehicle or the inspection of records relating to the goods carried, any officer empowered by the Administrator in this behalf has reason to believe that the owner or person in charge of such goods vehicle is attempting to evade payment of the tax due under this Act, he may, for reasons to be recorded in writing and after hearing the owner or person in charge of the goods vehicle, detain the goods and the goods so detained shall not be allowed to be transported unless the owner, or his agent or the person in charge of the goods vehicle furnishes to the satisfaction of such officer security in such form and in such manner as may be prescribed for an amount not exceeding one thousand rupees or the amount of tax payable if such goods were sold in Delhi, whichever is more.

(6) Where the security required to be furnished under sub-section (5) is not furnished within the prescribed period such goods shall be disposed of in such manner and subject to such conditions as may be prescribed.

Explanation.—For the purposes of this section, "goods vehicle" shall include a motor vehicle, vessel, boat, animal and any other form of conveyance.

Publication of names, etc., of dealers whose certificates of registration are cancelled.

65. The Commissioner shall, at intervals not exceeding three months, publish in the Official Gazette such particulars as may be prescribed of dealers whose certificates of registration are cancelled under the provisions of this Act.

Exemptions.

66. (1) If the Administrator is of opinion that it is necessary or expedient in the public interest so to do, he may, with the previous approval of the Central Government, exempt, by notification in the Official Gazette, and subject to such conditions, if any, as he may impose, any specified class of sales by any specified class of dealers from payment of the whole or any part of the tax payable under this Act.

(2) If in respect of any sales which are exempt from payment of tax under sub-section (1), a breach of any of the conditions subject to which such exemption was granted, is committed, the dealer responsible for

such branch sall be liable to pay tax in respect of all such sales as if no such exemption had been granted.

Bar of suits in civil courts.

67. No suit shall be brought in any civil court to set aside or modify any assessment made or any order passed under this Act or the rules made thereunler and no prosecution, suit or other proceeding shall lie against the Government or any officer of the Government for anything in good faith done or intended to be done under this Act or the rules made thereunder.

Transfers during pendency of proceedings void.

68. Where, during the pendency of any proceeding under this Act, any person creates a charge on or parts with the possession by way of sale, mortgage, gift or exchange or any other mode of transfer whatsoever, of any of his assets in favour of any other person, such charge or transfer shall be void as against any claim in respect of any tax or any other sum payable by such person as a result of the completion of the said proceedings.

Chapter XXXVI of the Code of Criminal Procedure, 1973, not to apply to certain offences.

69. Nothing in Chapter XXXVI of the Code of Criminal Procedure, 1973 shall apply to—

2 of 1974.

(*i*) any offence punishable under this Act; or

(*ii*) any other offence which under the provisions of that Code, may be tried along with such offence,

and every offence referred to in clause (*i*) or clause (*ii*) may be taken cognizance of by the court having jurisdiction under this Act as if the provisions of that Chapter were not enacted.

Application of the provisions of the Delhi Land Reforms Act, 1954 for purposes of recovery of sales tax recoverable as arrears of land revenue.

70. For the purposes of recovery of any amount recoverable as arrear of land revenue under this Act, the provisions of the Delhi Land Reforms Act, 1954, as to recover of arrears of land revenue shall, notwithstanding anything contained in that Act or in any other enactment, be deemed to be in force throughout Delhi and the provisions of the Revenue Recovery Act, 1890, shall have effect accordingly.

Delhi Act 8 of 1954.

1 of 1890.

Power to make rules.

71. (*1*) The Administrator may make rules for carrying out the purposes of this Act.

(*2*) In particular and without prejudice to the generality of the foregoing power, such rules may provide for—

(*a*) the further period after the date of expiry of three consecutive years referred to in sub-section (*3*) of section 3 for which liability to pay tax of a dealer shall continue;

(*b*) the particulars to be contained in a declaration under subclause (*v*) of clause (*a*) of sub-section (*2*) of section 4, or under

section 5, as the case may be, the form of such declaration, the authority from whom such forms shall be obtainable and the manner in which and the time within which such declaration is to be furnished;

(*c*) the period of turnover, the manner in which the turnover in relation to sale of any goods under this Act shall be determined and the sales turnover which may be deducted under sub-clause (*vi*) of clause (*a*) of sub-section (*2*) of section 4;

(*d*) the restrictions and conditions subject to which the Commissioner may delegate his powers under section 10;

(*e*) the authority to whom applications for registration under sections 14, 15, 16 and 17 may be made and the form of such applications and the fees payable in respect thereof;

(*f*) the procedure for and other matters incidental to registration of dealers, the granting of certificates of registration, the period within which such certificates shall be granted and the forms of such certificates;

(*g*) the intervals at which, and the manner in which, the tax under this Act shall be payable under section 21;

(*h*) the returns to be furnished under sub-section (*2*) of section 21 and dates by which, and the authority to whom, such returns shall be furnished;

(*i*) the procedure to be followed for assessment under section 23;

(*j*) the circumstances in which, and the conditions subject to which, a dealer may be permitted to pay a lump sum by way of composition under section 29 and the manner of determining such sum;

(*k*) the form in which claims for refund or set-off may be preferred, the manner in which such claims for refund shall be verified and the refunds or set-off under this Act shall be allowed;

(*l*) the authority to whom information shall be furnished under section 40;

(*m*) the conditions under which the production of accounts or documents or the furnishing of information may be required under sub-section (*1*) of section 41;

(*n*) the form and manner in which, and the authority to whom, appeals against assessment may be filed under section 43, the manner in which such appeals shall be verified and the fees payable in respect thereof and the procedure to be followed by such authority;

(*o*) the form and manner in which applications for revision under section 47 or for review under sub-section (5) of section 48 may be filed and the fee payable in respect thereof;

(*p*) the conditions subject to which the Commissioner may authorise the persons appointed under sub-section (*2*) of section 9 to assist him to investigate offences under sub-section (*1*) of section 53;

(*q*) the conditions under which offences may be compounded under section 54;

(*r*) the manner in which, and the time within which, applications shall be made (including fees payable in respect thereof), information furnished, securities given and notices served under this Act;

(*s*) any other matter which is required to be, or may be, prescribed.

(*3*) Any rules made under this Act may provide that a contravention thereof shall be punishable with fine which may extend to five hundred rupees, and in the case of a continuing contravention, with an additional fine which may extend to twenty-five rupees for every day during which such contravention continues after conviction for the first such contravention.

Rules to be laid before Parliament.

72. Every rule made under this Act 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.

Repeal and savings.

Bengal Act VI of 1941.

73. (*1*) The Bengal Finance (Sales Tax) Act, 1941 as in force in Delhi (hereinafter referred to as the said Act) is hereby repealed:

Provided that such repeal shall not affect the previous operation of the said Act or any right, title, obligation or liability already acquired, accrued or incurred thereunder and subject thereto, anything done or any action taken including any appointment, notification, notice, order, rule, form or certificate in the exercise of any power conferred by or under the said Act shall be deemed to have been done or taken in the exercise of the powers conferred by or under this Act, as if this Act were in force on the date on which such thing was done or action was taken, and all arrears of tax and other amounts due at the commencement of this Act may be recovered as if they had accrued under this Act.

Bengal Act VI of 1941.

(2) Any application for revision pending immediately before the date on which the Appellate Tribunal is constituted under section 13 (hereafter in this section referred to as the notified date), before the Commissioner under the Bengal Finance (Sales Tax) Act, 1941, as in force in the Union territory of Delhi shall, on such date stand transferred to, and be disposed of by the Tribunal;

Provided that no application for revision shall be transferred to the Appellate Tribunal if the petitioner making the application for revision waives his right of appeal to the Tribunal within fifteen days after the notified date, in which case the application for revision shall be disposed of by the Commissioner as if it were an application for revision made under section 47.

(3) Any application for revision, pending immediately before the notified date, before the Commissioner and transferred to the Appellate Tribunal under sub-section (2) shall be disposed of by the Appellate Tribunal as if it were an appeal made to the Tribunal under and in accordance with the provisions of section 43 of this Act.

(4) Where an appeal against an order passed by an officer under this Act lies to the Appellate Tribunal after the notified date, and the period of limitation specified for filing such appeal under this Act has not expired, then, such appeal shall lie to the Tribunal within thirty days of the notified date or within the expiry of the period of limitation specified for filing such appeal, whichever is later.

Removal of difficulties.

74. (1) If any difficulty arises in giving effect to the provisions of this Act, the Central Government may, by general or special order published in the Official Gazette, make such provisions not inconsistent with the provisions of this Act as appear to it to be necessary or expedient for the removal of the difficulty:

Provided that no such order shall be made after the expiration of one year from the commencement of this Act.

(2) Every order made 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 order or both Houses agree that the order should not be made, the order 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 order.

Transitional provisions.

75. Where a dealer liable to pay tax under the Bengal Finance (Sales Tax) Act, 1941, as in force in Delhi immediately before the commencement of this Act is not liable to pay tax under the provisions of this Act, he shall, notwithstanding the repeal of the first mentioned Act, continue to be liable to pay tax on the sales made by him after such commencement of all goods— Bengal Act VI of 1941.

(i) purchased by him before such commencement,

(ii) manufactured by him before or after such commencement out of raw materials purchased before such commencement.

THE FIRST SCHEDULE

[*See* section 4(1)(a)]

1. Motor vehicles, including chassis of motor vehicles, motor tyres and tubes, accessories, component parts and spare parts of motor vehicles and motor bodies.

2. Motor cycle and motor and cycle combinations, motor scooters, motorettes and tyres and tubes, and accessories, component parts and spare parts of motor cycles, motor scooters and motorettes.

3. Refrigerators, air-conditioning and other cooling appliances and apparatus including room coolers and water coolers and component parts, spare parts and accessories thereof.

4. Wireless reception instruments and apparatus, radios and radio-gramophones, television sets, accumulators, amplifiers and loudspeakers and spare parts, component parts and accessories thereof, and electrical valves.

5. Cinematographic equipment including cameras, projectors and sound recording and reproducing equipment, and spare parts, component parts and accessories required for use therewith, and lenses, films and cinema carbons.

6. Photographic and other cameras and enlargers, lenses, films and plates, paper and other component parts, spare parts and accessories required for use therewith including photographic chemicals and photographs but excluding X-ray apparatus and films, plates, photographic chemicals and other equipment required for use with the X-ray apparatus and component parts, spare parts and accessories thereof.

7. All clocks, time pieces, watches, electrical time switches and mechanical timers and component parts, spare parts and accessories thereof.

8. All arms including rifles, revolvers, pistols and ammunition for the same, and component parts, spare parts and accessories thereof.

9. Cigarette cases and lighters.

10. Dictaphone, tape-recorders and other similar apparatus for recording sound and component parts, spare parts and accessories thereof.

11. Sound transmitting equipment including telephones and loudspeakers and component parts, spare parts and accessories thereof but excluding sound amplifying apparatus carried on the person and adapted for use as a hearing aid.

12. Typewriters, tabulating, calculating, cash registering, indexing, card punching, franking and addressing machines, teleprinters and duplicating machines and component parts, spare parts and accessories thereof.

13. Binoculars, telescopes and opera glasses and component parts, spare parts and accessories thereof.

14. Gramophones, record players, record changers and component parts, spare parts and accessories thereof and records and needles.

15. All electronic and electrical goods other than torches, torch cells and filament lighting bulbs.

16. Table cutlery including knives and forks, but not including spoons.

17. All types of sanitary goods and fittings.

18. (*i*) All goods made of glass but not including plain glass panes, optical lenses, hurricane lantern chimneys, phials, clinical syringes, thermometers, bangles and scientific apparatus and instruments made of glass.

(*ii*) Glazed earthenware.

(*iii*) Chinaware, including crockery.

19. Vacuum flasks of all kinds (including thermoses, thermic jugs, ice buckets or boxes, urns and other domestic receptacles to keep food or beverages hot or cold) and refills thereof.

20. Liquor (foreign liquor and Indian-made foreign liquor).

21. Picnic set sold as a single unit.

22. Iron and steel safes and almirahs.

23. Motor spirit, high speed diesel oil, aviation gasoline, aviation turbine fuel and all other varieties of fuel for motor vehicles and aircrafts.

24. Cosmetics, perfumery and toilet goods including shampoos but not including soap, tooth brush, tooth paste, tooth powder and kumkum.

25. Leather goods excepting footwear, belts and sports articles made of leather.

26. Furniture including iron and steel furniture.

27. Sheets, cushions, pillows, mattresses and other articles made from foam rubber or plastic foam or other synthetic foam.

28. Furs and articles of personal or domestic use made therefrom.

29. Articles and wares made of stainless steel but excluding safety razor blades and surgical instruments or parts of industrial machinery and plant.

30. Perambulators.

31. Plastic, celluloid bakelite goods and goods made of similar other substances but not including such goods of value not exceeding thirty rupees per piece.

32. Fireworks including coloured matches.

33. Lifts whether operated by electricity or hydraulic power.

34. All types of glazed and vitrum tiles, mosaic tiles, laminated sheets like Sun mica, Formica, etc.

THE SECOND SCHEDULE

[*See* section 4(*1*) (*b*)]

1. Coal including coke in all its forms***.

2. Cotton as defined in section 14 of the Central Sales Tax Act, 1956 (74 of 1956).

3. Iron and steel as defined in section 14 of the Central Sales Tax Act, 1956 (74 of 1956).

4. Jute as defined in section 14 of the Central Sales Tax Act, 1956 (74 of 1956).

5. Oilseeds as defined in section 14 of the Central Sales Tax Act, 1956 (74 of 1956).

6. Hides and skins, whether in a raw or dressed state.

7. Cotton yarn as defined in section 14 of the Central Sales Tax Act, 1956 (74 of 1956), and cotton thread.

THE THIRD SCHEDULE

(*See* section 7)

1. All cereals and pulses including all forms of rice and their brans and cooked dal.

2. Flour including atta, maida, besan and suji.

3. Chapaties, paranthas, stuffed paranthas, puries, stuffed puries, kulchas, nans and bhaturas and bread (double roti)***.

4. Meat and fish other than canned, preserved, processed, dried, dehydrated or cooked.

5. Fresh eggs.

6. Vegetables, green or dried (except when sold in sealed containers) and vegetables seeds.

7. Fruits other than dry fruits or canned, preserved, dried or dehydrated fruits.

8. Sugar as defined in the Central Excises and Salt Act, 1944 (1 of 1944).

9. Salt.

10. Fresh milk (whole or separated) including boiled and sugared milk.

11. Edible oils produced in indigenous *kohlu* or *ghani* (without employing electricity or any other power at any stage) when sold by the person owning such indigenous *kohlu* or *ghani* and dealing exclusively in the production of edible oils by such indigenous *kohlu* and *ghani*.

12. Dahi and lassi.

13. All varieties of cotton fabrics, rayon or artificial silk fabrics and woollen fabrics.

Explanation.—The expression "cotton fabrics", "rayon or artificial silk fabrics" and "woollen fabrics" shall have the same meanings as are, respectively assigned to them in the Central Excises and Salt Act, 1944 (1 of 1944).

14. Books and periodicals, maps, educational charts, instruments boxes used by students and educational globes and instruments, such as instruments used in mechanical drawing and biology, used by students.

15. Fuel wood and charcoal.

16. School exercise and drawing books.

17. Agricultural implements including chaff cutters and persian wheels or parts thereof and electric motors including monoblock pump sets of 3 to $7\frac{1}{2}$ horse power.

18. Cattle feeds, including fodder and poultry feeds.

19. Electric energy.

20. Fertilizers.

21. Water but not aerated water or mineral water or water sold in bottles or sealed containers.

22. Tobacco as defined under the Central Excises and Salt Act, 1944 (1 of 1944).

23. (*i*) Country made shoes (Juties).	When manufactured—
(*ii*) Cane and bamboo handi-Crafts.	(*a*) without the use of power, and
(*iii*) Earthenwares made by Kumhars.	(*b*) at a place other than a factory as defined in the Factories Act, 1948 (63 of 1948) and sold either by the maker himself or by any member of his family or by a co-operative society consisting wholly of the makers of such articles.

24. Charkha, takli and charkha accessories.

25. State, slate pencils, takhties, black ink used for takhties, writing chalks, crayons (excluding colour pencils), foot-rules of the types used in schools and *kalams* (pens used for takhties).

26. Betel leaves***inluding prepared pans.

27. Pesticides for plant protection.

28. Plant protection machines.

29. Ready-made garments of khadi made out of cloth certified as such under the Khaddar (Protection of Name) Act, 1950 (78 of 1950).

30. Condoms.

31. Blood for transfusion that is to say fresh human blood or plasma, liquid or dried.

32. Handspun yarn.

33. *Achar* and *muraba* except when sold in sealed containers.

34. Scientific goods including scientific glass goods, geometrical and drawing goods used in Schools and Colleges for teaching and for use by students.

35. Livestock including poultry. ..

36. Cotton paddings.

APPENDIX I

[*Vide* Para 2 of the Report]

Motion adopted in Lok Sabha for reference of the bill to the Select Committee

"That the Bill to consolidate and amend the law relating to the levy of tax on sale of goods in the Union territory of Delhi, be referred to a Select Committee consisting of 30 members, namely:—

1. Shri Syed Ahmed Aga
2. Shri Shrikrishna Agrawal
3. Shri H. K. L. Bhagat
4. Shri Bhagirath Bhanwar
5. Sardar Buta Singh
6. Shri Amarsingh Chaudhari
7. Shrimati Premalabai Dajisaheb Chavan
8. Shri Y. B. Chavan
9. Shri Shanker Narayan Singh Deo
10. Shri C. C. Gohain
11. Shri Madhuryya Haldar
12. Shri N. E. Horo
13. Shri Chiranjib Jha
14. Shrimati Subhadra Joshi
15. Shri Vikram Mahajan
16. Shrimati Shakuntala Nayar
17. Shri Aravinda Bala Pajanor
18. Shri Birender Singh Rao
19. Shri P. V. Reddy
20. Shri Arjun Sethi
21. Dr. H. P. Sharma
22. Shri M. R. Sharma
23. Shri Ramavatar Shastri
24. Shri S. M. Siddayya
25. Shri Rudra Pratap Singh
26. Shri Vishwanath Pratap Singh
27. Shri Somchand Solanki
28. Shri R. P. Ulaganambi
29. Shri Amarnath Vidyalankar; and
30. Shri K. R. Ganesh

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

APPENDIX II

[*Vide* para 6 of the Report]

List of Association, Organisations, etc. from whom memoranda were received by the Select Committee

1. Delhi Electrical Traders, Association, Delhi.
2. Delhi Provision Merchants' Association, Delhi.
3. New Delhi Traders' Association, New Delhi.
4. Delhi Petrol Dealers Association, New Delhi.
5. All India Maps Charts Publishers' Association, New Delhi.
6. Delhi Pradesh Karyana Parchoon Dukandar Sangh, New Delhi.
7. Surgical Manufacturers' and Traders' Association, Delhi.
8. The Scientific Instruments Dealers' and Manufacturers' Association, Delhi.
9. Delhi Vegetable Oil Traders Association, Delhi.
10. Punjab, Haryana & Delhi Chamber of Commerce, New Delhi.
11. Halwais, Bakers, Restaurants, Milk Sellers and Tea Stall Holders Federation, Delhi.
12. The General Machinery Merchants Association, Delhi.
13. The Indo-Afghan Chamber of Commerce, Delhi.
14. Central Radio & Electronics Merchants' Association, Delhi.
15. Jumunapar Parchoon Dukandar Association, Delhi.
16. The Delhi State Chemists Association, Delhi.
17. Rang Rasayan Vyapar Sangh, Delhi.
18. United Chamber of Trade Associations, Delhi.
19. Export Promotion Council for finished leather and leather manufacturers, Kanpur.
20. Shri C. M. Sharma, 619D/8B, Shastri Gali, Vishwas Nagar, Shahdra, Delhi.
21. Delhi Hindustani Mercantile Association, Delhi.
22. Cloth Commission Agents Union, Delhi.
23. The Delhi Iron and Hardware Merchants Association, Delhi.
24. Delhi Vanaspati Merchants Association, Delhi.
25. Supreme Court Bar Association, New Delhi.
26. Delhi Stationers Association, Delhi.
27. Wholesale Hosiery Merchants Association, Delhi.
28. Delhi State Oil Miller's Association, Delhi.
29. Delhi Shoe Maker Association, Delhi.
30. Sadar Bazar General Merchants Association, Delhi.
31. Paharganj Plywood & Timber Dealers Association, New Delhi.

32. Uttar Pradesh Government, Lucknow.
33. Punjab Merchants Chamber, Delhi.
34. Chamber of Wholesale Dryfruit Dealers Delhi.
35. Rajdhani Cycle Beopar Mandal, Delhi.
36. Federation of Sadar Bazar Trade Association, Delhi.
37. Stove & Light Merchants & Manufacturers Association, Delhi.
38. Sadar Bazar Lock Merchants Association, Delhi.
39. Punjab Pradesh Beopar Mandal, Ludhiana.
40. Government of Rajasthan, Jaipur.
41. Government of Punjab, Chandigarh.
42. Institute of Chartered Accountants of India, New Delhi.
43. Delhi Umberala Manufacturers Association, Delhi.
44. Sales Tax Bar Association, New Delhi.
45. Federation of All India Automobile Spare Parts Dealers Association, Delhi.
46. Government of Haryana, Chandigarh.

APPENDIX III

[*Vide* para 7 of the Report]

List of Associations, organisations etc. who gave evidence before the Select Committee

S. No.	Name of Association/ Individual.	Date on which evidence was taken.
(1)	(2)	(3)
1.	Government of Uttar Pradesh, Lucknow—	6-1-1975
	Spokesmen:	
	1. Shri N. P. Bhatnagar, Commissioner, Sales Tax.	
	2. Shri H. M. Farooqui, Deputy Commissioner, Sales Tax.	
	3. Shri R. K. Goyal, Sales Tax Officer.	
	4. Shri Mahesh Prasad, Special Secretary to Government, Finance Department.	
	5. Shri G. P. Vaijal, Officer on Special Duty, Finance Department.	
2.	Delhi Stationer's Association, Delhi—	6-1-1975
	Spokesmen:	
	1. Shri N. D. Khanna, President	
	2. Shri Sant Singh, Vice-President	
	3. Shri Mussadi Lal, Vice-President	
	4. Shri K. S. Frontier, Honorary General Secretary.	
	5. Shri R. N. Mehra, Member	
	6. Shri N. N. Bhaskar, Member.	
3.	Delhi State Oil Miller's Association, Delhi—	6-1-1975
	Spokesmen:	
	1. Shri J. R. Jindal	
	2. Shri Krishan Chander	
	3. Shri R. L. Singhania	
	4. Shri Prem Sagar	
4.	Punjab, Haryana and Delhi Chamber of Commerce & Industry, New Delhi—	7-1-1975
	Spokesmen:	
	1. Shri S. P. Virmani	
	2. Shri G. S. Gargya	

(1)	(2)	(3)
	3. Shri B. K. Gupta 4. Shri C. L. Batra 5. Shri J. K. Shah 6. Shri M. L. Nandrajog 7. Shri S. Ganapathi 8. Shri M. P. Seth	
5.	General Machinery Merchants' Association, Delhi—	7-1-1975
	Spokesmen: 1. Shri Sham Narain 2. Shri Balram Sangal 3. Shri C. L. Kapoor 4. Shri D. P. Seth 5. Shri J. K. Kapoor 6. Shri K. L. Nagpal	
6.	Delhi Pradesh Karyana Parchoon Dukandar Sang, New Delhi—	7-1-1975
	Spokesmen: 1. Shri Ram Lal 2. Shri Basanti Lala 3. Shri Jugal Kishore	
7.	Institute of Chartered Accounts of India, New Delhi—	7-1-1795
	Spokesmen: 1. Shri B. R. Maheshwari 2. Shri V. Rajaraman 3. Shri R. Santhanam	
8.	Federation of Sadar Bazar Trade Association, Delhi—	7-1-1975
	Spokesmen: 1. Shri J. P. Bajaj 2. Shri P. R. Mittal 3. Shri Harbans Singh Sehni 4. Shri Pyare Lal 5. Shri O. P. Sapra 6. Shri Gian Chand Khattar	
9.	Stove and Light Merchants and Manufacturers Association, Delhi—	7-1-1975
	Spokesmen: 1. Shri Gyan Chand Gupta 2. Shri Harish Chand Khera 3. Shri K. C. Kapur 4. Shri Brij Mohan	

(1)	(2)	(3)

10. Sadar Bazar Lock Merchants Association, Delhi— 7-1-1975

Spokesmen:

1. Shri Inder Mohan Sehgal
2. Shri Kasturi Lal
3. Shri Harish Kohli
4. Shri Sushil Gupta
5. Shri Jai Gopal.

11. Delhi Electrical Traders Association, Delhi— 7-1-1975

Spokesmen:

1. Shri Jagat Prakash
2. Shri Satya Pal Bansal
3. Shri Jagdish Rai
4. Shri L. N. Dhingra
5. Shri Qimat Rai
6. Shri H. K. Lal
7. Shri K. M. Rathi
8. Sardar Charan Singh

12. Surgical Manufacturers and Traders Association Delhi— 8-1-1975

Spokesman:

Shri H. L. Sharma—*Vice-President.*

13. Delhi Iron and Hardware Merchants Association Delhi— 8-1-1975

Spokesmen:

1. Shri Ramesh Nanda, *Junior Vice-President*
2. Shri Satish Chandra Khandelwal, *Secretary*
3. Shri Raghbir Saran Jhalani

14. Halwais, Bakers, Restaurants, Milk Sellers and Tea *Stall Holders Federation, Delhi*— 8-1-1975

Spokesmen:

1. Shri Madan Lal, *President*
2. Shri Dwarka Prashad Gupta, *Senior Vice-President*
3. Shri Luxmi Narain Bansal, *General Secretary*
4. Shri S. S. Garga
5. Shri Chuni Lall.

(1)	(2)	(3)
15.	Paharganj Plywood and Timber Dealers Association New Delhi—	8-1-1975
	Spokesmen:	
	1. Shri Ram Prakash Sachdeva	
	2. Shri Fateh Chand Bansal	
	3. Shri I. S. Gandhi	
	4. Shri Mittar Sain Gupta	
16.	Punjab Pradesh Beopar Mandal, Ludhiana—	8-1-1975
	Spokesmen:	
	1. Shri Tulsi Dass Jaitwani, *President*	
	2. Shri Sunder Singh Sunder, *Advocate*	
	3. Shri G. S. Chimni, *Chairman*	
	4. Shri D. C. Kochhar, *General Secretary*	
	5. Shri S. S. Uppal	
17	Federation of All India Automobile Spare Parts Dealers' Association, Delhi—	8-1-1975
	Spokesmen:	
	1. Shri M. D. Beri	
	2. Shri K. S. Hazooria	
	4. Shri R. L. Kohli	
	4. Shri S. S. Arora	
18.	Government of Haryana, Chandigarh—	8-1-1975
	Spokesmen:	
	1. Shri J. S. Sarohia, *Administrative Secretary, Excise and Taxation Department.*	
	2. Shri M. C. Gupta, *Excise and Taxation Commissioner.*	
19.	Punjab Merchants Chamber, Delhi—	9-1-1975
	Spokesmen:	
	1. Shri Ashok Kumar Jain	
	2. Shri Muni Lal Bajaj	
	3. Shri Gulab Rai	
	4. Shri D. D. Chopra	
20.	Indo-Afghan Chamber of Commerce, Delhi—	9-1-1975
	Spokesmen:	
	1. Shri Sunderlal—*President*	
	2. Shri Swinder Singh—*Senior Vice-President*	

(1)	(2)	(3)
	3. Shri Pratap Singh Kataria	
	4. Shri Ajudhia Nath	
	5. Shri Kishan Chand	
	6. Shri Hans Raj	
21.	Delhi Hindustani Mercantile Association, Delhi—	9-1-1975
	Spokesmen:	
	1. Shri Brij Bhushan Sharan—*President*	
	2. Shri Ram Prakash Seth—*Vice-President*	
	3. Shri Chandra Mohan Grover	
22.	Delhi Vanaspati Merchants Association, Delhi—	9-1-1975
	Spokesmen:	
	1. Shri Dwarka Parshad Goel	
	2. Shri Ratan Lal Gupta	
	3. Shri Naresh Chand	
	4. Shri Bhopal Singh	
23.	Jumunapar Parchoon Dukandar Association, Delhi—	9-1-1975
	Spokesmen:	
	1. Shri C. M. Sharma	
	2. Shri Ram Prakash	
	4. Shri Shyam Lal	
	4. Shri Hardatt Singh	
24.	Delhi Umbrella Manufacturers Association, Delhi—	9-1-1975
	Spokesmen:	
	1. Shri Shadi Lal Ghai	
	2. Shri Manghu Shah	
	3. Shri Shanti Sarup	
	4. Shri Sukhdayal	
25.	Sales Tax Bar Association, Delhi—	9-1-1975
	Spokesmen:	
	1. Shri M. K. Arora—*President*	
	2. Shri D. R. Arora—*Vice-President*	
	3. Shri G. K. Shukla—*Secretary*	
	4. Shri Bal Ram Sangal	
	5. Shri H. L. Puri	
	6. Shri Bhagwati Prashad	

(1)	(2)	(3)
26.	(i) Shri Inder Mohan Sehgal—*Senior Advocate, Supreme Court and High Court, New Delhi*—	9-1-1975
	(ii) Shri C. L. Goel,—*Advocate Ex-Deputy Mayor, New Delhi*—	
27.	United Chamber of Trade Association, Delhi—	10-1-1975
	Spokesmen:	
	1. Shri Maheshwar Dayal—*President*	
	2. Shri Ratan Lal Kohli—*Treasurer*	
	3. Shri G. C. Khanna	
	4. Shri O. P. Agarwal	
	5. Shri Jagdish Rai	
28.	Delhi Provision Merchants' Association, Delhi—	10-1-1975
	Spokesmen:	
	1. Shri Girdhari Lal—*President*	
	2. Shri G. C. Khanna—*Hony. Secretary*	
	3. Shri Vijay Kumar—*Jt. Secretary.*	
29.	Wholesale Hosiery Merchants Association, Delhi—	10-1-1975
	Spokesmen:	
	1. Shri Sham Lal	
	2. Shri Diwan Mangu Ram	
	3. Shri Moti Ram	
	4. Shri Pritam Singh Kwatra	
	5. Shri Subhash Arya	
30.	Cloth Commission Agents Union, Delhi—	10-1-1975
	Spokesmen:	
	1. Seth Ghanshyam Das Moda—*President*	
	2. Shri Hardwari Lal—*Vice-President*	
	3. Shri Om Prakash Jain	
31.	Chamber of Wholesale Dryfruit Dealers Delhi--	10-1-1975
	Spokesmen:	
	1. Shri Mangat Singh—*President*	
	2. Shri Hansraj Gulati—*Secretary*	
	3. Shri Pooran Chand	
	4. Shri Rajender Singh—*Joint Secretary*	
	5. Shri Balram Sangal	

(1)	(2)	(3)
32.	Government of Punjab, Chandigarh—	10-1-1975
	Spokesmen:	
	1. Shri P. L. Sondhi—*Excise and Taxation Commissioner*	
	2. Shri J. N. L. Srivastava,—*Joint Excise and Taxation Commissioner*	
	3. Shri B. R. Tanwar—*Deputy Excise and Taxation Commissioner.*	
	4. Shri M. S. Dhaliwal—*Assistant Excise and Taxation Commissioner.*	
33.	Scientific Instruments Manufacturers' Dealers' Association, Delhi—	10-1-1975
	Spokesmen:	
	1. Shri Virendra Kapila	
	2. Shri P. L. Sachdev	

APPENDIX IV

Minutes of the sittings of the Select Committee on the Delhi Sales Tax Bill, 1973.

I

First Sitting

The Committee sat on Monday, the 23rd September 1974 from 15.00 to 15.30 hours.

PRESENT

Shri S. M. Siddayya—*Chairman*

MEMBERS

2. Shri Syed Ahmed Aga
3. Shri Shrikrishna Agrawal
4. Shri H. K. L. Bhagat
5. Shri Bhagirath Bhanwar
6. Sardar Buta Singh
7. Shri Chakleshwar Singh
8. Shri Amarsinh Chaudhari
9. Shrimati Premalabai Dajisaheb Chavan
10. Shri M. Deiveekan
11. Shri C. C. Gohain
12. Shri N. E. Horo
13. Shri Chiranjib Jha
14. Shrimati Subhadra Joshi
15. Shri Vikram Mahajan
16. Shrimati Shakuntala Nayar
17. Shri Aravinda Bala Pajanor
18. Shri Arjun Sethi
19. Shri Ramavatar Shastri
20. Shri Vishwanath Pratap Singh
21. Shri Somchand Solanki
22. Shri Amarnath Vidyalankar
23. Shri K. R. Ganesh
24. Dr. H. P. Sharma

LEGISLATIVE COUNSEL

Shri S. Harihara Iyer—*Joint Secretary and Legislative Counsel*,

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

1. Shri K. Narasimhan, *Member, CBDT.*
2. Shri O. P. Mehra, *Deputy Secretary.*
3. Shri S. D. Ramaswamy, *Under Secretary.*
4. Shri Virendra Prakash, *Commissioner, Sales Tax, Delhi.*
5. Shri P. P. Chauhan, *Secretary (Finance) Delhi Administration, Delhi.*

SECRETARIAT

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

2. At the outset, the Chairman welcomed the Members of the Committee and referred to the implications of the proposed legislative measures and emphasised the importance and urgency of the task before the Committee.

3. The Chairman informed that the following material has been circulated to the Members of the Committee:—

1. The Delhi Sales Tax Bill, 1973.
2. Extracts from Lok Sabha Debates (Part II) dated the 6th September, 1974.
3. The Bengal Finance (Sales Tax) Act, 1941, as extended to the Union Territory of Delhi.
4. Delhi Sales Tax Rules, 1951.

4. The Committee then considered their future programme of work. They decided to invite written memoranda from the various Chambers of Commerce and Industry, Bar Councils, Supreme Court/High Court Bar Associations, Trade Unions, Chief Secretary, Delhi Administration, Governments of Punjab, Haryana, Himachal Pradesh; Jammu and Kashmir, Rajasthan, Uttar Pradesh, Administrator, Union Territory of Chandigarh and everyone else interested in the subject matter of the Bill by Monday, the 14th October, 1974. The Committee decided to issue a Press Communique in this regard. They also decided to issue an advertisement in this behalf in the leading newspapers having circulation in Delhi, Punjab, Haryana, Uttar Pradesh, Jammu and Kashmir Himachal Pradesh, Rajasthan and Union Territory of Chandigarh. The Committee further decided to take oral evidence of the associations/organisations/individuals, etc., on the provisions of the Bill.

5. The Committee desired that the Ministry of Finance might tabulate all the memoranda on the Bill which might be submitted to the Committee and offer their comments thereon for the consideration of the Committee.

6. At the end, the Committee decided to meet on Monday, the 4th November, 1974 in order to have a general discussion on the various points raised in the memoranda which might be submitted to the Committee and also to consider their further programme of work.

7. The Committee then adjourned.

II

Second sitting

The Committee sat on Monday, the 4th November, 1974 from 15.00 to 15.45 hours.

PRESENT

Shri S. M. Siddayya—*Chairman*

MEMBERS

2. Shri Syed Ahmed Aga
3. Shri Shrikrishna Agrawal
4. Shri H.K.L. Bhagat
5. Shri Bhagirath Bhanwar
6. Shri Chakleshwar Singh
7. Shri Amarsinh Chaudhari
8. Shrimati Premalabai Dajisaheb Chavan
9. Shri Shankor Narayan Singh Deo
10. Shri Biren Dutta
11. Shri Chiranjib Jha
12. Shrimati Subhadra Joshi
13. Shri Vikram Mahajan
14. Shri Arvinda Bala Pajanor
15. Shri Birender Singh Rao.
16. Shri P. V. Reddy
17. Shri Arjun Sethi
18. Dr. H. P. Sharma
19. Shri M. R. Sharma
20. Shri Ramavatar Shastri
21. Shri Somchand Solanki
22. Shri Amarnath Vidyalankar

LEGISLATIVE COUNSEL

Shri S. Ramaiah, *Deputy Legislative Counsel.*

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

1. Shri O. P. Mehra, *Deputy Secretary.*
2. Shri S. D. Ramaswamy, *Under Secretary.*
3. Shri Virendra Prakash, *Commissioner, Sales Tax, Delhi.*
4. Shri L. R. K. Prasad, *Secretary (Finance) Delhi Administration, Delhi.*

SECRETARIAT

Shri H. L. Malhotra—*Section Officer.*

2. Shri Pranab Kumar Mukherjee, Minister of State in the Ministry of Finance, who is not a member of the Committee, attended the sitting with the permissiion of Chairman under rule 299 of the Rules of Procedure.

3. The Committee considered the requests from various associations, organisations, etc., for extension of time for submission of memoranda on the Bill. The Committee, after some discussion, decided that the time for submission of memoranda might be extended upto Saturday, the 7th December, 1974. The Committee approved the Press Communique and authorised the Lok Sabha Secretariat to issue the same.

4. The Committee further decided that they might hold their sittings daily from 10.00 to 13.00 hours from 6th to 10th January, 1975 for the purpose of hearing oral evidence on the Bill. The Committee authorised the Chairman to select parties for being called for evidence.

5. The Committee felt that since they had still to hear oral evidence on the provisions of the Bill and had to complete other stages of the Bill, it would not be possible for them to present their Report by the stipulated date i.e. 11th November, 1974. The Committee, therefore, decided to seek an extension of time for presentation of their report upto the last day of the next Budget Session (1975).

6. The Committee authorised the Chairman and, in his absence, Shri H.K.L. Bhagat to move necessary motion in this behalf in the House on the 11th November, 1974.

7. The Committee then adjourned.

III

Third sitting

The Committee sat on Monday, the 6th January, 1975 from 10.30 to 13.30 hours.

PRESENT

Shri S. M. Siddayya—*Chairman.*

MEMBERS

2. Shri Syed Ahmed Aga
3. Shri Shrikrishna Agrawal
4. Shri H.K.L. Bhagat
5. Shri Bhagirath Bhanwar
6. Shri Chakleshwar Singh
7. Shri Amarsinh Chaudhari
8. Smt. Premalabai Daijisaheb Chavan
9. Shri Dalip Singh
10. Shri Shankor Narayan Singh Deo
11. Shri Chiranjib Jha

12. Smt. Subhadra Joshi
13. Shri Vikram Mahajan
14. Smt. Shakuntala Nayar
15. Shri Birender Singh Rao
16. Shri P. V. Reddy
17. Shri Arjun Sethi
18. Dr. H. P. Sharma
19. Shri Ramavatar Shastri
20. Shri M. R. Sharma

LEGISLATIVE COUNSEL

Shri A. P. Pandey—*Deputy Legislative Sounsel.*

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

1. Shri K. Narasimhan—*Additional Secretary.*
2. Shri O. P. Mehra—*Deputy Secretary.*
3. Shri S. D. Ramaswamy—*Under Secretary.*
4. Shri L. R. K. Prasad—*Secretary (Finance) Delhi Administration.*
5. Shri Virendra Prakash—*Commissioner, Sales-tax, Delhi.*

SECRETARIAT

Shri H. G. Paranjpe—*Chief Finance Committee Officer.*

2. At the outset, the Committee mourned the death of Shri Lalit Narayan Mishra, Minister of Railways and passed the following condolence resolution:—

> "The Committee place on record their profound sense of sorrow over the demise of their most esteemed colleague, Shri Lalit Narayan Mishra, Minister of Railways and other members of the Bihar Vidhan Sabha on the 3rd January, 1975 and send their heartfelt condolences to members of the bereaved families."

Thereafter the members stood in silence for a while as a mark of respect to the memory of the deceased.

3. Shrimati Sushila Rohatgi, Deputy Minister in the Ministry of Finance, who was 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.

4. The Committee then heard evidence of the following:—

[In the beginning, the Chairman drew the attention of the representatives to the provisions of Direction 58 of the Directions by the Speaker.]

I. *Government of Uttar Pradesh, Lucknow.*

Spokesmen:

1. Shri N. P. Bhatnagar—*Commissioner Sales-tax.*
2. Shri H. M. Farooqui—*Deputy Commissioner, Sales-tax.*

3. Shri R. K. Gopal—*Sales-tax Officer.*

4. Shri Mahesh Prasad—*Special Secretary to Government, Finance Department.*

[10.30 to 12.20 hours]

II. *Delhi Stationer's Association, Delhi.*

Spokesmen:

1. Shri N. D. Khanna—*President.*
2. Shri Sant Singh—*Vice-President.*
3. Shri Mussadi Lal—*Vice President.*
4. Shri K. Frantier—*Hon. General Secretary.*
5. Shri R. N. Mehra—*Member.*
6. Shri N. N. Bhaskar—*Member.*

[12.20 to 12.45 hours]

III. *Delhi State Oil Miller's Association, Delhi.*

Spokesmen:

1. Shri J. R. Jindal
2. Shri Krishan Chander
3. Shri R. L. Singhania
4. Shri Prem Sagar

[12.45 to 13.20 hours]

5. A verbatim record of evidence was kept.

6. The Committee then adjourned to meet again on Tuesday, the **7th** January, 1975 at 10.30 hours.

IV

Fourth Sitting

The Committee sat on Tuesday, the 7th January, 1975 from 10.30 *to* 13.50 *hours and again from* 15.00 *to* 17.45 *hours.*

PRESENT

Shri S. M. Siddayya—*Chairman*

MEMBERS

2. Shri Syed Ahmed Aga
3. Shri H. K. L. Bhagat
4. Shri Chakleshwar Singh
5. Shri Amarsinh Chaudhari
6. Shri Dalip Singh
7. Shri Shankor Narayan Singh Deo
8. Shri C. C. Gohain
9. Shri N. E. Horo

10. Shri Chiranjib Jha
11. Shri Sat Pal Kapur
12. Shri Sudhakar Pandey
13. Shri Birender Singh Rao
14. Shri Arjun Sethi
15. Dr. H. P. Sharma
16. Shri M. R. Sharma
17. Shri Ramavatar Shastri
18. Shri Somchand Solanki

LEGISLATIVE COUNSEL

1. Shrimati V. S. Rama Devi—*Deputy Legislative Counsel.*
2. Shri M. L. Malik—*Assistant Legislative Counsel.*

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

1. Shri K. Narasimhan—*Additional Secretary.*
2. Shri O. P. Mehra—*Deputy Secretary.*
3. Shri S. D. Ramaswamy—*Under Secretary.*
4. Shri L. R. K. Prasad—*Secretary (Finance), Delhi Administration.*
5. Shri Virendra Prakash—*Commissioner, Sales-tax, Delhi.*

SECRETARIAT

Shri H. G. Paranjpe—*Chief Financial Committee Officer.*

2. Shrimati Sushila Rohatgi, Deputy Minister in the Ministry of Finance, who was 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.

3. Before the Committee proceeded to hear the evidence of the representatives of the following associations, organisations, etc., the Chairman drew their attention to Direction 59 of the Directions by the Speaker.

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

Spokesmen :

1. Shri S. P. Virmani
2. Shri G. S. Gargya
3. Shri B. K. Gupta
4. Shri C. L. Batra
5. Shri J. K. Shah
6. Shri M. L. Nandrajog
7. Shri S. Ganapathi
8. Shri M. P. Seth

[10.30 to 12.10 hours]

II. *General Machinery Merchants' Association, Delhi.*

Spokesmen :

1. Shri Sham Narain Gupta
2. Shri Balram Sangal
3. Shri C. L. Kapoor
4. Shri D. P. Seth
5. Shri J. K. Kapoor
6. Shri K. L. Nagpal

[12.10 to 13.05 hours]

III. *Delhi Pradesh Karyana Parchoon Dukandar Sang, New Delhi.*

Spokesmen:

1. Shri Ram Lal
2. Shri Basanti Lal
3. Shri Jugal Kishore

[13.05 to 13.50 hours]

4. The Committee then adjourned for lunch.

5. The Committee reassembled after lunch at 15.00 hours and resumed hearing of the evidence of the representatives of the following associations, organisations, etc.:—

IV. *Institute of Chartered Accountants of India, New Delhi.*

Spokesmen :

1. Shri B. R. Maheshwari
2. Shri V. Rajaraman
3. Shri R. Santhanam

[15.00 to 15.30 hours]

V. *Federation of Sadar Bazar Trade Associations, Delhi.*

Spokesmen :

1. Shri J. P. Bajaj
2. Shri P. R. Mittal
3. Shri Harbans Singh Sehni
4. Shri Pyare Lal
5. Shri O. P. Sapra
6. Shri Gian Chand Khattar

[15.30 to 16.30 hours]

VI. *Stove and Light Merchants and Manufacturers' Association, Delhi.*

Spokesmen :

1. Shri Gyan Chand Gupta
2. Shri Harish Chand Khera
3. Shri K. C. Kapur
4. Shri Brij Mohan

[16.30 to 17.00 hours]

VII. *Sadar Bazar Lock Merchants' Association (Regd.) Delhi.*

Spokesmen:

1. Shri Inder Mohan Sehgal
2. Shri Kasturi Lal
3. Shri Harish Kohli
4. Shri Sushil Gupta
5. Shri Jai Gopal

[17.00 to 17.15 hours]

VIII. *Delhi Electrical Traders Association, Delhi.*

Spokesmen:

1. Shri Jagat Prakash
2. Shri Satya Pal Bansal
3. Shri Jagdish Rai
4. Shri L. N. Dhingra
5. Shri Qimat Rai Gupta
6. Shri H. K. Lal
7. Shri K. M. Rathi
8. Sardar Charan Singh

[17.15 to 17.45 hours]

6. A verbatim record of evidence was kept.

7. The Committee also decided to meet on the afternoon of the 8th January, 1975.

8. The Committee then adjourned to meet again on Wednesday, the 8th January, 1975 at 10.30 hours.

V

Fifth sitting

The Committee sat on Wednesday, the 8th January, 1975 from 10.30 to 14.05 hours and again from 15.00 to 18.00 hours.

PRESENT

Shri S. M. Siddayya—*Chairman*

MEMBERS

2. Shri Syed Ahmed Aga
3. Shri H. K. L. Bhagat
4. Shri Bhagirath Bhanwar
5. Shri Chakleshwar Singh
6. Shrimati Premalabai Dajisaheb Chavan
7. Shri Dalip Singh
8. Shri Shankor Narayan Singh Deo
9. Shri N. E. Horo

10. Shri Chiranjib Jha
11. Shrimati Subhadra Joshi
12. Shri Sat Pal Kapur
13. Shri Vikram Mahajan
14. Shri Sudhakar Pandey
15. Shri Birender Singh Rao
16. Shri Arjun Sethi
17. Dr. H. P. Sharma
18. Shri M. R. Sharma
19. Shri Somchand Solanki
20. Shri Amarnath Vidyalankar.

LEGISLATIVE COUNSEL

Shri M. L. Malik—*Assistant Legislative Counsel.*

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

1. Shri K. Narasimhan—*Additional Secretary.*
2. Shri O. P. Mehra—*Deputy Secretary.*
3. Shri S. D. Ramaswamy—*Under Secretary.*
4. Shri L. R. K. Prasad—*Secretary (Finance), Delhi Administration.*
5. Shri Virendra Prakash—*Commissioner Sales-tax, Delhi.*

SECRETARIAT

Shri H. G. Paranjpe—*Chief Financial Committee Officer.*

2. Shrimati Sushila Rohtagi, Deputy Minister in the Ministry of Finance, who was 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.

3. Before the Committee proceeded to hear the evidence of the representatives of the following associations, organisations, etc., the Chairman drew their attention to Direction 58 of the Directions by the Speaker.

I. *Surgical Manufacturers & Traders Association, Delhi.*

Spokesmen:

Shri H. L. Sharma—*Vice-President.*

[11.00 to 11.30 hours]

II. *Delhi Iron and Hardware Merchants Association, Delhi.*

Spokesmen:

1. Shri Ramesh Nanda—*Jr. Vice-President.*
2. Shri Satish Chandra Khandelwal—*Secretary.*
3. Shri Raghbir Saran Jhalani—*Member.*

[12.00 to 12.55 hours]

III. *Halwais, Bakers, Restaurants, Milk Sellers and Tea Stall Holders Federation, Delhi.*

Spokesmen:

1. Shri Madan Lal—*President.*
2. Shri Dwarka Prashad Gupta—*Sr. Vice-President.*
3. Shri Luxmi Narain Bansal—*General Secretary.*
4. Shri S. S. Garga
5. Shri Chuni Lall

[12.55 to 13.25 to 13.25 hours]

IV. *Paharganj Plywood and Timber Dealers' Association, New Delhi.*

Spokesmen:

1. Shri Ram Prakash Sachdeva
2. Shri Fateh Chand Bansal
3. Shri I. S. Gandhi
4. Shri Mittar Sain Gupta.

[13.25 to 13.35 hours]

V. *Punjab Pradesh Beopar Mandal, Ludhiana.*

Spokesmen:

1. Shri Tulsi Dass Jaitwani—*President.*
2. Shri Sunder Singh Sunder—*Advocate.*
3. Shri G. S. Chimni—*Chairman.*
4. Shri D. C. Kochhar—*General Secretary.*
5. Shri S. S. *Uppal—Member.*

[13.35 to 14.05 hours]

4. The Committee then adjourned for lunch.

5. The Committee reassembled at 15.00 hours and resumed hearing of the evidence of the representatives of the following associations, organisations etc.:—

VI. *Federation of All India Automobile Spare Parts Dealers' Associations, Delhi.*

Spokesmen:

1. Shri M. D. Beri
2. Shri K. S. Hazooria
3. Shri R. L. Kohli
4. Shri S. S. Arora

[15.00 to 16.15 hours]

VII. *Government of Haryana, Chandigarh.*

Spokesmen:

1. Shri J. S. Saroha—*Administrative Secretary, Excise and Taxation Department.*

2. Shri M. C. Gupta—*Excise and Taxation Commissioner.*

[16.15 to 18.00 hours]

6. A verbatim record of evidence was kept.

7. The Committee also discussed for sometime points arising from the memorandum submitted by the Supreme Court Bar Association, New Delhi.

8. The Committee also decided to meet on the afternoon of the 9th and 10th January, 1975.

9. The Committee then adjourned to meet again on Thursday, the 9th January, 1975 at 10.30 hours.

VI

Sixth sitting

The Committee sat on Thursday, the 9th January, 1975 *from* 10.30 *to* 13.35 *hours and again from* 15.00 *to* 18.30 *hours.*

PRESENT

Shri S. M. Siddayya—*Chairman.*

MEMBERS

2. Shri Shrikrishna Agarwal
3. Shri H.K.L. Bhagat
4. Shri Bhagirath Bhanwar
5. Shri Chakleshwar Singh
6. Shrimati Premalabai Dajisaheb Chavan
7. Shri Dalip Singh
8. Shri Shankar Narayan Singh Deo
9. Shri C. C. Gohain
10 Shri N. E. Horo
11. Shri Chiranjib Jha
12. Shrimati Subhadra Joshi
13. Shri Vikram Mahajan
14. Shrimati Shakuntala Nayar
15. Shri Birender Singh Rao
16. Dr. H. P. Sharma
17. Shri M. R. Sharma
18. Shri Somchand Solanki
19. Shri Amarnath Vidyalankar

LEGISLATIVE COUNSEL

1. Shri A. P. Pandey—*Deputy Legislative Counsel.*
2. Shri M. L. Malik—*Assistant Legislative Counsel.*

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

1. Shri K. Narasimhan—*Additional Secretary.*
2. Shri O. P. Mehra—*Deputy Secretary*

3. Shri S. D. Ramaswamy—*Under Secretary.*

4. Shri Virendra Prakash—*Commissioner, Sales-tax, Delhi.*

SECRETARIAT

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

2. Shrimati Sushila Rohatgi, Deputy Minister in the Ministry of Finance, who was 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.

3. Before the Committee proceeded to hear the evidence of the representative of the following associations, organisations, etc., the Chairman drew their attention to Direction 58 of the Directions by the Speaker:

I. *Punjab Merchants Chamber, Delhi.*

Spokesmen:

1. Shri Ashok Kumar Jain
2. Shri Muni Lal Bajaj
3. Shri Gulab Rai
4. Shri D. D. Chopra

[10.30 to 11.30 hours]

II. *Indo Afghan Chamber of Commerce, Delhi.*

Spokesmen:

1. Shri Sundar Lal—*President.*
2. Shri Swinder Singh—*Sr. Vice-President*
3. Shri Pratap Singh Kataria
4. Shri Ajudhia Nath
5. Shri Kishan Chand
6. Shri Hans Raj

[11.30 to 12.25 hours]

III. *Delhi Hindustani Mercantile Association, Delhi.*

Spokesmen:

1. Shri Brij Bhushan Sharan—*President*
2. Shri Ram Prakash Seth—*Vice-President*
3. Shri Chandra Mohan Grover.

[12.25 to 12.35 hours]

IV. *Delhi Vanaspati Merchants Association, Delhi.*

Spokesmen:

1. Shri Dwarka Prasad Goel
2. Shri Ratan Lal Gupta
3. Shri Naresh Chand
4. Shri Bhopal Singh

[12.35 to 12.55 hours]

V. *Jumunapar Parchoon Dukandar Association, Delhi.*

Spokesmen:

1. Shri C. M. Sharma
2. Shri Ram Prakash
3. Shri Shyam Lal
4. Shri Hardatt Singh

[12.55 to 13.10 hours]

VI. *Delhi Umbrella Manufacturers Association, Delhi.*

Spokesmen:

1. Shri Shadi Lal Ghai
2. Shri Manghu Shah
3. Shri Shanti Sarup
4. Shri Sukhdayal

[13.10 to 13.25 hours]

4. The Committee then adjourned for lunch.

5. The Committee reassembled at 15.00 hours and resumed hearing of the evidence of the representatives of the following associations, organisations, etc.:—

VII. *Sales Tax Bar Association, Delhi.*

Spokesmen:

1. Shri M. K. Arora—*President*
2. Shri D. R. Arora—*Vice-President*
3. Shri G. K. Shukla—*Secretary*
4. Shri Bal Ram Sangal—*Member*
5. Shri H. L. Puri—*Member*
6. Shri Bhagwati Prasad—*Member*

[15.00 to 17.50 hours]

VIII. 1. Shri Inder Mohan Sehgal, Senior Advocate, Supreme Court & High Court, New Delhi.

2. Shri C. L. Goel, Advocate, Ex-Deputy Mayor, New Delhi.

[17.50 to 18.30 hours]

6. A verbatim record of evidence was kept.

7. The Committee then considered their future programme of work and decided as follows:

(i) General discussion on points arising from memoranda and evidence tendered before the Committee.	25-1-1975
(ii) Last date for receipt of Government amendments.	3-2-1975
(iii) Last date for receipt of amendments from Members.	7-2 1975
(iv) Clause-by-clause consideration of the Bill.	10-2 1975 to 13-2-1975

8. The Committee then adjourned to meet again on Friday, the 10th January, 1975 at 10.30 hours.

VII

Seventh sitting

The Committee sat on Friday, the 10th January, 1975 from 10.30 to 13.00 hours and again from 15.00 to 16.20 hours.

PRESENT

Shri S. M. Siddayya—*Chairman*

MEMBERS

2. Shri Syed Ahmed Aga
3. Shri Shrikrishna Agarwal
4. Shri H.K.L. Bhagat
5. Shri Chakleshwar Singh
6. Shrimati Premlabai Dajisaheb Chavan
7. Shri Dalip Singh
8. Shri M. Deiveekan
9. Shri Shankar Narayan Singh Deo
10. Shri Biren Dutta
11. Shri C. C. Gohain
12. Shri N. E. Horo
13. Shri Chiranjib Jha
14. Shri Vikram Mahajan
15. Shrimati Shukantala Nayar
16. Shri Arjun Sethi
17. Dr. H. P. Sharma
18. Shri M. R . Sharma
19. Shri Somchand Solanki

LEGISLATIVE COUNSEL

1. Shri A. P. Pandey—*Deputy Legislative Counsel.*
2. Shri M. L. Malik—*Assistant Legislative Counsel.*

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

1. Shri K. Narasimhan—*Addl. Secretary.*
2. Shri O. P. Mehra—*Deputy Secretary.*
3. Shri S. D. Ramaswamy—*Under Secretary.*
4. Shri Virendra Prakash—*Commissioner Sales-tax, Delhi.*
5. Shri L. R. K. Prasad—*Secretary (Finance), Delhi Administration.*

SECRETARY

Shri H. S. Kohli—*Legislative Committee officer.*

2. Before the Committee proceeded to hear the evidence of the representatives of the following associations, organisations, etc., the Chairman drew their attention to Direction 58 of the Directions by the Speaker:—

I. *United—Chamber of Trade Association, Delhi*

Spokesmen:

1. Shri Maheshwar Dayal—*President*
2. Shri Ratan Lal Kohli—*Treasurer*
3. Shri G. C. Khanna—*Member*
4. Shri O. P. Agarwal
5. Shri Jagdish Rai

[10.30 to 11.30 hours]

II. *Delhi Provision Merchants Association, Delhi.*

Spokesmen;

1. Shri Girdhari Lal—*President*
2. Shri G. C. Khanna—*Hon. Secy.*
3. Shri Vijay Kumar—*Jt. Secy.*

[11.30 to 11.50 hours]

III. *Wholesale Hosiery Merchants Association, Delhi.*

Spokesmen:

1. Shri Sham Lal
2. Shri Diwan Mangu Ram
3. Shri Moti Ram
4. Shri Pritam Singh Kwatra
5. Shri Subhash Arya

[11.50 to 12.10 hours]

IV. *Cloth Commission Agents Union, Delhi*

Spokesmen:

1. Seth Ghanshyam Das Moda—*President*
2. Shri Hardwari Lal—*Vice-President*
3. Shri Om Prakash Jain

[12.10 to 12.35 hours]

V. *Chamber of Wholesale Dryfruit Dealers, Delhi*

Spokesmen:

1. Shri Hansraj Gulati—*Secretary*
2. Shri Mangat Singh—*President*
3. Shri Pooran Chand—*Member*
4. Shri Rajendra Singh—*Jt. Secy.*
5. Shri Balram Sangal

[12.35 to 13.00 hours]

3. The Committee then adjourned for lunch.

4. The Committee reassembled after lunch at 15.00 hours and resumed hearing of the evidence of the representatives of the following associations, organisations, etc.:—

VI. *Government of Punjab, Chandigarh*

Spokesmen:

1. Shri P. L. Sondhi, *Excise and Taxation Commissioner, Punjab, Patiala.*
2. J. N. L. Srivastava, *Joint Excise and Taxation Commissioner, Punjab.*
3. Shri B. R. Tanwar, *Deputy Excise and Taxation Commissioner, Punjab.*
4. Shri M. S. Dhaliwal, *Assistant Excise and Taxation Commissioner, Punjab.*

[15.00 to 15.45 hours]

VII. *Scientific Instruments Manufacturers' and Dealers Association, Delhi*

Spokesmen:

1. Shri Virendra Kapila
2. Shri P. L. Sachdev

[15.45 to 16.20 hours]

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

VIII

Eighth sitting

The Committee sat on Saturday, the 25th January, 1975 *from* 15.00 *to* 16.25 *hours.*

PRESENT

Shri S. M. Siddayya—*Chairman*

MEMBERS

2. Shri Syed Ahmed Aga
3. Shri Shrikrishna Agrawal
4. Shri H. K. L. Bhagat
5. Shri Bhagirath Bhanwar
6. Shri Chakleshwar Singh
7. Shrimati Premalabai Dajisaheb Chavan
8. Shri Dalip Singh
9. Shri Shankar Narayan Singh Deo
10. Shri Biren Dutta
11. Shri Chiranjib Jha

12. Shrimati Subhadra Joshi
13. Shri Sat Pal Kapur
14. Shrimati Shakuntala Nayar
15. Shri Aravinda Bala Pajanor
16. Shri Sudhakar Pandey
17. Shri Birender Singh Rao
18. Shri Arjun Sethi
19. Dr. H. P. Sharma
20. Shri M. R. Sharma
21. Shri Somchand Solanki

LEGISLATIVE COUNSEL

Shri S. Ramaiah, *Deputy Legislative Counsel.*

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

1. Shri K. Narasimhan, *Additional Secretary.*
2. Shri O. P. Mehra, *Deputy Secretary.*
3. Shri S. D. Ramaswamy, *Under Secretary.*
4. Shri L. R. K. Prasad, *Secretary (Finance), Delhi Administration.*
5. Shri Virendra Prakash, *Commissioner, Sales Tax, Delhi.*

SECRETARIAT

Shri H. G. Paranjpe—*Chief Financial Committee Officer.*

2. Shrimati Sushila Rohatgi, Deputy Minister in the Ministry of Finance, who has 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.

3. At the outset, the Committee mourned the death of Shri Partap Singh, M.P. and passed the following condolence resolution:—

> "The Committee place on record their profound sense of sorrow over the sad demise of their most esteemed colleague, Shri Partap Singh, a member of Lok Sabha, on the 24th January, 1975 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 memory of the deceased.

4. After some discussion, the Committee decided that the Ministry of Finance (Department of Revenue & Insurance) might furnish to the Committee by 3rd February, 1975.

I. A statement containing comparison of Schedules as in the—

(i) Bengal Finance (Sales-tax) Act, 1941 as extended to the Union Territory of Delhi;

(ii) Bill as passed by the Metropolitan Council of Delhi; and

(iii) The Delhi Sales Tax Bill, 1973.

II. A Note on the major features of the—

(i) Bengal Finance (Sales-tax) Act, 1941 as extended to the Union Territory of Delhi;

(ii) Bill as passed by the Metropolitan Council of Delhi; and

(iii) The Delhi Sales Tax Bill, 1973.

5. The Committee further decided that the Ministry of Finance (Department of Revenue & Insurance) might also furnish to the Committee by 3rd February, 1975, a statement, in a tabular form, containing the various points raised during the course of evidence tendered before the Committee together with their comments thereon.

6. The Committee then adjourned.

IX

Ninth sitting

The Committee sat on Monday, the 10th February, 1975 from 10.00 to 13.10 hours.

PRESENT

Shri S. M. Siddayya—*Chairman*

MEMBERS

2. Shri H. K. L. Bhagat
3. Shri Bhagirath Bhanwar
4. Shri Chakleshwar Singh
5. Shrimati Premalabai Dajisaheb Chavan
6. Shri Dalip Singh
7. Shri Shankar Narayan Singh Deo
8. Shri Biren Dutta
9. Shri C. C. Gohain
10. Shrimati Subhadra Joshi
11. Shri Sat Pal Kapur
12. Shri Vikram Mahajan
13. Shrimati Shakuntala Nayar
14. Shri Sudhakar Pandey
15. Shri Birender Singh Rao
16. Shri Arjun Sethi
17. Dr. H. P. Sharma
18. Shri M. R. Sharma
19. Shri Ramavatar Shastri
20. Shri Amarnath Vidyalankar

LEGISLATIVE COUNSEL

Shri S. Ramaiah, *Additional Legislative Counsel.*

REPRESENTATIVES OF THE MINISTRY OF FINANCE

(DEPARTMENT OF REVENUE & INSURANCE)

1. Shri K. Narasimhan, *Additional Secretary.*

2. Shri O. P. Mehra, *Deputy Secretary.*

3. Shri S. D. Ramaswamy, *Under Secretary.*

4. Shri L. R. K. Prasad, *Secretary (Finance), Delhi Administration.*

5. Shri Virendra Prakash, *Commissioner, Sales Tax, Delhi.*

SECRETARIAT

Shri H. G. Paranjpe—*Chief Financial Committee Officer.*

2. Shri Pranab Kumar Mukherjee, Minister of State in the Ministry of Finance, who is not a member of the Committee, attended the sitting with the permission of Chairman in terms of proviso to Rules 299 of the Rules of Procedure.

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 10.00 hours on Tuesday, the 11th February, 1975 to take up clause-by-clause consideration of the Bill.

X

Tenth sitting

The Committee sat on Tuesday, the 11th February, 1975 *from* 10.00 *to* 13.20 *hours.*

PRESENT

Shri S. M. Siddayya—*Chairman*

MEMBERS

2. Shri Syed Ahmed Aga
3. Shri H. K. L. Bhagat
4. Shri Chakleshwar Singh
5. Shri Amarsinh Chaudhari
6. Shrimati Premalabai Dajisaheb Chavan
7. Shri Dalip Singh
8. Shri Shankar Narayan Singh Deo
9. Shri Biren Dutta
10. Shri Sat Pal Kapur
11. Shrimati Shakuntala Nayar
12. Shri Sudhakar Pandey
13. Shri Birender Singh Rao
14. Shri Arjun Sethi
15. Dr. H. P. Sharma
16. Shri M. R. Sharma
17. Shri Ramavatar Shastri
18. Shri Somchand Solanki
19. Shri Amarnath Vidyalankar

LEGISLATIVE COUNSEL

Shri S. Ramaiah, *Additional Legislative Counsel.*

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

1. Shri K. Narasimhan, *Additional Secretary.*
2. Shri O. P. Mehra, *Deputy Secretary.*
3. Shri S. D. Ramaswamy, *Under Secretary.*
4. Shri Virendera Prakash, *Commissioner, Sales Tax, Delhi.*

SECRETARIAT

Shri H. G. Paranjpe—*Chief Financial Committee Officer.*

2. Shri Pranab Kumar Mukherjee, Minister of State in the Ministry of Finance, who was 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.

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

4. *Clause* 2.—The following amendment was accepted:

Page 3, *omit* lines 1 to 8.

Further consideration of the Clause was held over.

5. *Clause* 3.—The following amendments were accepted:—

(i) Page 4, *after* line 5, *insert*—

"Provided that any dealer may, after the expiry of one year following the year in which his turnover has failed to exceed the taxable quantum, apply for the cancellation of his certificate of registration, and on such cancellation, his liability to pay tax shall cease:

Provided further that in respect of any goods purchased by any dealer before the date of such cancellation and remaining unsold or un-utilised for the purpose for which they were purchased, he shall be liable to pay so much of tax as would have been payable had he not been registered as a dealer on the date of purchase of such goods."

(ii) Page 4, line 33, *for* "Rs. 15,000.00" *substitute* "Rs. 30,000.00".

(iii) Page 4, line 34, *for* "Rs. 50,000.00" *substitute* "Rs. 1,00,000.00".

(iv) Page 4, line 40, *for* "fifty thousand rupees" *substitute* "Rupees one lakh".

(v) Page 4, *after* line 41, *insert*—

"*Explanation.*—For the purposes of computation of taxable quantum under sub-section (7), the turnover of all sales shall be taken into account irrespective of whether such sales are taxable under this Act or not."

The clause, as amended, was adopted.

6. *Clause* 4.—Consideration of this clause was held over.

7. *Clause* 5.—The following amendments were accepted:—

(i) Page 6, line 27, *after* "the official Gazette",

insert "and subject to such conditions, if any, as may be specified in that notification"

(ii) Page 6, line 28, *after* "may be taxed", *insert*—

", and on the issue of such a notification, the points of sale in relation to any such goods or class of goods other than the point of sale so notified shall be exempted from payment of tax under this Act:

Provided that no such exemption shall be allowed unless a true declaration duly filled and signed by the registered dealer by whom the goods are sold and containing the prescribed particulars in the prescribed form obtainable from the prescribed authority is furnished in the prescribed manner and within the prescribed time, by the dealer who purchases the goods:

Provided further that the Administrator may, if he is of the opinion that it is necessary in the public interest so to do, by notification in the Official Gazette, exempt, subject to such restrictions and conditions as may be specified therein, any dealer or class of dealers from furnishing a declaration under the first proviso."

The clause, as amended, was adopted.

8. *Clause* 6.—The clause was adopted without any amendment.

9. *Clause* 7.—The following amendments were accepted:

(i) Page 6, line 36, *after* "Third Schedule", *insert*

"either retrospectively or prospectively" specified by the Administrator under section 5 shall be specified in a certificate of registration, and where a notification is issued under that section subsequent to the grant of any certificate of registration in respect of goods or class of goods specified in that certificate, the said certificate shall be deemed to have been amended to omit the references to such goods or class of goods."

Further consideration of the clause was held over.

16. *Clause* 15.—The clause was adopted without any amendment.

17. *Clause* 16.—The following amendments were accepted:

(i) Page 9, line 34, *for* "fifteen thousand" *substitute* "thirty thousand".

(ii) Page 9, line 40, *after* "it may", *insert*—

", subject to such restrictions and conditions imposed by it,"

(iii) Page 10, *after* line 9, *insert*—

"(7) If a person, who has been granted a provisional certificate of registration under this section, fails without sufficient cause to establish a business within the period specified in such certificate or fails to comply with any of the restrictions or conditions subject to which such certificate was granted, he shall be liable to pay a penalty equivalent to one and a half times the amount of tax which would have been paid had he not been so registered under this section.".

The clause, as amended, was adopted.

18. *Clause* 17.—The clause was adopted without any amendments.

19. *Clause* 18.—The following amendments were accepted:

(i) Page 10, line 24, *after* "under this Act",

insert "or for the proper custody and use of the forms referred to in the first proviso to clause (a) of sub-section (2) of section 4, or the first proviso to section 5,"

(ii) Page 10, *for* line 34, *substitute*

"may be required to be furnished, shall,—

(a) in the case of a dealer liable to pay tax under clause (ii) of sub-section (2) of section 3 who has applied for the grant of a certificate of registration under section 14, be an amount determined by the Commissioner for the payment of the tax for which a dealer may be or become liable under this Act, having regard to the nature and size of his business;

(b) in a case where security is to be given for the proper custody and use of the forms referred to in sub-section (1), be the amount of tax determined by the Commissioner which is likely to be saved by a dealer by the issue of such forms;

(c) in any other case, not exceed"

The clause, as amended, was adopted.

20. At the end, the Committee decided to meet on Wednesday, the 12th February, 1975 at 11.00 hours instead of 10.00 hours.

21. The Committee then adjourned.

XI

Eleventh sitting

The Committee sat on Wednesday, the 12th February, 1975 *from* 11.00 *to* 13.20 *hours.*

PRESENT

Dr. H. P. Sharma—*In the Chair*

MEMBERS

2. Shri Syed Ahmed Aga
3. Shri H. K. L. Bhagat
4. Shri Chakleshwar Singh
5. Shri Amarsinh Chaudhari
6. Shri Dalip Singh
7. Shri M. Deiveekan
8. Shri Shankar Narayan Singh Deo
9. Shri Biren Dutta
10. Shri Chiranjib Jha
11. Shrimati Subhadra Joshi
12. Shri Sat Pal Kapur
13. Shri Vikram Mahajan
14. Shrimati Shakuntala Nayar

15. Shri Sudhakar Pandey
16. Shri Birender Singh Rao
17. Shri Arjun Sethi
18. Shri M. R. Sharma
19. Shri Ramavatar Shastri
20. Shri Somchand Solanki
21. Shri Amarnath Vidyalankar

LEGISLATIVE COUNSEL

Shri S. Ramaiah, *Additional Legislative Counsel.*

REPRESENTATIVES OF THE MINISTRY OF FINANCE

(DEPARTMENT OF REVENUE & INSURANCE)

1. Shri K. Narasimhan, *Additional Secretary.*
2. Shri O. P. Mehra, *Deputy Secretary.*
3. Shri S. D. Ramaswamy, *Under Secretary.*
4. Shri Virendra Prakash, *Commissioner, Sales Tax, Delhi.*
5. Shri L. R. K. Prasad, *Secretary (Finance), Delhi Administration.*

SECRETARIAT

Shri H. G. Paranjpe—*Chief Financial Committee Officer.*

2. In the absence of the Chairman, Dr. H. P. Sharma was elected as the Chairman for the sitting under Rule 258 (3) of the Rules of Procedure.

3. Shri Pranab Kumar Mukherjee, Minister of State 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.

4. The Committee resumed further clause-by-clause consideration of the Bill.

5. *Clause* 19.—The following amendment was accepted:

Page 11, line 7, *after* "otherwise received",

insert "and after making such inquiry as he may deem fit,"

The clause, as amended, was adopted.

6. *Clause* 20.—The following amendments were accepted:

(i) Page 13, *omit* lines 4 to 6.

(ii) Page 13, lines 7 to 12.

re-letter sub-clauses (e), (f) and (g) as sub-clauses (d), (e) and (f) respectively;

(iii) Page 13, *after* line 40, *insert*—

"(8) Whereby any order passed under this Act it is found that any person registered as a dealer ought not to have been so registered, then, notwithstanding anything contained in this Act, such person shall be liable to pay tax for the period between the date of his registration and the date of the order referred to above, as if he were a dealer."

Further, consideration of the clause was held over.

7. *Clauses* 21 *and* 22.—These clauses were adopted without any amendment.

8. *Clause* 23.—The following amendments were accepted:

(i) Page 15, lines 31—33, *for* "has failed to apply for registration within the time as required by sub-section (2) of section 14 or sub-section (2) of section 17," *substitute* "has failed to get himself registered under section 14 or section 17".

(ii) Page 15, line 41, *for* "one and a half times" *substitute* "twice".

(iii) Page 15, line 44, *for* "eight" *substitute* "six".

(iv) Page 15, line 49, *for* "eight" *substitute* "six".

The clause, as amended, was adopted.

9. *Clause* 24.—The following amendment was accepted:

Page 16, line 6, *for* "where the", *substitute*

"Where after a dealer has been assessed under section 23 for any year or part thereof, the"

Further consideration of the clause was held over.

10. The Committee then adjourned to meet again at 10.00 hours on Thursday, the 13th February, 1975.

XII

Twelfth siting

The Committee sat on Thursday, the 13th February, 1975 from 10.00 to 13.30 hours.

PRESENT

Dr. H. P. Sharma—*in the Chair*

MEMBERS

2. Shri Syed Ahmed Aga
3. Shri H. K. L. Bhagat
4. Shri Chakleshwar Singh
5. Shrimati Premalabai Dajisaheb Chavan
6. Shri Dalip Singh
7. Shri Shanker Narayan Singh Deo
8. Shri Chiranjib Jha
9. Shri Sudhakar Pandey
10. Shri Birender Singh Rao
11. Shri M. R. Sharma
12. Shri Ramavatar Shastri
13. Shri Amarnath Vidyalankar.

LEGISLATIVE COUNSEL

Shri S. Ramaiah, *Additional Legislative Counsel*

REPRESENTATIVES OF THE MINISTRY OF FINANCE

(DEPARTMENT OF REVENUE & INSURANCE)

1. Shri K. Narasimhan, *Additional Secretary.*
2. Shri O. P. Mehra, *Deputy Secretary.*
3. Shri S. D. Ramaswamy, *Under Secretary.*

4. Shri Virendra Prakash, *Commissioner, Sales Tax, Delhi.*

SECRETARIAT

Shri H. G. Paranjpe—*Chief Financial Committee Officer.*

2. In the absence of the Chairman, Dr. H. P. Sharma was elected as the Chairman for the sitting under Rule 258 (3) of the Rules of Procedure.

3. Shri Pranab Kumar Mukherjee, Minister of State 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.

4. The Committee resumed further clause-by-clause consideration of the Bill.

5. *Clause* 24.—[*vide* paragraph 9 of the Minutes dated the 12th February, 1975].—The following amendments were accepted:

(i) Page 16, line 11, *for* "eight years" *substitute* "six years"

(ii) Page 16, line 28, *for* "eight years" *substitute* "six years"

The clause, as amended, was adopted.

6. *Clause* 25.—The following amendments were accepted:

(i) Page 17 line 20, *after* "payment of tax" *insert* "and penalty, if any"

(ii) Page 17, line 24, *omit* "of tax"

(iii) Page 17, line 27,—

after "amount of tax" *insert* "and penalty, if any"

The clause, as amended, was adopted.

7. *New Clauses* 25*A and* 25*B*.—The following two new clauses were adopted:—

Page 17, *after* line 40, *insert*—

"Continuation of certain recovery proceedings.

25A. Where any notice of demand in respect of any tax or penalty or any other amount payable under this Act (hereafter in this section referred to as "government dues") is served upon any dealer, and any appeal, revision application or other proceeding is filed or taken in respect of such government dues, then,—

(a) where such government dues are enhanced in such appeal, revision or other proceeding, the Commissioner shall serve upon the dealer another notice only in respect of the amount by which such government dues are enhanced and any recovery proceedings in relation to such government dues as are covered by the notice of demand served upon him before the disposal of such appeal, revision application or proceeding may, without the service of any fresh notice, be continued from the stage at which such proceedings stood immediately before such disposal;

(b) where such government dues are reduced in such appeal, revision or proceeding,—

(i) it shall not be necessary for the Commissioner to serve upon the dealer a fresh notice;

(ii) the Commissioner shall give intimation of such reduction to him and to the appropriate authority with whom recovery proceedings are pending;

(iii) any recovery proceedings initiated on the basis of the notice of demand served upon him before the disposal of such appeal, revision application or proceeding may be continued in relation to the amount so reduced from the stage at which such proceedings stood immediately before such disposal.

Interest. 25B. (1) If any dealer fails to pay the tax due as required by sub-section (3) of section 21, he shall, in addition to the tax (including any penalty) due, be liable to pay simple interest on the amount of tax so due at one per cent per month from the date commencing with the date following the last date for the submission of the return under sub-section (2) of the said section for a period of one month, and at one and a half per cent per month thereafter for so long as he continues to make default in such payment or till the date of completion of assessment under section 23, whichever is earlier.

(2) When a dealer or a person is in default or is deemed to be in default in making the payment of tax, he shall, in addition to the amounts payable under sub-section (3) or sub-section (4) or sub-section (5) of section 23, be liable to pay simple interest on such amount at one per cent per month from the date of such default for a period of one month, and at one and half per cent. per month thereafter for so long as he continues to make deault in the payment of the said amount.

(3) Where as a result of any final order the amount of tax (including any penalty) due or in default is wholly reduced, the amount of interest, if any, paid shall be refunded, or if such amount is varied, the interest due shall be calculated accordingly:

Provided that where any amount of tax payable is enhanced by any such order, interest shall be payable on the amount by which the tax is enhanced after the expiry of a period of three months from the date of the order:

Provided further that where the realisation of any amount remains stayed by any order of any court or authority and such order is subsequently vacated, interest shall be payable also for any period during which such order remained in operation.

(4) The interest payable under this section shall be deemed to be tax due under this Act."

The clause, as amended, was adopted.

8. *Clause* 26.—The following amendment was accepted:

Page 18, *after* line 34, *insert*

"(7) The Commissioner or any other person appointed under sub-section (2) of section 9 may apply to the Court in whose custody there is money belonging to the dealer for payment

to him of the entire amount of such money or if it is more than the tax and penalty, if any due, an amount sufficient to discharge such tax and the penalty."

The clause, as amended, was adopted.

9. *Clause* 27.—The clause was adopted without amendment.

10. *Clause* 28.—The following amendments were accepted:

(i) Page 18, line 40, *for* "dealer", *substitute* "person"

(ii) Page 19, *for* lines 9—18, *substitute*

"(3) No claim for refund under sub-section (1) shall be allowed unless it is made within a period of twelve months from the date of the order giving rise to a claim for such refund, and the Commissioner shall, except as otherwise provided in this Act, refund any amount which becomes due to a dealer in the prescribed manner:

Provided that the Commissioner may allow a claim for refund to be made after the expiry of the said period but not later than twelve months from such expiry, if he is satisfied that there was suffcient cause for not presenting it within that period.

(4) Where an amount required to be refunded by the Commissioner to an person as a result of any order passed in appeal or in other proceedings under this Act is not so refunded to him within ninety days from the date of his claim under sub-section (3), the person shall be entitled to simple interest on such amount at one per cent per month from the date immediately following the expiry of the period of ninety days for a period of one month and at one and a half per cent. per month, thereafter for so long as the refund is not made.

Explanation.—If the delay in granting the refund during any of the periods referred to in this sub-section it attributable to the person making the claim, whether wholly or in part, the period of the delay attributable to him shall be excluded from the period for which interest is payable.

(4A) Where any question arises as to the period to be excluded for the purposes of calculation of interest under sub-section (4), such question shall be determined by the Commissioner whose decision shall be final."

(iii) Page 19, line 32, *for* "shall be refunded to such person," *substitute* "shall be reimbursed to the person making the sale in the course of inter-State trade or commerce".

The clause, as amended, was adopted.

11. *Clause* 29.—The following amendment was accepted:

Page 19, line 37, *for* "avoidable delay" *substitute* "delay beyond the period prescribed".

The clause, as amended, was adopted.

12. *Clause* 30.—The following amendments were accepted:

(i) Page 20, line 13, *for* "30" *substitute* "30(1)".

(ii) Page 20, *omit* lines 20-21.

(iii) Page 20, *after* line 21, *insert*

"(2) Where the transferee or the lessee in a business referred to in sub-section (1) carries on such business either in his own name or in some other name, the transferee or the lessee shall be liable to pay tax on the sale of goods effected by him with effect from the date of such transfer and shall, if the transferee is existing dealer, apply within the prescribed time for amendment of the certificate of registration unless the transferee of the lessee already holds a certificate of registration."

The clause, as amended, was adopted.

13. *Clauses* 31 *and* 32.—These clauses were adopted without any amendment.

14. *Clause* 33.—The following amendment was accepted:

Page 22, line 6, *after* "tax" *insert* "(including penalty)".

The clause, as amended, was adopted.

15. *Clause* 34.—The following amendment was accepted:

Page 22, line 18, *after* "tax" *insert* "(including any penalty)".

The clause, as amended, was adopted.

16. *Clause* 35.—The clause was adopted without any amendment.

17. *Clause* 36.—The following amendments were accepted:

(i) Page 23, line 28, for "36" substitute "36(1)".

(ii) Page 23, *after* line 36, *insert*—

"(2) The Commissioner may, subject to such conditions and restrictions as may be prescribed in this behalf, by notification in the official Gazette, direct any class of registered dealers to keep such accounts (including records of purchases and sales) as may be specified by him in that notification."

The clause, as amended, was adopted.

18. *Clause* 37.—The following amendments were accepted:

(i) Page 23, line 41, *for* "five" *substitute* "ten".

(ii) Page 24, *for* lines 6—10, *substitute*—

"Provided that if in respect of any goods or class of goods or any dealers or class of dealers the Administrator is of the opinion that it is not practicable to issue any bills or cash memoranda for sale of goods exceeding ten rupees in value in any one transaction to any other person, he may, by notification in the Official Gazette,—

(i) specify in that notification such amount exceeding ten rupees in value as the amount for the issue of such bills or cash memoranda;

(ii) exempt such goods or class of goods or dealers or class of dealers from the purview of this section."

The clause, as amended, was adopted.

19. *Clause* 38.—The clause was adopted without any amendment.

20. *Clause* 39.—The following amendment was accepted:

Page 26, line 21.

for "Code of Criminal Procedure, 1898"

5 of 1898.

substitute "Code of Criminal Procedure, 1973".

2 of 1974.

The clause, as amended, was adopted.

21. *Clause* 40.—The clause was adopted without any amendment.

22. *Clause* 41.—The following amendments were accepted:

(i) Page 27, line 20.

for "dealer" *substitute* "person"

(ii) Page 27, lines 24 and 25,

for "the dealer"" *substitute* "the person aggrieved"

(iii) Page 27 line 26, *for* "Any person",

substitute "The Commissioner or any person"

(iv) Page 27, line 33, *after* "Appellate Tribunal",

insert "filed by any person other than the Commissioner,"

(v) Page 27, line 34, *for* "one hundred" *substitute* "fifty".

(vi) Page 28, *after* line 3, *insert*—

"Provided further that no appeal shall be entertained by the appellate authority unless it is satisfied that such amount of tax as the appellant may admit to be due from him has been paid."

The clause, as amended, was adopted.

23. *Clause* 42.—The clause was adopted without any amendment.

24. *Clause* 43.—The following amendments were accepted:

(i) Page 28, lines 24 to 27,

omit "being an order which effects the liability of a dealer to pay tax or penalty under this Act, or to forfeiture of any sum or which affects the recovery from any person of any amount under section 26,".

(ii) Page 28, line 29, *for* "one hundred" *substitute* "fifty".

The clause, as amended, was adopted.

25. *Clause* 44.—The following amendment was accepted:

Page 29, *for* lines 34-36, *substitute*—

"Provided that a final order under this section shall be made before the expiry of five years from the date of the order sought to be revised."

The clause, as amended, was adopted.

26. *Clause* 45.—The clause was adopted without any amendment.

27. *Clause* 46.—The following amendments were accepted:

(i) Page 30, *after* line 30, *insert*—

"(2A) Where any matter has been considered and decided in any proceeding by way of appeal or revision relating to an order referred to in sub-section (1) or sub-section (2), the authority passing such order may, notwithstanding anything contained in any law for the time being in force,

amend the order under the said sub-sections in relation to any matter other than the matter which has been so concidered or decided."

(ii) Page 30, *after* line 37, *insert*—

"(5) Save as provided in sub-section (1), (2), (3) and (4), and subect to such rules as may be prescribed, any asessment made or order passed under this Act or the rules made thereunder by any person appointed under section 9 or by the Appellate Tribunal may be reviewed by such person or by the Appellate Tribunal, as the case may be, *suo moto* or upon application made in that behalf.

(6) Before any order is passed under sub-section (5) which is likely to affect any person adversely, such person shall be given reasonable opportunity of being heard."

The clause, as amended, was adopted.

28. *Clause* 47.—The following amendment was accepted:

Page 31, line 5, *after* "shall" *insert*—

", within such period as may be prescribed,"

The clause, as amended, was adopted.

29. *Clause* 48.—The following amendments were accepted:

(i) Page 31, line 25, *for* "in contravention of", *substitute* "without obtaining a certificate of registration as required under."

(ii) Page 31, line 27, *omit* "falsely"

(iii) Page 31, *for* lines 29—31, *substitute*—

"(d) being a registered dealer represents, when purchasing any goods or class of goods not covered by his certificate of registration, that such goods or class of goods are covered by such certificate; or".

(iv) Page 31, *for* lines 36—39, *substitute*—

"(g) not being a registered dealer, collects any amount by way of tax under this Act or makes any collection of such tax otherwise than in accordance with this Act or the rules made thereunder; or

(h) fails to keep a true account of the value of goods bought or sold by him as required by section 36, or fails when required to do under that section, to keep any account or record of purchases and sales specified in any notice or notification referred to in that section; or"

(v) Page 32, *after* line 9, *insert*—

"(o) Being the owner or person in charge of a goods vehicle fails, neglects or refuses to comply with any of the requirements contained in section 62; or"

(vi) Page 32, line 10, *for* "(o)", *substitute* "(p)".

(vii) Page 32, line 11, *for* "(n)", *substitute* "(o)"

(viii) Page 32, line 12, *for* "*simple*" *substitute* "rigorous"

(ix) Page 32, line 14,

for "fifty" *substitute* "two hundred"

(x) Page 32, *after* line 19, *insert*—

"Provided further that a person shall not be deemed to have committed an offence under clause (b) if he had applied for registration under this Act in accordance with the provisions of sub-section (2) of section 14, or sub-section (2) of section 17, as the case may be.".

Further consideration of the clause was held over.

30. *Clause* 49.—The clause was adopted without any amendment.

31. At the end, the Committee, decided to meet again on Tuesday, the 18th February, 1975 at 15.00 hours to take up further clause-by-clause consideration of the Bill.

32. The Committee then adjourned.

XIII

Thirteenth Sitting

The Committee sat on Tuesday, the 18th February, 1975 from 15.00 to 18.15 hours.

PRESENT

Shri S. M. Siddayya—*Chairman.*

MEMBERS

2. Shri H. K. L. Bhagat
3. Shrimati Pramalabai Dajisaheb Chavan
4. Shri Dalip Singh
5. Shri C. C. Gohain
6. Shri N. E. Horo
7. Shri Chiranjib Jha
8. Shrimati Subhadra Joshi
9. Shri Sudhakar Pandey
10. Shri Birender Singh Rao
11. Shri Arjun Sethi
12. Dr. H. P. Sharma
13. Shri M. R. Sharma
14. Shri Ramavatar Shastri
15. Shri Amarnath Vidyalankar.

LEGISLATIVE COUNSEL

Shri S. Ramaiah, *Additional Legislative Counsel.*

REPRESENTATIVES OF THE MINISTRY OF FINANCE

(DEPARTMENT OF REVENUE & INSURANCE)

1. Shri K. Narasimhan, *Additional Secretary.*
2. Shri O. P. Mehra, *Deputy Secretary.*

3 Shri L. R. K. Prasad, *Secretary (Finance), Delhi Administration.*

4. Shri Virendra Prakash, *Sales Tax Commissioner, Delhi.*

5. Shri S. D. Ramaswamy, *Under Secretary.*

Representative of the Ministry of Home Affairs

Shri K. R. Prabhu, *Additional Secretary.*

SECRETARIAT

Shri H. G. Paranjpe—*Chief Financial Committee Officer.*

2. Shri Pranab Kumar Mukherjee, Minister of State in the Ministry of Finance, who is not a member of the Committee, attended the sitting with the permission of Chairman in terms of proviso to Rule 299 of the Rules of Procedure.

3. The Committee resumed further clause-by-clause consideration of the Bill.

4 *Clause* 2.—[*vide* para 4 of the Minutes dated the 11th February, 1975]. The clause was adopted without any further amendment.

5. *Clause* 9.—[*vide* paragraph 11 of the Minutes dated the 11th February, 1975]. The following amendments were accepted:—

(i) Page 7, line 12, *after* "appoint", *insert*—

"as many Additional Commissioners of Sales Tax, Sales-tax Officers and".

(ii) Page 7, line 16,—

for "Administrator" *substitute* "Commissioner".

The clause, as amended, was adopted.

6. *Clause* 10.—[*vide* paragraph 11 of the Minutes dated the 11th February, 1975]. The following amendment was accepted:—

Page 7, *for* lines 22—24, *substitute*—

"under this Act except those under sub-section (3) of section 9 and sub-section (1) of section 50 to any person appointed under sub-section (2) of section 9:

Provided that the powers of the Commissioner under sub-section (3) of section 39 shall not be delegated to any person lower in rank than that of a Sales-tax Officer, and those under sub-section (1) of section 47 shall not be delegated to any person other than the Additional Commissioner of Sales-tax appointed under sub-section (2) of section 9."

The clause, as amended, was adopted.

7. *Clause* 14.—[*vide* paragraph 15 of the Minutes dated the 11th February, 1975]. The following amendments were accepted:—

(i) Page 9, line 11, *after* "applicant" *insert* "within the prescribed period".

(ii) Page 9, *after* line 13, *insert* the following as second proviso:—

"Provided further that if the said authority is of the opinion that the application is not in order, it shall by an order passed within the said period and for reasons to be recorded in writing reject the application."

The clause, as further amended, was adopted.

8. *Clause* 20.—[*vide* paragraph 6 of the Minutes dated the 12th February, 1975]. The clause was adopted without any further amendment.

9. *Clause* 50.—The following amendments were accepted:—

(i) Page 32, line 44, *for* "a magistrate of the first class" *substitute* "a Metropolitan Magistrate".

(ii) Page 33, lines 1 and 2—
for "Code of Criminal Procedure, 1898". 5 of 1898.
substitute "Code of Criminal Procedure, 1973". 2 of 1974.

The clause, as amended, was adopted.

10. *Clause* 51.—The following amendment was accepted:

Page 33, lines 10 and 11—
for "Code of Criminal Procedure, 1898", 5 of 1898.
substitute "Code of Criminal Procedure, 1973". 2 of 1974.

The clause, as amended, was adopted.

11. *Clause* 52.—The following amendments were accepted:—

(i) Page 33, line 20, *for* "double" *substitute* "three times".

(ii) Page 33, lines 20 to 22,
for "which would have been payable by such person had he complied with the provisions of this Act."
substitute "which would thereby have been avoided".

The clause, as amended, was adopted.

12. *Clause* 53.—The following amendments were accepted:—

(i) Page 33, *for* lines 30 to 36, *substitute*—
"53. (1) If a dealer fails without reasonable cause to furnish any return within the prescribed period as required under sub-section (2) of section 21, or to pay the tax due according to the return as required by sub-section (3) of that section,"

(ii) Page 33, line 39, *for* "one and half times" *substitute* "twice"

(iii) Page 33, line 40, *for* "one" *substitute* "two".

The clause, as amended, was adopted.

13. *Clause* 54.—The following amendments were accepted:—

(i) Page 34, lines 4-5, *omit* "and has thereby returned figures below the real amount"

(ii) Page 34, line 8, *for* "one" *substitute* "two".

(iii) Page 34, lines 8 to 10,
for "which would have been avoided if the figures returned by the dealer had been accepted as correct."
substitute "which would thereby have been avoided."

(iv) Page 34, line 15, *for* "one" *substitute* "two".

(v) Page 34, lines 16 and 17,
for "which would have been payable in respect of the sales of goods involed as if such sale of goods was liable to tax."

substitute "which would thereby have been avoided."

(vi) Page 34, line 23, *for* "one" *substitute* "two"

The clause, as amended, was adopted.

14. *Clause* 55.—The following amendment was accepted:—

Page 34, line 27, *for* "one" *substitute* "two"

Further consideration of the clause was held over.

15. *Clause* 56.—The following amendment was accepted:—

Page 34, line 35, *for* "is dead" *substitute* "cannot be found".

The clause, as amended, was adopted.

16. *Clauses* 57 *to* 61.—These clauses were adopted without any amendment.

17. *Clause* 62.—I. The following amendment was accepted subject to drafting changes:—

Page 37, line 23, *for* "such form", *substitute* "the prescribed form obtainable from the prescribed authority"

II. The following amendments were accepted:—

(i) Page 37, *after* line 25, *insert*—

"Provided that where the owner or person in charge of a goods vehicle after filing a declaration at the time of entering Delhi that the goods are meant to be carried to a place outside Delhi, fails, without reasonable cause, to carry such goods outside Delhi within the prescribed period, he shall, in addition to the payment of tax, if any, be liable to a penalty not exceeding two and a half times the tax, that would have been payable had the goods been sold inside Delhi or one thousand rupees, whichever is higher.".

(ii) Page 37, line 31, *for* "to examine the contents in the vehicle", *substitute* "to search the goods vehicle or part thereof, examine the contents therein".

(iii) Page 37, *after* line 35, *insert*—

"(4) If on an examination of the contents in a goods vehicle or the inspection of records relating to the goods carried, any officer empowered by the Administrator in this behalf has reason to believe that the owner or person in charge of such goods vehicle is attempting to evade payment of the tax due under this Act, he may, for reasons to be recorded in writing and after hearing the owner or person in charge of the goods vehicle, detain the goods and the goods so detained shall not be allowed to be transported unless the owner, or his agent or the person in charge of the goods vehicle furnishes to the satisfaction of such officer a security in such form and in such manner as may be prescribed for an amount not exceeding one thousand rupees or the amount of tax payable if such goods were sold in Delhi, whicheer is more.

(5) Where the security required to be furnished under subsection (4) is not furnished within the prescribed period such goods shall be disposed of in such manner and subject to such conditions as may be prescribed.

Explanation.—For the purposes of this section, 'goods vehicle' shall include a motor vehicle, vessel, boat, animal and any other form of conveyance.'

The clause, as amended, was adopted.

18. *Clause* 63.—The following amendment was accepted:—

Page 37, *for* lines 36 to 40, *substitute*—

"Publication of names etc. of dealers whose certificates of registration are cancelled.

63. The Commissioner shall, at intervals not exceeding three months, publish in the Official Gazette such particulars as may be prescribed of dealers whose certificates of registration are cancelled under the provisions of this Act."

The clause, as amended, was adopted.

19. *Clauses* 64 and 65.—These clauses were adopted without any amendment.

20. *New Clauses* 65*A*, 65*B and* 65*C*.—The following new clauses were adopted.

Page 38, *after* line 9 *insert*—

"Transfers during pendency of proceedings void.

65A. Where, during the pendency of any proceeding under this Act any person creates charge on or parts with the possession by way of sale, mortgage, gift or exchange or any other mode of transfer whatsoever, of any of his assets in favour of any other person, such charge or transfer shall be void as against any claim in respect of any tax or any other sum payable by such person as a result of the completion of the said proceedings:

Chapter XXXVI of the Code of Criminal Procedure, 1973, not to apply to certain offences.

65B. Nothing in Chapter XXXVI of the Code of Criminal Procedure, 1973 shall apply to,— 2 of 1974.

(i) any offence punishable under this Act; or

(ii) any other offence which under the provisions of that Code, may me tried along with such offence,

and every offence referred to in clause (i) or clause (ii) may be taken cognizance of by the court having jurisdiction under this Act as if the provisions of that Chapter were not enacted.

Application of certain Acts to recovery of amounts due under this Act.

65C. Where under any provision of this Act, any amount is recoverable as an arrear of land revenue, such recovery shall be made in accordance with the provisions of—

(i) the Delhi Land Reforms Act, 1954, if such recovery is to be made in any place inside Delhi; or Delhi Act 8 of 1954.

(ii) the Revenue Recovery Act, 1890, if such recovery is to made in any other place.". 1 of 1890.

21. *Clause* 66.—The following amendments were accepted:

(i) Page 38, line 32, *for* "and the granting of certificates of registration" *substitute* "the granting of certificates of registration, the period within which such certificates shall be granted,"

(ii) Page 39, line 11, *after* "section 45" *insert*—

"or for review under sub-section (5) of section 46".

The clause as amended, was adopted.

Transitional provisions

22. *Clauses* 67 *and* 68.—These clauses were adopted without any amendment.

23. *New Clause* 68A.—The following new clause was adopted:—

Page 40, *after* line 25, *insert*—

"68A. Where a dealer liable to pay tax, under the Bengal Finance (Sales Tax) Act, 1941, as in force in Delhi is not liable to pay tax under the provisions of this Act, he shall, notwithstanding the repeal of the first mentioned Act, continue to be liable to pay tax on the sales made by him after the commencement of this Act of all goods—

Bengal Act 6 of 1941.

(i) purchased by him prior to such commencement,

(ii) manufactured by him before or after such commencement out of raw materials purchased prior to such commencement.".

24. *Clause* 69.—The clause was adopted without any amendment.

25. At the end, the Committee decided to meet on Wednesday, the 19th February, 1975 at 16.00 hours to take up further clause-by-clause consideration of the Bill.

26. The Committee then adjourned.

XIV

Fourteenth Sitting

The Committee sat on Wednesday, the 19th February, 1975 from 16.00 to 18.25 hours.

PRESENT

Shri S. M. Siddayya—*Chairman*

MEMBERS

2. Shri H. K. L. Bhagat
3. Shri Chakleshwar Singh
4. Shri Dalip Singh
5. Shri C. C. Gohain
6. Shri N. E. Horo
7. Shrimati Subhadra Joshi
8. Shri Sudhakar Pandey
9. Shri Birender Singh Rao
10. Shri Arun Sethi
11. Dr. H. P. Sharma
12. Shri M R. Sharma
13. Shri Ramavatar Shastri
14 Shri Amarnath Vidyalankar.

LEGISLATIVE COUNSEL

Shri S. Ramaiah, *Additional Legislative Counsel.*

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

1. Shri K. Narasimhan, *Additional Secretary.*
2. Shri O. P. Mehra, *Deputy Secretary.*
3. Shri Virendra Prakash, *Sales-tax Commissioner, Delhi.*
4. Shri S. D. Ramaswamy, *Under Secretary.*

REPRESENTATIVE OF THE MINISTRY OF HOME AFFAIRS

Shri D. S. Misra, *Deputy Secretary.*

SECRETARIAT

Shri H. G. Paranjpe—*Chief Financial Committee Officer.*

2. Shri Pranab Kumar Mukherjee, Minister of State 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.

3. The Committee resumed further clause-by-clause consideration of the Bill.

4. Clause 4 (*vide* paragraph 6 of the Minutes dated the 11th February, 1975).

I. The following amendments were accepted:—

(i) Page 4, line 44, *for* "ten paise" *substitute* "twelve paise".

(ii) Page 5, line 1, *for* "(c)" *substitute* "(d)".

(iii) Page 5, lines 2—4,

for "at such rate not exceeding seven paise in the rupee as the Central Government may, from time to time, by notifica- in the Official Gazette determine."

substitute "at the rate of seven paise in the rupee".

(iv) Page 5, *for* lines 8-9, *substitute*—

"Second Schedule, either retrospectively or prospectively, and thereupon the First Schedule or, as the case may be, the Second Schedule, shall be deemed to be amended accordingly, so, however, that no such retrospective amendment shall prejudicially affect the interests of any dealer."

(v) Page 5, *for* lines 22-23, *substitute*—

"(i) sale of goods, the point of sale at which such goods shall be taxable is specified by the Administrator under section 5 and in".

(vi) Page 5, *for* lines 28—30, *substitute*—

"(iv) sale of goods which are proved to the satisfaction of the Commissioner to have been purchased within a period of twelve months prior to the date of registration of the dealer and subjected to tax under the Bengal Finance (Sales Tax) Act, 1941, as it was then in force, or under this Act;"

(vii) Page 5, lines 35-36, *after* "section 7," *insert* "or newspapers,".

(viii) Page 5, lines 37, 38 and 42,—

after "for sale" wherever occurring, *insert* "by him".

(ix) Page 6, line 3, *after* "for sale" *insert* "by him".

(x) Page 6, lines 7-8, *for* "the packing of goods",

substitute "the packing of goods of the class or classes specified in the certificate or registration of such dealer,"

(xi) Page 6, *after* line 11, *insert*—

"Provided that no deduction in respect of sale referred to in sub-clause (iv) shall be allowed unless the goods, in respect of which deduction is claimed are proved to have been sold by the dealer within a period of twelve months from the date of his registration and the claim for such deduction is included in the return required to be furnished by the dealer in respect of the said sale:"

(xii) Page 6, line 12, *for* "Provided" *substitute* "Provided further".

(xiii) Page 6, line 15, *after* "prescribed form" *insert* "obtainable from the prescribed authority."

(xiv) Page 6, line 18, *for* "Provided further" *substitute* "Provided also".

(xv) Page 6, line 20, *for* "but are utilised by him for a different purpose", *substitute* "but are not so utilised".

II. The following amendment was accepted subject to drafting changes, if any:—

Page 4, *after* line 48, *insert*—

"(c) in the case of taxable turnover in respect of any food or drink served for consumption in a hotel or restaurant or any part thereof or in any other place, with which a cabaret, floor show or similar entertainment is provided therein, at the rate of forty paise in the rupee;"

The clause, as amended, was adopted.

5. *Clause* 48.—(*vide* paragraph 29 of the Minutes dated 13th February, 1975). The following amendment was accepted:—

"(2) Notwithstanding anything contained in sub-section (1), if any person commits an offence under clause (a) or clause (f) or clause (j) or clause (l) or clause (m) or clause (o) of that sub-section and the court is satisfied that the offence has been committed wilfully, he shall be punishable with rigorous imprisonment for a term which may extend to six months and with fine, and when the offence is a continuing one, with a daily fine not exceeding three hundred rupees during the period of the continuance of the offence."

The clause, as further amended, was adopted.

6. *Clause* 55.—(*vide* paragraph 14 of the Minutes dated the 18th February, 1975). The clause was adopted without any further amendment.

The Committee, however, felt that a provision should be made in the Bill to penalise officers conniving or colluding with the tax-evaders. The Government should also consider to provide similar provisions in other taxation laws.

7. At the end, the Committee decided to meet again on Thursday, the 20th February, 1975 at 14.30 hours to take up further clause-by-clause consideration of the Bill.

8. The Committee then adjourned.

XV

Fifteenth Sitting

The Committee sat on Thursday, the 20th February, 1975 from 14.30 to 16.00 hours.

PRESENT

Shri S. M. Siddayya—*Chairman*

MEMBERS

2. Shri H. K. L. Bhagat
3. Shri Chakleshwar Singh
4. Shri Dalip Singh
5. Shri N. E. Horo
6. Shrimati Subhadra Joshi
7. Shri Sudhakar Pandey
8. Shri Birender Singh Rao
9. Dr. H. P. Sharma
10. Shri M. R. Sharma
11. Shri Ramavatar Shastri
12. Shri Amarnath Vidyalankar.

LEGISLATIVE COUNSEL

Shri S. Ramaiah, *Additional Legislative Counsel.*

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

1. Shri K. Narasimhan, *Additional Secretary.*
2. Shri O. P. Mehra, *Deputy Secretary.*
3. Shri S. D. Ramaswamy, *Under Secretary.*
4. Shri Virendra Prakash, *Commissioner, Sales Tax, Delhi.*

REPRESNTATIVES OF THE MINISTRY OF HOME AFFAIRS

1. Shri K. R. Prabhu, *Additional Secretary.*
2. Shri D. S. Misra, *Deputy Secretary.*

SECRETARIAT

Shri H. G. Paranjpe—*Chief Financial Committee Officer.*

2. Shri Pranab Kumar Mukherjee, Minister of State in the Ministry of Finance, who is not a member of the Committee, attended the sitting with the permission of Chairman in terms of proviso to Rule 299 of the Rules of Procedure.

3. The Committee took up consideration of the Third Schedule. The following amendments were accepted subject to drafting changes :

(i) Page 43, line 9 *for* "All cereals and pulses and their brans" *substitute* "All cereals and pulses including all forms of rice and their brans and cooked dal'.

(ii) Page 43, lines 12-13, *omit* "produced without the aid of power".

(iii) Page 43, line 36, *after* "educational charts" *insert* "geometry boxes used by students".

(iv) Page 33, line 37, *add* at the end—

"and instruments such as instruments used in mechanical drawing and biology used by students".

Further consideration of the Schedule was held over.

4. The Committee, however, desired that on silk and pure silk fabrics, the sales-tax should be levied at the first point.

5. At the end the Committee decided to meet again on Monday, the 24th February, 1975 at 15.00 hours to take up further consideration of the Schedules.

6. The Committee then adjourned.

XVI

Sixteenth Sitting

The Committee sat on Monday, the 24th February, 1975 from 15.00 to 16.00 hours and again from 16.30 to 17.40 hours.

PRESENT

Shri S. M. Siddayya—*Chairman*

MEMBERS

2. Shri Syed Ahmed Aga
3. Shri H. K. L. Bhagat
4. Shri Chakleshwar Singh
5. Shrimati Premalabai Dajisaheb Chavan
6. Shri Dalip Singh
7. Shri N. E. Horo
8. Shrimati Subhadra Joshi
9. Shri Vikram Mahajan
10. Shri Birender Singh Rao
11. Dr. H. P. Sharma
12. Shri M. R. Sharma
13. Shri Ramavatar Shastri.

LEGISLATIVE COUNSEL

Shri S. Ramaiah, *Additional Legislative Counsel.*

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

1. Shri O. P. Mehra, *Deputy Secretary.*
2. Shri S. D. Ramaswamy, *Under Secretary.*
3. Shri Virendra Prakash, *Commissioner, Sales Tax, Delhi.*
4. Shri L. R. K| Prasad, *Secretary (Finance), Delhi Administration, Delhi.*

REPRESENTATIVES OF THE MINISTRY OF HOME AFFAIRS

1. Shri K. R. Prabhu, *Additional Secretary.*
2. Shri D S. Misra, *Deputy Secretary.*

SECRETARIAT

Shri H. L. Malhotra—*Senior Legislative Committee Offcer.*

2. Shri Pranab Kumar Mukherjee, Minister of State 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.

3. *Clause* 20.—[*vide* paragraph 8 of the Minutes dated the 18th February 1975].—The Committee re-opened discussion on this clause. The following amendment was accepted:—

Page 13, *for* lines 35 to 40, *substitute*—

"(7) The cancellation of a certificate of registration shall not affect the liability of any person to pay tax due for any period prior to the date of such cancellation, whether such tax is assessed before the date of cancellation but remains unpaid or is assessed thereafter notwithstanding that he is not liable to pay tax under this Act."

The clause, as further amended, was adopted.

4. The Committee then took up further consideration of the Third Schedule. The following amendments were accepted subject to drafting changes:—

(i) Page 43, *for* lines 41 and 42, *substitute*—

"Agricultural implements including chaffcutters and parts thereof and persian wheels and parts thereof and electric motors including monoblock pumping sets of 3 to 7-1|2 horse power".

(ii) Page 44, *after* line 28, *insert*—
"32. Hand spun yarn."

5. The Committee also recommended that the sales-tax on—

(i) black lead and coloured pencils used by students should be levied at first point and the tax should not in any case be more than 5 per cent.

(ii) kerosene and matches should be levied at the first point and the tax should not in any case be more than three per cent on kerosene and four per cent on matches.

6. At the end, the Committee decided to meet at 14.30 hours on the 25th February, 1975 to take up further consideration of the Schedules appended to the Bill.

7. The Committee then adojurned.

XVII

Seventeenth Sitting

The Committee sat on Tuesday, the 25th February, 1975 from 14.30 to 17.15 hours.

PRESENT

Shri S. M. Siddayya—*Chairman*

MEMBERS

2. Shri Syed Ahmed Aga
3. Shri H. K. L. Bhagat
4. Shrimati Premalabai Dajisaheb Chavan
5. Shri Dalip Singh
6. Shri N. E. Horo
7. Shrimati Subhadra Joshi
8. Shri Sat Pal Kapur
9. Shrimati Shakuntala Nayar
10. Shri Sudhakar Pandey
11. Shri Birender Singh Rao
12. Shri Arjun Sethi
13. Shri Ramavatar Shastri
14. Shri Amarnath Vidyalankar.

LEGISLATIVE COUNSEL

Shri S. Ramaiah—*Additional Legislative Counsel.*

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

1. Shri O. P. Mehra—*Deputy Secretary.*
2. Shri S. D. Ramaswamy—*Under Secretary.*
3. Shri Virendra Prakash—*Commissioner, Sales Tax, Delhi.*

SECRETARIAT

Shri H. L. Malhotra—*Senior Legislative Committee Officer.*

2. Shri Pranab Kumar Mukherjee, Minister of State 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.

3. The Committee resumed further consideration of the Schedules appended to the Bill.

4. *First Schedule.*—The following amendments were accepted:—

(i) Page 41, line 1, *for* "cycle combinations" *substitute* "motor and cycle combinations".

(ii) Page 41, *for* lines 40-41, *substitute*—

"15. All electronic and electrical goods other than torches, torch cells and filament lighting bulbs."

(iii) Page 41, line 42, *for* "and" *substitute*—
"but not including".

(iv) Page 42, line 17, *insert* "belts" *after* "footwear".

(v) Page 42, line 29, *add* at the end—

"but not including such goods of value not exceeding thirty rupees per piece."

The Committee also recommended that—

(i) cycle, cycle-riskshaw and tri-cycle and the parts therof which are at present taxed at the general rate should continue to be so taxed at the general rate.

(ii) the existing rate of tax on transistors and watches (Items 4 and 7 of the First Schedule) at ten per cent should continue.

(iii) the existing rate of tax at seven per cent. on cheaper varieties of crockery should continue.

(iv) the existing rate of tax on motor spirit, and high speed diesel oil at the rate of seven per cent. should continue,

(v) the rate of tax on wooden furniture (item 26 of the First Schedule) should not exceed ten per cent.

The Schedule, as amended, was adopted.

5. *Second Schedule.*—The following amendment was accepted:—

Page 42, line 35, *omit* "and charcoal".

The Schedule, as amended, was adopted.

6. *Third Schedule* [*vide* paragraph 4 of the Minutes dated the 24th February, 1975].—The following amendments were accepted subject to drafting changes where necessary:—

(i) Page 43, line 38, *add* at the end "and charcoal".

(ii) Page 44, line 21, *omit* "But not".

(iii) Page 44, *after* line 28, *insert*—

"33. Achar and Muraba except when sold in sealed containers.

34. Scientific goods including scientific glass goods, geometrical and drawing goods used in schools and colleges for teaching and for use by students.

35. Live stock including poultry.

36. Cotton paddings."

The Schedule, as amended, was adopted.

7. It was pointed out to the Committee that tax on hosiery goods was at present one per cent. in Delhi. The Committee were of the opinion that the tax on hosiery goods should not be increased for the present.

8. The Committee also recommended that—

(i) while fixing rates of tax, the peculiar position of Delhi as a trade distributing centre, should be kept in view; and

(ii) with a view to check evasion of tax and also to facilitate collection, wherever possible, the tax should be levied at the first point.

9. *Clause* 1.—The following amendment was accepted:—

Page 1, line 5, *for* "1973" *substitute* "1975".

The clause, as amended, was adopted.

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

Page 1, line 1, *for* "Twenty-fourth" *substitute* "Twenty-sixth".

The Enacting Formula, as amended, was adopted.

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

12. The Committee authorised the Legislative Counsel to correct patent errors and also to carry out amendments of verbal and consequential nature in the Bill.

13. The Committee also decided that—(i) the evidence tendered before the Committee be laid on the Table; and (ii) two copies each of the memoranda received by the Committee from various Associations, Organisations, etc., be placed in Parliament Library for reference by the Members of Parliament after the Report had been presented.

14. The Committee decided to hold their sitting at 15.00 hours on Monday, the 7th April, 1975 to consider and adopt their draft Report.

15. The Chairman then drew the attention of the Members to the provisions of Direction 87 of the Directions by the Speaker regarding minutes of dissent.

16. The Committee then adjourned.

XVIII

Eighteenth Sitting

The Committee sat on Monday, the 7th April, 1975 from 15.00 to 16.15 hours.

PRESENT

Shri S. M. Siddayya—*Chairman*

MEMBERS

2. Shri H. K. L. Bhagat
3. Shri Chakleshwar Singh
4. Shri Dalip Singh
5. Shri N. E. Horo
6. Shri Vikram Mahajan
7. Shri Sudhakar Pandey
8. Shri Birender Singh Rao
9. Shri Arjun Sethi
10. Shri Ramavatar Shastri
11. Shri Amarnath Vidyalankar.

LEGISLATIVE COUNSEL

1. Shri S. Harihara Iyer, *Joint Secretary and Legislative Counsel.*
2. Shri S. Ramaiah, *Additional Legislative Counsel.*

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

1. Shri K. Narasimhan, *Additional Secretary.*
2. Shri O. P. Mehra, *Deputy Secretary.*

3. Shri Virendra Prakash, *Sales Tax Commissioner, Delhi.*

4. Shri S. D. Ramaswamy, *Under Secretary.*

SECRETARIAT

1. Shri J. R. Kapur, *Chief Financial Committee Officer.*

2 Shri H. L. Malhotra, *Senior Legislative Committee Officer.*

2. Shri Pranab Kumar Mukherjee, Minister of State in the Ministry of Finance, attended the sitting with the permission of the Chairman.

3. The Committee considered and adopted the Bill, as amended.

4. The Committee then considered and adopted the draft Report subject to the following modifications:—

In para 65—

(i) sub-para (iv), *after* "goods" *insert* "and umbrella cloth covers."

(ii) *add* the following new sub-para:

"(viii) the concessional rate of tax allowed to *halwais* may be continued."

5. The Chairman announced that the Minutes of Dissent, if any, might be sent to the Lok Sabha Secretariat so as to reach them by 11.00 hours on Tuesday, the 15th April, 1975.

6. The Committee authorised the Chairman, and, in his asence, Shri Amarnath Vidyalankar to present the Report to the House and to lay the Evidence on the Table of the House on Thursday, the 17th April, 1975.

7. The Committee placed on record their appreciation of the assistance rendered by the Minister of State in the Ministry of Finance (Shri Pranab Kumar Mukherjee) during the course of their deliberations.

8. The Committee also placed on record their appreciation of the co-operation and assistance rendered by the Legislative Counsel, Additional Legislative Counsel, Officers of the Ministry of Finance, Officers of Delhi Administration and the Officers and staff of the Lok Sabha Secretariat.

9. The Committee also placed on record their thanks to the Chairman (Shri S. M. Siddayya) for very ably conducting the proceedings of the Committee and guiding their deliberations at various stages of the Bill.

10. The Minister of State in the Ministry of Finance thanked the Members for the co-operation extended by them. He also placed on record his appreciation of the co-operation and assistance rendered by the Legislative Counsel, Additional Legislative Counsel, Officers of the Ministry of Finance and Delhi Administration and the Officers and staff of the Lok Sabha Secretariat.

11. The Committee then adjourned.

C.B. II No. 302

LOK SABHA

THE PUBLIC FINANCIAL INSTITUTIONS LAWS (AMENDMENT) BILL, 1973

(Report of the Joint Committee)

(Presented on the 25th July, 1975)

LOK SABHA SECRETARIAT
NEW DELHI

July, 1975/Sravana, 1897 (Saka)

Price : Re. 1.70 P.

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JOINT COMMITTEE ON THE PUBLIC FINANCIAL INSTITUTIONS LAWS (AMENDMENT) BILL, 1973

COMPOSITION OF THE COMMITTEE

Shri B. N. Kureel—*Chairman*

MEMBERS

Lok Sabha

2. Shri Dinen Bhattacharya
3. Shri Chandulal Chandrakar
4. Shri K. Chikkalingiah
5. Chaudhry Dalip Singh
6. Shri Anadi Charan Das
†7. Shri B. K. Daschowdhury
8. Shri C. T. Dhandapani
9. Shri Jambuwant Dhote
10. Shri Jagdish Chandra Dixit
11. Shri Devinder Singh Garcha
12. Shri Indrajit Gupta
13. Shri Noorul Huda
14. Shri Ramachandran Kadannappalli
15. Shri Robin Kakoti
16. Shri N. S. Kamble
17. Shri Madhu Limaye
*18. Shri K. M. Madhukar
†19. Shri Vikram Mahajan
20. Shri Jagannath Mishra
21. Shri Shrikishan Modi
22. Shri Piloo Mody
23. Shri Surendra Mohanty
24. Shri Pratap Singh Negi
25. Shri Rajaram Dadasaheb Nimbalkar
26. Dr. Laxminarayan Pandeya
27. Shri E. V. Vikhe Patil
28. Shri M. S. Purty
29. Ch. Ram Prakash
30. Shri Ram Swarup

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†Appointed w.e.f. 20-11-1974 *vice* Sarvashri K. R. Ganesh A.K.M. Ishaque resigned.

*Appointed w.e.f. 30-8-1974 *vice* Shrimati Roza Vidyadhar Deshpande resigned.

31. Shri M. S. Sanjeevi Rao
32. Shri M. Ram Gopal Reddy
33. Dr. Govind Das Richariya
34. Shri Babu Nath Singh
35. Shri Somchand Solanki
36. Shri K. Suryanarayana
37. Shri T. V. Chandrashekharappa Veerabasappa
38. Shri N. R. Vekaria
39. Shri Sukhdeo Prasad Verma
%40. Shri C. Subramaniam

Rajya Sabha

41. Shri K. B. Chettri
42. Shri Babubhai M. Chinai
43. Shri Bhupesh Gupta
44. Shri Yashpal Kapur
45. Shri M. S. Abdul Khader
46. Shri B. V. Abdulla Koya
47. Shri A. G. Kulkarni
48. Shrimati Sumitra G. Kulkarni
49. Dr. K. Mathew Kurian
50. Shri B. N. Mandal
51. Shri Rishi Kumar Mishra
52. Shri Lokanath Misra
53. Shri Deorao S. Patil
54. Shrimati Saraswati Pradhan
55. Shri S. Ranganathan
56. Shri R. Narasimha Reddy
57. Shri Kameshwar Singh
58. Shrimati Maimoona Sultan
59. Shri Subramanian Swamy
60. Shri Gian Chand Totu

LEGISLATIVE COUNSEL

1. Shri S. K. Maitra, *Joint Secretary and Legislative Counsel.*
2. Shri N. L. Vaidyanathan, *Additional Legislative Counsel.*

REPRESENTATIVES OF THE MINISTRY OF FINANCE (DEPARTMENT OF BANKING)

1. Shri M. G. Balasubramanian, *Additional Secretary.*
2. Shri M. K. Venkatachalam, *Joint Secretary.*
3. Shri V. K. Shunglu, *Deputy Secretary.*
4. Shrimati Nalini M. K. Menon, *Deputy Secretary.*

SECRETARIAT

1. Shri P. K. Patnaik, *Additional Secretary.*
2. Shri Y. Sahai, *Chief Legislative Committee Officer.*

%Appointed w.e.f. 20-11-1974 *vice* Y. B. Chavan resigned.

REPORT OF THE JOINT COMMITTEE

I, the Chairman of the Joint Committee to which the Bill* further to amend the Industrial Development Bank of India Act, 1964, the Reserve Bank of India Act, 1934, the Industrial Finance Corporation Act, 1948, the State Financial Corporations Act, 1951, the Life Insurance Corporation Act, 1956 and the Unit Trust of India Act, 1963 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 22nd December, 1973. A motion for suspension of the first proviso to Rule 74 of the Rules of Procedure and Conduct of Business in Lok Sabha in its application to the motion for reference of the Bill to a Joint Committee of the Houses was moved in Lok Sabha by Shri K. R. Ganesh, the then Minister of State in the Ministry of Finance on the 25th March, 1974 and was adopted.

Thereafter, the motion for reference of the Bill to a Joint Committee of the Houses was moved in Lok Sabha by Shri K. R. Ganesh, the then Minister of State in the Ministry of Finance on the same day and was adopted (Appendix I).

3. Rajya Sabha concurred in the said motion on the 11th May, 1974 (Appendix II).

4. The message from the Rajya Sabha was published in Lok Sabha Bulletin—Part II, dated the 13th May, 1974.

5. The Committee held 23 sittings in all.

6. The first sitting of the Committee was held on the 6th June, 1974 to draw up their programme of work. The Committee decided to invite memoranda from all State Governments, leading Chambers of Commerce and Industry, Public Financial Institutions, Employees Associations of Public Financial Institutions, eminent economists and co-operative organisations interested in the subject matter of the Bill and also decided to issue a Press Communique in this behalf fixing 10th July, 1974 as the last date for receipt of memoranda. The Committee also decided to take oral evidence of the representatives of some of the associations, individuals, etc.

7. 25 memoranda on the Bill were received by the Committee from various associations. organisations, etc. (Appendix III).

8. The Committee heard oral evidence given by the representatives of various associations, organisations, etc. at their sittings held from the 15th to 17th July, 25th to 27th September, 21st to 23rd October, 1974, 5th to 7th February and 16th April, 1975 (Appendix IV).

9. At their sitting held on the 10th June, 1975, the Committee decided that (i) the evidence tendered before them might be laid on the Table of both the Houses; and (ii) two copies each of memoranda received by

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*Published in the Gazette of India, Extraordinary, Part II, Section 2, dated the 22nd December, 1973.

the Committee from various associations, organisations, etc. might be placed in the Parliament Library after the report of the Committee was presented, for reference by the Members of the Parliament.

10. The Report of the Committee was to be presented by the 26th July, 1974. The Committee were granted extension of time twice—the first extension on the 23rd July, 1974 upto the 21st February, 1975 and the second extension on the 19th February, 1975 upto the 28th July, 1975.

11. At their sittings held on the 9th and 10th June, 1975 the Committee held general discussion on the various points raised in the memoranda submitted to the Committee and also during the course of evidence tendered before the Committee.

12. The Committee considered the Bill clause-by-clause at their sittings held on the 19th and 20th June and 11th July, 1975.

13. The Committee considered and adopted their Report on the 19th July, 1975.

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

15. *Clause* 2.—The Committee are of the view that the Industrial Development Bank of India which would be the principal financial institution in the country and the other financial institutions should deploy their resources in accordance with national priorities.

Clause 2 has been amended accordingly.

16. *Clauses* 5: 19: 20: 39: [*Original clause* 37]; 48: [*Original clause* 44]; 56 [*Original clause* 51]; *and* 58 [*Original clause* 53]; The amendments made are of a formal nature, being consequential to the change of the year.

17. *Clause* 7.—(i) The amendment made in Paragraph (c) of sub-section (1) of proposed section 6 is of a consequential nature.

(ii) New section 6 (1) (c) (iii).—The Committee are of the opinion that two directors of the Development Bank should be from amongst the employees of the Development Bank and the financial institutions. Out of these directors, one shall be selected from amongst the officer employees and the other shall be selected from amongst the workmen, and such selection shall be made in the manner prescribed by the Central Government.

New section 6 (1) (c) (iii) has been inserted accordingly.

(iii) Proposed new section 6(1) (c) (v).—The Committee are of the view that for the words "practical experience", the words "professional experience" may be substituted.

The Committee are also of the view that special knowledge of, and the professional experience in, "marketing" should also be one of the qualifications for eligibility for being nominated as members of the Board of Directors of the Development Bank.

Proposed new section 6(1)(c)(v) has been amended accordingly.

18. *Clause* 17.—The amendments made are of a verbal nature.

19. *New clause* 21.—The Committee are of the view that the Industrial Finance Corporation Act, 1948 might also extend to Kohima and Mokokchung districts in the State of Nagaland from such date as the Central Government may, by notification in the Official Gazette, appoint.

New clause 21 has been inserted according.

20. *Clause* 22 (*Original clause* 21).—The amendment made is of a drafting nature.

21. *New clause* 23.—The Committee on Subordinate Legislation of Lok Sabha have recommended that rules and regulations made under various enactments should statutorily by published in the official Gazette.

The Comittee on Subordinate Legislation of both Houses of Parliament have also approved a revised model clause for the laying, before Parliament, of rules, etc. made by the Central Government under Central Acts.

New clause 23 has been inserted with a view to amending section 42 of the Institutional Finance Corporation Act, 1948 in order to give effect to the above recommendations of the Committee on Subordinate Legislation.

22. *New clauses* 41 *and* 53.—New clauses 41 and 53 seek to insert new section 6A in the Life Insurance Corporation Act, 1956 and new section 19A in the Unit Trust of India Act, 1963, respectively. Both the sections seek to empower the Corporation or the Unit to impose conditions necessary to protect their interests and for ensuring that the accommodations granted by them are put to the best use by the concerns to which such accommodation had been granted. Further, they provide that where any arrangement is entered into by the Corporation or the Unit Trust with any assisted concern providing for the appointment by either of them, of one or more directors, the provisions of the Companies Act, 1956, or of any other law shall not apply to such director and that such director shall hold office during the pleasure of the Corporation or the Unit Trust, as the case may be, nominating him and shall not incur any liability for anything done or omitted to be done in good faith in the discharge of his duties as a director and shall not also be liable to retire by rotation. Since the role of the nominated directors is quite different from that of the elected directors, it is necessary to extent the aforesaid legal protections to the nominated directors so that they may function properly as directors of the assisted concerns.

The Committee note that provisions similar to these provisions already exist in the Industrial Development Bank of India Act, 1964, the Industrial Finance Corporation Act, 1948, and the State Financial Corporations Act, 1951, and as such there is no objection, in principle, to the insertion of the proposed new sections.

Accordingly, new section 6A has been inserted in the Life Insurance Corporation Act, 1956, and new section 19A has been inserted in the Unit Trust of India Act, 1963.

23. *New clause* 43.—The Committee on Subordinate Legislation of both 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. This clause has been inserted with a view to bring section 48 in line with the revised model clause approved by the above-mentioned Committees.

24. *Clause* 1 *and Enacting Formula.*—The amendments made are of a formal nature.

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

NEW DELHI;
July 25, 1975.
Sravana 3, 1897 (*Saka*).

B. N. QUREEL,
Chairman,
Joint Committee.

MINUTES OF DISSENT

I

The Public Financial Institutions Laws (Amendment) Bill 1973, as approved by the majority of the Joint Commitee, is a retrograde piece of legislation. The proposal to delink Industrial Development Bank of India, Unit Trust of India, Industrial Finance Corporation of India and State Financial Corporations from the Reserve Bank of India and to convert the Industrial Development Bank of India as an apex financial institution, separated from the Reserve Bank of India and functioning as a parallel institution under the administrative control of the Ministry of Finance, Department of Banking, will destroy the very foundations of the credit structure which has been built up during the last two decades.

The main objective of the Bill is to "restructure the Industrial Development Bank of India in certain respects, so as to enlarge its role as the principal financial institution financing industry and for co-ordinating the working of other financial institutions engaged in the financing or promotion or development of industry". It is our contention that the Bill, as amended and approved by the Joint Committee, will fail miserably in achieving the above objective. In fact, the contents of the Bill have very little relation to the actual provisions in the Bill. The statement of objectives, thus, remain as a statement of pious wishes, totally irrelevant to the actual provisions in the Bill. We are surprised to note that the Bill has been approved by the majority in the Committee, rejecting the very weighty and valuable arguments put forward by experts during the tendering of evidence before the Committee. The evidence before the Committee very clearly indicate that the Bill has been mis-conceived and should therefore be scrapped. The evidence further indicate that there is no valid economic or administrative reason for delinking the Industrial Development Bank of India from the Reserve Bank of India.

The re-constitution of the Industrial Development Bank of India, as proposed in the Bill, will not improve operational efficiency of the Industrial Development Bank of India; nor will it create better machinery for developmental financing better co-ordination of credit operation, etc. The Industrial Development Bank of India from its very inception in 1964 was expected to function as "The principal financial institution for co-ordinating the working of institutions engaged in financing, promoting or developing industry for assisting the development of such institutions". This characterisation of the functions of the Industrial Development Bank of India is nothing new. For, as stated by the then Finance Minister, the late Shri T. T. Krishnamachari, while moving the Industrial Development Bank of India Bill in 1964:—

> "We are envisaging the new Industrial Development Bank of India as the Central Co-ordinating agency which ultimately will be concerned directly or indirectly with all the problems and questions relating to the long and medium term financing of industry".

The organisational changes proposed in the Bill will introduce dichotomy in the credit structure, between long term lending and the short term finance. At present, coordination between long-term lending and short-term credit is attempted to be brought about by the unified control exercised by the Reserve Bank of India which is really the apex of all financial institutions, ensuring the desired integration in the credit structure.

It is generally accepted principle that, in a developing economy the Central Bank should perform not only the traditional role of banker to the bankers, but also perform the developmental and promotional role in the field of long-term lending. It is this principle which is being negatived by the present Bill.

The Reserve Bank of India has, during the last two decades, initiated steps in promoting both industrial and agricultural finance. The operations of the Reserve Bank are not without blemish. The point at issue, however, is that the decision to integrate short-term and long-term finance under the guidance of the Central Bank, that is, the Reserve Bank of India was a step in the right direction and consistent with the modern notion of Central banking in the context of a developing economy.

The protagonists of the present Bill seem to argue that, though the Reserve Bank of India performed a useful role in the promotion of industrial finance in the past, a stage has now come when industrial financing function should be separated from the Reserve Bank of India. This argument implies that developmental finance is not a core function of the Reserve Bank of India and that they were given the extra responsibilities for nursing a child which has now become adult. The analogy is that industrial finance should now be left free to grow as an independent entity. As pointed out earlier, this argument is a distorted one and negates the fundamental principle that there should be no dichotomy between short-term credit and long-term lending and that the Central Bank, particularly of a developing country, should play the crucial role of integration and co-ordinating both these areas of financing.

The Industrial Development Bank of India was set up in 1964 as a wholly owned subsidiary of the Reserve Bank of India. The Industrial Development Bank of India was to function as the apex of an integrated structure of industrial finance and to provide resources for industrial projects of large size which could not be caterred to by the then existing agencies and institutions. Apart from extending medium and long-term finance in the form of direct deployment of funds to industrial units, the Industrial Development Bank of India was also to give re-finance facilities to the commercial banks and State Financial Corporations.

It is important to note that a number of institutions were set up during the last two decades in India for meeting the requirements of short-term credit for trade and commerce, medium and long-term investment finance for industry, as well as short, medium and long-term finance for agricultural operations. In the creation of these specialised institutions and in guiding them, the Reserve Bank of India has played a vital role. The direct and indirect control, assistance and guidance of the Reserve Bank has been helpful in ensuring a certain degree of co-ordination and integration of the functions of these specialised institutions.

Even after the present Bill is passed, agricultural finance will continue to remain with the Reserve Bank. Thus, under the new dispansation, the Reserve Bank of India will continue to perform the developmental function in the field of agricultural finance, but will have very little role in the field of industrial finance. This will surely be disastrous to a proper development of the credit infra-structure in the country, apart from the fact that it implies an asymetry which is irrational and illogical.

The present Bill will introduce a situation where the benefit of professional management under the control and guidance of the Reserve Bank of India will be denied to the IDBI. This will also be contrary to the intention of the farmers of the original IDBI Bill in 1964. To quote the Finance Minister who moved the Bill in the Rajya Sabha in 1964:—

> "In view of its close association with the Central Bank of the country, the IDBI will be able to draw on the knowledge and experience of that Bank and to obtain in its dey-to-day operations, such guidance and assistance as may be necessary".

The IDBI was constituted as a subsidiary of the Reserve Bank of India in consonance with the widely accepted principle that the Central Bank of a developing country should assume special responsibility for the promotion of a sound investbent banking structure. Explaining the rationale for making IDIBI a fully owned subsidiary of the Reserve Bank of India, the then Finance Minister, the late Shri T. T. Krishnamachari stated in the Lok Sabha thus:—

> "The House will appreciate that the responsibilities which are proposed to be entrusted to the institution will be onerous and heavy. It is, in a sense, a lender of the last resort for all periods other than purely short-term periods, and for all or practically all purposes, as far as industrial enterprises are concerned. We have considered it desirable in those circumstances, to provide for the ownership and management of the new institution being vested in the Reserve Bank of India".

Apart from the above theorotical and fundamental considerations there are several practical advantages in continuing the present arrangement, that is, the IDBI continuing as a fully-owned subsidiary of the Reserve Bank. Mention has already been made to the availability of the fund of professional management and financial expertise which the Reserve Bank possesses and which will flow to the IDBI as a matter of course. Another distinct advantage arises from the financial dependence of the IDBI on the Reserve Bank. To quote the Annual Report of IDBI for the year 1971-72:—

> "As a result of the discontinuance by the Government of the flow of funds to the IDBI since 1969-70, the main sources of funds for the IDBI in the last three years have been (i) repayment of instalments by borrowers, (ii) borrowings from the Reserve Bank of India out of the National Industrial Credit (Long-term Operations). Fund and increase in paid-up capital, which is wholly contributed by that Bank. Borrowings from the LTO Fund have been on an increasing scale during the last three years".

Against these distinct advantages the new Bill gives the definite impression of a futile institutional change. By delinking the IDBI from the Reserve Bank, neither the volume of credit to industry will increase nor will the cost of credit decrease. Thus, there is no economic rationale for the Bill.

The evidence given before the Joint Committee show that certain large industrial houses such as Tatas and Modis had taken interest in the proposal for delinking of IDBI from the Reserve Bank of India, and that Shri Palkhivala had also suggested such a proposal.

The implication is very clear. Some of the monopoly houses feel that the "relative" independence of the Reserve Bank of India, and therefore of the IDBI, is an impediment in the free flow of financial resources to the cofers of these monopoly houses. Not that these house have not benefited from the existing dispensation. Their expectations are that once the IDBI is delinked from the Reserve Bank of India, their ability to corner public funds to bolster their private profits and assets will be enhanced considerably.

It is logical to conclude that once the "relative" independence of the Reserve Bank of India in directing long-term developmental finance through the IDBI mechanism is taken away and powers handed over to a holding company under the direct control of the Banking Department of the Government of India, it will further strengthen the stranglehold of the monopoly companies on developmental finance in particular and on the economy in general. Delinking of IDBI from the Reserve Bank of India will further encourage the disastrous tendencies of monopoly growth in the country and result is the misuse of resources for non-priority sectors.

In conclusion, it can be asserted that, while the Bill has no economic or administrative rationale behind it, it will have disastrous consequences to the Indian economy arising from the dichotomy between short-term credit and long-term finance, and the definite possibility of higher and easy control by monopoly houses on credit availability. The only logical inference we are able to draw from this otherwise irrational and hasty measure is that the higher officials of the Ministry of Finance, Department of Banking, and the economic power groups are interested in expanding their realm of financial management and control irrespective of the accepted principles of credit policy and planning and economic rationale.

We totally oppose the Bill and reject the conclusions of the Joint Committee. In our opinion, the Bill should be withdrawn.

NEW DELHI;
July 22, 1975.

K. MATHEW KURIAN,
DINEN BHATTACHARYA,

II

This Bill, in our opinion, being limited to the question of certain structural changes only in the relationship between the Industrial Development Bank of India and the Reserve Bank of India, begs the main question *viz.* the credit policies of the public financial institutions *vis-a-vis* various sectors of industry and areas of industrial development. The

Bill does not at all venture into any reformulations or redefinitions of Government's gasic policies in the matters of financing, promoting and developing industries. To that extent, the Bill is quite inadequate and will have little or no impact on the actual credit map as it has emerged over the years.

Evidence cited before the Joint Committee, more than amply confirmed that the dominant bias in the credit outlook of these financial institutions continues to be in favour, of the big, business houses. Thus, the 5 institutions (IDBI, IFCI, LIC, UTI, and ICICI) have between them sanctioned loans of over Re. 1 crore each to 253 private companies. The total of such loans amounted to no less than Rs. 837.42 crores on the 31st December, 1974, out of the 253 companies concerned, 80 received loans of more than Rs. 3 crores each. The bulk of the beneficiaries are undertakings attached to one or other of the monopoly houses.

Further, these 5 financial institutions are holding more than 25 per cent of the paid-up capital in each of 129 companies, representing a total investment of Rs. 76.83 crores as on the 31st December, 1974. Equity of the value of Rs. 25 lakhs and over is held by these institutions in each of 70 companies of the monopoly sector. Even a giant like Tata Iron Steel Company has 39 per cent of its equity shares held in this way.

It is this pro-monopoly bias in the credit fall-out from the public financial institutions which calls for review and assessment in the light of the declared national objectives and priorities, and for suitable correction through legislation. In our opinion, the small-scale co-operative, agricultural, marketing and similar sectors are being neglected by the public financial institutions, but all these matters do not come within the purview of the Bill at all.

We had pressed for inclusion of two elected representatives of the workmen employees of the restructured Industrial Development Bank of India to be included as Directors. Ultimately, it has been accepted that there should be one such, but the manner of his nomination/selection has been left to be prescribed. We consider this to be unsatisfactory. There is no reason why elected representatives of the employees should not be on the Directors' Board, as in the case of the nationalised banks, so that they can effectively contribute to the better functioning of the Industrial Development Bank of India in keeping with national priorities.

In the end, we would like to stress that the functioning of the institutions such as Industrial Development Bank of India in the interests of the national economy and for the promotion of truely national-building economic and social objectives cannot be satisfactorily ensured without certain radical structural changes in the industrial sector.

INDRAJIT GUPTA
BHUPESH GUPTA

NEW DELHI;
July 22, 1975.

Bill No. 108-B of 1973

THE PUBLIC FINANCIAL INSTITUTIONS LAWS (AMENDMENT) BILL, 1973

(AS REPORTED BY THE JOINT COMMITTEE)

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

A

BILL

further to amend the Industrial Development Bank of India Act, 1964, *the Reserve Bank of India Act,* 1934, *the Industrial Finance Corporation Act,* 1948, *the State Financial Corporations Act,* 1951, *the Life Insurance Corporation Act,* 1956 *and the Unit Trust of India Act,* 1963.

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

CHAPTER I

PRELIMINARY

Short title and commencement.

1. (*1*) This Act may be called the Public Financial Institutions Laws (Amendment) Act, 1975.

(2) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint, and different dates may be appointed for different provisions of this Act; and references in any provision to the commencement of this Act shall be construed as references to the commencement of that provision.

CHAPTER II

AMENDMENTS TO THE INDUSTRIAL DEVELOPMENT BANK OF INDIA ACT, 1964

18 of 1964.

Amendment of the long title.

2. In the Industrial Development Bank of India Act, 1964 (hereinafter in this Chapter referred to as the Development Bank Act), in the long title, after the words "Industrial Development Bank of India", the words "as the principal financial institution for co-ordinating, in conformity with national priorities, the working of institutions engaged in financing, pro-

moting or developing industry, for assisting the development of such institutions" shall be inserted.

Amendment of section 2.

3. In section 2 of the Development Bank Act,—

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

'(*c*) "industrial concern" means any concern engaged or to be engaged in,—

(*i*) the manufacture, preservation or processing of goods;

(*ii*) shipping;

(*iii*) mining;

(*iv*) the hotel industry;

(*v*) the transport of passengers or goods by road or by water or by air;

(*vi*) the generation or distribution of electricity or any other form of power;

(*vii*) the maintenance, repair, testing or servicing of machinery of any description or vehicles or vessels or motor boats or trailers or tractors;

(*viii*) assembling, repairing or packing any article with the aid of machinery or power;

(*ix*) the development of any contiguous area of land as an industrial estate;

(*x*) fishing or providing shore facilities for fishing or maintenance thereof;

(*xi*) providing special or technical knowledge or other services for the promotion of industrial growth; or

(*xii*) the research and development of any process or product in relation to any of the matters aforesaid.

Explanation.—The expression "processing of goods" includes any art or process for producing, preparing or making an article by subjecting any material to a manual, mechanical, chemical, electrical or any other like operation.';

(*b*) after clause (*d*), the following clause shall be inserted, namely:—

'(*da*) "nationalised bank" means a corresponding new bank specified in the First Schedule to the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970;'; 5 of 1970.

(*c*) after clause (*g*), the following clauses shall be inserted, namely:—

'(*ga*) "State Bank" means the State Bank of India constituted under the State Bank of India Act, 1955; 23 of 1955.

(*gb*) "subsidiary bank" has the meaning assigned to it in the State Bank of India (Subsidiary Banks) Act, 1959;'; 38 of 1959.

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

'(*j*) "Unit Trust" means the Unit Trust of India established under section 3 of the Unit Trust of India Act, 1963.'.

52 of 1963.

Amendment of section 3.

4. In section 3 of the Development Bank Act, in sub-section (*3*), for the words "Reserve Bank", the words "Central Government" shall be substituted.

Substitution of new sections for section 4.

5. In the Development Bank Act, for section 4, the following sections shall be substituted, namely:—

Authorised capital.

'4. The authorised capital of the Development Bank shall be one hundred crores of rupees:

Provided that the Central Government may, by notification in the Official Gazette, increase the said capital up to two hundred crores of rupees.

Transfer of capital to Central Government.

4A.(*1*) The issued capital of the Development Bank which has been subscribed by the Reserve Bank as on the date immediately preceding the commencement of section 5 of the Public Financial Institutions Laws (Amendment) Act, 1975 (hereinafter referred to as the "appointed day"), shall, on such commencement, stand transferred to, and vested in, the Central Government.

(*2*) Any further issue of capital made by the Development Bank after the appointed day shall be wholly subscribed by the Central Government.

Payment of amount

4B. The Reserve Bank shall be given by the Central Government, in cash, for the transfer to, and vesting in, the Central Government of the issued capital of the Development Bank which has been subscribed by the Reserve Bank, an amount equal to the face value of the said subscribed capital.'.

Amendment of section 5.

6. In section 5 of the Development Bank Act,—

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

"(*2*) Save as otherwise provided in regulations made under this Act,—

(*a*) the chairman, if he is a whole-time director or if he is holding offices both as the chairman and the managing director, or

(*b*) the managing director, if the chairman is not a whole-time director, or if the chairman being a whole-time director, is absent,

shall also have powers of general superintendence, direction and management of the affairs and business of the Development Bank and may also exercise all powers and do all acts and things which may be exercised or done by the Development Bank.";

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

"(*4*) In the discharge of its functions under this Act, the Development Bank shall be guided by such directions in matters

of policy involving public interest as the Central Government may give to it in writing.".

Substitution of new section for section 6.

7. For section 6 of the Development Bank Act, the following section shall be substituted, namely:—

Constitution of Board.

"6. (*1*) The Board shall consist of the following, namely:—

(*a*) a chairman and a managing director appointed by the Central Government:

Provided that the same person may be appointed to function both as chairman and as managing director;

(*b*) a Deputy Governor of the Reserve Bank nominated by that Bank;

(*c*) not more than twenty directors nominated by the Central Government of whom—

(*i*) two directors shall be officials of the Central Government;

(*ii*) not more than five directors shall be from financial institutions;

(*iii*) two directors shall be from amongst the employees of the Development Bank and the financial institutions, and of such directors, one shall be from amongst the officer employees and the other from amongst the workmen employees, selected in such manner as may be prescribed;

(*iv*) not more than six directors shall be from the State Bank, the nationalised banks and the State Financial Corporations;

(*v*) not less than five directors shall be persons who have special knowledge of, and professional experience in, science, technology, economics, industry, industrial co-operatives, law, industrial finance, investment, accountancy, marketing or any other matter, the special knowledge of, and professional experience in, which would, in the opinion of the Central Government, be useful to the Development Bank.

(*2*) The chairman and the managing director shall hold office for such term not exceeding five years as the Central Government may specify in this behalf and any person so appointed shall be eligible for re-appointment.

(*3*) The chairman and the managing director shall receive such salary and allowances as may be determined by the Central Government.

(*4*) A nominated director shall hold office during the pleasure of the authority nominating him.

(*5*) The Board shall meet at such times and places and shall observe such rules of procedure in regard to the transaction of business at its meetings as may be prescribed.

(*6*) The chairman or, if for any reason he is unable to attend a meeting of the Board, the managing director or, in the event of both

the chairman and the managing director being unable to attend a meeting, any other director nominated by the chairman in this behalf and in the absence of such nomination any director elected by the directors present from among themselves, shall preside at the meeting.

(7) All questions which come up before any meeting of the Board shall be decided by a majority of votes of the directors present and voting, and in the event of an equality of votes, the chairman, or in his absence, the managing director, or in the absence of both the chairman and the managing director, the person presiding, shall have a second or casting vote.

(8) Save as provided in sub-section (7), every director of the Board shall have one vote.".

Insertion of new section 6A.

8. In the Development Bank Act, after section 6, the following section shall be inserted, namely:—

Financial institution.

"6A. Each of the institutions specified in this section, and no other institution, shall be regarded, for the purposes of this Chapter, as a financial institution, namely:—

(*i*) the Industrial Credit and Investment Corporation of India Limited, formed and registered under the Indian Companies Act, 1913;

7 of 1913.

(*ii*) the Industrial Finance Corporation of India, established under section 3 of the Industrial Finance Corporation Act, 1948;

15 of 1948.

(*iii*) the Industrial Reconstruction Corporation of India Limited, formed and registered under the Companies Act, 1956;

1 of 1956.

(*iv*) the Life Insurance Corporation of India, established under section 3 of the Life Insurance Corporation Act, 1956;

31 of 1956.

(*v*) the Unit Trust; and

(*vi*) such other institution as the Central Government may, by notification in the Official Gazette, specify in this behalf.".

Amendment of section 7.

9. In section 7 of the Development Bank Act, for sub-section (*1*), the following sub-section shall be substituted, namely:—

"(*1*) The Board shall constitute an Executive Committee consisting of—

(*a*) the chairman;

(*b*) the managing director;

(*c*) the director nominated by the Reserve Bank under clause (*b*) of sub-section (*1*) of section 6;

(*d*) eight of the directors nominated by the Central Government of whom—

(*i*) two shall be directors nominated under sub-clause (*i*) of clause (*c*) of sub-section (*1*) of section 6; and

(*ii*) six shall be directors nominated under sub-clause (*ii*) or sub-clause (*v*) of clause (*c*) of sub-section (*1*) of section 6.".

Amendment of section 8.

10. In section 8 of the Development Bank Act, for the proviso, the following proviso shall be substituted, namely:—

"Provided that no fees shall be payable to the chairman, if he is appointed whole-time, or to the managing director or to any other director or member who is an official of the Government, or to a Deputy Governor of the Reserve Bank or to any official of the Development Bank.".

Amendment of section 9.

11. In section 9 of the Development Bank Act, in sub-section (*1*),—

(*a*) for the words "The Development Bank may", the words "The Development Bank shall function as the principal financial institution for co-ordinating the working of institutions engaged in financing, promoting or developing industry and for assisting the development of such institutions in such manner as it may deem appropriate and may" shall be substituted;

(*b*) in clause (*a*), the brackets and words "(including concerns engaged or to be engaged in the development of any contiguous area of land as an industrial estate)", wherever they occur, shall be omitted;

(*c*) in clause (*ka*), in sub-clause (*ii*), for the words "on the recommendation of", the words "in consultation with" shall be substituted;

(*d*) in clause (*m*), the words ", on the recommendation of the Reserve Bank," shall be omitted.

Amendment of section 16.

12. In section 16 of the Development Bank Act, after sub-section (*1*), the following sub-section shall be inserted, namely:—

"(*1A*) Where the Development Bank considers it necessary or desirable so to do, it may, subject to the provisions of sub-sections (*2*) and (*3*), disburse or spend from the Development Assistance Fund any amount for one or more of the purposes specified in clause (*l*) or clause (*m*) of sub-section (*1*) of section 9.".

Amendment of section 18.

13. In section 18 of the Development Bank Act,—

(*a*) in sub-section (*3*), for the words "Reserve Bank", the words "Central Government" shall be substituted;

(*b*) in sub-section (*5*),—

(*i*) the words "and the Reserve Bank" shall be omitted;

(*ii*) for the words "the Development Bank shall cause to be published in the Official Gazette copies of the said balance-sheet, accounts and reports", the words "the Central Government shall, as soon as may be after they are received by it, cause the same to be laid before each House of Parliament" shall be substituted.

14. In section 22 of the Development Bank Act, in sub-section (*2*), for the words "Reserve Bank", the words "Central Government" shall be substituted. Amendment of section 22.

15. In section 23 of the Development Bank Act,— Amendment of section 23.

(*a*) for the words "Reserve Bank", wherever they occur, the words "Central Government" shall be substituted;

(*b*) in sub-section (*5*), for the words "the Development Bank shall cause to be published in the Official Gazette copies of the said balance-sheet, accounts and reports", the words "the Central Government shall, as soon as may be after they are received by it, cause the same to be laid before each House of Parliament" shall be substituted.

16. In section 26 of the Development Bank Act, after sub-section (*2*), the following sub-sections shall be inserted, namely:— Amendment of section 26.

"(*3*) Every member of the staff—

(*a*) whose services are being, immediately before the appointed day, utilised by the Development Bank under sub-section (*2*), or

(*b*) whose services, having been made available to the Development Bank, stand immediately before the appointed day, deputed by that Bank to any other organisation,

shall, on and from the appointed day, be deemed to be appointed by the Development Bank under sub-section (*1*) on the same salary, emoluments and other terms and conditions of service to which he was entitled immediately before the appointed day:

Provided that every member of the staff aforesaid other than those recruited specifically for utilisation in the Development Bank, may, before the expiry of a period of eighteen months from the appointed day, elect to go back to the Reserve Bank by exercising an option in writing to that effect, the option once exercised being final, and on the exercise of such option, the Reserve Bank shall, before the expiration of a period of thirty months from the appointed day, take back such member of the staff and on such member being taken back by the Reserve Bank, he shall become a member of the staff of the Reserve Bank and shall cease to be a member of the staff of the Development Bank.

(*4*) If on the appointed day or at any time thereafter any of the functions of the Reserve Bank is transferred to the Development Bank, it shall be lawful for the Development Bank to appoint, with the previous approval of the Reserve Bank, such of the members of the staff of the Reserve Bank whose services were, immediately before the transfer aforesaid, being utilised by the Reserve Bank in connection with any of the said functions, and every member of the staff so appointed shall be released by the Reserve Bank and be deemed to be appointed by the Development Bank under sub-section (*1*) on the same salary, emoluments and other terms and conditions of service to which he was entitled immediately before the date of his appointment:

Provided that every member of the staff aforesaid may, before the expiry of a period of eighteen months from the appointed day, elect to go back to the Reserve Bank by exercising an option in writing to that effect, the option once exercised being final and on the exercise of such option, the Reserve Bank shall, before the expiration of a period of thirty months from the appointed day, take back such member of the staff and on such member being taken back by the Reserve Bank he shall become a member of the staff of the Reserve Bank and shall cease to be a member of the staff of the Development Bank.

(5) Notwithstanding anything contained elsewhere in this Act or in any other law or in any contract, for the time being in force, for a temporary period, not being a period exceeding eighteen months from the appointed day or the date notified under section 4A of the Unit Trust of India Act, 1963, whichever is earlier, if the Reserve Bank in consultation with the Development Bank or the Unit Trust considers it necessary, in the interest of any of the said institutions to promote any member of the staff of any of the said institutions to a post in either of the other two institutions, it shall be lawful, for the Reserve Bank to transfer on promotion any such member of staff to that other institution and on such transfer each such member of the staff shall be deemed to be a member of the staff of the other institution to which he is so transferred and shall be entitled to the same salary, emoluments and other conditions of service to which he was entitled immediately before the date of such transfer, including benefits, if any, arising directly out of such promotion: 52 of 1963.

Provided that every member of the staff aforesaid may, before the expiry of a period of eighteen months from the appointed day or the date notified under section 4A of the Unit Trust of India Act, 1963, whichever is earlier, elect to go back to the institution from which he was so transferred by exercising an option in writing to that effect, the option once exercised being final, and on the exercise of such option, that institution shall, before the expiration of a period of thirty months from the appointed day or the date notified under section 4A of the Unit Trust of India Act, 1963, whichever is earlier, take back such member of the staff and on such member being taken back by that institution, he shall become a member of its staff and shall cease to be a member of the staff of the institution to which he was earlier transferred. 52 of 1963.

(6) Notwithstanding anything contained in any other law or in any agreement, for the time being in force, no member of the staff shall be entitled to claim any compensation for, or in relation to any matter concerning, his transfer, appointment, or as the case may be, return, under sub-sections (3) to (5) and no claim in respect thereof shall be entertained by any court, tribunal or other authority.".

Amendment of section 29.

17. In section 29 of the Development Bank Act, after sub-section (*1*), the following sub-section shall be inserted, namely:—

'(*1A*) The Development Bank may, for the purpose of the efficient discharge of its functions under this Act, collect from or furnish to the Central Government, the State Bank, any subsidiary bank, nationalised bank or other scheduled bank, State Co-operative

Bank, State Financial Corporation or such other financial institution, as may be notified by the Central Government in this behalf, credit information or other information as it may consider useful for the purpose, in such manner and at such times, as it may think fit.

Explanation.—For the purpose of this sub-section, the expression "credit information" shall have the same meaning as in clause (*c*) of section 45A of the Reserve Bank of India Act, 1934, subject to the modification that "banking company" referred to therein shall mean the State Bank, any subsidiary bank, nationalised bank or other scheduled bank, State Co-operative Bank, State Financial Corporation or other financial institution as aforesaid.'.

2 of 1934.

18. In section 37 of the Development Bank Act,— Amendment of section 37.

(*a*) in sub-section (*1*), for the words "Reserve Bank", the words "Central Government" shall be substituted;

(*b*) in sub-section (*2*), in clause (*b*), the words "constitution and" shall be omitted.

19. After section 38 of the Development Bank Act, the following section shall be inserted, namely:— Insertion of new section 39.

"39. If any difficulty arises in giving effect to the provisions of this Act, as amended by the Public Financial Institutions Laws (Amendment) Act, 1975, the Central Government may, by order, do anything, not inconsistent with such provisions, for the purpose of removing the difficulty: Power to remove difficulty.

Provided that no such order shall be made after the expiration of three years from the date of commencement of the said Amendment Act.".

CHAPTER III

Amendment to the Reserve Bank of India Act, 1934

2 of 1934.

20. In the Reserve Bank of India Act, 1934, in section 54AA, for sub-section (*1*), the following sub-section shall be substituted, namely:— Amendment of section 54AA.

"(*1*) The Bank may, notwithstanding anything contained in any law, or in any agreement, for the time being in force, depute any member of its staff for such period as it may think fit,—

(*a*) to any institution which is wholly or substantially owned by the Bank;

(*b*) to the Development Bank, so, however, that no such deputation shall continue after the expiration of thirty months from the commencement of section 5 of the Public Financial Institutions Laws (Amendment) Act, 1975;

(*c*) to the Unit Trust, so, however, that no such deputation shall continue after the expiration of thirty months from the date notified by the Central Government under sub-section (*1*) of section 4A of the Unit Trust of India Act, 1963,

52 of 1963.

and thereupon the person so deputed shall, during the period of his deputation, render such service to the institution to which he is so deputed as that institution may require.".

CHAPTER IV

Extension of the Industrial Finance Corporation Act, 1948 to Kohima and Mokokchung Districts

Extension of Act 15 of 1948 to Kohima and Mokokchung districts in Nagaland.

21. The Industrial Finance Corporation Act, 1948, shall, as from the commencement of the Public Financial Institutions Laws (Amendment) Act, 1975, extend to the Kohima and Mokokchung districts in the State of Nagaland and shall come into force therein on such date as the Central Government may, by notification in the Official Gazette, appoint.

CHAPTER V

Amendment to the Industrial Finance Corporation Act, 1948

Amendment of section 10A.

22. In section 10A of the Industrial Finance Corporation Act, 1948 (hereinafter in this Chapter referred to as the Industrial Finance Corporation Act), in sub-section (2), for the words "three years", the words "four years" shall be substituted. 15 of 1948.

Amendment of section 42.

23. In section 42 of the Industrial Finance Corporation Act,—

(*i*) in sub-section (*1*), for "The Central Government may, in consultation with the Development Bank", substitute "the Central Government may, in consultation with the Development Bank and by notification in the Official Gazette,";

(*ii*) in sub-section (*2*), for "two successive sessions, and, if, before the expiry of the session in which it is so laid or the session immediately following," substitute "two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid".

CHAPTER VI

Amendments to the State Financial Corporations Act, 1951

Amendment of section 3A.

24. In the State Financial Corporations Act, 1951 (hereinafter in this Chapter referred to as the State Financial Corporations Act), in sub-section (*1*) of section 3A, for the words "Reserve Bank", the words "Development Bank" shall be substituted. 63 of 1951.

Amendment of section 4.

25. In section 4 of the State Financial Corporations Act, in sub-section (*1*), for the words "five crores", the words "ten crores" shall be substituted.

Amendment of section 4A.

26. In section 4A of the State Financial Corporations Act,—

(*a*) for sub-section (*1*), the following sub-section shall be substituted, namely:—

"(*1*) The State Government may, in consultation with the Development Bank, specify from time to time such part of the unissued capital of the Financial Corporation as shall be allocated for the issue of a special class of shares.";

(*b*) in sub-sections (*2*) and (*3*), for the words "Reserve Bank", wherever they occur, the words "Development Bank" shall be substituted.

27. After section 4A of the State Financial Corporations Act, the following sections shall be inserted, namely:— Insertion of new sections 4B and 4C.

"4B. On such date as the Central Government may, by notification in the Official Gazette, specify (hereinafter referred to as the specified date), all the shares of every Financial Corporation subscribed by the Reserve Bank as on the date immediately preceding the specified date, shall, stand transferred to, and vested in, the Development Bank. Transfer of share capital to Development Bank.

4C. The Reserve Bank shall be given by the Development Bank, in cash, for the transfer to, and vesting in, the Development Bank of the shares of every Financial Corporation which have been subscribed by the Reserve Bank, an amount equal to the face value of the shares of the Financial Corporation so subscribed.". Payment of amount.

28. In section 5 of the State Financial Corporations Act, after the words "the Reserve Bank", the words "the Development Bank" shall be inserted. Amendment of section 5.

29. In section 7 of the State Financial Corporations Act,— Amendment of section 7.

(*a*) in sub-section (*1*), after the words "in consultation with", the words "the Development Bank and" shall be inserted;

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

"(*2A*) No money shall be borrowed by the Financial Corporation from the Reserve Bank under sub-section (*2*), except with the previous approval of the Development Bank.";

(*c*) in sub-section (*3*), after the words "in consultation with", the words "the Development Bank and" shall be inserted;

(*d*) in sub-section (*4*), for the words "Reserve Bank", the words "Development Bank" shall be substituted.

30. In section 8 of the State Financial Corporations Act, in sub-section (*1*), for the words "the State Government and the Reserve Bank", the words "the State Government, the Development Bank and the Reserve Bank" shall be substituted. Amendment of section 8.

31. In section 10 of the State Financial Corporations Act,— Amendment of section 10.

(*a*) in clause (*a*),—

(*i*) for the word "three", the word "four" shall be substituted;

(*ii*) after the words "by the State Government", the words "of whom one director shall be a person who has special knowledge of or experience in small-scale industries" shall be inserted;

(*iii*) after the proviso, the following further proviso shall be inserted, namely:—

"Provided further that in the case of a Joint Financial Corporation, the director, who shall have special knowledge of, or experience in, small-scale industries, shall be nominated by that participating State which, according to the terms of agreement between the participating States, is entitled to make such nomination.";

(*b*) in clause (*c*), for the words "one director", the words "two directors" shall be substituted;

(*c*) in clause (*f*), for the words "Reserve Bank", the words "Development Bank" shall be substituted.

Amendment of section 17.

32. In section 17 of the State Financial Corporations Act, in sub-section (*1*), in the proviso to clause (*a*), after the words "State Government", the words "or the Development Bank" shall be inserted.

Amendment of section 18.

33. In section 18 of the State Financial Corporations Act, in sub-section (*1*), in clause (*a*),—

(*a*) for the words "two directors elected by the nominated directors, one from among the directors nominated by the State Government, and one", the words "four directors elected by the nominated directors, of whom two shall be from among the directors nominated by the State Government and two" shall be substituted;

(*b*) in the proviso, for the words "one director elected", the words "two directors elected" shall be substituted.

Amendment of section 23.

34. In section 23 of the State Financial Corporations Act, in the proviso, for the words "Reserve Bank", the words "Development Bank" shall be substituted.

Amendment of section 25.

35. In section 25 of the State Financial Corporations Act, in sub-section (*1*), in clause (*f*), and in sub-section (*3*), for the words "Reserve Bank", wherever they occur, the words "Development Bank" shall be substituted.

Amendment of section 35A.

36. In section 35A of the State Financial Corporations Act, in sub-section (*1*), after the proviso, the following further proviso shall be inserted, namely:—

'Provided further that after the specified date this sub-section shall have effect as if for the words "the State Government, the Reserve Bank and the Development Bank", the words "the State Government and the Development Bank" have been substituted except as regards all dividends accruing in respect of any completed accounting period prior to the specified date.'.

Amendment of sections 37A, 39, 46A and 48.

37. In the State Financial Corporations Act, in sections 37A, 39, 46A and 48, for the words "Reserve Bank", wherever they occur, the words "Development Bank" shall be substituted.

38. In the State Financial Corporations Act, in section 38,— Amendment of section 38.

(*a*) for the words "to the State Government and to the Reserve Bank", wherever they occur, the words "to the State Government, the Development Bank and the Reserve Bank" shall be substituted;

(*b*) in sub-section (*2*) as so amended, for the words "the State Government or the Reserve Bank", the words "the State Government or the Development Bank or the Reserve Bank" shall be substituted.

39. After section 48 of the State Financial Corporations Act, the following section shall be inserted, namely:— Insertion of new section 49.

"49. If any difficulty arises in giving effect to the provisions of this Act, as amended by the Public Financial Institutions Laws (Amendment) Act, 1975, the Central Government may, by order, do anything, not inconsistent with such provisions, for the purpose of removing the difficulty: Power to remove difficulty.

Provided that no such order shall be made after the expiration of three years from the commencement of the said Amendment Act.".

CHAPTER VII

Amendments to the Life Insurance Corporation Act, 1956

31 of 1956.

40. In the Life Insurance Corporation Act, 1956 (hereinafter referred to as the Life Insurance Act), in section 4, in sub-section (*1*), for the word "fifteen", the word "sixteen" shall be substituted. Amendment of section 4.

41. After section 6 of the Life Insurance Act, the following section shall be inserted, namely:— Insertion of new section 6A.

"6A. (*1*) In entering into any arrangement, under section 6, with any concern, the Corporation may impose such conditions as it may think necessary or expedient for protecting the interest of the Corporation and for securing that the accommodation granted by it is put to the best use by the concern. Power to impose conditions, etc.

(*2*) Where any arrangement entered into by the Corporation under section 6 with any concern provides for the appointment by the Corporation of one or more directors of such concern, such provision and any appointment of directors made in pursuance thereof shall be valid and effective notwithstanding anything to the contrary contained in the Companies Act, 1956, or in any other law for the time being in force or in the memorandum, articles of association or any other instrument relating to the concern, and any provision regarding share qualification, age limit, number of director-ships, removal from office of directors and such like conditions contained in any such law or instrument aforesaid, shall not apply to any director appointed by the Corporation in pursuance of the arrangement as aforesaid.

1 of 1956.

(*3*) Any director appointed as aforesaid shall—

(*a*) hold office during the pleasure of the Corporation and may be removed or substituted by any person by order in writing by the Corporation;

(*b*) not incur any obligation or liability by reason only of his being a director or for anything done or omitted to be done in good faith in the discharge of his duties as a director or anything in relation thereto;

(*c*) not be liable to retirement by rotation and shall not be taken into account for computing the number of directors liable to such retirement.".

Amendment of section 19.

42. In section 19 of the Life Insurance Act, in sub-section (*2*), for the words "seven members of whom not less than three", the words "eight members of whom not less than four" shall be substituted.

Amendment of section 48.

43. In section 48 of the Life Insurance Act, for sub-section (*3*), the following sub-section shall be substituted, namely:—

'(*3*) Every rule made by the Central Government under this Act 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.'.

CHAPTER VIII

AMENDMENTS TO THE UNIT TRUST OF INDIA ACT, 1963

Amendment of section 2.

44. In section 2 of the Unit Trust of India Act, 1963 (hereinafter referred to as the Unit Trust Act), clause (*cc*) shall be re-lettered as clause (*cb*) and before clause (*cb*) as so re-lettered, the following clause shall be inserted, namely:— 52 of 1963.

'(*ca*) "Development Bank" means the Industrial Development Bank of India established under the Industrial Development Bank of India Act, 1964;'. 18 of 1964.

Amendment of section 3.

45. In section 3 of the Unit Trust Act, in sub-section (*2*), for the words "Reserve Bank", the words "Development Bank" shall be substituted.

Insertion of new sections 4A and 4B.

Transfer of initial capital to Development Bank.

46. After section 4 of the Unit Trust Act, the following sections shall be inserted, namely:—

"4A. On such date as the Central Government may, by notification in the Official Gazette, appoint (hereinafter referred to as the notified date), all the contributions made by the Reserve Bank to the initial capital of the Trust, as on the date immediately preceding the notified date, shall, stand transferred to, and vested in, the Development Bank.

4B. The Reserve Bank shall be given by the Development Bank, in cash, for the transfer to, and vesting in, the Development Bank of the contributions made to the initial capital of the Trust by the Reserve Bank, an amount equal to the contributions to the initial capital so transferred.". Payment of amount.

47. In section 10 of the Unit Trust Act,— Amendment of section 10.

(*a*) in clause (*a*), for the words "Reserve Bank", the words "Central Government in consultation with the Development Bank" shall be substituted;

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

"(*aa*) one trustee to be nominated by the Reserve Bank;";

(*c*) in clauses (*b*) and (*f*), for the words "Reserve Bank" wherever they occur, the words "Development Bank" shall be substituted.

48. After section 10 of the Unit Trust Act, the following section shall be inserted, namely:— Insertion of new section 10A.

"10A. Every person holding office, immediately before the notified date, as Chairman under clause (*a*) of section 10 or as trustee, not being an officer of the Reserve Bank, nominated under clause (*b*) of that section or as executive trustee appointed under clause (*f*) thereof shall, notwithstanding the amendment of this Act by the Public Financial Institutions Laws (Amendment) Act, 1975, continue, subject to the same conditions, to hold office for the unexpired portion of his term.". Transitional provision for continuance of Chairman and certain trustees of the Board.

49. In section 11 of the Unit Trust Act, in sub-sections (*1*) and (*2*), after the words "Reserve Bank" wherever they occur, the words "or the Development Bank" shall be inserted and in sub-section (*1*) as so amended, before the words, brackets and letter "under clause (*b*)", the words, brackets and letters "under clause (*aa*) or" shall be inserted. Amendment of section 11.

50. In section 12 of the Unit Trust Act, in clause (*d*), for the words "Reserve Bank", the words "Development Bank" shall be substituted. Amendment of section 12.

51. In section 13 of the Unit Trust Act, after the words "of the Reserve Bank" at the two places where they occur, the words "or of the Development Bank" shall be inserted. Amendment of section 13.

52. In the Unit Trust Act, in sections 14, 15, 18, 25, 27, 30, 41 and sub-section (*1*) of section 43, for the words "Reserve Bank" wherever they occur, the words "Development Bank" shall be substituted. Amendment of sections 14, 15, 18, 25, 27, 30, 41 and 43.

Insertion of new section 19A.

53. After section 19 of the Unit Trust Act, the following section shall be inserted, namely:—

Power to impose conditions, etc.

"19A. (*1*) In entering into any arrangement, under section 19, with any concern, the Trust may impose such conditions as it may think necessary or expedient for protecting the interest of the Trust and for securing that the accommodation granted by it is put to the best use by the industrial concern.

(*2*) Where any arrangement entered into by the Trust under section 19 with any concern provides for the appointment by the Trust of one or more directors of such concern, such provision and any appointment of directors made in pursuance thereof shall be valid and effective notwithstanding anything to the contrary contained in the Companies Act, 1956, or in any other law for the time being in force or in the memorandum, articles of association or any other instrument relating to the concern, and any provision regarding share qualification, age limit, number of director-ships, removal from office of directors and such like conditions contained in any such law or instrument aforesaid, shall not apply to any director appointed by the Trust in pursuance of the arrangement as aforesaid. 1 of 1956.

(*3*) Any director appointed as aforesaid shall,—

(*a*) hold office during the pleasure of the Trust and may be removed or substituted by any person by order in writing by the Trust;

(*b*) not incur any obligation or liability by reason only of his being a director or for anything done or omitted to be done in good faith in the discharge of his duties as a director or anything in relation thereto;

(*c*) not be liable to retirement by rotation and shall not be taken into account for computing the number of directors liable to such retirement.".

Amendment of section 20A.

54. In section 20A of the Unit Trust Act,—

(*a*) for the words "The Reserve Bank may", the words "The Reserve Bank or the Development Bank may" shall be substituted;

(*b*) for the words "payable to the Reserve Bank", the words "payable to the Reserve Bank or, as the case may be, the Development Bank" shall be substituted.

Substitution of new section for section 29.

55. In the Unit Trust Act, for section 29, the following section shall be substituted, namely:—

Furnishing of information.

"29. The Reserve Bank or the Development Bank may, from time to time, call upon the Trust to furnish such information as either of the said banks may require, and the Trust shall be bound to furnish the same.".

56. In section 31 of the Unit Trust Act, after sub-section (2), the following sub-sections shall be inserted, namely:— Amendment of section 31.

"(3) Every member of the staff of the Reserve Bank,—

(*a*) whose services are being, immediately before the notified date, utilised by the Trust under sub-section (2), or

(*b*) whose services, having been made available to the Trust, stand, immediately before the notified date, deputed by the Trust to any other organisation,

shall, on and from the notified date, be deemed to be appointed by the Trust under sub-section (*1*) on the same salary, emoluments and other terms and conditions of service to which he was entitled immediately before the notified date:

Provided that every member of the staff aforesaid may, before the expiry of a period of eighteen months from the notified date, elect to go back to the Reserve Bank by exercising an option in writing to that effect, the option once exercised being final, and on the exercise of such option, the Reserve Bank shall, before the expiration of a period of thirty months from the notified date, take back such member of the staff and on such member being taken back by the Reserve Bank, he shall become a member of the staff of the Reserve Bank and shall cease to be a member of the staff of the Trust.

(4) Notwithstanding anything contained elsewhere in this Act or in any other law or in any contract, for the time being in force, for a temporary period, not being a period exceeding eighteen months from the notified date or the date of commencement of section 5 of the Public Financial Institutions Laws (Amendment) Act, 1975, whichever is earlier, if the Reserve Bank, in consultation with the Trust or the Development Bank, considers it necessary in the interests of the said institutions, to promote any member of the staff of any of the said institutions to a post in either of the other two institutions, it shall be lawful for the Reserve Bank to transfer on promotion any such member of the staff to that other institution, and on such transfer each such member of the staff shall be deemed to be a member of the staff of the institution to which he is so transferred and shall be entitled to the same salary, emoluments and other terms and conditions of service to which he was entitled immediately before the date of such transfer including benefits, if any, arising directly out of such promotion:

Provided that every member of the staff aforesaid may, before the expiry of a period of eighteen months from the notified date or the date of commencement of section 5 of the Public Financial Institutions Laws (Amendment) Act, 1975, whichever is earlier, elect to go back to the institution from which he was so transferred by exercising an option in writing to that effect, the option once exercised being final, and on the exercise of such option, that institution shall, before the expiration of a period of thirty months from

the notified date or the date of commencement of section 5 of the Public Financial Institutions Laws (Amendment) Act, 1975, whichever is earlier, take back such member of the staff and on such member being taken back by that institution, he shall become a member of its staff and shall cease to be a member of the staff of the institution to which he was earlier transferred.

(5) Notwithstanding anything contained in any other law or in any agreement, for the time being in force, no member of the staff shall be entitled to claim any compensation for, or in relation to, any matter concerning, his transfer, appointment or, as the case may be, return, under sub-sections (3) and (4), and no claim in respect thereof, shall be entertained by any court, tribunal or other authority.".

Amendment of section 37.

57. In section 37 of the Unit Trust Act, for the words "the Reserve Bank" at the two places where they occur, the words "the Reserve Bank or the Development Bank" shall be substituted.

Insertion of new section 45.

58. After section 44 of the Unit Trust Act, the following section shall be inserted, namely:—

Power to remove difficulty.

"45. If any difficulty arises in giving effect to the provisions of this Act, as amended by the Public Financial Institutions Laws (Amendment) Act, 1975, the Central Government may, by order, do anything, not inconsistent with such provisions, for the purpose of removing the difficulty:

Provided that no such order shall be made after the expiration of three years from the date of commencement of the said Amendment Act.".

APPENDIX I

(*Vide* Para 2 of the Report)

MOTION ADOPTED IN LOK SABHA FOR REFERENCE OF THE BILL TO THE JOINT COMMITTEE

"That the Bill further to amend the Industrial Development Bank of India Act, 1964, the Reserve Bank of India Act, 1934, the Industrial Finance Corporation Act, 1948, the State Financial Corporations Act, 1951, the Life Insurance Corporation Act, 1956 and the Unit Trust of India Act, 1963, be referred to a Joint Committee of the Houses consisting of 60 members, 40 from this House, namely:—

Shri Dinen Bhattacharya
Shri Chandulal Chandrakar
Shri K. Chikkalingiah
Chaudhry Dalip Singh
Shri Anandi Charan Das
Shrimati Roza Vidyadhar Deshpande
Shri Jambuwant Dhote
Shri Jagdish Chandra Dixit
Shri K. R. Ganesh
Shri Devinder Singh Garcha
Shri Indrajit Gupta
Shri Noorul Huda
Shri A. K. M. Ishaque
Shri Ramachandran Kadannappalli
Shri Robin Kakoti
Shri N. S. Kamble
Shri B. N. Kureel
Shri Madhu Limaye
Shri Jagannath Mishra
Shri Shrikishan Modi
Shri Piloo Mody
Shri Surendra Mohanty
Shri Pratap Singh Negi
Shri Rajaram Dadasaheb Nimbalkar
Dr. Laxminarayan Pandeya
Shri E. V. Vikhe Patil
Shri M. S. Purty
Ch. Ram Prakash
Shri Ram Swarup
Shri M. S. Sanjeevi Rao

Shri M. Ram Gopal Reddy
Dr. Govind Das Richhariya
Shri Babu Nath Singh
Shri Somchand Solanki
Shri K. Suryanarayana
Shri T. V. Chandrashekharappa Veerabasappa
Shri N. R. Vekaria
Shri Sukhdeo Prasad Verma
Shri C. T. Dhandapani
Shri Y. B. Chavan.

and 20 from Rajya Sabha;

that in order to constitute a sitting of the Joint Committee the quorum shall be one-third of the total number of members of the Joint Committee;

that the Committee shall make a report to this House by the last day of the first week of the next session;

that in other respects the Rules of Procedure of this House relating to Parliamentary Committees shall apply with such variations and modifications as the Speaker may make; and

that this House do recommend to Rajya Sabha that Rajya Sabha do join the said Joint Committee and communicate to this House the names of 20 members to be appointed by Rajya Sabha to the Joint Committee."

APPENDIX II

(*Vide* para 3 of the Report)

MOTION ADOPTED IN RAJYA SABHA

"That this House concurs in the recommendation of the Lok Sabha that the Rajya Sabha do join in the Joint Committee of the Houses on the Bill further to amend the Industrial Development Bank of India Act, 1964, the Reserve Bank of India Act, 1934, the Industrial Finance Corporation Act, 1948 the State Financial Corporations Act, 1951, the Life Insurance Corporation Act, 1956 and the Unit Trust of India Act, 1963 and resolves that the following 20 members of the Rajya Sabha:—

1. Shri A. G. Kulkarni
2. Shri Yashpal Kapur
3. Shrimati Maimoona Sultan
4. Shrimati Saraswati Pradhan
5. Shri Rishi Kumar Mishra
6. Shrimati Sumitra G. Kulkarni
7. Shri Gian Chand Totu
8. Shri Kameshwar Singh
9. Shri D. S. Patil
10. Shri K. B. Chettri
11. Shri R. Narasimha Reddy
12. Shri M. S. Abdul Khader
13. Shri Bhupesh Gupta
14. Shri Subramanian Swamy
15. Shri B. N. Mandal
16. Dr. K. Mathew Kurian
17. Shri Lokanath Misra
18. Shri B. V. Abdulla Koya
19. Shri S. Ranganathan
20. Shri Babubhai M. Chinai

be nominated to serve on the said Joint Committee."

APPENDIX III

(*Vide* para 7 of the Report)

LIST OF ASSOCIATIONS, ORGANISATIONS, ETC. FROM WHOM MEMORANDA WERE RECEIVED BY THE JOINT COMMITTEE

1. All India Reserve Bank Workers' Federation, Calcutta.
2. Shri S. K. Basu, Calcutta.
3. National Federation of Co-operative Sugar Factories Ltd., New Delhi.
4. Madras Chamber of Commerce & Industry, Madras.
5. All India Reserve Bank Employees' Association, Calcutta.
6. Reserve Bank of India Employees' Association, Madras.
7. Indian Chamber of Commerce, Calcutta.
8. Madura-Ramnad Chamber of Commerce, Madurai.
9. Officers of Industrial Development Bank of India, New Delhi.
10. Members of Staff of the Unit Trust of India, Bombay.
11. Kerala State Small Industries Association, Cochin.
12. All India Reserve Bank Staff officers Association, Bombay.
13. Indian Merchants' Chamber, Bombay.
14. Members of Staff of the Industrial Development Bank of India, Bombay.
15. Reserve Bank of India Officers Association, Bombay.
16. Government of Punjab, Chandigarh.
17. Federation of Indian Chamber of Commerce & Industry, Delhi.
18. Rajasthan Financial Corporation, Jaipur.
19. Dr. H. K. Paranjape, Member, Monopolies and Restricted Trade Practices Commission, New Delhi.
20. Reserve Bank Employees Association, Calcutta.
21. Aroor Small Scale Industries Association, Aroor.
22. Srinivasa Enterprises, Aroor.
23. Shri R. G. Saraiya, ex-Chairman, Banking Commission, Bombay.
24. Government of Tamil Nadu, Madras.
25. Shri Kashi Nath Gupta, Calcutta.

APPENDIX IV

(*Vide* para 8 of the Report)

LIST OF ASSOCIATIONS, ORGANISATIONS, ETC. WHO GAVE EVIDENCE BEFORE THE JOINT COMMITTEE.

S. No.	Name of Association/Individual	Date on which evidence was taken
1	2	3
1.	Unit Trust of India, Bombay. *Spokesmen*: 1. Shri J. S. Raj 2. Shri S. D. Deshmukh 3. Shri M. R. Damle 4. Shri S. S. Williams 5. Shri R. Srinivasan	15-7-1974.
2.	Industrial Finance Corporation of India, New Delhi *Spokesmen*: 1. Shri C. D. Khanna 2. Shri Baldev Pasricha 3. Shri T. M. Sen 4. Shri V. S. R. K. Sastry	15-7-1974.
3.	Industrial Credit and Investment Corporation of India Ltd., Bombay. *Spokesmen*: 1. Shri H. T. Parekh—Chairman 2. Dr. Phiroze B. Medhora—Joint Managing Director	16-7-1974.
4.	Life Insurance Corporation of India, Bombay *Spokesmen*: 1. Shri K. R. Puri—Chairman 2. Shri B. C. Randeria—Executive Director (Investment). 3. Shri C. R. Thakore—Investment Secretary.	16-7-1974.
5.	All India Reserve Bank Workers' Federation, Calcutta *Spokesmen*: 1. Shri Amit Kar 2. Shri Jatin Bhattacharyya	17-7-1974.

1	2	3
6.	Reserve Bank of India Officers' Association, Bombay.	25-9-1974.
	Spokesmen:	
	1. Shri C. V. Nair	
	2. Shri A. Raman	
	3. Shri L. S. Sarma	
	4. Shri A. G. Karkhanis	
	5. Shri K. P. Augustine	
	6. Shri C. V. Subbaraman	
	7. Shri O. P. Berry	
7.	Shri S. K. Basu, Calcutta.	25-9-1974.
8.	Dr. H. K. Paranjape, Member, Monopolies and Restrictive Trade Practices Commission, New Delhi.	26-9-1974.
9.	All India Reserve Bank Employees' Association, Calcutta.	26-9-1974.
	Spokesmen:	
	1. Shri T. K. Ghosh, Vice-President.	
	2. Shri A. K. Sen, General Secretary.	
	3. Shri N. C. Das, Secretary.	
	4. Shri G. K. Bhardwaj, Secretary.	
	5. Shri D. T. Taide, Secretary.	
	6. Shri B. K. Sen, Member Executive Committee.	
	7. Shri H. C. Sharma, --do—	
	8. Shri Chander Shekar, Member.	
10.	Rajasthan Financial Corporation, Jaipur	27-9-1974.
	Spokesmen:	
	1. Shri Brij Raj Bahadur, Managing Director.	
	2. Shri B. D. Naval, Accounts Officer.	
	3. Shri O. P. Bhargava, Law Officer.	
11.	Officers of the Industrial Development Bank of India, New Delhi.	27-9-1974.
	Spokesmen:	
	1. Shri S. P. S. Deol	
	2. Shri B. K. Taparia	
	3. Shri P. Kumar	
	4. Shri B. S. Ratra	

1	2	3
12.	Industrial Development Bank of India, Bombay	21-10-1974.
	Spokesmen:	
	1. Shri S. Jagannathan—Chairman.	
	2. Shri V. V. Chari—Vice-Chairman.	
	3. Shri C. S. Venkat Rao—General Manager.	
	4. Shri S. A. Dave—Economic Adviser.	
	5. Shri C. D. Datey—Executive Director, R.B.I.	
	6. Shri H. R. Kamath—Deputy Manager.	
13.	Dr. Ashok Mitra, Former Economic Adviser to the Government of India.	22-10-1974.
14.	All India Reserve Bank Staff Officers' Association, Bombay.	23-10-1974.
	Spokesmen:	
	1. Shri O. P. Shukla—President.	
	2. Shri V. A. Mahinkar—Asstt. Secretary.	
	3. Shri R. P. Donde—Secretary.	
15.	Ministry of Industry & Civil Supplies (Department of Industrial Development), New Delhi.	5-2-1975.
	Spokesmen:	
	1. Shri R. V. Raman, Secretary.	
	2. Shri Bimal Jalan, Economic Adviser.	
16.	Planning Commission, New Delhi.	5-2-1975.
	Spokesmen:	
	1. Shri V. G. Rajadhyakasha, Chief Consultant and *Ex*-officio Secretary.	
	2. Shri M. Satyapal, Additional Adviser (I&M)	
	3. Shri D. R. Gupta, Chief (Economic Growth and Policy).	
17.	Shri R. G. Saraiya, *ex*-Chairman, Banking Commission.	6-2-1975.
18.	Indian Merchants Chamber, Bombay.	6-2-1975.
	Spokesmen:	
	1. Shri Arvind Kilachand—Vice-President.	
	2. Shri V. B. Haribhakti	
	3. Shri S. N. Desai.	

1	2	3
19.	Shri Bhabatosh Datta, *ex*-Member, Banking Commission.	7-2-1975.
20.	Shri B. Venkatappiah, *ex*-Chairman, All India Credit Review Committee.	7-2-1975.
21.	Shri D. Sharma, Joint General Manager, Industrial Development Bank of India, Bombay.	16-4-1975.
22.	Dr. R. K. Hazari, Deputy Governor, Reserve Bank of India, Bombay.	16-4-1975.

APPENDIX V

MINUTES OF SITTINGS OF THE JOINT COMMITTEE ON THE PUBLIC FINANCIAL INSTITUTIONS LAWS (AMENDMENT) BILL, 1973.

I

First Sitting

The Committee sat on Thursday, the 6th June, 1974 from 16.00 to 16.45 hours.

PRESENT

Shri B. N. Kureel—*Chairman*

MEMBERS

Lok Sabha

2. Shri Dinen Bhattacharya
3. Chaudhry Dalip Singh
4. Shrimati Roza Vidyadhar Deshpande
5. Shri Indrajit Gupta
6. Shri Robin Kakoti
7. Shri N. S. Kamble
8. Shri Madhu Limaye
9. Shri Shrikishan Modi
10. Shri Surendra Mohanty
11. Shri Pratap Singh Negi
12. Shri Rajaram Dadasahib Nimbalkar
13. Dr. Laxminarayan Pandeya
14. Shri E. V. Vikhe Patil
15. Shri Ram Swarup
16. Shri Babu Nath Singh
17. Shri Somchand Solanki
18. Shri K. Suryanarayana
19. Shri Sukhdeo Prasad Verma
20. Shri Y. B. Chavan.

Rajya Sabha

21. Shri Babubhai M. Chinai
22. Shri Bhupesh Gupta
23. Shri M. S. Abdul Khader
24. Shri B. V. Abdulla Koya

25. Shri A. G. Kulkarni
26. Shrimati Sumitra G. Kulkarni
27. Dr. K. Mathew Kurian
28. Shri B. N. Mandal
29. Shri Lokanath Misra
30. Shri S. Ranganathan
31. Shri Kameshwar Sigh
32. Shrimati Maimoona Sultan.

LEGISLATIVE COUNSEL

1. Shri S. K. Maitra—*Joint Secretary and Legislative Counsel.*
2. Shri N. L. Vaidyanathan—*Additional Legislative Counsel.*

REPRESENTATIVES OF THE MINISTRY OF FINANCE (DEPARTMENT OF BANKING)

1. Shri N. C. Sengupta, *Secretary.*
2. Shri M. G. Balasubramanian, *Additional Secretary.*
3. Shri M. K. Venkatachalam, *Joint Secretary.*
4. Shri N. Sethu Raman, *Joint Secretary.*
5. Shri V. K. Shunglu, *Deputy Secretary.*

SECRETARIAT

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

2. At the outset, the Chairman welcomed the Members of the Committee and referred to the implications of the proposed legislative measure and emphasized the importance and urgency of the task before the Committee.

3. The Committee then considered their future programme of work. The Committee decided to invite written memoranda from all State Governments, leading Chambers of Commerce and Industry, Associations, Organisations, Public Financial Institutions, Employees' Associations of Public Financial Institutions, eminent Economists and Co-operative Organisation, etc. The Committee also decided to take oral evidence of those who might express a desire to that effect.

4. The Committee authorised the Lok Sabha Secretariat to issue a Press Communique in this behalf and fixed Wednesday, the 10th July, 1974 as the last date for receipt of memoranda.

5. The Committee also authorised the Chairman to select parties for oral evidence.

6. The Committee then decided to hold their sittings at New Delhi from Monday, the 15th to Wednesday, the 17th July, 1974 to hear oral evidence.

7. The Committee then adjourned.

II

Second Sitting

The Committee sat on Monday, the 15th July, 1974 from 10.00 hours to 12.30 hours.

PRESENT

Shri B. N. Kureel—*Chairman*

MEMBERS

Lok Sabha

2. Shri Chandulal Chandrakar
3. Chaudhry Dalip Singh
4. Shri Anadi Charan Das
5. Shrimati Roza Vidyadhar Deshpande
6. Shri K. R. Ganesh
7. Shri Noorul Huda
8. Shri A. K. M. Ishaque
9. Shri Ramachandran Kadannappalli
10. Shri N. S. Kamble
11. Shri Madhu Limaye
12. Shri Jagannath Mishra
13. Shri Surendra Mohanty
14. Shri Pratap Singh Negi
15. Dr. Laxminarayan Pandeya
16. Shri M. S. Purty
17. Shri Ram Swarup
18. Dr. Govind Das Richariya
19. Shri Babu Nath Singh
20. Shri K. Suryanarayana
21. Shri Sukhdeo Prasad Verma

Rajya Sabha

22. Shri Babubhai M. Chinai
23. Shri Yashpal Kapur
24. Shri B. V. Abdulla Koya
25. Shrimati Sumitra G. Kulkarni
26. Dr. K. Mathew Kurian
27. Shri B. N. Mandal
28. Shri Rishi Kumar Mishra
29. Shri Deorao S. Patil
30. Shrimati Saraswati Pradhan
31. Shri S. Ranganathan
32. Shri R. Narasimha Reddy
33. Shri Kameshwar Singh
34. Shri Subramanian Swamy
35. Shri Gian Chand Totu

LEGISLATIVE COUNSEL

1. Shri S. K. Maitra—*Joint Secretary and Legislative Counsel.*

2. Shri N. L. Vaidyanathan—*Additional Legislative Counsel.*

REPRESENTATIVES OF THE MINISTRY OF FINANCE
(DEPARTMENT OF BANKING)

1. Shri M. G. Balasubramanian—*Additional Secretary.*

2. Shri M. K. Venkatachalam—*Joint Secretary.*

3. Shri N. Sethuraman—*Joint Secretary.*

4. Shri V. K. Shunglu—*Deputy Secretary.*

5. Shri D. K. Sen—*Deputy Secretary.*

SECRETARIAT

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

2. The Committee heard evidence of the following organisations:

[In the beginning, the Chairman drew the attention of the representatives to the provisions of Direction 58 of the Directions by the Speaker.]

I. *Unit Trust of India, Bombay.*

Spokesmen:

1. Shri J. S. Raj
2. Shri S. D. Deshmukh
3. Shri M. R. Damle
4. Shri S. S. Williams
5. Shri R. Srinivasan

[10.00 to 11.40 hours]

II. *Industrial Finance Corporation of India, New Delhi.*

Spokesmen:

1. Shri C. D. Khanna
2. Shri Baldev Pasricha
3. Shri T. M. Sen
4. Shri V. S. R. K. Sastry

[11.40 to 12.30 hours]

3. A verbatim record of the evidence tendered was kept.

4. The Committee then adjourned to meet again on Tuesday, the 16th July, 1974 at 10.00 hours.

III

Third Sitting

The Committee sat on Tuesday, the 16th July, 1974 from 10.00 to 12.35 hours.

PRESENT

Shri B. N. Kureel—*Chairman*

MEMBERS

Lok Sabha

2. Shri Chandulal Chandrakar
3. Chaudhry Dalip Singh
4. Shri Anadi Charan Das
5. Shrimati Roza Vidyadhar Deshpande
6. Shri K. R. Ganesh
7. Shri Noorul Huda
8. Shri A. K. M. Ishaque
9. Shri N. S. Kamble
10. Shri Madhu Limaye
11. Shri Jagannath Mishra
12. Shri Piloo Mody
13. Shri Surendra Mohanty
14. Shri Pratap Singh Negi
15. Shri Rajaram Dadasaheb Nimbalkar
16. Dr. Laxminarayan Pandeya
17. Shri M. S. Purty
18. Shri Ram Swarup
19. Shri M. Ram Gopal Reddy
20. Shri Somchand Solanki
21. Shri K. Suryanarayana
22. Shri Sukhdeo Prasad Verma
23. Shri Y. B. Chavan

Rajya Sabha

24. Shri Babubhai M. Chinai
25. Shri Yashpal Kapur
26. Shri B. V. Abdulla Koya
27. Shri A. G. Kulkarni
28. Shrimati Sumitra G. Kulkarni
29. Dr. K. Mathew Kurian
30. Shri B. N. Mandal
31. Shri Rishi Kumar Mishra
32. Shri Deorao S. Patil

33. Shrimati Saraswati Pradhan
34. Shri S. Ranganathan
35. Shri R. Narasimha Reddy
36. Shri Kameshwar Singh
37. Shri Subramanian Swamy

LEGISLATIVE COUNSEL

1. Shri S. K. Maitra—*Joint Secretary and Legislative Counsel.*
2. Shri N. L. Vaidyanathan—*Additional Legislative Counsel.*

REPRESENTATIVES OF THE MINISTRY OF FINANCE
(DEPARTMENT OF BANKING)

1. Shri N. C. Sen Gupta—*Secretary.*
2. Shri M. G. Balasubramanian—*Additional Secretary.*
3. Shri M. K. Venkatachalam—*Joint Secretary.*
4. Shri N. Sethuraman—*Joint Secretary.*
5. Shri V. K. Shunglu—*Deputy Secretary.*
6. Shri D. K. Sen—*Deputy Secretary.*

SECRETARIAT

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

2. The Committee heard evidence of the following organisations:

[In the beginning, the Chairman drew the attention of the representatives to the provisions of Direction 58 of the Directions by the Speaker.]

I. *Industrial Credit and Investment Corporation of India Ltd., Bombay.*

Spoesmen:

1. Shri H. T. Parekh—*Chairman.*
2. Dr. Phiroze B. Medhoria—*Joint Managing Director.*

[10.00 to 11.40 hours]

II. *Life Insurance Corporation of India, Bombay.*

Spoesmen:

1. Shri K. R. Puri—*Chairman.*
2. Shri B. C. Randeria—*Executive Director (Investment).*
3. Shri C. R. Thakore—*Investment Secretary.*

[11.40 to 12.35 hours]

3. A verbatim record of the evidence tendered was kept.

4. The Committee then adjourned to meet again on Wednesday, the 17th July, 1974 at 10.00 hours.

IV

Fourth Sitting

The Committee sat on Wednesday, the 17th July, 1974 from 10.00 to 12.15 hours.

PRESENT

Shri B. N. Kureel—*Chairman*

MEMBERS

Lok Sabha

2. Shri Dinen Bhattacharya
3. Shri Chandulal Chandrakar
4. Shri K. Chikkalingiah
5. Chaudhry Dalip Singh
6. Shri Anadi Charan Das
7. Shrimati Roza Vidyadhar Deshpande
8. Shri K. R. Ganesh
9. Shri A. K. M. Ishaque
10. Shri Robin Kakoti
11. Shri N. S. Kamble
12. Shri Madhu Limaye
13. Shri Jagannath Mishra
14. Shri Piloo Mody
15. Shri Surendra Mohanty
16. Shri Pratap Singh Negi
17. Shri Rajaram Dadasaheb Nimbalkar
18. Ch. Ram Prakash
19. Shri Ram Swarup
20. Shri M. Ram Gopal Reddy
21. Dr. Govind Das Richariya
22. Shri Babu Nath Singh
23. Shri K. Suryanarayana
24. Shri T. V. Chandrashekharappa Veerabasappa
25. Shri Sukhdeo Prasad Verma

Rajya Sabha

26. Shri Babubhai M. Chinai
27. Shri Yashpal Kapur
28. Shri B. V. Abdulla Koya
29. Shri A. G. Kulkarni
30. Shrimati Sumitra G. Kulkarni
31. Dr. K. Mathew Kurian
32. Shri S. Ranganathan
33. Shri Subramanian Swamy

34. Shri Gian Chand Totu

LEGISLATIVE COUNSEL

1. Shri S. K. Maitra—*Joint Secretary and Legislative Counsel.*
2. Shri N. L. Vaidyanathan—*Additional Legislative Counsel.*

REPRESENTATIVES OF THE MINISTRY OF FINANCE
(DEPARTMENT OF BANKING)

1. Shri N. C. Sen Gupta—*Secretary.*
2. Shri M. G. Balasubramanian—*Additional Secretary.*
3. Shri M. K. Venkatachalam—*Joint Secretary.*
4. Shri N. Sethuraman—*Joint Secretary.*
5. Shri K. P. Guthakrishnan—*Director.*
6. Shri V. K. Shunglu—*Deputy Secretary.*
7. Shri D. K. Sen—*Deputy Secretary.*

SECRETARIAT

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

2. Shrimati Sushila Rohatgi, Deputy Minister in the Ministry of Finance, who is not a member of the Committee, attended the sitting with the permission of the Chairman under Rule 299 of the Rules of Procedure and Conduct of Business in Lok Sabha.

3. Before the following representatives of All India Reserve Bank Workers' Federation, Calcutta proceeded to give evidence, the Chairman drew their attention to Direction 58 of the Directions by the Speaker:—

1. Shri Amit Kar
2. Shri Jatin Bhattacharyya

4. The evidence lasted till 12.00 hours.

5. A verbatim record of evidence tendered was kept.

6. The Chairman informed the Committee that requests for extension of time for submission of memoranda on the Bill have been received from various associations, organisations, etc. After some discussion, the Committee decided that the time for submission of memoranda might be extended upto Monday, the 12th August, 1974. The Committee also directed the Lok Sabha Secretariat to issue a Press Communique accordingly.

The Committee also decided that in addition to the Press Communique, an advertisement might also be given in the newspapers having all India circulation.

7. The Committee then considered their future programme of work. After some discussion, the Committee decided to hold their sittings at New Delhi from the 25th to 27th September and again from the 21st to 23rd October, 1974 to hear oral evidence of the representatives of various associations, organisations, etc.

The Committee authorised the Chairman to select parties for oral evidence.

8. At the end, the Committee felt that since they were still at the evidence stage, it would not be possible for them to complete their work before the stipulated date *i.e.* 26th July, 1974 and, therefore, decided to seek extension of time for presentation of their Report upto the last day of the first week of Budget Session, 1975.

The Committee authorised the Chairman and, in his absence, Shri M. Ram Gopal Reddy, to move the necessary motion in the House on the 23rd July, 1974.

9. The Committee then adjourned.

V

Fifth Sitting

The Committee sat on Wednesday, the 25th September, 1974 from 10.00 to 13.15 hours.

PRESENT

Shri B. N. Kureel—*Chairman*

MEMBERS

Lok Sabha

2. Shri Dinen Bhattacharya
3. Shri Chandulal Chandrakar
4. Shri K. Chikkalingiah
5. Chaudhry Dalip Singh
6. Shri Jagdish Chandra Dixit
7. Shri K. R. Ganesh
8. Shri Indrajit Gupta
9. Shri Noorul Huda
10. Shri A. K. M. Ishaque
11. Shri Robin Kakoti
12. Shri N. S. Kamble
13. Shri Jagannath Mishra
14. Shri Shrikishan Modi
15. Shri Piloo Mody
16. Shri Pratap Singh Negi
17. Shri Rajaram Dadasaheb Nimbalkar
18. Dr. Laxminarayan Pandeya
19. Shri E. V. Vikhe Patil
20. Shri M. S. Purty
21. Ch. Ram Prakash
22. Shri Ram Swarup
23. Dr. Govind Das Richariya
24. Shri Babu Nath Singh
25. Shri Somchand Solanki

26. Shri K. Suryanarayana
27. Shri Sukhdeo Prasad Verma

Rajya Sabha

28. Shri Bhupesh Gupta
29. Shri Yashpal Kapur
30. Shri A. G. Kulkarni
31. Shrimati Sumitra G. Kulkarni
32. Dr. K. Mathew Kurian
33. Shri B. N. Mandal
34. Shri Rishi Kumar Mishra
35. Shri Deorao S. Patil
36. Shrimati Saraswati Pradhan
37. Shri S. Ranganathan
38. Shri R. Narasimha Reddy
39. Shri Kameshwar Singh
40. Shrimati Maimoona Sultan

LEGISLATIVE COUNSEL

1. Shri S. K. Maitra—*Joint Secretary and Legislative Counsel.*
2. Shri N. L. Vaidyanathan—*Additional Legislative Counsel.*

REPRESENTATIVES OF THE MINISTRY OF FINANCE

(DEPERTMENT OF BANKING)

1. Shri N. C. Sen Gupta—*Secretary.*
2. Shri M. G. Balasubramanian—*Additional Secretary.*
3. Shri M. K. Venkatachalam—*Joint Secretary.*
4. Shri D. K. Sen—*Deputy Secretary.*

SECRETARIAT

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

2. At the outset, the representatives of the Reserve Bank of India Officers' Association stated that the Officers of the Ministry of Finance (Department of Banking) were the Administrative Ministry in the matters relating to Reserve Bank of India and, as such, they felt that it would not be appropriate for the officials of the Ministry of Finance to be present while they were giving evidence before the Committee. The Chairman explained that, according to the well-established convention, the officers of the Administrative Ministry were present at the sittings of the Select/Joint Committees to explain the point or points on which the Committee might require information and it would not, therefore, be possible to accede their request. The witnesses could, however, feel free to express their opinion on any aspect of the Bill.

3. The Committee then heard evidence of the following:—

[In the beginning, the Chairman drew the attention of the representatives to the provisions of Direction 58 of the Directions by the Speaker.]

I. *Reserve Bank of India Officers' Association, Bombay.*

Spokesmen:

1. Shri C. V. Nair
2. Shri A. Raman
3. Shri L. S. Sarma
4. Shri A. G. Karkhanis
5. Shri K. P. Augustine
6. Shri C. V. Subbaraman
7. Shri O. P. Berry

II. *Shri S. K. Basu.*

[12.40 to 13.15 hours]

4. A verbatim record of evidence was kept.

5. The Committee then adjourned to meet again on Thursday, the 26th September, 1974 at 10.00 hours.

VI

Sixth Sitting

[10.00 to 12.40 hours]

The Committee sat on Thursday, the 26th September. 1974 from 10.00 to 13.15 hours.

PRESENT

Shri B. N. Kureel—*Chairman*

MEMBERS

Lok Sabha

2. Shri Dinen Bhattacharya
3. Shri Chandulal Chandrakar
4. Chaudhry Dalip Singh
5. Shri Anadi Charan Das
6. Shri Jagdish Chandra Dixit
7. Shri K. R. Ganesh
8. Shri Indrajit Gupta
9. Shri Noorul Huda
10. Shri A. K. M. Ishaque
11. Shri Ramachandran Kadannappalli
12. Shri Robin Kakoti
13. Shri N. S. Kamble
14. Shri Madhu Limaye
15. Shri Jagannath Mishra
16. Shri Shrikishan Modi
17. Shri Pratap Singh Negi
18. Shri Rajaram Dadasaheb Nimbalkar

19. Dr. Laxminarayan Pandeya
20. Shri E. V. Vikhe Patil
21. Shri M. S. Purty
22. Ch. Ram Prakash
23. Shri Ram Swarup
24. Shri M. Ram Gopal Reddy
25. Dr. Govind Das Richariya
26. Shri Somchand Solanki
27. Shri K. Suryanarayana
28. Shri Sukhdeo Prasad Verma

Rajya Sabha

29. Shri K. B. Chettri
30. Shri Bhupesh Gupta
31. Shri A. G. Kulkarni
32. Shrimati Sumitra G. Kulkarni
33. Dr. K. Mathew Kurian
34. Shri B. N. Mandal
35. Shri Rishi Kumar Mishra
36. Shri Lokanath Misra
37. Shri Deorao S. Patil
38. Shrimati Saraswati Pradhan
39. Shri S. Ranganathan
40. Shri R. Narasimha Reddy

LEGISLATIVE COUNSEL

1. Shri S. K. Maitra, *Joint Secretary and Legislative Counsel.*
2. Shri N. L. Vaidyanathan, *Additional Legislative Counsel.*

REPRESENTATIVES OF THE MINISTRY OF FINANCE

(DEPARTMENT OF BANKING)

1. Shri N. C. Sen Gupta, *Secretary.*
2. Shri M. K. Venkatachalam, *Joint Secretary.*
3. Shri D. K. Sen, *Deputy Secretary.*
4. Shri V. K. Shunglu, *Deputy Secretary.*

SECRETARIAT

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

2. The Committee then heard evidence of the following—

[In the beginning, the Chairman drew the attention of the representatives to the provisions of Direction 58 of the Directions by the Speaker]

I. Dr. H. K. Paranjape,

Member,

Monopolies and Restrictive Trade Practices Commission, New Delhi.

[10.00 to 12.15 hours]

II. *All India Reserve Bank Employees' Association, Calcutta.*

Spokesmen:

1. Shri T. K. Ghosh, *Vice-President.*
2. Shri A. K. Sen, General Secretary.
3. Shri N. C. Das, Secretary.
4. Shri G. K. Bhardwaj, Secretary.
5. Shri D. T. Taide, Secretary.
6. Shri B. K. Sen, Member, Executive Committee.
7. Shri H. C. Sharma, -do-
8. Shri Chander Shekar, Member.

[12.15 to 13.15 hours].

3. A verbatim record of evidence was kept.

4. The Committee then adjourned to meet again on Friday, the 27th September, 1974 at 10.00 hours.

VII

Seventh Sitting

The Committee sat on Friday, the 27th September, 1974 from 10.00 to 12.00 hours.

PRESENT

Shri B. N. Kureel—*Chairman.*

MEMBERS

Lok Sabha

2. Shri K. Chikkalingiah
3. Shri Anadi Charan Das
4. Shri Jagdish Chandra Dixit
5. Shri K. R. Ganesh
6. Shri Indrajit Gupta
7. Shri Noorul Huda
8. Shri A. K. M. Ishaque
9. Shri Ramachandran Kadannappalli
10. Shri Robin Kokoti
11. Shri N. S. Kamble
12. Shri Madhu Limaye
13. Shri Jagannath Mishra
14. Shri Pratap Singh Negi
15. Shri M. S. Purty
16. Ch. Ram Prakash
17. Shri Ram Swarup
18. Shri M. Ram Gopal Reddy
19. Shri Babu Nath Singh
20. Shri Somchand Solanki
21. Shri T. V. Chandrashekharappa Veerabasappa

22. Shri Sukhdeo Prasad Verma
23. Shri K. Suryanarayana

Rajya Sabha

24. Shri K. B. Chettri
25. Shri Bhupesh Gupta
26. Shri Yashpal Kapur
27. Shri A. G. Kulkarni
28. Shrimati Sumitra G. Kulkarni
29. Shri Rishi Kumar Mishra
30. Shri Lokanath Misra
31. Shri Deorao S. Patil
32. Shrimati Saraswati Pradhan
33. Shri R. Narasimha Reddy
34. Shri Kameshwar Singh
35. Shri Gian Chand Totu
36. Shri B. N. Mandal

LEGISLATIVE COUNSEL

1. Shri S. K. Maitra, *Joint Secretary and Legislative Counsel.*
2. Shri N. L. Vaidyanathan, *Additional Legislative Counsel.*

REPRESENTATIVES OF THE MINISTRY OF FINANCE

('DEPARTMENT OF BANKING)

1. Shri N. C. Sen Gupta, *Secretary.*
2. Shri M. K. Venkatachalam, *Joint Secretary.*
3. Shri N. Sethuraman, *Joint Secretary.*
4. Shri D. K. Sen, *Deputy Secretary.*
5. Shri V. K. Shunglu, *Deputy Secretary.*

SECRETARIAT

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

2. The Committee then heard evidence of the following—

[In the beginning, the Chairman drew the attention of the representatives to the provisions of the Direction 58 of the Directions by the Speaker].

I. *Rajasthan Financial Corporation, Jaipur*

Spokesmen:

1. Shri Brij Raj Bahadur, *Managing Director.*
2. Shri B. D. Naval, *Accounts Officer.*
3. Shri O. P. Bhargava, *Law Officer.*

[10.00 to 11.30 hours]

II. *Officers of the Industrial Development Bank of India, New Delhi*

Spokesmen:

1. Shri S. P. S. Deol
2. Shri B. K. Taparia
3. Shri P. Kumar
4. Shri B. S. Ratra

[11.30 to 12.00 hours]

3. A verbatim record of evidence was kept.

4. The Committee then adjourned to meet again on Monday, the 21st October, 1974 at 15.00 hours.

VIII

Eighth Sitting

The Committee sat on Monday the 21st October, 1974 from 15.00 to 17.25 hrs.

PRESENT

Shri K. Suryanarayana—*In the Chair.*

MEMBERS

Lok Sabha

2. Shri Dinen Bhattacharya
3. Shri Chandulal Chandrakar
4. Chaudhry Dalip Singh
5. Shri Anadi Charan Das
6. Shri Indrajit Gupta
7. Shri Ramachandran Kadannappalli
8. Shri N. S. Kamble
9. Shri Madhu Limaye
10. Shri Jagannath Misra
11. Shri Piloo Mody
12. Shri Sunrendra Mohanty
13. Shri Pratap Singh Negi
14. Shri Rajaram Dadasaheb Nimbalkar
15. Dr. Laxminarayan Pandeya
16. Shri E. V. Vikhe Patil
17. Shri M. S. Purty
18. Shri Ram Swarup
19. Shri Somchand Solanki
20. Shri T. V. Chandrashekharappa Veerabasappa
21. Shri N. R. Vekaria
22. Shri Sukhdeo Prasad Verma

Rajya Sabha

23. Shri Bhupesh Gupta
24. Shri Yashpal Kapur
25. Shri M. S. Abdul Khader
26. Shri B. V. Abdulla Koya
27. Shri A. G. Kulkarni
28. Shrimati Sumitra G. Kulkarni

29. Shri B. N. Mandal
30. Shri Rishi Kumar Misra
31. Shri Lokanath Misra
32. Shri Deorao S. Patil
33. Shrimati Saraswati Pradhan
34. Shrimati Maimoona Sultan
35. Shri Subramanian Swamy
36. Shri Gian Chand Totu

LEGISLATIVE COUNSEL

Shri N. L. Vaidyanathan, *Additional Legislative Counsel.*

REPRESENTATIVES OF THE MINISTRY OF FINANCE
(DEPARTMENT OF BANKING)

1. Shri N. C. Sen Gupta, *Secretary.*
2. Shri M. K. Venkatachalam, *Joint Secretary.*
3. Shri N. Sethuraman, *Joint Secretary.*
4. Shri A. K. Dut, *Joint Secretary.*
5. Shri M. Dandapani, *Director.*
6. Shri D. K. Sen, *Deputy Secretary.*
7. Shri V. K. Shunglu, *Deputy Secretary.*

SECRETARIAT

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

2. In the absence of the Chairman, Shri K. Suryanarayana was elected as the Chairman for the sitting under Rule 258(3) of the Rules of Procedure.

3. Shri Pranab Kumar Mukherjee, Minister of State 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.

4. Before the Committee proceeded to hear the evidence of the following representatives of the Industrial Developmnt Bank of India, Bombay, the Chairman drew their attention to the proviso of Direction 58 of the Directions by the Speaker:—

(i) Shri S. Jagannathan—*Chairman*
(ii) Shri V. V. Chari—*Vice-Chairman*
(iii) Shri C. S. Venkat Rao—*General Manager*
(iv) Shri S. A. Dave—*Economic Adviser*
(v) Shri C. D. Datey—*Executive Director, R.B.I.*
(vi) Shri H. R. Kamath—*Deputy Manager.*

The evidence lasted till 17.25 hours.

5. A verbatim record of evidence was kept.

6. The Committee then adjourned to meet again at 15.00 hours on Tuesday, the 22nd October, 1974.

IX

Ninth Sitting

The Committee sat on Tuesday, the 22nd Octoer 1974 from 15.00 to 17.10 hours.

PRESENT

Shri K. Suryanarayana—*In the Chair.*

MEMBERS

Lok Sabha

2. Shri Dinen Bhattacharya
3. Shri Chandulal Chandrakar
4. Chaudhry Dalip Singh
5. Shri Anadi Charan Das
6. Shri Indrajit Gupta
7. Shri Noorul Huda
8. Shri Ramachandran Kadannappalli
9. Shri N. S. Kamble
10. Shri Jagannath Mishra
11. Shri Piloo Mody
12. Shri Surendra Mohanty
13. Shri Pratap Singh Negi
14. Shri Rajaram Dadasaheb Nimbalkar
15. Shri E. V. Vikhe Patil
16. Shri M. S. Purty
17. Ch. Ram Prakash
18. Shri Ram Swarup
19. Shri M. S. Sanjeevi Rao
20. Shri M. Ram Gopal Reddy
21. Shri Babu Nath Singh
22. Shri Somchand Solanki
23. Shri N. R. Vekaria
24. Shri Sukhdeo Prasad Varma

Rajya Sabha

25. Shri Bhupesh Gupta
26. Shri Yashpal Kapur
27. Shri M. S. Abdul Khader
28. Shri B. V. Abdulla Koya
29. Shri A. G. Kulkarni
30. Shrimati Sumitra G. Kulkarni
31. Shri B. N. Mandal
32. Shri Rishi Kumar Mishra
33. Shri Deorao S. Patil

34. Shrimati Saraswati Pradhan
35. Shrimati Maimoona Sultan
36. Shri Subramanian Swamy
37. Shri Gian Chand Totu

LEGISLATIVE COUNSEL

Shri N. L. Vaidyanathan, *Additional Legislative Counsel.*

REPRESENTATIVES OF THE MINISTRY OF FINANCE
(DEPARTMENT OF BANKING)

1. Shri N. C. Sen Gupta, *Secretary*
2. Shri M. K. Venkatachalam, *Joint Secretary*
3. Shri N Sethuraman, *Joint Secretary*
4. Shri D. N. Ghosh, *Joint Secretary*
5. Shri D. K. Sen, *Deputy Secretary*
6. Shri V. K. Shunglu, *Deputy Secretary*

SECRETARIAT

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

2. In the absence of the Chairman, Shri Suryanarayana was elected as the Chairman for the sitting under Rule 258(3) of the Rules of Procedure.

3. Shri Pranab Kumar Mukherjee, Minister of Steel 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.

4. Before the Committee proceeded to hear the evidence of Dr. Ashok Mitra, Former Economic Adviser to the Government of India, the Chairman drew his attention to the provisions of Direction 58 of the Directions by the Speaker.

5. The evidence lasted till 17.10 hours.

6. A verbatim record of evidence was kept.

7. The Committee then adjourned to meet again at 15.00 hours on Wednesday, the 23rd October, 1974.

X

Tenth Sitting

The Committee sat on Wednesday, the 23rd October, 1974 from 15.00 to 16.00 hours.

PRESENT

Shri K. Suryanarayana—*In the Chair.*

MEMBERS

Lok Sabha

2. Shri Dinen Bhattacharya
3. Shri Chandulal Chandrakar

4. Chaudhry Dailp Singh
5. Shri Anadi Charan Das
6. Shri Indrajit Gupta
7. Shri Noorul Huda
8. Shri Ramachandran Kadannappalli
9. Shri N. S. Kamble
10. Shri Jagannath Mishra
11. Shri Piloo Mody
12. Shri Surendra Mohanty
13. Shri Pratap Singh Negi
14. Shri M. S. Purty
15. Ch. Ram Prakash
16. Shri Ram Swarup
17. Shri M. S. Sanjeevi Rao
18. Shri M. Ram Goal Reddy
19. Dr. Govind Das Richariya
20. Shri Babu Nath Singh
21. Shri Somchand Solanki
22. Shri N. R. Vekaria
23. Shri Sukhdeo Prasad Varma

Rajya Sabha

24. Shri Bhupesh Gupta
25. Shri B. V. Abdulla Koya
26. Dr. K. Mathew Kurian
27. Shri B. N. Mandal
28. Shri Rishi Kumar Mishra
29. Shri Lokanath Misra
30. Shri Deorao S. Patil
31. Shrimati Saraswati Pradhan
32. Shri Kameshwar Singh
33. Shri Subramanian Swamy
34. Shri Gian Chand Totu

LEGISLATIVE COUNSEL

Shri N. L. Vaidyanathan, *Additional Legislative Counsel.*

REPRESENTATIVES OF THE MINISTRY OF FINANCE
(DEPARTMENT OF BANKING)

1. Shri N. C. Sengupta, *Secretary.*
2. Shri M. K. Venkatachalam, *Joint Secretary.*
3. Shri D. K. Sen, *Deputy Secretary.*

SECRETARIAT

Shri H. G. Paranjpe—Deputy Secretary.

2. In the absence of the Chairman, Shri K. Suryanarayana, was elected as the Chairman for the sitting under Rule 258(3) of the Rules of Procedure.

3. Shri Pranab Kumar Mukherjee, Minister of State in the Ministry of Finance, who is not a member of the Committee, attended the sitting with the permission of the Chairman in term of proviso to Rule 299 of the Rules of Procedure.

4. Before the Committee proceeded to hear the evidence of the following representatives of the All India Reserve Bank Staff Officers' Association, Bombay, the Chairman, drew their attention to the provisions of Direction 58 of the Directions by the Speaker:—

(i) Shri O. P. Shukla—President.

(ii) Shri V. A. Mahinkar—Asstt. Secretary.

(iii) Shri R. P. Donde—Secretary (West Zone).

The evidence lasted till 16.00 hours.

5. A verbatim record of evidence was kept.

6. The Committee then adjourned.

XI

Eleventh Sitting

The Committee sat on Friday, the 20th December, 1974 from 10.15 to 11.00 hours.

PRESENT

Shri K. Suryanarayana—*in the Chair*

MEMBERS

Lok Sabha

2. Shri Dinen Bhattacharya
3. Shri Anadi Charan Das
4. Shri B. K. Daschowdhury
5. Shri Indrajit Gupta
6. Shri Noorul Huda
7. Shri Ramachandran Kadannappalli
8. Shri Robin Kakoti
9. Shri N. S. Kamble
10. Shri Madhu Limaye
11. Shri Jagannath Mishra
12. Shri Pratap Singh Negi
13. Shri E. V. Vikhe Patil
14. Shri M. S. Purty
15. Shri Ram Swarup
16. Shri M. Ram Gopal Reddy
17. Dr. Govind Das Richariya

18. Shri Somchand Solanki
19. Shri Sukhdeo Prasad Verma

Rajya Sabha

20. Shri Babubhai M. Chinai
21. Shri Bhupesh Gupta
22. Shri Yashpal Kapur
23. Shri A. G. Kulkarni
24. Shri B. N. Mandal
25. Shri S. Ranganathan
26. Shri Subramanian Swamy

LEGISLATIVE COUNSEL

1. Shri S. K. Maitra, *Joint Secretary and Legislative Counsel.*
2. Shri N. L. Vaidyanathan, *Additional Legislative Counsel.*

REPRESENTATIVES OF THE MINISTRY OF FINANCE
(DEPARTMENT OF BANKING)

1. Shri M. G. Balasubramaniam, *Additional Secretary.*
2. Shri M. K. Venkatachalam, *Joint Secretary.*
3. Shri N. Sethuraman, *Joint Secretary.*
4. Shri V. K. Shunglu, *Deputy Secretary.*

SECRETARIAT

Shri H. G. Paranjpe—*Chief Financial Committee Officer.*

2. In the absence of the Chairman, Shri K. Suryanarayana was elected as the Chairman for the sitting under Rule 258 (3) of the Rules of Procedure.

3. Shri Pranab Kumar Mukherjee, Minister of State 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.

4. The Committee, after some discussion, decided to invite the following for evidence:—

1. Shri D. Sharma, Joint General Manager, Industrial Development Bank of India, Bombay.
2. Secretary, Ministry of Industry and Civil Supplies (Department of Industrial Development), Government of India, New Delhi.
3. Secretary, Planning Commission.
4. Shri R. G. Saraiya, Chairman, Banking Commission.
5. Shri Bbatosh Datta, Member, Banking Commission.
6. Dr. B. Venkatappaiah, Chairman, All India Credit Review Committee.

5. The Committee then decided to hold their sittings to hear further evidence on the provisions of the Bill at New Delhi from the 5th to 7th February, 1975.

6. The Committee then adjourned.

XII

Twelfth Sitting

The Committee sat on Wednesday, the 5th February, 1975 from 15.00 to 17.45 hours.

PRESENT

Shri K. Suryanarayana—*in the Chair*

MEMBERS

Lok Sabha

2. Shri Dinen Bhattacharya
3. Chaudhury Dalip Singh
4. Shri Anadi Charan Das
5. Shri B. K. Daschowdhury
6. Shri Jagdish Chandra Dixit
7. Shri Madhu Limaye
8. Shri K. M. Madhukar
9. Shri Piloo Mody
10. Shri Surendra Mohanty
11. Shri Pratap Singh Negi
12. Shri Rajaram Dadasaheb Nimbalkar
13. Dr. Laxminarayan Pandeya
14. Shri M. S. Purty
15. Shri Ram Swarup
16. Shri Babu Nath Singh
17. Shri Somchand Solanki
18. Shri N. R. Vekaria
19. Shri Sukhdeo Prasad Verma

Rajya Sabha

20. Shri K. B. Chettri
21. Shri Babhubhai M. Chinai
22. Shri Bhupesh Gupta
23. Shri M. S. Abdul Khader
24. Shri Sumitra G. Kulkarni
25. Dr. K. Mathew Kurian
26. Shri B. N. Mandal
27. Shri Rishi Kumar Mishra
28. Shri Deorao S. Patil
29. Shrimati Saraswati Pradhan
30. Shri S. Ranganathan
31. Shri Kameshwar Singh
32. Shri Subramanian Swamy

LEGISLATIVE COUNSEL

Shri N. L. Vaidyanathan—*Additional Legislative Counsel.*

REPRESENTATIVES OF THE MINISTRY OF FINANCE

1. Shri N. C. Sen Gupta, *Secretary.*
2. Shri M. G. Balasubramanian, *Additional Secretary.*
3. Shri M. K. Venkatachalam, *Joint Secretary.*
4. Dr. D. N. Saxena, *Joint Secretary.*
5. Shri V. K. Shunglu, *Deputy Secretary.*

SECRETARIAT

Shri H. L. Malhotra—*Legislative Committee Officer.*

2. In the absence of the Chairman, Shri K. Suryanarayana was elected as the Chairman for the sitting under Rule 258 (3) of the Rules of Procedure.

3. Shri Pranab Kumar Mukherjee, Minister of State 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.

4. At the outset, Shri Madhu Limaye enquired as to why Shri D. Sharma, Joint General Manager, I.D.B.I. could not appear during the current series of sittings of the Committee. The Chairman informed the Committee of the circumstances under which Shri Sharma could not appear before the Committee. After some discussion on the matter, the Committee decided that Shri Sharma might be asked to appear for evidence at the next series of sittings of the Committee.

5. The Committee then heard evidence of the following:—

[In the beginning, the Chairman drew the attention of the officers of the provisions of Direction 58 of the Directions by the Speaker]

I. *Ministry of Industry and Civil Supplies (Department of Industrial Development), New Delhi.*

Spokesmen:

1. Shri R. V. Raman, Secretary.
2. Shri Bimal Jalan, Economic Adviser.

[15.30 to 17.00 hours]

II. *Planning Commission, New Delhi*

Spokesmen:

1. Shri V. G. Rajadhyaksha, Chief Consultant and *Ex*-Officio Secretary.
2. Shri M. Satyapal, Additional Adviser (I&M).
3. Shri D. R. Gupta, Chief (Economic Growth & Policy).

[17.00 to 17.45 hours]

6. A verbatim record of evidence was kept.

7. The Committee then adjourned to meet again on Thursday, the 6th February, 1975 at 10.30 hours.

XIII

Thirteenth Sitting

The Committee sat on Thursday, the 6th February, 1975 from 11.00 to 12.50 hours.

PRESENT

Shri K. Suryanarayana—*in the chair*

MEMBERS

Lok Sabha

2. Shri Dinen Bhattacharya
3. Chaudhry Dalip Singh
4. Shri C. T. Dhandapani
5. Shri Jagdish Chandra Dixit
6. Shri Noorul Huda
7. Shri K. M. Madhukar
8. Shri Piloo Mody
9. Shri Pratap Singh Negi
10. Shri Rajaram Dadasaheb Nimbalkar
11. Dr. Lakshminarayan Pandeya
12. Shri M. S. Purty
13. Ch. Ram Prakash
14. Shri Ram Swarup
15. Shri M. Ram Gopal Reddy
16. Shri Sukhdeo Prasad Verma

Rajya Sabha

17. Shri K. B. Chettri
18. Shri Babubhai M. Chinai
19. Shri Bhupesh Gupta
20. Shri M. S. Abdul Khader
21. Shri Rishi Kumar Mishra
22. Dr. K. Mathew Kurian
23. Shri Deorao S. Patil
24. Shrimati Saraswati Pradhan
25. Shri S. Ranganathan
26. Shrimati Maimoona Sultan
27. Shri Subramanian Swamy.

LEGISLATIVE COUNSEL

Shri M. L. Vaidyanathan, *Additional Legislative Counsel.*

REPRESENTATIVES OF THE MINISTRY OF FINANCE (DEPARTMENT OF BANKING)

1. Shri M. K. Venkatachalam, *Joint Secretary*
2. Shri R. Rajamani, *Director*
3. Shri V. K. Shunglu, *Deputy Secretary*

SECRETARIAT

Shri H. L. Malhotra—*Legislative Committee Officer.*

2. In the absence of the Chairman, Shri K. Suryanarayana was elected as the Chairman for the sitting under Rule 258(3) of the Rules of Procedure.

3. Shri Pranab Kumar Mukherjee, Minister of State 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.

4. The Committee then heard evidence of the following:—

[In the beginning, the Chairman drew the attention of the representatives to the provisions of Direction 58 of the Directions by the Speaker].

I. Shri R. G. Saraiya, *ex*-Chairman, Banking Commission.
[11.00 to 12.05 hours].

II. *Indian Merchants Chamber, Bombay.*

Spokesmen

1. Shri Arvind Kilachand—Vice President.
2. Shri V. B. Haribhakti
3. Shri S. N. Desai

[12.05 to 12.45 hours]

5. A verbatim record of evidence was kept.

6. The Committee then adjourned to meet again on Thursday, the 7th February, 1975 at 10.30 hours.

XIV

Fourteenth Sitting

The Commitee sat on Friday, the 7th February, 1975 from 10.30 to 13.20 hours.

PRESENT

Shri K. Suryanarayana—*in the chair*

MEMBERS

Lok Sabha

2. Shri Anadi Charan Das
3. Shri B. K. Daschowdhury
4. Shri C. T. Dhandapani
5. Shri Jagdish Chandra Dixit
6. Shri Madhu Limaye
7. Shri Jagannath Mishra
8. Shri Shrikishan Modi
9. Shri Piloo Mody
10. Shri Pratap Singh Negi
11. Shri Rajaram Dadasaheb Nimbalkar
12. Shri M. S. Purty

13. Ch. Ram Prakash
14. Shri Ram Swarup
15 |Shri M. Ram Gopal Reddy
16. R. Govind Das Richariya
17. Shri Babu Nath Singh
18. Shri N. R. Vekaria
19. Shri Sukhdeo Prasad

Rajya Sabha

20. Shri K. B. Chettri
21. Shri Bhupesh Gupta
22. Shri Yashpal Kapur
23. Dr. K. Mathew Kurian
24. Shri Deorao S. Patil
25. Shrimati Saraswati Pradhan
26. Shri S. Ranganathan
27. Shri Kameshwar Singh
28. Shri Subramanian Swamy

Legislative Counsel

Shri N. L. Vaidyanathan, *Additional Legislative Counsel.*

REPRESENTATIVES OF THE MINISTRY OF FINANCE (DEPARTMENT OF BANKING)

1. Shri N. C. Sen Gupta—*Secretary.*
2. Shri M. K. Venkatachalam—*Joint Secretary.*
3. Shri V. K. Shunglu—*Deputy Secretary.*

SECRETARIAT

Shri H. L. Malhotra—*Legislative Committee Officer.*

2. In the absence of the Chairman, Shri K. Suryanarayana was elected as the Chairman for the sitting under Rule 258(3) of the Rules of Procedure.

3. Shri Pranab Kumar Mukherjee, Minister of State 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 Precedure.

4. The Committee then heard evidence of the following:—

[In the beginning, the Chairman drew the attention of the representatives to the provisions of Direction 58 of the Directions by the Speaker].

I. Shri Bhabatosh Datta *ex*-Member, Banking Commission.

[10.30 to 12.30 hours].

II. Shri B. Venkatappiah, *ex*-Chairman, All India Credit Review Committee.

[12.30 to 13.15 hours].

5. A verbatim record of evidence was kept.

6. After some discussion, the Committee decided that Dr. R. K. Hazari, Deputy Governor, Reserve Bank of India might also be invited for evidence.

7. The Chairman then observed that they have not yet concluded hearing of evidence and further stages of the Bill are also to be got through. As such, it would not be possible for them to finalise their report by the stipulated date *i.e.* the 21st February, 1975. The Committee, therefore decided to ask for another extension of time for presentation of their report upto the first day of the second week of the next Monsoon Session (1975).

8. The Committee authorised the Chairman and, in his absence, Sarvashri K. Suryanarayana and B. K. Daschowdhury to move the necessary motion in the Lok Sabha.

9. At the end, the Committee decided to meet on Wednesday, the 19th February, 1975 at 10.00 hours to finalise their future programme of work.

10. The Committee then adjourned.

XV

Fifteenth Sitting

The Committee sat on Wednesday, the 19th February, 1975 from 10.00 to 10.30 hours.

PRESENT

Shri K. Suryanarayana—*in the chair*

MEMBERS

Lok Sabha

2. Shri Dinen Bhattacharya
3. Shri Anadi Charan Das
4. Shri B. K. Daschowdhury
5. Shri Jagdish Chandra Dixit
6. Shri Indrajit Gupta
7. Shri Noorul Huda
8. Shri Robin Kakoti
9. Shri Madhu Limaye
10. Shri Jagannath Mishra
11. Shri Shrikishan Modi
12. Shri Pratap Singh Negi
13. Shri M. S. Sanjeevi Rao
14. Shri M. Ram Gopal Reddy
15. Shri Somchand Solanki
16. Shri N. R. Vekaria

Rajya Sabha

17. Shri Bhupesh Gupta
18. Shri B. V. Abdullah Koya

19. Shri A. G. Kulkarni
20. Shrimati Sumitra G. Kulkarni
21. Dr. K. Mathew Kurian
22. Shri S. Ranganathan
23. Shri Gian Chand Totu

LEGISLATIVE COUNSEL

Shri N. L. Vaidyanathan, *Additional Legislative Counsel.*

REPRESENTATIVES OF THE MINISTRY OF FINANCE

(DEPARTMENT OF BANKING)

1. Shri N. C. Sen Gupta—*Secretary.*
2. Shri M. K. Venkatachalam, *Joint Secretary.*

SECRETARIAT

Shri H. G. Paranjpe—*Chief Financial Committee Officer.*

2. In the absence of the Chairman, Shri G. Suryanarayana was elected as the Chairman for the sitting under Rule 258(3) of the Rules of Procedure.

3. Shri Pranab Kumar Mukherjee, Minister of State in the Ministry of Finance, who is not 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.

4. The Committee, after some discussion, decided to invite Dr. R. K. Hazari, Deputy Governor, Reserve Bank of India, Bombay and Shri D. Sharma, Joint General Manager, Industrial Development Bank of India, Bombay for evidence on Friday, the 7th March, 1975 at 15.30 hours.

5. The Committee then adjourned.

XVI

Sixteenth Sitting

The Committee sat on Friday, the 7th March, 1975 from 15.30 to 16.30 hours.

PRESENT

MEMBERS

Lok Sabha

1. Shri Dinen Bhattacharya
2. Shri Chandulal Chandrakar
3. Shri Indrajit Gupta
4. Shri Noorul Huda
5. Shri Robin Kakoti
6. Shri Madhu Limaye
7. Shri Shrikishan Modi
8. Shri Rajaram Dadasaheb Nimbalkar
9. Shri M. S. Sanjeevi Rao
10. Shri M. Ram Gopal Reddy

11. Shri K. Suryanarayana
12. Shri Sukhdeo Prasad Verma

Rajya Sabha

13. Shri Bhupesh Gupta
14. Shri Yashpal Kapur
15. Shri Subramanian Swamy
16. Shri Gian Chand Totu

LEGISLATIVE COUNSEL

Shri N. L. Vaidyanathan, *Additional Legislative Counsel.*

REPRESENTATIVES OF THE MINISTRY OF FINANCE
(DEPARTMENT OF BANKING)

1. Shri N. C. Sen Gupta—*Secretary.*
2. Shri M. K. Venkatachalam—*Joint Secretary.*
3. Shri V. K. Shunglu—*Deputy Secretary.*
4. Shri D. K. Sen—*Deputy Secretary.*

SECRETARIAT

Shri H. L. Malhotra—*Senior Legislative Committee Officer.*

2. The Committee adjourned for want of quorum.

XVII

Seventeenth Sitting

The Committee sat on Wednesday, the 16th April, 1975 from 15.00 to 17.45 hours.

PRESENT

Shri R. N. Kureel—*Chairman*

MEMBERS

Lok Sabha

2. Shri K. Chikkalingiah
3. Shri Madhu Limaye
4. Shri Shrikishan Modi
5. Shri Pratap Singh Negi
6. Shri Rajaram Dadasaheb Nimbalkar
7. Shri E. V. Vikhe Patil
8. Ch. Ram Prakash
9. Shri M. S. Sanjeevi Rao
10. Shri M. Ram Gopal Reddy
11. Shri Somchand Solanki
12. Shri K. Suryanarayana

Rajya Sabha

13. Shri K. B. Chettri
14. Shri Bhupesh Gupta

15. Shri Yashpal Kapur
16. Shri B. V. Abdulla Koya
17. Shri A. G. Kulkarni
18. Shrimati Sumitra G. Kulkarni
19. Dr. K. Mathew Kurian
20. Shri B. N. Mandal
21. Shri Lokanath Misra
22. Shri Deorao S. Patil
23. Shrimati Saraswati Pradhan
24. Shri S. Ranganathan
25. Shri Kameshwar Singh
26. Shri Subramanian Swamy

LEGISLATIVE COUNSEL

27. Shri Gian Chand Totu

Shri N. L. Vaidyanathan, *Additional Legislative Counsel.*

REPRESENTATIVES OF THE MINISTRY OF FINANCE
(DEPARTMENT OF BANKING)

1. Shri N. C. Sen Gupta—*Secretary.*
2. Shri M. K. Venkatachalam—*Joint Secretary.*
3. Shri A. K. Dutt—*Joint Secretary.*
4. Shri D. N. Saxena—*Joint Secretary.*
5. Shri R. Rajamani—*Director.*
6. Shri V. K. Shunglu—*Deputy Secretary.*

SECRETARIAT

1. Shri J. R. Kapur—*Chief Financial Committee Officer.*
2. Shri H. L. Malhotra—*Senior Legislative Committee Officer.*

2. Shri Pranab Kumar Mukherjee, Minister of State in the Ministry of Finance, who is not a member of the Committee attended the sitting with the permission of the Chairman.

3. The Committee heard evidence of the following:—

[In the beginning, the Chairman drew the attention of the officials to the provisions of Direction 58 of the Directions by the Speaker]

I. Shri D. Sharma,

Joint General Manager,

Industrial Development Bank of India, Bombay.
[15.00 to 16.30 hours].

II. Dr. R. K. Hazari,

Deputy Governor,

Reserve Bank of India, Bombay.
[16.30 to 17.35 hours]

4. A verbatim record of evidence was kept.

5. The Committee then considered their future programme of work and decided as follows:—

(1) General discussion on the various points raised in the memoranda and also during the course of evidence tendered before the Committee.	9th and 10th June, 1975. The Committee may also sit on the 11th June, 1975, if necessary.
(ii) Clause-by-clause consideration of the Bill.	19th and 20th June, 1975.
(iii) Last date for receipt of amendments.	2nd June, 1975.

6. Dr. K. Mathew Kurian drew the attention of the Committee to an article published in the "Economic Times" dated the 14th March, 1975 under the caption "whether IDBI BILL?" which allegedly cast aspersions on the Committee. After some discussion the Committee decided to consider the matter at their next sitting.

7. The Committee then adjourned.

XVIII

Eighteenth Sitting

The Committee sat on Monday, the 9th June, 1975 from 10.30 to 12.10 hours.

PRESENT

Shri B. N. Kureel—*Chairman.*

MEMBERS

Lok Sabha

2. Shri Dinen Bhattacharya
3. Shri K. Chikkalingiah
4. Shri Dalip Singh
5. Shri Anadi Charan Das
6. Shri B. K. Daschowdhury
7. Shri Jambuwant Dhote
8. Shri Indrajit Gupta
9. Shri Noorul Huda
10. Shri Robin Kakoti
11. Shri N. S. Kamble
12. Shri Madhu Limaye
13. Shri Vikram Mahajan
14. Shri Jagannath Mishra
15. Shri Pratap Singh Negi
16. Shri E. V. Vikhe Patil
17. Shri M. S. Purty
18. Ch. Ram Prakash

19. Shri Ram Swarup
20. Shri M. Ram Gopal Reddy
21. Shri Babu Nath Singh
22. Shri Somchand Solanki
23. Shri K. Suryanarayana

Rajya Sabha

24. Shri Babubhai M. Chinai
25. Shri Bhupesh Gupta
26. Shri Yashpal Kapur
27. Dr. K. Mathew Kurian
28. Shri Lokanath Misra
29. Shrimati Saraswati Pradhan
30. Shrimati Maimoona Sultan
31. Shri Gian Chand Totu

LEGISLATIVE COUNSEL

Shri N. L. Vaidyanathan, *Additional Legislative Counsel.*

REPRESENTATIVES OF THE MINISTRY OF FINANCE

1. Shri M. G. Balasubramanian, *Additional Secretary.*
2. Shri M. K. Venkatachalam, *Joint Secretary.*
3. Shri V. K. Shunglu, *Deputy Secretary.*
4. Shrimati Nalini M. K. Menon, *Deputy Secretary.*

SECRETARIAT

Shri Y. Saha--*Chief Legislative Committee Officer.*

2. Shri Pranab Kumar Mukherjee, Minister of State in the Ministry of Finance, who is not a member of the Committee, attended the sitting with the permission of the Chairman.

3. The Committee held general discussion on the various points raised in the memoranda submitted to the Committee and also during the course of evidence before the Committee. The discussion was not concluded.

4. The Committee then adjourned to meet again on Tuesday, the 10th June, 1975 at 10.30 hours.

XIX

Nineteenth Sitting

The Committee sat on Tuesday, the 10th June, 1975 from 10.30 to 12.10 hours.

PRESENT

Shri B. N. Kureel—*Chairman*

MEMBERS

Lok Sabha

2. Shri Dinen Bhattacharya
3. Shri K. Chikkalingiah

4. Shri Dalip Singh
5. Shri Anadi Charan Das
6. Shri B. K. Daschowdhury
7. Shri Jambuwant Dhote
8. Shri Jagdish Chandra Dixit
9. Shri Indrajit Gupta
10. Shri Noorul Huda
11. Shri Robin Kakoti
12. Shri Madhu Limaye
13. Shri Vikram Mahajan
14. Shri Jagannath Mishra
15. Shri Pratap Singh Negi
16. Dr. Laxminarayan Pandeya
17. Shri E. V. Vikhe Patil
18. Shri M. S. Purty
19. Ch. Ram Prakash
20. Shri Ram Swarup
21. Shri M. Ram Gopal Reddy
22. Shri Babu Nath Singh
23. Shri Somchand Solanki
24. Shri K. Suryanarayana

Rajya Sabha

25. Shri Babubhai M. Chinai
26. Shri Bhupesh Gupta
27. Shri M. S. Abdul Khader
28. Dr. K. Mathew Kurian
29. Shri Lokanath Misra
30. Shri Deorao S. Patil
31. Shrimati Saraswati Pradhan
32. Shri Subramanian Swamy

LEGISLATIVE COUNSEL

Shri N. L. Vaidyanathan—*Additional Legislative Counsel.*

REPRESENTATIVES OF THE MINISTRY OF FINANCE

1. Shri M. G. Balasubramanian, *Additional Secretary.*
2. Shri M. K. Venkatachalam, *Joint Secretary.*
3. Shri V. K. Shunglu, *Deputy Secretary.*
4. Shrimati Nalini M. K. Menon, *Deputy Secretary.*

SECRETARIAT

Shri Y. Sahai—*Chief Legislative Committee Officer.*

2. Shri Pranab Kumar Mukherjee, Minister of State in the Ministry of Finance, who is not a member of the Committee, attended the sitting with the permission of the Chairman.

3. The Committee resumed general discussion on the various points raised in the memorandum submitted to the Committee and also during the course of oral evidence before the Committee. The discussion concluded at 12.05 hours.

4. The Committee decided that—

(i) Evidence given before the Committee be laid on the Table of both Houses; and

(ii) Two copies of the memorandum received by the Committee from various Associations, Organisations, etc. be placed in the Parliament Library, after the Report had been presented, for reference by Members of Parliament.

5. The Committee then adjourned.

XX

Twentieth Sitting

The Committee sat on Thursday, the 19th June, 1975 from 15.00 to 16.50 hours.

PRESENT

Shri B. N. Kureel—*Chairman*

MEMBERS

Lok Sabha

2. Shri K. Chikkalingiah
3. Shri Dalip Singh
4. Shri Anadi Charan Das
5. Shri B. K. Daschowdhury
6. Shri Jagdish Chandra Dixit
7. Shri Indrajit Gupta
8. Shri Ramachandran Kadannappalli
9. Shri Robin Kakoti
10. Shri N. S. Kamble
11. Shri Vikram Mahajan
12. Shri Jagannath Mishra
13. Shri Surendra Mohanty
14. Shri Pratap Singh Negi
15. Shri Rajaram Dadasaheb Nimbalkar
16. Dr. Laxminarayan Pandeya
17. Shri E. V. Vikhe Patil
18. Shri M. S. Purty
19. Shri Ram Swarup
20. Shri M. S. Sanjeevi Rao
21. Shri M. Ram Gopal Reddy
22. Dr. Govind Das Richariya

22. Shri Babu Nath Singh
24. Shri K. Suryanarayana
25. Shri T. V. Chandrashekharappa Veerabasappa
26. Shri N. R. Vekaria
27. Shri C. Subramaniam

Rajya Sabha

28. Shri K. B. Chettri
29. Shri Babhubhai M. Chinai
30. Shri Bhupesh Gupta
31. Shri Lokanath Misra
32. Shri Deorao S. Patil
33. Shrimati Saraswati Pradhan
34. Shri R. Narasimha Reddy
35. Shri Kameshwar Singh
36. Shrimati Maimoona Sultan
37. Shri Subramanian Swamy
38. Shri Gian Chand Totu

LEGISLATIVE COUNSEL

Shri S. K. Maitra—*Joint Secretary and Legislative Counsel.*

REPRESENTATIVES OF THE MINISTRY OF FINANCE

1. Shri M. G. Balasubramanian, *Additional Secretary.*
2. Shri M. K. Venkatachalam, *Joint Secretary.*
3. Shri V. K. Shunglu, *Deputy Secretary.*
4. Shrimati Nalini M. K. Menon, *Deputy Secretary.*

SECRETARIAT

Shri Y. Sahai—*Chief Legislative Committee Officer.*

2. Shri Pranab Kumar Mukherjee, Minister of State in the Ministry of Finance, who is not a member of the Committee, attended the sitting with the permission of the Chairman.

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

4. *Clause* 2.—The following amendment was accepted:—

Page 1, line 17, *after* "co-ordinating" *insert* ", in conformity with national priorities,"

The clause, as amended, was adopted.

5. *Clauses* 3 *and* 4.—These clauses were adopted without any amendment.

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

Page 3, line 18, *for* "1973" *substitute* "1975"

The clause as amended, was adopted.

7. *Clause* 6.—The clause was adopted without any amendment.

8. *Clause* 7.—The following amendments were accepted:—

(i) Page 4, line 26, *for* "or practical experience" *substitute* "of, and professional experience in,"

(ii) Page 4, line 28, *after* "accountancy" *insert* ", marketing"

Further consideration of the clause was held over.

9. *Clauses* 8 *to* 16.—These clauses were adopted without any amendment.

10. *Clause* 17.—The following amendments were accepted:—

(i) Page 8, line 50, *for* "subsidiary bank" *substitute* "any subsidiary bank"

(ii) Page 9, line 9, *for* "subsidiary bank" *substitute* "any subsidiary bank"

The clause, as amended, was adopted.

11.*Clause* 18.—The clause was adopted without any amendment.

12. *Clause* 19.—The following amendment was accepted:—

Page 9, line 21, *for* "1973" *substitute* "1975"

The clause, as amended, was adopted.

13. *Clause* 20.—The following amendment was accepted:—

Page 9, line 39, *for* "1973" *substitute* "1975"

Further consideration of the clause was held over.

14. The Committee then decided that they might sit at 15.00 hours instead of 10.30 hours on Friday, the 20th June 1975 to take up further clause-by-clause consideration of the Bill.

15. The Committee then adjourned.

XXI

Twenty-first Sitting

The Committee sat on Friday, the 20th June, 1975 from 15.00 to 16.20 hours.

PRESENT

Shri B. N. Kureel—*Chairman*

MEMBERS

Lok Sabha

2. Shri Chandulal Chandrakar
3. Shri K. Chikkalingiah
4. Shri B K. Daschowdhury
5. Shri Jagdish Chandra Dixit
6. Shri Indrajit Gupta

7. Shri Ramachandran Kadannappalli
8. Shri Robin Kakoti
9. Shri N. S. Kamble
10. Shri Madhu Limaye
11. Shri Jagannath Mishra
12. Shri Piloo Mody
13. Shri Surendra Mohanty
14. Shri Pratap Singh Negi
15. Shri Rajaram Dadasaheb Nimbalkar
16. Shri E. V. Vikhe Patil
17. Shri M. S. Purty
18. Shri Ram Swarup
19. Shri M. S. Sanjeevi Rao
20. Shri M. Ram Gopal Reddy
21. Dr. Govind Das Richariya
22. Shri Babu Nath Singh
23. Shri T. V. Chandrashekharappa Veerabasappa
24. Shri N. R. Vekaria
25. Shri C. Subramaniam

Rajya Sabha

26 Shri K. B. Chettri
27. Shri Babubhai M. Chinai
28. Shri Bhupesh Gupta
29. Shrimati Sumitra G. Kulkarni
30. Dr. K. Mathew Kurian
31. Shri Lokanath Misra
32. Shri Deorao S. Patil
33. Shri Kameshwar Singh
34. Shri Subramanian Swamy
35. Shri Gian Chand Totu

LEGISLATIVE COUNSEL

Shri S. K. Maitra—*Joint Secretary and Legislative Counsel.*

REPRESENTATIVES OF THE MINISTRY OF FINANCE

1. Shri M. G. Balasubramanian, *Additional Secretary.*
2. Shri M. K. Venkatachalam, *Joint Secretary.*
3. Shri V. K. Shunglu, *Deputy Secretary.*
4. Shrimati Nalini M. K. Menon, *Deputy Secretary.*

SECRETARIAT

Shri Y. Sahai—*Chief Legislative Committee Officer.*

2. Shri Pranab Kumar Mukherjee, Minister of State in the Ministry of Finance, who is not a member of the Committee attended the sitting with the permission of the Chairman.

3. The Committee resumed clause-by-clause consideration of the Bill.

4. *Clause* 7 [*Vide* paragraph 8 of the Minutes dated the 19th June, 1975].

I. The following amendments were accepted subject to drafting changes:—

(i) Page 4, line 16, *for* "eighteen" *subtitute* "twenty".

(ii) Page 4, *after* line 31 insert—

"(V) two directors representing employees of the Development Bank and the financial institutions, one to represent the officer employees and the other to represent the workmen employees, in accordance with such procedure as may be prescribed;"

II. The notice of amendment which was considered and not accepted by the Committee is given in the Annexure.

The clause, as amended, was adopted.

5. *New clause* 20A.—The following new clause wos adopted:—

Page 10, *after* line 5, *insert*

"Chapter IIIA

Extension of the Industrial Finance Corporation Act, 1948 to Kohima and Mokokchung Districts.

Extension of Act 15 of 1948 to Kohima and Mokokchung districts in Nagaland.

20A. The Industrial Finance Corporation Act, 1948, shall, as from the commencement of the Public Financial Institution Laws (Amendment) Act, 1975, extend to the Kohima and Mokokchung districts in the State of Nagaland and shall come into force therein on such date as the Central Government may, by notification in the Official Gazette, appoint."

6. *Clause* 21.—The following amendment was accepted:—

Page 10, line 8, *for* "Industrial Finance Corporation Act 1948"

Substitute "Industrial Finance Corporation Act, 1948 (hereinafter in this Chapter referred to as the Industrial Finance Corporation Act)";

The clause, as amended, was adopted.

7. *New clause* 21A.—The following amendment was accepted:

Page 10, *after* line 10, *insert*

"21A. In section 42 of the Industrial Finance Corporation Act,—

(i) in sub-section (1), *for* "The Central Government may, in consultation with the Development Bank",

substitute "the Central Government may, in consultation with the Development Bank and by notification in the Official Gazette,".

(ii) in sub-section (2), *for* "two successive session, and, if before the expiry of the session in which it is so laid or the session immediately following,"

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

The clause, as amended, was adopted.

8. *Clauses* 22 *to* 36.—These clauses were adopted without any amendment.

9. *Clause* 37.—The following amendment was accepted:—

Page 12, line 40, *for* "1973" *substitute* "1975"

The clause, as amended, was adopted.

10. *Clause* 38.—The clause was adopted without any amendment.

11. *New clause* 38A.—The following new clause was adopted:—

Page 13, *after* line 5, *insert*

38A. After section 6 of the Life Insurance Act, the following section shall be inserted, namely:— "Insertion of new section 38A.

6A. (1) In entering into any arrangement under section 6 with any concern, the Corporation may impose such conditions as it may think necessary or expedient for protecting the interest of the Corporation and for securing that the accommodation granted by it is put to the best use by the concern. 'Power to impose conditions etc.

(2) Where any arrangement entered into by the Corporation under section 6 with any concern provides for the appointment by the Corporation of one or more directors of such concern, such provision and any appointment of directors made in pursuance thereof shall be valid and effective notwithstanding anything to the contrary contained in the Companies Act, 1956, or in any other law for the time being in force or in the memorandum, articles of association or any other instrument relating to the concern, and any provision regarding share qualification, age limit, number of director-ships, removal from office of directors and such like conditions contained in any such law or instrument aforesaid, shall not apply to any director appointed by the Corporation in pursuance of the arrangement as aforesaid.

of
956.

(3) Any director appointed as aforesaid shall—

(a) hold office during the pleasure of the Corporation and may be removed or substituted by any person by order in writing by the Corporation;

(b) not incur any obligation or liability by reason only of his being a director or for anything done or omitted to be done in good faith in the discharge of his duties as a director or anything in relation thereto;

(c) not be liable to retirement by rotation and shall not be taken into account for computing the number of directors liable to such retirement'."

12. *Clause* 39.—The clause was adopted without any amendment.

13. *New clause* 39A.—The following new clause was adopted:—

Page 13, *after* line 8, *insert*

"Amendment of section 48.

39A. In section 48 of the Life Insurance Act, for sub-section (3), the following sub-section shall be substituted, namely:—

'(3) Every rule made by the Central Government under this Act 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'."

14. *Clauses* 40 *to* 43.—These clauses were adopted without any amendment.

15. *Clause* 44.—The following amendment was accepted:—

Page 14, line 8, *for* "1973"

substitute "1975".

The clause, as amended, was adopted.

16. *Clauses* 45 *to* 48.—These clauses were adopted without any amendment.

17. *New clause* 48A.—The following new clause was adopted:—

Page 14, *after* line 23, *insert*

"Insertion of new section 19A.

48A. After section 19 of the Unit Trust Act, the following section shall be inserted namely:—

'Power to impose conditions etc.

19A. (1) in entering into any arrangement under section 19, with any concern, the Trust may impose such conditions as it may think necessary or expedient for protecting the interest of the Trust and for securing that the accommodation granted by it is put to the best use by the industrial concern.

(2) Where any arrangement entered into by the Trust under section 19 with any concern provides for the appointment by the Trust of one or more directors of such concern, such provision and any appointment of directors made in pursuance thereof shall be valid and effective notwithstanding anything to the contrary contained in the Companies Act, 1956, or in any other law for the time being in force or in the memorandum, articles of association of any other instrument relating to the concern, and any provision regarding share qualification, age limit, number of directorships, removal from office of directors and such like, conditions contained in any such law or instrument aforesaid, shall not apply to any director appointed by the Trust in pursuance of the arrangement as aforesaid. 1 of 1956

(3) Any director appointed as aforesaid shall,

(a) hold office during the pleasure of the Trust and may be removed or substituted by any person by order in writing by the Trust;

(b) not incur any obligation or liability by reason only if his being a director or for anything done or omitted to be done in good-faith in the discharge of his duties as a director or anything in relation thereto;

(c) not be liable to retirement by rotation and shall not be taken into account for computing the number of directors liable to such retirement.'"

18. *Clauses* 49 *and* 50.—These clauses were adopted without any amendment.

19. *Clause* 51.—The following amendments were accepted:—

(i) Page 15, line 23, *for* "1973"

substitute "1975".

(ii) Page 15, line 38, *for* "1973".

substitute "1975".

(iii) Page 15, line 44, *for* "1973"

substitute "1975".

The clause, as amended, was adopted.

20. *Clause* 52.—The clause was adopted without any amendment.

21. *Clause* 53.—The following amendment was accepted:—

Page 16, line 15, *for* "1973" *substitute* "1975".

The clause, as amended, was adopted.

22. *Clause* 20 [*Vide* paragraph 13 of the Minutes dated the 19th June, 1975].—The Committee took up further consideration of this clause. The discussion on this clause was not concluded for want of quorum.

23. The Chairman announced that the next sitting of the Committee might be held on Friday, the 11th July, 1975 at 15.00 hours.

ANNEXURE

LIST OF NOTICES OF AMENDMENTS CONSIDERED AND NOT ACCEPTED AT THE SITTING OF THE JOINT COMMITTEE HELD ON THE 20TH JUNE, 1975

S. No.	Name of the Member and text of amendment

CLAUSE 7

DR. K. MATHEW KURIAN:

Page 4, af er line 31, insert—

"Two representatives, one to represent officers and the other to represent employees of all financial institutions, elected through electoral colleges."

NEW CLAUSE 10A

2. SHRI BHUPESH GUPTA:

Page 6, after line 10, insert

"10A. The Board shall appoint a Scrutiny-cum-Review Committee comprised of not less than five techno-crats and experts to scrutinise the applications for credits and to review from time to time the manner in which the credits granted are being utilised."

XXII

Twenty-second Sitting

The Committee sat on Friday, the 11th July, 1975 from 15.00 to 15.30 hours.

PRESENT

Shri B. N. Kureel—*Chairman*

MEMBERS

Lok Sabha

2. Shri Dinen Bhattacharya
3. Shri Dalip Singh
4. Shri Anadi Charan Das
5. Shri B. K. Daschowdhury
6. Shri C. T. Dhandapani
7. Shri Jagdish Chandra Dixit
8. Shri Ramachandran Kadannappalli
9. Shri Robin Kakoti

10. Shri N. S. Kamble
11. Shri Jagannath Mishra
12. Shri Shrikishan Modi
13. Shri Surendra Mohanty
14. Shri Pratap Singh Negi
15. Shri Rajaram Dadasaheb Nimbalker
16. Shri E. V. Vikhe Patil
17. Shri M. S. Purty
18. Ch. Ram Prakash
19. Shri Ram Swarup
20. Shri M. Ram Gopal Reddy
21. Dr. Govind Das Richariya
22. Shri Babu Nath Singh
23. Shri Somchand Solanki
24. Shri K. Suryanarayana
25. Shri N. R. Vekaria
26. Shri C. Subramaniam

Rajya Sabha

27. Shri K. B. Chettri
28. Shri Bhupesh Gupta
29. Shri Yashpal Kapur
30. Shri M. S. Abdul Khader
31. Shri B. V. Abdulla Koya
32. Shri A. G. Kulkarni
33. Shrimati Sumitra G. Kulkarni
34. Shri Lokanath Misra
35. Shri Deorao S. Patil
36. Shri S. Ranganathan
37. Shri R. Narasimha Reddy
38. Shrimati Maimoona Sultan
39. Shri Gian Chand Totu

LEGISLATIVE COUNSEL

1. Shri S. K. Maitra—*Joint Secretary and Legislative Counsel.*
2. Shri N. L. Vaidyanathan, *Additional Legislative Counsel.*

REPRESENTATIVE OF THE MINISTRY OF FINANCE

1. Shri M. G. Balasubramanian, *Additional Secretary.*
2. Shri M. K. Venkatachalam, *Joint Secretary.*
3. Shri V. K. Shunglu, *Deputy Secretary.*
4. Shrimati Nalini M. K. Menon,, *Deputy Secretary.*

SECRETARIAT

Shri Y. Sahai—*Chief Legislative Committee Officer.*

2. Shri Pranab Kumar Mukherjee, Minister of State in the Ministry of Finance, who is not a member of the Committee, attended the sitting with the permission of the Chairman.

3. The Committee mourned the death of Shri Babubhai M. Chinai, M.P., and passed the following resolution:—

> "The Committee place on record their profound sense of sorrow over the demise on the 4th July, 1975 of their most esteemed colleague, Shri Babubhai M. Chinai, M.P., a member of the Committee, and send their heartfelt condolences to the members of the bereaved family."

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

4. The Committee resumed clause-by-clause consideration of the Bill.

5. *Clause* 7.[*Vide* paragraph 4 of the Minutes dated the 20th June, 1975]—The Committee re-opened discussion on this clause. The following amendment was accepted:—

Page 4, line 29, for "or practical"

substitute "and professional".

The clause, as further amended, was adopted.

6. *Clause* 20 [*Vide* paragraph 22 of the Minutes dated the 20th June, 1975].—The clause was adopted without any further amendment.

7. Clause 1.—The following amendment was accepted:

Page 1, line 6,

for "1973" *substitute* "1975".

The clause, as amended, was adopted.

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

Page 1, line 1,

for "Twenty-fourth Year"

substitute "Twenty-sixth Year".

The Enacting Formula, as amended, was adopted.

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

10. The Committee authorised the Legislative Counsel to correct patent errors and also to carry out amendments of verbal and consequential nature in the Bill.

11. The Committee decided to hold their sitting at 15.00 hours on Saturday, the 19th July, 1975 to consider and adopt their draft Report.

12. The Chairman then drew the attention of the members to the provisions of Direction 87 of the Directions by the Speaker regarding minutes of dissent.

13. The Committee then adjourned.

XXIII

Twenty-third Sitting

The Committee sat on Saturday, the 19th July, 1975 from 15.00 to 15.30 hours.

PRESENT

Shri B. N. Kureel—*Chairman*

MEMBERS

Lok Sabha

2. Shri Dinen Bhattacharya
3. Shri Chandulal Chandrakar
4. Shri Dalip Singh
5. Shri Anadi Charan Das
6. Shri B. K. Daschowdhury
7. Shri Jagdish Chandra Dixit
8. Shri Indrajit Gupta
9. Shri N. S. Kamble
10. Shri Pratap Singh Negi
11. Shri Rajaram Dadasaheb Nimbalkar
12. Shri E. V. Vikhe Patil
13. Shri M. S. Purty
14. Ch. Ram Prakash
15. Shri Ram Swarup
16. Shri M. Ram Gopal Reddy
17. Dr. Govind Das Richariya
18. Shri Babu Nath Singh
19. Shri Somchand Solanki
20. Shri K. Suryanarayana

Rajya Sabha

21. Shri Bhupesh Gupta
22. Shri Yashpal Kapur
23. Shri Lokanath Misra
24. Shri Deorao S. Patil
25. Shri S. Ranganathan
26. Shrimati Maimoona Sultan

LEGISLATIVE COUNSEL

1. Shri S. K. Maitra—*Joint Secretary and Legislative Counsel.*
2. Shri N. L. Vaidyanathan, *Additional Legislative Counsel.*

REPRESENTATIVES OF THE MINISTRY OF FINANCE

1. Shri M. K.Venkatachalam, *Joint Secretary.*
2. Shri V. K. Shunglu, *Deputy Secretary.*
3. Shrimati Nalini M. K. Menon, *Deputy Secretary.*

SECRETARIAT

Shri Y. Sahai—*Chief Legislative Committee Officer.*

2. Shri Pranab Kumar Mukherjee, Minister of State 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.

3. The Committee considered and adopted the Bill, as amended.

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

5. The Chairman announced that the Minutes of Dissent, if any, might be sent to the Lok Sabha Secretariat so as to reach them by 15.00 hours on Tuesday, the 22nd July, 1975.

6. The Committee authorised the Chairman, and, in his absence, Shri K. Suryanarayana to present the Report and to lay the Evidence on the Table of the House on Friday, the 25th July, 1975.

7. The Committee also authorised Shri Deorao S. Patil, and in his absence, Shri Yashpal Kapur to lay the Report and Evidence on the Table of Rajya Sabha on the 25th July, 1975.

8. The Committee place on record their appreciation of the assistance rendered by the Minister of Finance (Shri C. Subramaniam) and the Minister of State in the Ministry of Finance (Shri Pranab Kumar Mukherjee) during the course of their deliberations.

9. The Committee also placed on record their appreciation of the co-operation and assistance rendered by the Legislative Counsel, Additional Legislative Counsel, Officers of the Ministry of Finance and the Officers and staff of the Lok Sabha Secretariat.

10. The Committee also placed on record their thanks to the Chairman (Shri B. N. Kureel) for very ably conducting the proceedings of the Committee and guiding their deliberations at various stages of the Bill.

11. The Minister of State in the Ministry of Finance thanked the Members for the co-operation extended by them. He also placed on record his appreciation of the co-operation and assistance rendered by the Legislative Counsel, Additional Legislative Counsel, Officers of the Ministry of Finance and the Officers and staff of the Lok Sabha Secretariat.

12. The Committee then adjourned.

C.B. II No. 390

LOK SABHA

THE CUSTOMS TARIFF BILL, 1974

(REPORT OF THE SELECT COMMITTEE)

[Presented on the 25th July, 1975]

सत्यमेव जयते

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NEW DELHI

July, 1975/Sravana, 1897.

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CORRIGENDA
to
the Report of the Select Committee on
the Customs Tariff Bill, 1974.

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Page (iii), (i) Sl.No. 16, for "Mahapatra" read "Mohapatra"

(ii) Sl. No. 28, for "Singh" read "Sinha"

Page (vi), line 12, from bottom, for "Chhapter 4.- Ainew" read "Chapter 4.- A new"

Page 14, for line 3, substitute "industrial and medical plants; straw and fodder"

Page 16, line 21, for "subtances" read "substances"

Page 20, (i) line 23, for "peal" read "peel"
(ii) last line, for "No.30.30" read "No. 30.03"

Page 21, line 26, for "sances" read "sauces"

Page 24, line 19, for "Fe O" read "Fe_2O_3"

Page 48, line 40, for "resin and resin" read "rosin and resin"

Page 59, line 17, for "(ii)" read "(ij)"

Page 71, line 42, for "taxtile" read "textile"

Page 89, line 30, for "git" read "grit"

Page 90, line 31, for "cor" read "or"

Page 92, (i) line 41, for "74:05/04" read "74.04/05"
(ii) line 43, for "Heading No. 74:04/05 read "3. Heading No. 74.07/08" and for "such" read "tubes"

Page 141, line 13, for "Bhuvarah" read "Bhuvarahan"

Page 145, S.No.6, for "Manufactures" read "Manufacturers"

Page 148, line 3, for "TARIEF" read "TARIFF"

Page 153, line 7 from bottom, for "set" read "sat"

Page 155, line 6, for "Commitee" read "Committee"

Page 159, line 14, for "seiretary" read "Secretary"

Page 170, line 10 from bottom, for "170%" read "270"

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SELECT COMMITTEE ON THE CUSTOMS TARIFF BILL, 1974

COMPOSITION OF THE COMMITTEE

Shri B. R. Bhagat—*Chairman*

MEMBERS

2. Shri Nathu Ram Ahirwar
3. Shri Maganti Ankineedu
4. Shri M. Bheeshmadev
5. Shri G. Bhuvarahan
6. Shri Tridib Chaudhuri
7. Shri S. R. Damani
8. Shri D. D. Desai
9. Shri Hiralal Doda
10. Shri Dinesh Chandra Goswami
11. Shri D. B. Chandra Gowda
12. Shri Hari Singh
13. Shri C. Janardhanan
14. Shri Purushottam Kakodkar
15. Shri Maharaj Singh
16. Shri Shyam Sunder Mahapatra
17. Shri Priya Ranjan Das Munsi
18. Shri Noorul Huda
19. Shri Kartik Oraon
20. Shri H. M. Patel
21. Shri Ramji Ram
22. Shri P. A. Saminathan
23. Shri Mahadeepak Singh Shakya
24. Shri S. A. Shamim
*25. Shri Shashi Bhushan
26. Shri Rana Bahadur Singh
27. Shri Rudra Pratap Singh
28. Shri Satyendra Narayan Singh
29. Shri Tayyab Hussain
**30. Shri C. Subramaniam

LEGISLATIVE COUNSEL

1. Shri R. V. S. Peri-Sastri—*Joint Secretary & Legislative Counsel.*
2. Shri V. S. Bhashyam—*Additional Legislative Counsel.*

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

1. Shri K. Narasimhan—*Member, Board of Central Excise and Customs and Additional Secretary.*
2. Shri B. C. Rastogi—*Deputy Secretary.*
3. Shri B. N. Sharma—*Officer-on-special Duty.*

SECRETARIAT

1. Shri P. K. Patnaik—*Additional Secretary.*
2. Shri Y. Sahai—*Chief Legislative Committee Officer.*

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*Appointed w.e.f. 20-11-1974 *vice* Shri K. R. Ganesh resigned.
**Appointed w.e.f. 20-11-1974 *vice* Shri Y. B. Chavan resigned.

SELECT COMMITTEE ON THE CUSTOMS TARIFF BILL, 1934

COMPOSITION OF THE COMMITTEE

MEMBERS

SIR R. H. BRAND—CHAIRMAN

SIR P. K. PURCELL—NATIONAL LABOUR

SECRETARIAT

SIR P. C. BASSETT—DEPUTY SECRETARY

SIR R. W. SPEARS—OFFICER-ON-SPECIAL DUTY

LEGISLATIVE COUNSEL

SIR P. V. S. PERCIVAL—JOINT SECRETARY & LEGISLATIVE COUNSEL

REPRESENTATIVES OF THE MINISTRY OF FINANCE

(DEPARTMENT OF FINANCE & EXCHANGE)

SIR K. MACKINTOSH—DEPUTY CONTROLLER OF CUSTOMS AND EXCISE

SIR P. V. S. PERCIVAL—JOINT SECRETARY & LEGISLATIVE COUNSEL

SIR P. C. BASSETT—DEPUTY SECRETARY

SIR R. W. SPEARS—OFFICER-ON-SPECIAL DUTY

SIR P. K. PURCELL—NATIONAL LABOUR

SIR R. H. BRAND—CHAIRMAN

REPORT OF THE SELECT COMMITTEE

I, the Chairman of the Select Committee to which the Bill* to consolidate and amend the law relating to Customs duties was referred to, 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 10th May, 1974. The motion for reference of the Bill to a Select Committee was moved in the Lok Sabha by Shri K. R. Ganesh, the then Minister of State in the Ministry of Finance on the 6th September, 1974 and was adopted (Appendix I).

3. The Committee held 18 sittings in all.

4. The First sitting of the Committee was held on the 10th September, 1974 to draw up their programme of work. The Committee decided to invite memoranda from the State Governments, Chambers of Commerce and Industry, Clearing and Forwarding Agents and every one else interested in the subject matter of the Bill. The Committee also decided to hear evidence on the provisions of the Bill.

The Committee further decided to issue a Press Communique and, in addition, an advertisement in the leading newspapers inviting memoranda on the provisions of the Bill and also requests for oral evidence by the 1st October, 1974.

At their second sitting held on the 14th October, 1974 the Committee decided to extend the time for submission of memoranda up to the 15th November, 1974. The Committee also decided to visit the Customs Cargo Clearance Office, Palam Airport, Foreign Post Office and Customs House, New Delhi on the 5th November, 1974 in order to acquaint themselves with the working of the tariff structure. At their fourth sitting held on the 3rd December, 1974, the Committee decided to visit Goa, Bombay, Calcutta and Madras to hear evidence of the representatives of various Associations, Organisations, etc. and also to undertake on-the-spot study visits to Customs Houses, ports, airports, etc. during January-February, 1975.

5. Twenty memoranda on the provisions of the Bill were received by the Committee from different Associations, Organisations, etc. (*vide* list at Appendix II).

6. The Committee heard oral evidence given by the representatives of various Associations, Organisations, etc. at their sittings held at New Delhi on the 3rd December, 1974 and 25th January, 1975; at Panaji on the 6th January, 1975; at Bombay on the 8th and 9th January, 1975; at Calcutta on the 4th February, 1975; and at Madras on the 5th and 6th February, 1975.

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*Published in the Gazette of India, Extraordinary, Part II, Section 2, dated the 10th May, 1974.

The list of the representatives of the Associations, Organisations, who appeared before the Committee is at Appendix III.

7. The Committee held general discussion on the points raised in the memoranda submitted to the Committee and also during the course of evidence before the Committee *vis-a-vis* provisions of the Bill at their sitting held on the 24th January, 1975.

8. At their sitting held on the 13th February, 1975, the Committee decided that (i) the evidence tendered before them might be laid on the Table of the House; and (ii) two copies each of memoranda received by the Committee from various Associations, Organisations, etc. might be placed in the Parliament Library, after the Report is presented for reference by the Members of Parliament.

9. The Report of the Committee was to be presented by the 15th November, 1974. The Committee were granted two extensions of time—the first extension on the 14th November, 1974 up to the 21st February, 1975; and the second extension on the 20th February, 1975 up to the 28th July, 1975.

10. The Committee considered the Bill clause-by-clause at their sittings held on the 16th and 17th June, 1975.

11. The Committee considered and adopted the Report at their sitting held on the 18th July, 1975.

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

13. *The First Schedule*

(i) *Rules for the interpretation of the First Schedule.*—New Rule 2(b) has been inserted on the lines of Rule 2(b) of the Rules for the Interpretation of the Brussels Tariff Nomenclature.

(ii) *Chapter* 3.—Note (b) of the Chapter 3 has been amplified on the lines of the Brussels Tariff Nomenclature to avoid ambiguity for the assessing authorities.

(iii) *Cmhapter* 4.—Ainew Note 2 has been inserted in Chapter 4 on the lines of the Brussels Tariff Nomenclature and amendments made in the heading No. 04.01/04 of the Chapter are consequential in nature.

(iv) *Chapter* 7.—The Note has been amplified on the lines of the Brussels Tariff Nomenclature.

(v) *Chapter* 22.—The amendments made are consequent upon the increase by the Finance Act, 1974 in the rate of basic import duty on whisky, brandy, gin and other spirits falling within Chapter 22 from Rs. 60 per litre or 200 per cent, whichever is higher to Rs 80 per litre or 270 per cent, whichever is higher.

(vi) *Chapters* 29 *and* 50.—The First Schedule to the Indian Tariff Act, 1934 was amended by the Indian Tariff (Amendment) Act, 1975 in order to continue tariff protection beyond the 31st December, 1974 on (a) certain dye-intermediates and (b) sericulture products and to bring certain new items of dye-intermediates under the scheme of protection on the basis of the recommendations of the Tariff Commission in its Report (1974) on the dye-intermediates and sericulture industries. The amendments made in Chapters 29 and 50 are consequential to the amendments made to the Indian Tariff Act, 1934 by the Indian Tariff (Amendment) Act, 1975.

(vii) *Section XV.*—The amendment has been made with a view to bring the second paragraph of Note 2 to Section XV in line with the Brussels Tariff Nomenclature.

(viii) *Chapter* 78.—Note 1 has been amplified on the lines of the Brussels Tariff Nomenclature.

(ix) *Chapter* 80.—The Notes inserted under this Chapter are for bringing out the intention clearly.

(x) *Chapter* 84.—(a) Sub-heading No. (2) of Heading No. 84-51/55 has been amended so as to include therein parts and accessories of machines falling under the sub-heading.

(b) Stainless steel valves and other valves lined with rubber or other corrosion resisting materials have been included in sub-heading No. (2) of Heading No. 84.61. The Committee feel that this sub-heading does not cover valves made of corrosion resisting material other than stainless steel such as nickel, monel, incoloy and hastelloy and are of opinion that since these valves are also used in industry, they should have the same tariff duty as valves made of stainless steel and other valves lined with rubber or other corrosion resisting materials. Sub-heading No. (2) of heading No. 84.61 has been amended accordingly.

14. *Clause* 1 *and Enacting Formula.*—The amendments made are of a formal nature.

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

B. R. BHAGAT,
Chairman,
Select Committee.

NEW DELHI;
July 25, 1975.
Sravana 3, 1897 (*Saka*).

THE CUSTOMS TARIFF BILL, 1974

(AS REPORTED BY THE SELECT COMMITTEE)

[*Words underlined or side-lined indicate the amendments suggested by the Committee*]

A

BILL

to consolidate and amend the law relating to customs duties.

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

Short title, extent and commencement.

1. (*1*) This Act may be called the Customs Tariff Act. 1975.

(*2*) It extends to the whole of India.

(*3*) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

Duties specified in the Schedules to be levied.

2. The rates at which duties of customs shall be levied under the Customs Act, 1962, are specified in the First and Second Schedules.

52 of 1962.

Levy of additional duty equal to excise duty.

3. (*1*) Any article which is imported into India shall, in addition, be liable to a duty (hereafter in this section referred to as the additional duty) equal to the excise duty for the time being leviable on a like article if produced or manufactured in India and if such excise duty on a like article is leviable at any percentage of its value, the additional duty to which the imported article shall be so liable shall be calculated at that percentage of the value of the imported article.

Explanation.—In this section, the expression "the excise duty for the time being leviable on a like article if produced or manufactured in India" means the excise duty for the time being in force which would be leviable on a like article if produced or manufactured in India or, if a like article is not so produced or manufactured, which would be leviable on the class or description of articles to which the i mported article belongs, and where such duty is leviable at different rates, the highest duty.

(2) For the purpose of calculating under this section the additional duty on any imported article, where such duty is leviable at any percentage of its value, the value of the imported article shall, notwithstanding anything contained in section 14 of the Customs Act, 1962, be the aggregate of— 52 of 1962.

(*i*) the value of the imported article determined under sub-section (*1*) of the said section 14 or the tariff value of such article fixed under sub-section (*2*) of that section, as the case may be; and

(*ii*) any duty of customs chargeable on that article under section 12 of the Customs Act, 1962, and any sum chargeable on that article under any law for the time being in force as an addition to, and in the same manner as, a duty of customs, but not including the duty referred to in sub-section (*1*). 52 of 1962.

(*3*) If the Central Government is satisfied that it is necessary in the public interest to levy on any imported article [whether on such article duty is leviable under sub-section (*1*) or not] such additional duty as would counter-balance the excise duty leviable on any raw materials, components and ingredients of the same nature as, or similar to those, used in the production or manufacture of such article, it may, by notification in the Official Gazette, direct that such imported article shall, in addition, be liable to an additional duty representing such portion of the excise duty leviable on such raw materials, components and ingredients as, in either case, may be determined by rules made by the Central Government in this behalf.

(*4*) In making any rules for the purposes of sub-section (*3*), the Central Government shall have regard to the average quantum of the excise duty payable on the raw materials, components or ingredients used in the production or manufacture of such like article.

(*5*) The duty chargeable under this section shall be in addition to any other duty imposed under this Act or under any other law for the time being in force.

(*6*) The provisions of the Customs Act, 1962, and the rules and regulations made thereunder, including those relating to drawbacks, refunds and exemption from duties, shall, so far as may be, apply to the duty chargeable under this section as they apply in relation to the duties leviable under that Act. 52 of 1962.

Levy of duty where standard rate and preferential rate are specified.

4. (*1*) Where in respect of any article a preferential rate of revenue duty is specified in the First Schedule, or is admissible by virtue of a notification under section 25 of the Customs Act, 1962, the duty to be levied and collected shall be at the standard rate, unless the owner of the article claims at the time of importation that it is chargeable with a preferential rate of duty, being the produce or manufacture of the United Kingdom or of such other preferential area as is notified under sub-section (*3*) and the article is determined, in accordance with the rules made under sub-section (*2*), to be such produce or manufacture. 52 of 1962.

(*2*) The Central Government may, by notification in the Official Gazette, make rules for determining if any article is the produce or manufacture of the United Kingdom or of any other preferential area.

(3) For the purposes of this section and the First Schedule, "United Kingdom" means the United Kingdom of Great Britain and Northern Ireland and "other preferential area" means any country or territory which the Central Government may, by notification in the Official Gazette, declare to be such area.

(4) Notwithstanding anything contained in sub-section (1), where the Central Government is satisfied that, in the interests of trade including promotion of exports, it is necessary to take immediate action for discontinuing the preferential rate, or increasing the preferential rate to a rate not exceeding the standard rate, or decreasing the preferential rate, in respect of an article specified in the First Schedule, the Central Government may, by notification in the Official Gazette, direct an amendment of the said Schedule to be made so as to provide for such discontinuance of, or increase or decrease, as the case may be, in, the preferential rate.

(5) Every notification issued under sub-section (3) or sub-section (4) shall, as soon as may be after it is issued, be laid before each House of Parliament.

Levy of a lower rate of duty under a trade agreement.

5. (1) Where under a trade agreement between the Government of India and the Government of a foreign country or territory, duty at a rate lower than that specified in the First Schedule is to be charged on articles which are the produce or manufacture of such foreign country or territory, the Central Government may, by notification in the Official Gazette, make rules for determining if any article is the produce or manufacture of such foreign country or territory and for requiring the owner to make a claim at the time of importation, supported by such evidence as may be prescribed in the said rules, for assessment at the appropriate lower rate under such agreement.

(2) If any question arises whether any trade agreement applies to any country or territory, or whether it has ceased to apply to India or any foreign country or territory, it shall be referred to the Central Government for decision and the decision of the Central Government shall be final and shall not be liable to be questioned in any court of law.

Power of Central Government to levy protective duties in certain cases.

6. (1) Where the Central Government, upon a recommendation made to it in this behalf by the Tariff Commission established under the Tariff Commission Act, 1951, is satisfied that circumstances exist which render it necessary to take immediate action to provide for the protection of the interests of any industry established in India, the Central Government may, by notification in the Official Gazette, impose on any goods imported into India in respect of which the said recommendation is made, a duty of customs of such amount, not exceeding the amount proposed in the said recommendation, as it thinks fit.

50 of 1951.

(2) Every duty imposed on any goods under sub-section (1) shall, for the purposes of this Act, be deemed to have been specified in the First Schedule as the duty leviable in respect of such goods.

(3) Where a notification has been issued under sub-section (1), the Central Government shall, unless the notification is in the meantime rescinded, have a Bill introduced in Parliament, as soon as may be, but in any case during the next session of Parliament following the date of the issue of the notification to give effect to the proposals in regard to the continuance of a protective duty of customs on the goods to which

the notification relates, and the notification shall cease to have effect when such Bill becomes law, whether with or without modifications, but without prejudice to the validity of anything previously done thereunder:

Provided that if the notification under sub-section (*1*) is issued when Parliament is in session, such a Bill shall be introduced in Parliament during that session:

Provided further that where for any reason a Bill as aforesaid does not become law within six months from the date of its introduction in Parliament, the notification shall cease to have effect on the expiration of the said period of six months, but without prejudice to the validity of anything previously done thereunder.

Duration of protective duties and power of Central Government to alter them.

7. (*1*) When the duty specified in respect of any article in the First Schedule is characterised as protective in column (*6*) of that Schedule, that duty shall have effect only up to and inclusive of the date, if any, specified in that Schedule.

(*2*) Where in respect of any such article the Central Government is satisfied after such inquiry as it thinks necessary that such duty has become ineffective or excessive for the purpose of securing the protection intended to be afforded by it to a similar article manufactured in India and that circumstances exist which render it necessary to take immediate action, it may, by notification in the Official Gazette, increase or reduce such duty to such extent as it thinks necessary.

(*3*) Every notification under sub-section (*2*), in so far as it relates to increase of such duty, shall be laid before each House of Parliament if it is sitting as soon as may be after the issue of the notification, and if it is not sitting within seven days of its re-assembly, and the Central Government shall seek the approval of Parliament to the notification by a resolution moved within a period of fifteen days beginning with the day on which the notification is so laid before the House of the People and if Parliament makes any modification in the notification or directs that the notification should cease to have effect, the notification shall thereafter have effect only in such modified form or be of no effect, as the case may be, but without prejudice to the validity of anything previously done thereunder.

(*4*) For the removal of doubts, it is hereby declared that any notification issued under sub-section (*2*), including any such notification approved or modified under sub-section (*3*), may be rescinded by the Central Government at any time by notification in the Official Gazette.

Emergency power of Central Government to increase or levy export duties.

8. (*1*) Where, in respect of any article, whether included in the Second Schedule or not, the Central Government is satisfied that the export duty leviable thereon should be increased or that an export duty should be levied, and that circumstances exist which render it necessary to take immediate action, the Central Government may, by notification in the Official Gazette, direct an amendment of the Second Schedule to be made so as to provide for an increase in the export duty leviable or, as the case may be, for the levy of an export duty, on that article.

(*2*) The provisions of sub-sections (*3*) and (*4*) of section 7 shall apply to any notification issued under sub-section (*1*) as they apply in relation to any notification increasing duty issued under sub-section (*2*) of section 7.

9. (*1*) Where any country or territory pays, or bestows, directly or indirectly, any bounty or grant upon the production therein or the exportation therefrom of any article and the article is chargeable with duty under the provisions of this Act, then, upon the importation of any such article into India, whether the same is imported directly from the country of production or otherwise, and whether it is imported in the same condition as when exported from the country of production or has been changed in condition by manufacture or otherwise, the Central Government may, by notification in the Official Gazette, impose an additional duty equal to the net amount of such bounty or grant. Additional import duty on bounty-fed articles.

(*2*) The net amount of any such bounty or grant as aforesaid shall, from time to time, be ascertained, determined, and declared by the Central Government, after such inquiry as it may consider necessary and the Central Government may, by notification in the Official Gazette, make rules for the identification of such articles and for the assessment and collection of any additional duty imposed upon the importation thereof under sub-section (*1*).

(*3*) Every notification issued under sub-section (*1*) shall, as soon as may be after it is issued, be laid before each House of Parliament.

10. Every rule made under this Act 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. Rules to be laid before Parliament.

11. (*1*) Where the Central Government is satisfied that it is necessary so to do for the purpose of giving effect to any agreement entered into before the commencement of this Act with a foreign Government, it may, by notification in the Official Gazette, increase or reduce the duties referred to in section 2 to such extent as each case may require: Power of Central Government to alter duties under certain circumstances.

Provided that no notification under this sub-section increasing or reducing the duties as aforesaid shall be issued by the Central Government after the expiration of a period of one year from the commencement of this Act.

(*2*) Every notification issued under sub-section (*1*) shall, as soon as may be after it is issued, be laid before each House of Parliament.

32 of 1934. 1 of 1949.

12. (*1*) The Indian Tariff Act, 1934, and the Indian Tariff (Amendment) Act, 1949, are hereby repealed. Repeal and saving.

(*2*) Notwithstanding the repeal of any of the Acts mentioned in sub-section (*1*), anything done or any action taken (including any notification published and any rules and orders made or deemed to have been made under the provisions of those Acts and in force immediately before the commencement of this Act) shall, in so far as such thing or action is not inconsistent with the provisions of this Act, be deemed to have been done or taken under the provisions of this Act and shall continue in

force accordingly until superseded by anything done or any action taken under this Act.

Consequential amendment of Act 52 of 1962.

13. In the Customs Act, 1962, in sub-section (*1*) of section 12 and in sub-section (*1*) of section 14, for the words and figures "Indian Tariff Act, 1934", the words and figures "Customs Tariff Act, 1975" shall be substituted.

THE FIRST SCHEDULE—IMPORT TARIFF

(*See* section 2)

Rules for the interpretation of this Schedule

1. The titles of Sections and Chapters are provided for ease of reference only; for legal purposes, classification shall be determined according to the terms of the Headings and any relative Section or Chapter Notes and, provided such Headings or Notes do not otherwise require, according to the provisions hereinafter contained. The classification of goods within a Heading shall be determined by applying as between sub-headings the like rules as are applicable between Headings.

2. (*a*) Any reference in a heading to an article shall be taken to include a reference to that article incomplete or unfinished, provided that, as imported, the incomplete or unfinished article has the essential character of the complete or finished article. It shall also be taken to include a reference to that article complete or finished (or falling to be classified as complete or finished by virtue of this rule), imported unassembled or disassembled.

(*b*) Any reference in a heading to a material or substance shall be taken to include a reference to mixtures or combinations of that material or substance with other materials or substances. Any reference to goods of a given material or substance shall be taken to include a reference to goods consisting wholly or partly of such material or substance. The classification of goods consisting of more than one material or substance shall be according to the principles contained in rule 3.

3. When for any reason, goods are, *prima facie*, classifiable under two or more Headings, classification shall be effected as follows:

(*a*) The Heading which provides the most specific description shall be preferred to Headings providing a more general description.

(*b*) Mixtures and composite goods which consist of different materials or are made up of different components and which cannot be classified by reference to (*a*) shall be classified as if they consisted of the material or component which gives the goods their essential character, in so far as this criterion is applicable.

(*c*) When goods cannot be classified by reference to (*a*) or (*b*), they shall be classified under the Heading which involves the highest rate of duty.

4. Goods not falling within any Heading of the Schedule shall be classified under the Heading appropriate to the goods to which they are most akin.

General Explanatory Note

The abbreviation "%" in any column of this Schedule in relation to the rate of duty indicates that duty on the goods to which the

entry relates shall be charged on the basis of the value of the goods as defined in section 14 of the Customs Act, 1962 (52 of 1962), the duty being equal to such percentage of the value as is indicated in that column.

In any entry, if no rate of duty is shown in column (4) or column (5), the rate shown in column (3) shall be applicable.

SECTION I

LIVE ANIMALS; ANIMAL PRODUCTS

CHAPTER 1

Live animals

NOTE

This Chapter covers all live animals except:

(*a*) fish, crustaceans and molluscs falling within Chapter 3;

(*b*) microbial cultures and other products of Heading No. 30.02; and

(*c*) animals falling within Chapter 97.

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
01·01/06	Live animals including live birds .	100%	..	..	..

CHAPTER 2

Meat and edible meat offals

NOTE

This Chapter does not cover:

(*a*) meat (including poultry liver) unfit or unsuitable for human consumption;

(*b*) guts, bladders or stomachs of animals and animal blood (Chapter 5); or

(*c*) animal fat, other than pig and poultry fat (not rendered or solvent-extracted), fresh, chilled, frozen, salted, in brine, dried or smoked (Chapter 15).

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
02·01/06	Meat including edible meat offals and pig and poultry fat (not rendered or solvent-extracted), fresh, chilled, frozen, salted, in brine, dried or smoked	100%	..	..	..

Chapter 3

Fish, crustaceans and molluscs

Note

This Chapter does not cover:

(*a*) marine mammals (Chapter 1) or meat thereof (Chapter 2);

(*b*) fish (including livers and roes thereof), crustaceans and molluscs, dead, unfit or unsuitable for human consumption by reason of either their species or their condition (Chapter 5); or

(*c*) caviar or caviar substitutes (Chapter 16).

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
03.01/03	Fish, fresh (live or dead), chilled, frozen, dried, salted or in brine; smoked fish, whether or not cooked before or during the smoking process; crustaceans and molluscs, whether in shell or not, fresh (live or dead), chilled, frozen, salted, in brine or dried; crustaceans, in shell, simply boiled in water	60%	..	..	..

Chapter 4

Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere specified or included

Notes

1. "Milk" means full cream or skimmed milk, buttermilk, whey, kephir, yoghourt and similar fermented milk.

2. Milk and cream put up in hermetically sealed cans are regarded as preserved within the meaning of Heading No. 04.01/04.

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
04.01/04	Milk and cream, fresh or preserved, butter (including ghee), cheese and curd:				
	(1) Not elsewhere specified . .	60%	..	..	..
	(2) Milk powder	60%			..
04.05/06	Birds' eggs and egg yolks, fresh, dried or otherwise preserved, sweetened or not; natural honey . . .	100%	..	..	..
04.07	Edible products of animal origin, not elsewhere specified or included .	100%	..	..	..

CHAPTER 5

Products of animal origin, not elsewhere specified or included

NOTES

1. This Chapter does not cover:

(*a*) edible products (other than guts, bladders and stomachs of animals, whole and pieces thereof, and animal blood, liquid or dried);

(*b*) animal textile materials (other than horsehair and horsehair waste) and other products of Section XI; or

(*c*) prepared knots or tufts for broom or brush making (Chapter 96).

2. This Chapter does not cover hides or skins (including furskins) falling within Chapters 41 and 43; it covers skins and other parts of birds with their feathers or down, provided they are either unworked, or merely cleaned, disinfected or treated for preservation, but not otherwise mounted or worked.

3. This Chapter covers human hair, unworked, but the sorting of hair by length (provided the root ends and tip ends respectively are not arranged together) shall be deemed not to constitute working.

4. Throughout this Schedule, elephant, mammoth, mastodon, walrus, narwhal and wild boar tusks, rhinoceros horns and the teeth of all animals are regarded as ivory.

Heading No.	Sub-heading	No. and description of article	Rate of duty			Duration when rates of duty are protective
			Standard	U.K.	Other Preferential Areas	
(1)		(2)	(3)	(4)	(5)	(6)
05·01/15		Products of animal origin, not elsewhere specified or included (for example, fish waste; birds' feathers and down not further worked than cleaned, disinfected or treated for preservation; ivory, tortoise-shell and other shells, unworked or simply prepared but not cut to shape; coral and similar substances, unworked or simply prepared; natural sponges) :				
	(1)	Not elsewhere specified . .	60%	..	..	
	(2)	Ivory, unmanufactured . .	100%	..	90%	..

SECTION II

VEGETABLE PRODUCTS

CHAPTER 6

Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage

NOTES

1. This Chapter covers only live trees and goods (including seedling vegetables) of a kind commonly supplied by nursery gardeners or florists for planting or for ornamental use; nevertheless it does not include potatoes, onions, shallots or garlic and other products of Chapter 7.

2. In this Chapter, "florists' wares" is to be taken to include bouquets, floral baskets, wreaths and similar articles made wholly or partly of goods of that kind, account not being taken of accessories of other materials.

Heading No.	Sub-heading No.	and description of article	Rate of duty: Standard	U.K.	Other Preferential Areas	Duration when rates of duty are protective
(1)	(2)		(3)	(4)	(5)	(6)
06·01/04		Living plants and parts thereof, suitable for planting or for ornamental purposes; florists' wares . .	60%	..	..	..

CHAPTER 7

Edible vegetables and certain roots and tubers

NOTE

In this Chapter, "vegetables" is to be taken to include edible mushrooms, olives, tomatoes, potatoes, cucumbers, marrows, pumpkins, sweet peppers, fennel, parsley and garlic. This Chapter does not, however, cover:

(*a*) ground sweet peppers falling within Heading No. 09.04/10; or

(*b*) flours of peas or other dried leguminous vegetables and flour, meal and flakes of potato falling within Heading No. 11.03/09.

Heading No.	Sub-heading No.	and description of article	Rate of duty: Standard	U.K.	Other Preferential Areas	Duration when rates of duty are protective
(1)	(2)		(3)	(4)	(5)	(6)
07·01/06		Vegetables, fresh, dried, dehydrated or evaporated, provisionally preserved but not specially prepared for immediate consumption, dried leguminous vegetables, including pulses, shelled or unshelled; roots and tubers with high starch content; sago pith	100%	..	90%	..

CHAPTER 8

Edible fruit and nuts; peel of melons or citrus fruit

NOTES

1. This Chapter does not cover inedible fruits or nuts.

2. "Fresh" is to be taken to extend to goods which have been chilled.

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
08.01/13	Fruits, melon peel, citrus fruit peel and nuts (shelled or not) fresh or dried, preserved by freezing (whether or not cooked, but not containing added sugar), provisionally preserved (for example, by sulphur dioxide gas, in brine, in sulphur water or in other preservative solutions), but unsuitable in that state for immediate consumption :				
	(1) Not elsewhere specified . .	100% ..		90% ..	
	(2) Raw cashew-nuts . . .	100% ..		90% ..	
	(3) Dates	100% ..		90% ..	
	(4) Almonds	100% ..		90% ..	
	(5) Pistachio nuts . . .	100% ..		90% ..	

CHAPTER 9

Coffee, tea, mate and spices

NOTES

1. Heading No. 09·04/10 shall be taken to include spices mixed with other substances provided that the resulting mixtures retain the essential character of spices. Otherwise such mixtures are not classified in this Chapter; those constituting mixed condiments or mixed seasonings are classified in Chapter 21.

2. This Chapter does not cover:

(*a*) sweet peppers, unground (Chapter 7); or

(*b*) cubeb pepper (Piper cubeba) and other products of Heading No. 12.07.

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(5)
09·01	Coffee, whether or not roasted or freed of caffeine; coffee husks and skins, coffee substitutes containing coffee in any proportion :				
	(1) Not elsewhere specified .	100% ..		100% less 13 paise per kilogram ..	

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
09.01—*contd.*					
	(2) Coffee canned or bottled . . .	100%	..	90%	..
09·02/03	Tea and mate	100%	..	100% less 26 paise per kilogram	..
09·04/10	Spices (including mixed spices) :				
	(1) Not elsewhere specified . .	100%	..	..	..
	(2) Cardamoms, nutmegs and pepper; chillies, ginger and mace, unground . . .	100%	..	92½%	..
	(3) Cloves	Rs. 60 per kilogram	..	Rs. 60 per kilogram less 7½ %	..
	(4) Cassia and cinnamon . .	Rs. 20 per kilogram	..	Rs. 20 per kilogram less 7½%	..

CHAPTER 10

Cereals

NOTE

Except for rice, this Chapter does not cover grains which have been ground to remove the husk or pericarp or otherwise worked. However, the Chapter covers unworked rice and also rice, husked, glazed, polished or broken, but not otherwise worked.

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
10·01/07	Wheat, rice maize and other cereals	Free	..	..	..

CHAPTER 11

Products of the milling industry; malt and starches; gluten; inulin

NOTES

1. This Chapter does not cover:

(*a*) roasted malt put up as coffee substitutes and other coffee substitutes whether or not containing coffee (Heading No. 09·01 or Chapter 21);

(*b*) flours and meal prepared for use as infant food or for dietetic or culinary purposes falling within Chapter 19;

(*c*) corn flakes and similar products obtained by the swelling or roasting of cereals or cereal products falling within Chapter 19;

(*d*) pharmaceutical products (Chapter 30); or

(*e*) starches falling within Chapter 33, that is, those having the character of perfumery, cosmetics of toilet preparations.

2. (*A*) Products from the milling of the cereals listed in the table below fall within this Chapter if they have, by weight on the dry product:

(*a*) a starch content (determined by the modified Ewers polarimetric method) exceeding that indicated in Column (2); and

(*b*) an ash content (after deduction of any added minerals) not exceeding that indicated in Column (3).

Otherwise, they fall to be classified in Chapter 23.

(*B*) Products falling within this Chapter under the above provisions shall be classified in Heading No. 11·01 (cereal flours) if the percentage passing through a silk gauze or man-made textile sieve with the aperture indicated in Column (4) or (5) is not less, by weight, than that shown against the cereal concerned.

Otherwise, they fall to be classified in Heading No. 11·02.

TABLE

Cereal	Starch content	Ash content	Rate of passage through a sieve with aperture of	
			315 microns	500 microns
(1)	(2)	(3)	(4)	(5)
Wheat and rye	45%	2·5%	80%	..
Barley	45%	3%	80%	..
Oats	45%	5%	80%	..
Maize and sorghum	45%	2%	..	90%
Rice	45%	1.6%	80%	..
Buckwheat	45%	4%	80%	..

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
11·01	Cereal flours:				
	(1) Not elsewhere specified.	60%	..	..	..
	(2) Wheat flour	Free	..	..	..
11·02	Cereal groats and cereal meal; other worked cereal grains (for example, rolled, flaked, polished, pearled or kibbled, but not further prepared), except husked, glazed, polished or broken rice:				
	(1) Not elsewhere specified	100%	..	..	
	(2) Cereal groats and cereal meal	Free	..	..	..
11·03/09	Flours, meal and flakes of potatoes, of the leguminous vegetables and of the roots and tubers falling within Chapter 7 or of the fruits falling within Chapter 8; malt, roasted or not; starches; wheat gluten, whether or not dried:				
	(1) Not elsewhere specified	60%	..	..	..
	(2) Malt, roasted or not	100%	..	..	..

Chapter 12

Oil seeds and oleaginous fruit; miscellaneous grains, seeds and fruit; Preparations of meat, of fish, of crustaceans or molluscs

Notes

1. Heading No. 12·01 is to be taken to apply, *inter alia*, to groundnuts, soya beans, mustard seeds, oil poppy seeds, poppy seeds and copra. It is to be taken not to apply to coconuts or other products falling within Chapter 8 or to olives (Chapter 7 or Chapter 20).

2. For the purposes of Heading No. 12·03, beet seeds, grass and other herbage seeds, seeds of ornamental flowers, vegetable seeds, seeds of forest trees, seeds of fruit trees, seeds of vetches and of lupines are to be regarded as seeds of a kind used for sowing. Heading No. 12·03 is, however, to be taken not to apply to the following even if for sowing:

(*a*) leguminous vegetables (Chapter 7);
(*b*) spices and other products of Chapter 9;
(*c*) cereals (Chapter 10); or
(*d*) products falling within Heading No. 12.01 or 12.07.

3. Heading No. 12·07 is to be taken to apply, *inter alia*, to the following plants or parts thereof: basil, borage, hyssop, all species of mint, rosemary, rue, sage and wormwood. Heading No. 12·07 is, however, to be taken not to apply to:

(*a*) oil seeds and oleaginous fruit (Heading No. 12·01);
(*b*) medicaments and other products falling within Chapter 30;
(*c*) perfumery and other products falling within Chapter 33; or
(*d*) disinfectants, insecticides, fungicides, weed-killers or similar products falling within Chapter 38.

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
12·01	Oil seeds and oleaginous fruit, whole or broken :				
	(1) Not elsewhere specified . .	60%	..	50%	..
	(2) Copra	60%	..	50%	..
12·02	Flours or meals of oil seeds or oleaginous fruit, non defatted (excluding mustard flour) . . .	60%	..	..	..
12·03	Seeds, fruit and spores, of a kind used for sowing	60%	..	..	..
12·04/06	Sugar beet, whole or sliced, fresh, dried or powdered ; sugar cane ; chicory roots, fresh or dried, whole or cut, unroasted; hops . . .	100%	..	..	..
12·07	Plants and parts (including seeds and fruit) of trees, bushes, shrubs or other plants, being goods of a kind used primarily in perfumery, in pharmacy, or for insecticidal, fungicidal or similar purposes, fresh, dried, whole, cut, crushed, ground or powdered, betel-nuts:				
	(1) Not elsewhere specified . .	100%	..	..	..
	(2) Goods used primarily in pharmacy, or for insecticidal, fungicidal or similar purposes	60%	50%	50%	..
	(3) Betel-nuts	Rs. 3·07 per kilogram	..	Rs. 3·00 per kilogram	..

Heading No.	Sub-heading	No. and description of article	Rate of duty			Duration when rates of duty are protective
			Standard	U.K.	Other Preferential Areas	
(1)		(2)	(3)	(4)	(5)	(6)
12·08		Locust beans, fresh or dried, whether or not kibbled or ground, but not further prepared; fruit kernels and other vegetable products of a kind used primarily for humanfood, not falling within any other Heading	100%	..	..	..
12·09/10		Cereal straw and husks unprepared or chopped but not otherwise prepared; hay and similar forage products	60%	..	..	..

CHAPTER 13

Raw vegetable materials of a kind suitable for use in dyeing or in tanning; lacs; gums, resins and other vegetable saps and extracts

NOTE

Heading No. 13.03 is to be taken to apply, *inter alia*, to liquorice extract and extract of pyrethrum, extract of hops, extract of aloes and opium. The Heading is to be taken not to apply to:

(*a*) liquorice extract containing more than 10 per cent. by weight of sucrose or when put up as confectionery (Heading No. 17·04/05);

(*b*) malt extract (Chapter 19);

(*c*) extracts of coffee, tea or mate (Chapter 21);

(*d*) alcoholic saps and extracts constituting beverages, and other products falling within Chapter 22;

(*e*) camphor, glycyrrhizin and other products falling within Chapter 29;

(*f*) medicaments falling within Heading No. 30·03 or blood-grouping reagents (Heading No. 30·04/05);

(*g*) tanning or dyeing extracts and other products falling within Heading No. 32.02/03;

(*h*) essential oils, concretes, absolutes and resinoids or aqueous distillates and aqueous solutions of essential oils falling within Chapter 33; or

(*ij*) rubber, balata, gutta-percha or similar natural gums and other products (Heading No. 40·01/04).

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
13·01	Raw vegetable materials of a kind used primarily in dyeing or in tanning:				
	(1) Not elsewhere specified	40%	..	..	..
	(2) Wattle bark.	40%	..	..	..
13·02	Shellac, seed lac, stick lac and other lacs; natural gums, resins, gum-resins and balsams:				
	(1) Not elsewhere specified	60%	..	..	..
	(2) Gums, Arabic, Benjamin (ras and cowrie) and dammar (including unrefined battu)	60%	..	50%	..
	(3) Asafoetida	60%	..	..	..
13.03	Vegetable saps and extracts; pectic subtances, pectinates and pectates; agar-agar and other natural mucilages and thickeners, derived from vegetable products	60%	..	..	..

Chapter 14

Vegetable plaiting and carving materials; vegetable products not elsewhere specified or included

Notes

1. This Chapter does not cover the following products which are to be classified in Section XI: vegetable materials or fibres of vegetable materials of a kind used primarily in the manufacture of textiles, however prepared, or other vegetable materials which have undergone treatment so as to render them suitable for use only as textile materials.

2. This Chapter covers, *inter alia*, split osier, reeds, bamboos and the like, rattan cores and drawn or split rattans. It does not, however, cover chipwood, wood wool or other products falling within Chapter 44, or prepared knots or tufts for broom or brush making (Chapter 96).

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
14.01/05	Vegetable materials of a kind used primarily for plaiting, stuffing or in brushes or in brooms; hard seeds, pips, hulls and nuts, of a kind used for carving (for example, corozo and dom); vegetable products not elsewhere specified or included	60%	..	..	..

SECTION III

ANIMAL AND VEGETABLE FATS AND OILS AND THEIR CLEAVAGE PRODUCTS; PREPARED EDIBLE FATS; ANIMAL AND VEGETABLE WAXES

CHAPTER 15

Animal and vegetable fats and oils and their cleavage products; prepared edible fats; animal and vegetable waxes

NOTES

1. This Chapter does not cover:

(*a*) pig fat or poultry fat falling within Chapter 2;

(*b*) cocoa butter (Chapter 18);

(*c*) greaves and residues of Chapter 23;

(*d*) fatty acids in an isolated state, prepared waxes, medicaments, paints, varnishes, soap, perfumery, cosmetics or toilet preparations, sulphonated oils or other goods falling within any Heading in Section VI; or

(*e*) factice derived from oils (Heading No. 40.01/04).

2. Soapstocks, oil foots and drugs, stearin, wool-grease and glycerol residues are to be taken to fall in Heading No. 15.14/17.

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
15·01/06	Animal (including fish) fats and oils, crude, refined or purified :				
	(1) Not elsewhere specified . .	60%	..	..	..
	(2) Tallow	40%	..	..	..
15·07	Fixed vegetable oils, fluid or solid, crude, refined or purified :				
	(1) Not elsewhere specified . .	60%	..	50%	..
	(2) Soya bean oil . . .	60%	..	50%	..
	(3) Palm oil	60%	..	50%	..
15·08/13	Animal and vegetable oils, boiled, oxidised, dehydrated or otherwise modified; fatty acids, acid oils from refining; fatty alcohols; glycerol and glycerol lyes; animal or vegetable oils hydrogenated or solidified by any other process; degras, margarine, imitation lard and other prepared animal fats.	60%	..	..	..
15·14/17	Spermaceti and insect or vegetable waxes whether or not coloured; residues resulting from the treatment of fatty substances or animal or vegetable waxes	60%	..	..	..

SECTION IV

PREPARED FOODSTUFFS; BEVERAGES, SPIRITS AND VINEGAR; TOBACCO

CHAPTER 16

Preparations of meat, of fish, of crustaceans or molluscs

NOTE

This Chapter does not cover meat, meat offal, fish, crustaceans or molluscs, prepared or preserved by the processes specified in Chapters 2 and 3.

Heading No.	Sub-heading No. and description of article	Rate of duty: Standard	Rate of duty: U.K.	Rate of duty: Other Preferential Areas	Duration when rates of duty are protective
(1)	(2)	(3)	(4)	(5)	(6)
16·01/05	Prepared or preserved meat, fish including caviar and caviar substitutes, crustaceans and molluscs; meat extracts and meat juices; fish extracts	100%	..	..	..

CHAPTER 17

Sugar and sugar confectionery

NOTES

1. This Chapter does not cover:

(*a*) sugar confectionery containing cocoa (Chapter 18);

(*b*) chemically pure sugars other than sucrose, glucose and lactose (Chapter 29); or

(*c*) medicaments and other products of Chapter 30.

2. Chemically pure sucrose, whatever its origin, is to be classified in Heading No. 17.01.

Heading No.	Sub-heading No. and description of article	Rate of duty: Standard	Rate of duty: U.K.	Rate of duty: Other Preferential Areas	Duration when rates of duty are protective
(1)	(2)	(3)	(4)	(5)	(6)
17·01	Beet sugar and cane sugar, solid	60%	..	..	..
17·02	Other sugars including glucose and lactose; sugar syrups; artificial honey (whether or not mixed with natural honey), caramel	100%	..	..	..
17·03	Molasses, whether or not decolourised.	60%	..	..	..
17·04/05	Sugar confectionery not containing cocoa; flavoured or coloured sugars, syrups and molasses, but not including fruit juices containing added sugar in any proportion	100%	..	..	..

Chapter 18

Cocoa and cocoa preparations

Notes

1. This Chapter does not cover the preparations described in Chapter 19, Heading No. 22.01/02, 22.09 or 30.03 containing cocoa or chocolate.

2. This Chapter includes sugar confectionery containing cocoa and, subject to Note 1 of this Chapter, other food preparations containing cocoa.

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
18·01/06	Cocoa and cocoa preparations (for example, cocoa beans, shells, husks, skins and waste, cocoa paste, cocoa butter, cocoa powder, chocolate and other food preparations containing cocoa)	100%	..	..	..

Chapter 19

Preparations of cereals, flour or starch; pastrycooks' products

Notes

1. This Chapter does not cover:

(*a*) preparations of flour, starch or malt extract, of a kind used as infant food or for dietetic or culinary purposes, containing 50 per cent. or more by weight of cocoa (Chapter 18);

(*b*) biscuits or other articles made from flour or from starch, specially prepared for use as animal feeding stuffs (Chapter 23); or

(*c*) medicaments and other products of Chapter 30.

2. In this Chapter, "flour" includes the flour of fruits or of vegetables, and products of such flour are to be classified with similar products of cereal flour.

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
19·01/08	Malt extract; preparations of flour, meal, starch or malt extract of a kind used for infant food or for dietectic or culinary purposes, containing less than 50 per cent. by weight of cocoa; macaroni and similar products; tapioca and sago and their substitutes; prepared foods obtained by the swelling or roasting of cereals or cereal products (for example, corn flakes); ordinary and fine bakers' wares (for example, bread, rusks, biscuits, pastry and cakes) . . .	100%	..	..	..

Chapter 20

Preparations of vegetables, fruit or other parts of plants

Notes

1. This Chapter does not cover:

(*a*) vegetables or fruit, prepared or preserved by the processes specified in Chapters 7 and 8; or

(*b*) products falling within Heading No. 17.04/05 (for example, fruit jellies, fruit pastes or the like in the form of sugar confectionery) or within Chapter 18 (for example, chocolate confectionery).

2. The vegetables of this Chapter are those which fall within Chapter 7 when imported in the states provided for in that Chapter.

3. This Chapter covers:

(*a*) edible plants, parts of plants and roots of plants conserved in syrup (for example, ginger); and

(*b*) roasted groundnuts.

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
20·01/07	Fruits preserved by freezing, containing added sugar; fruits, fruit-peal and parts of plants, preserved by sugar; jams, fruit jellies, marmalades, fruit puree and fruit pastes, being cooked preparations; vegetable and fruit juices, neither fermented nor containing alcohol; fruit or vegetables prepared or preserved by vinegar, acetic acid or otherwise	100%	..	..	..

Chapter 21

Miscellaneous edible preparations

Notes

1. This Chapter does not cover:

(*a*) mixed vegetables of Chapter 7;

(*b*) roasted coffee substitutes containing coffee in any proportion and other products falling within Heading No. 09.01;

(*c*) spices and other products falling within Heading No. 09.04/10; or

(*d*) yeast put up as a medicament and other products of Heading No. 30.30.

2. **Extracts** of the substitutes referred to in Note 1(b) above are to be classified in this Chapter.

3. For the purposes of Heading No. 21.01/07, the expression "homogenised composite food preparations" means, preparations of a kind used as infant food or for dietetic purposes, consisting of a finely homogenised mixture of two or more basic ingredients such as meat (including meat offal), fish, vegetables and fruit. For the application of this definition, no account is to be taken of small quantities of any ingredients which may be added to the mixture for seasoning, preservation or other purposes. Such preparations may contain a small quantity of visible pieces of ingredients other than meat, meat offal or fish.

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
21·01/07	Roasted chicory and roasted coffee substitutes, and extracts, essences and concentrates thereof; extracts, essences or concentrates of coffee or tea or mate, and preparations with a basis of these extracts, essences or concentrates; mustard flour and prepared mustard; sauces; mixed condiments and mixed seasonings; soups and broths; homogenised composite food preparations; natural yeasts and prepared baking powders; food preparations not elsewhere specified or included . . .	100%	..	..	..

Chapter 22

Beverages, spirits and vinegar

Notes

1. This Chapter does not cover:

(*a*) sea water (Chapter 25);

(*b*) distilled and conductivity water and water of similar purity (Chapter 28);

(*c*) acetic acid of a concentration exceeding 10 per cent. by weight of acetic acid (Chapter 29);

(*d*) medicaments of Heading No. 30.03; or

(*e*) products falling within Chapter 33 (for example, perfumery or toilet preparations).

2. For the purposes of Headings Nos. 22.08 and 22.09, the alcoholic strength is to be taken to be that shown on test by Gay Lussac's hydrometer at a temperature of 15° Centigrade.

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
22·01/02	Waters, including spa waters and aerated waters (whether or not flavoured); lemonade, and other non-alcoholic beverages, not including fruit and vegetable juices falling within Chapter 20; ice and snow	100%	..	..	..
22·03/07	Beer made from malt; wine of fresh grapes, including grape must, in fermentation or with fermentation arrested; vermouths and other wines of fresh grapes, flavoured with aromatic extracts; other fermented beverages (for example, cider, perry and mead):				
	(1) Not elsewhere specified .	100%	..	..	..
	(2) Champagne and other sparkling wines, not containing more than 42 per cent. of proof spirit	Rs. 45 per litre	..	..	..
	(3) Other wines, not containing more than 42 per cent. of proof spirit	Rs. 30 per litre	..	..	..
	(4) Wines containing more than 42 per cent. of proof spirit .	Rs. 80 per litre or 270%, whichever is higher.	..	..	..
22·08	Ethyl alcohol or neutral spirits, undenatured, of a strength of 80° or higher; denatured spirits (including ethyl alcohol and neutral spirits) of any strength:				
	(1) Not elsewhere specified .	Rs. 80 per litre or 270%, whichever is higher.	..	..	..
	(2) Denatured spirits (including ethyl alcohol and neutral spirits) of any strength . .	60%	..	..	..
22·09	Spirits (other than those of Heading No. 22·08); liqueurs and other spirituous beverages; compound alcoholic preparations (known as "concentrated extracts") for the manufacture of beverages:				
	(1) Not elsewhere specified .	Rs. 80 per litre or 270%, whichever is higher.	..	..	..
	(2) Whisky, brandy and gin .	Rs. 80 per litre or 270%, whichever is higher.	..	..	..

Heading No.	Sub-heading No. and description of article	Rate of duty: Standard	U.K.	Other Preferential Areas	Duration when rates of duty are protective
(1)	(2)	(3)	(4)	(5)	(6)
22·09—*contd.*	(3) Liqueurs and other spirituous beverages; compound alcoholic preparations (known as "concentrated extracts") for the manufacture of beverages	Rs. 60 per litre or 170%, whichever is higher plus Rs. 5 per litre.	..	..	..
22·10	Vinegar and substitutes for vinegar .	60%	..	..	..

CHAPTER 23

Residues and waste from the food industries; prepared animal fodder

Heading No.	Sub-heading No. and description of article	Rate of duty: Standard	U.K.	Other Preferential Areas	Duration when rates of duty are protective
(1)	(2)	(3)	(4)	(5)	(6)
23·01/07	Residues and waste of food industries (for example, inedible meat or fish flour or meal); milling residues, waste from sugar, brewing and distilling and starch industries; oil-cake and other residues from oil-extraction (except dregs); products of vegetable origin of a kind used for animal food, not elsewhere specified or included; sweetened forage and other prepared animal fodder	60%	..	..	..

CHAPTER 24

Tobacco

Heading No.	Sub-heading No. and description of article	Rate of duty: Standard	U.K.	Other Preferential Areas	Duration when rates of duty are protective
(1)	(2)	(3)	(4)	(5)	(6)
24·01	Unmanufactured tobacco; tobacco refuse	Rs. 50 per kilogram	..	..	..
24·02	Manufactured tobacco; tobacco extracts and essences	100%	..	..	..

SECTION V

MINERAL PRODUCTS

CHAPTER 25

Salt; sulphur; earths and stone; plastering materials, lime and cement

NOTES

1. Except where the context otherwise requires, this Chapter is to be taken to apply only to goods which are in the crude state, or which have been washed (even with chemical substances eliminating the impurities without changing the structure of the product), crushed, ground, powdered, levigated, sifted, screened; concentrated by flotation, magnetic separation or other mechanical or physical processes (not including crystallisation) but not calcined or subjected to any further process other than a process specially mentioned in respect of the goods described in Note 3.

2. This Chapter does not cover:

(*a*) sublimed sulphur, precipitated sulphur or colloidal sulphur (Chapter 28);

(*b*) ferrous earth colours containing 70 per cent. or more by weight of combined iron evaluated as Fe O (Chapter 28);

(*c*) medicaments and other products of Chapter 30;

(*d*) perfumery, cosmetics or toilet preparations falling within Chapter 33;

(*e*) road and paving setts, flagstones, curbs, mosaic cubes, and roofing, facing and damp course slates, falling within Chapter 68;

(*f*) precious or semi-precious stones (Heading No. 71.02);

(*g*) cultured sodium chloride crystals (other than optical elements) weighing not less than two and a half grams each, of Chapter 38; optical elements of sodium chloride (Heading No. 90.01); or

(*h*) writing or drawing chalks, tailors' or billiards chalks (Heading No. 98.03/09).

3. The following goods are to be classified in this Chapter:

(*a*) quartzite, slate, monumental and building stones, dolomite and natural steatite, not further worked than roughly split, roughly squared or squared by sawing;

(*b*) mica splittings and waste;

(*c*) the following, whether or not calcined, namely, clay (for example kaolin and bentonite); andalusite; kyanite; sillimanite; silliceous fossil meals and similar silliceous earths (for example, kieselghur, tripolite or diatomite) of an apparent specific gravity of 1 or less; dolomite; gypsum; crude natural borates and concentrates thereof;

(*d*) natural barium carbonate (witherite), whether or not calcined, other than barium oxide;

(*e*) natural magnesium carbonate (magnesite), whether or not calcined, other than magnesium oxide;

(*f*) strontianite, whether or not calcined, other than strontium oxide;

(*g*) earth colours, whether or not calcined or mixed together;

(*h*) natural abrasives, whether or not heat-treated;

(*ij*) agglomerated dolomite (including tarred dolomite);

(*k*) meerschaum (whether or not in polished pieces) and amber; agglomerated meerschaum and agglomerated amber, in plates, rods, sticks or similar forms, not worked after moulding; and

(*l*) macadam and tarred macadam, of a kind commonly used for concrete aggregates, for road metalling, or for railway or other ballast.

4. This Chapter also covers:

(*a*) pure sodium chloride;

(*b*) unroasted iron pyrites;

(*c*) limestone flux;

(*d*) quicklime, slaked lime and hydraulic lime, other than calcium oxide and hydroxide;

(*e*) crude natural boric acid containing not more than 85 per cent. of $H_3 BO_3$ calculated on the dry weight; and

(*f*) broken pottery.

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
25·01/32	Mineral substances, not elsewhere specified (including clay, earths, earth colours, natural abrasives, salt, sulphur, slate and stone); cements, all sorts, not elsewhere specified (including Portland cement and clinker); lime; plasters, with a basis of calcium sulphate, whether or not coloured, but not including plasters specially prepared for use in dentistry:				
	(1) Not elsewhere specified . .	60%	..	.	..
	(2) Asbestos raw including fibre .	40%	..	..	..
	(3) Battery grade manganese dioxide	60%	50%	50%	..
	(4) Cements, all sorts, not elsewhere specified (including Portland cement and clinker) . . .	60%	..	..	..

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
25·01/32 —*contd.*	(5) Cryolite, natural . . .	40%	30%	30%	..
	(6) Fluor-spar	60%	..	..	..
	(7) Graphite, natural . . .	60%	..	50%	..
	(8) Mineral phosphates, natural, imported in a form indicative of their use as fertilisers . .	Free	..	..	..
	(9) Rutile in granular or powder form for use otherwise than for extraction of metal . . .	60%	..	..	..
	(10) Insoluble sulphur . . .	60%	..	..	..
	(11) Sulphur of all kinds, other than insoluble sulphur, sublimed sulphur, precipitated sulphur and colloidal sulphur . . .	10%	..	..	..

CHAPTER 26

Metallic ores, slag and ash

NOTES

1. This Chapter does not cover:

(*a*) slag and similar industrial waste prepared as macadam (Chapter 25);

(*b*) natural magnesium carbonate (magnesite), whether or not calcined (Chapter 25);

(*c*) basic slag of Chapter 31;

(*d*) slag wool, rock wool or similar mineral wools (Chapter 68);

(*e*) goldsmiths', silversmiths' and jewellers' sweepings, residues, lemels and other waste and scrap, of precious metal (Heading No. 71·05/11); or

(*f*) copper, nickel or cobalt mattes produced by any process of smelting (Section XV).

2. For the purposes of Heading No. 26.01, "metallic ores" means minerals of mineralogical species actually used in the metallurgical industry for the extraction of mercury, of the fissile or radio-active metals of Chapter 28, or of the metals of Section XIV or XV, even if they are intended for non-metallurgical purposes. The Heading does not, however, include minerals which have been submitted to processes not normal to the metallurgical industry.

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
26·01	Metallic ores and concentrates; roasted iron pyrites:				
	(1) Not elsewhere specified .	60%	..	..	..
	(2) Antimony ore and concentrates .	40%	..	..	..
	(3) Tungsten ore and concentrates .	40%	..	..	..
	(4) Zinc ore and concentrates .	40%	..	..	..
26·02/04	Slag, ash and residues containing metals or metallic compounds .	40%	..	..	..

Chapter 27

Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes

Notes

1. This Chapter does not cover:

(*a*) separate chemically defined organic compounds, other than chemically pure methane and propane which are to be classified in Heading No. 27·11;

(*b*) medicaments falling within Heading No. 30·03; or

(*c*) mixed unsaturated hydrocarbons falling within Chapter 33 or Chapter 38.

2. Heading No. 27.07 is to be taken to include products similar to those obtained by the distillation of high temperature coal tar but which are obtained by the distillation of low temperature coal tar or other mineral tar by processing petroleum, or by any other process, provided that the weight of the aromatic constituents exceeds that of the non-aromatic constituents.

3. References in Heading No. 27.10 to petroleum oils and oils obtained from bituminous minerals are to be taken to include also similar oils, as well as those consisting of mixed unsaturated hydrocarbons, obtained by any process, provided that the weight of the non-aromatic constituents exceeds that of the aromatic constituents.

4. Heading No. 27·12/13 is to be taken to include not only paraffin wax and other waxes specified therein, but also similar products obtained by synthesis or by other processes.

5. "Flash point" shall be determined in accordance with the tests specified in respect of "Flash point" or "Flashing point" in the rules

under the Petroleum Act, 1934 (30 of 1934); and where such rules require the determination of temperature in terms of the Fahrenheit scale, the temperature as determined shall for the purposes of this Chapter be deemed to be the corresponding temperature in terms of the Centigrade scale.

6. "Smoke point" shall be determined in the apparatus known as the smoke point lamp in the manner prescribed in this behalf by the Central Government by notification in the Official Gazette.

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
27·01/06	Coal (including solid fuels manufactured therefrom); lignite; peat; coke and semi-coke of coal, of lignite or of peat; retort carbon; mineral tars (including partially distilled tars and blends of pitch with creosote oils or with other coal tar distillation products)	40%	..	..	..
27·07	Oils and other products of the distillation of high temperature coal tar; similar products as defined in Note 2 to this Chapter . . .	40%	..	..	..
27·08	Pitch and pitch coke, obtained from coal tar or from other mineral tars .	40%	..	..	..
27·09	Petroleum oils and oils obtained from bituminous minerals, crude .	Free	..	..	..
27·10	Petroleum oils and oils obtained from bituminous minerals, other than crude; preparations not elsewhere specified or included, containing not less than 70 per cent. by weight of petroleum oils or of oils obtained from bituminous minerals, these oils being the basic constituents of the preparations:				
	(1) Not elsewhere specified . .	40%	..	..	..
	(2) Motor spirit, that is to say, any inflammable hydrocarbon (including any mixture of hydrocarbons) which has its flashing point below 24.4° Centigrade and which, either by itself or in admixture with other substances, is suitable for use as fuel in spark-ignition engines . . .	The rate at which excise duty is for the time being leviable on motor spirit.	..	..	..
	(3) Kerosene, that is to say, any hydrocarbon oil (excluding mineral colza oil and white spirit) which has a smoke point of twenty millimetres or more and is ordinarily used as an illuminant in oil burning lamps .	The rate at which excise duty is for the time being leviable on kerosene.	..	..	..
	(4) Aviation turbine fuel . .	The rate at which excise duty is for the time being leviable on kerosene.	..	..	..

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
27·10—*contd.*	(5) High speed diesel oil and vaporising oil, that is to say, any hydrocarbon oil (excluding mineral colza oil and white spirit) which has its flashing point at or above 24·4° Centigrade, is ordinarily used as fuel in automotive engines and satisfies either of the following requirements : (*i*) the oil has a smoke point of 11 millimetres or more but less than 20 millimetres, or (*ii*) the oil has a smoke point of less than 11 millimetres but has a viscosity of less than 50 seconds by Redwood I Viscometer at 37.8° Centigrade and contains less than 1/4 per cent. by weight of any bituminous substance.	Rs. 44·50 per kilolitre at 15° Centigrade or 16% whichever is higher.	..	..	..
	(6) Diesel oil not elsewhere specified, that is to say, any hydro-carbon oil which is ordinarily used as fuel in stationary diesel engines and which satisfies the following requirements : (*i*) has its flashing point at or above 65·6° Centigrade, (*ii*) has a smoke point of less than 11 millimetres, (*iii*) contains 1/4 per cent. or more by weight of any bituminous substance, and (*iv*) possesses a viscosity of less than 100 seconds by Redwood I Viscometer at 37·8° Centigrade.	16%	..	..	..
	(7) Furnace oil, that is to say, any hydrocarbon oil which is ordinarily used as furnace fuel and not suitable for use in spark-ignition engines and which satisfies the following requirements: (*i*) has its flashing point at or above 65·6° Centigrade, (*ii*) has a smoke point of less than 11 millimetres,	16%	..	..	..

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
27·10—*contd.*	(*iii*) contains 1/4 per cent. or more by weight of any bituminous substance, and (*iv*) possesses a viscosity of 100 seconds or more by Redwood I Viscometer at 37·8° Centigrade.				
	(8) Lubricating oil, that is to say, any oil as is ordinarily used for lubrication, excluding any hydrocarbon oil which has its flashing point below 93·3° Centigrade	40%	..	..	..
	(9) Hydrocarbon oil which has its flashing point at or above 93·3° Centigrade and is ordinarily used for the batching of jute or other fibre	40%	..	..	..
	(10) Lubricating greases . .	40%	..	..	..
27·11	Petroleum gases and other gaseous hydrocarbons	60%	..	..	..
27·12/13	Petroleum jelly; paraffin wax, microcrystalline wax, slack wax, ozokerite, lignite wax, peat wax and other mineral waxes, whether or not coloured	60%	..	..	..
27·14/16	Petroleum bitumen, petroleum coke and other residues of petroleum oils or of oils obtained from bituminous minerals; bitumen and asphalt, natural; bituminous shale, asphaltic rock and tar sands; bituminous mixtures based on natural asphalt, on natural or petroleum bitumen, on mineral tar or mineral tar pitch (for example, bituminous mastics, cutbacks) .	60%	..	..	..

SECTION VI

PRODUCTS OF THE CHEMICAL AND ALLIED INDUSTRIES

NOTES

1. (*a*) Goods (other than radio-active ores) answering to a description in Note 2(*a*)(*ix*) or 2(*a*)(*x*) to Chapter 28 are to be classified in that Chapter and in no other Chapter of this Schedule.

(*b*) Subject to paragraph (*a*) above, goods answering to a description in Notes 2(*a*)(*ii*), 2(*a*)(*v*) and 2(*a*)(*vi*) to Chapter 28 are to be classified in that Chapter and in no other Chapter of this Section.

2. Subject to Note 1 above, goods classifiable within Chapter 30, 37 or 38 by reason of being put up in measured doses or for sale by retail are to be classified in those Chapters and in no other Chapter of this Schedule.

CHAPTER 28

Inorganic chemicals; organic and inorganic compounds of precious metals, of rare earth metals, of radio-active elements and of isotopes

NOTES

1. Except where their context or these Notes otherwise require, this Chapter is to be taken to apply only to:

(*a*) separate chemical elements and separate chemically defined compounds, whether or not containing impurities;

(*b*) products mentioned in (*a*) above dissolved in water;

(*c*) products mentioned in (*a*) above dissolved in other solvents, provided that the solution constitutes a normal and necessary method of putting up these products adopted solely for reasons of safety or for transport and that the solvent does not render the product particularly suitable for some type of use rather than for general use;

(*d*) the products mentioned in (*a*), (*b*) or (*c*) above, with an added stabiliser necessary for their preservation or transport;

(*e*) the products mentioned in (*a*), (*b*), (*c*) or (*d*) above with an added anti-dusting agent or a colouring substance added to facilitate their identification or for safety reasons, provided that the additions do not render the product particularly suitable for some types of use rather than for general use.

2. The following products are to be classified in this Chapter:

(*a*) (*i*) alkali and alkaline-earth metals; rare earth metals, yttrium and scandium and inter-mixtures or interalloys thereof; mercury;

(*ii*) amalgams;

(*iii*) artificial corundum;

(*iv*) carbon black, anthracene black, acetylene black and lamp black;

(*v*) colloidal precious metals;

(*vi*) compounds inorganic or organic, of precious metals whether or not chemically defined; compounds inorganic or organic of thorium, of uranium depleted in U 235, of rare earth metals, of yttrium or of scandium, whether or not mixed together;

(*vii*) distilled and conductivity water and water of similar purity;

(*viii*) earth colours containing not less than 70 per cent. by weight of combined iron evaluated as Fe_2O_3;

(*ix*) fissile chemical elements and isotopes, namely, natural uranium and uranium isotopes 233 and 235, plutonium and plutonium isotopes; radio-active chemical elements, namely, technetium, promethium, polonium, astatine, radon, francium, radium actinium, protactinium, neptunium, americium and other elements of higher

atomic number; all other radio-active isotopes, natural or artificial, including those of the precious metals and of the base metals of Sections XIV and XV; compounds inorganic or organic of such elements or isotopes whether or not chemically defined and whether or not mixed together; alloys (other than ferro-uranium), dispersions and cermets containing any of these elements or isotopes or their inorganic or organic compounds; nuclear reactor cartridges, spent or irradiated;

(*x*) other isotopes and their compounds, inorganic or organic, whether or not chemically defined.

(The term "isotopes" includes "enriched isotopes", but does not include chemical elements which occur in nature as pure isotopes or uranium depleted in U 235);

(*xi*) liquid air (whether or not rare gases have been removed); compressed air;

(*xii*) phosphides including ferro-phosphorus, containing 15 per cent. or more by weight of phosphorus, and phosphor copper containing more than 8 per cent. by weight of phosphorus; and

(*xiii*) sulphur, sublimed or precipitated; colloidal sulphur.

(*b*) In addition to the organic compounds specified in (*a*) above, only the following compounds of carbon are to be classified in this Chapter:

(*i*) metal and non-metal carbides;

(*ii*) carbonates and percarbonates of inorganic bases;

(*iii*) carbon disulphide;

(*iv*) cyanides and complex cyanides of inorganic bases; fulminates, cyanates and thiocyanates of inorganic bases;

(*v*) dithionites stabilised with organic substances;

(*vi*) hydrocyanic, fulminic, isocyanic, thiocyanic and other simple or complex cyanogen acids;

(*vii*) oxides and oxyhalides of carbon;

(*viii*) solid hydrogen peroxide, carbon oxysulphide, thiocarbonyl halides, cyanogen, cyanogen halides and cyanamide and its metallic derivatives other than calcium cyanamide containing not more than 25 per cent. by weight of nitrogen, calculated on the dry anhydrous product (Chapter 31);

(*ix*) sulphoxylates; and

(*x*) thiocarbonates, selenocarbonates, tellurocarbonates, selenocyanates, tellurocyanates, tetrathiocyanates, diaminochromates (reineckates) and other complex cyanates of inorganic bases.

3. This Chapter does not cover:

(*a*) sodium chloride or other mineral products falling within Section V;

(*b*) organo-inorganic compounds other than those mentioned in Notes 2(*a*) and 2(*b*) above:

(c) products mentioned in Note 1 or 2 to Chapter 31;

(d) colouring matter and inorganic products of a kind used as luminophores falling within Heading No. 32·04/12;

(e) artificial graphite; products put up as charges for fire-extinguishers or put up in fire extinguishing grenades, ink removers put up in packings for sale by retail and cultured crystals (other than optical elements) weighing not less than 2.50 grams each, of magnesium oxide or of the halides of the alkali or of the alkaline-earth metals (Chapter 38);

(f) precious or semi-precious stones (natural, synthetic or reconstructed) or dust or powder of such stones (Headings Nos. 71.02 to 71.04) and precious metals falling within Chapter 71;

(g) the metals, whether or not chemically pure, falling within any Heading of Section XV;

(h) optical elements, for example, of magnesium oxide or of the halides of the alkali or of the alkaline-earth metals (Heading No. 90·01); or

(ij) laboratory chemicals or reagents as defined in Note 2 to Chapter 29.

4. Chemical elements (for example, silicon and selenium) doped for use in electronics are to be classified in the present Chapter, provided that they are in forms unworked as drawn, or in the form of cylinders or rods. When cut in the form of discs, wafers or similar forms, they fall in Chapter 38.

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
28·01/58	Chemical elements, inorganic chemical compounds and other products as specified in Notes 1 and 2 to this Chapter :				
	(1) Not elsewhere specified	60%	50%	..	..
	(2) Aluminium fluoride	60%	50%	..	..
	(3) Aluminium oxide	60%	50%	..	..
	(4) Bleaching paste and bleaching powder	40%	..	..	..
	(5) Borax and boric acid	60%	..	..	..
	(6) Carbon (including carbon black)	60%	..	..	..
	(7) Cryolite, synthetic	60%	50%	..	..
	(8) Iodine in crude form	60%	54%	..	..

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
28·01/58 —*contd.*	(9) Mercury (excluding A. R., B.P., U.S.P. or equivalent grade of purity in containers holding 500 grams or less) . . .	40%	..	..	..
	(10) Silicon . .	60%	..	..	..
	(11) Sodium hydrosulphite .	60%	50%	..	..
	(12) Titanium dioxide . . .	60%	50%	..	..
	(13) The following products, namely,	60%	..	..	..
	Acids, not elsewhere specified,				
	Air (compressed or liquid),				
	Alums,				
	Amalgams,				
	Ammonia, anhydrous,				
	Arsenic,				
	Azides,				
	Bicarbonate of soda,				
	Borides,				
	Cadmium sulphide,				
	Carbides (for example, silicon carbide, boron carbide, metal carbides),				
	Chrome compounds,				
	Cobalt oxide,				
	Corundum, artificial,				
	Green copperas (ferrous sulphate),				
	Hydrides,				
	Lead compounds,				
	Magnesium compounds,				
	Nitrides,				
	Potassium compounds,				
	Selenium,				
	Silicides,				
	Soda ash,				
	Sodium cyanide,				
	Sodium silicate,				
	Uranium oxide,				
	Zinc compounds.				

CHAPTER 29

Organic chemicals

NOTES

1. This Chapter is to be taken to apply only to:

(*a*) separate chemically defined organic compounds, whether or not containing impurities;

(*b*) mixtures of two or more isomers of the same organic compound (whether or not containing impurities), except mixtures of acyclic hydrocarbon isomers (other than stereoisomers), whether or not saturated (Chapter 27);

(*c*) the following products, whether or not chemically defined:

(*i*) antibiotics;

(*ii*) enzymes;

(*iii*) glycosides, natural or reproduced by synthesis; their salts, ethers, esters and other derivatives;

(*iv*) hormones, natural or reproduced by synthesis; derivatives thereof, used primarily as hormones; other steroids used primarily as hormones;

(*v*) provitamins and vitamins, natural or reproduced by synthesis (including natural concentrates), derivatives thereof used primarily as vitamins, and intermixtures of the foregoing, whether or not in any solvent;

(*vi*) vegetable alkaloids, natural or reproduced by synthesis, and their salts, ethers, esters and other derivatives; and

(*vii*) sugar ethers and sugar esters, and their salts;

(*d*) products mentioned in (*a*), (*b*) or (*c*) above dissolved in water;

(*e*) products mentioned in (*a*), (*b*) or (*c*) above dissolved in other solvents, provided that the solution constitutes a normal and necessary method of putting up these products adopted solely for reasons of safety or for transport and that the solvent does not render the product particularly suitable for some types of use rather than for general use;

(*f*) the products mentioned in (*a*), (*b*), (*c*), (*d*) or (*e*) above with an added stabiliser necessary for their preservation or transport;

(*g*) the products mentioned in (*a*), (*b*), (*c*), (*d*), (*e*) or (*f*) above with an added anti-dusting agent or a colouring or odoriferous substance added to facilitate their identification or for safety reasons, provided that the additions do not render the product particularly suitable for some types of use rather than for general use;

(*h*) diazonium salts, arylides used as couplers for these salts and fast bases for azoic dyes, diluted to standard strengths.

2. In addition to those specified in Note 1 above, this Chapter also covers all chemicals, organic or inorganic, whether or not chemically defined, imported in packings not exceeding ½ kilogram or ½ litre and which can be identified with reference to their purity, marking or other features to show them to be meant for use solely as laboratory chemicals.

3. This Chapter does not cover:

(*a*) fats and oils, of fish and marine mammals, whether or not refined, falling within Heading No. 15.01/06, or glycerol (Heading No. 15.08/13);

(*b*) ethyl alcohol (Heading No. 22.08 or 22.09);

(*c*) methane and propane (Heading No. 27.11);

(*d*) the compounds of carbon mentioned in Note 2 of Chapter 28;

(*e*) urea (Heading No. 31.02/05);

(*f*) colouring matter of vegetable or animal origin, synthetic organic dyestuffs (including pigment dyestuffs), synthetic organic products of a kind used as luminophores, products of the kind known as optical bleaching agents substantive to the fibre, natural indigo and dyes or other colouring matter put up in forms or packings of a kind sold by retail (Heading No. 32·04/12);

(*g*) metaldehyde, hexamethylenetetramine and similar substances put up in forms (for example, tablets, sticks or similar forms) for use as fuels, and liquid fuels of a kind used in mechanical lighters in containers of a capacity not exceeding 300 cubic centimetres (Chapter 36);

(*h*) products put up as charges for fire-extinguishers or put in fire extinguishing grenades and ink-removers put up in packings for sale by retail (Chapter 38); or

(*ij*) optical elements, for example, of ethylenediamine tartrate (Heading No. 90·01).

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
29·01/45	Organic compounds including antibiotics, enzymes, hormones, sulpha drugs, vitamins and other products specified in Notes 1 and 2 to this Chapter :				
	(1) Not elsewhere specified .	60%	50%	..	..
	(2) Acid cresylic . . .	60%	54%	54%	..
	(3) The following alcohols, namely, Isopropyl alcohol, Methyl alcohol, Propyl alcohol .	60%	..	..	..
	(4) The following hydrocarbons, namely, Benzene, Ethyl benzene, Toluene, Xylene .	40%	..	..	..
	(5) The following dye intermediates, namely, . . .	60%	50%	..	December 31st, 1977
	C-Acid (2-Chloro-5-toluidine-4-sulphonic acid or 6-chloro-mtoluidine-4-sulphonic acid),				
	H-Acid,				
	1-Acid (2-naphthylamine—5-hydroxy-7-sulphonic acid),				
	J-Acid urea,				
	Aceto-acet-anilide,				
	Aceto-acet-o-chloro-anilide,				
	Aceto-acet-o-Toluidine,				
	Aceto acetic ester (ethyl/methyl),				
	I-amino anthraquinone,				
	2-Amino-anthraquinone (Beta-amino-anthraquinone),				
	O amino azo toluene (2,3/-dimethyl-4-amino-azobenzene or 4-ortho-toluyazo-ortho-toluidine),				

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
29.01/45 —*contd.*	Amino Iso G-acid 1-Amino-6-nitro-2-naphthol-4-sulphonic acid, Anthraquinone Beta naphthalene thioglycolic acid (2-naphthyl thioglycolic acid), Beta Naphthol, Benzidine sulphate/Benzidine dihydro chloride, Benzoyl J-Acid (2-Benzoyl amino 5-naphthol-7-sulphonic acid), Chicago acid, 4-chloro-2-anisidine, M-chloro aniline, O-chloro aniline, P-chloro aniline, 4-chloro-2-nitro anisole, 4-chloro-2-nitro Aniline, M-chloro-para-xylene, 4-chloro-o-toluidine, 5-chloro-o-toluidine, 2:5 dichloro aniline, 1:4 diamino anthraquinone 1:5 diamino-anthraquinone, 2:5-Dichloro nitro benzene, Dimethylaniline, 2:5 dimethyl-4-chlorophenyl thioglycolic acid, Dimethyl sulphate, Dinitrostilbene disulphonic acid (4, 4/dinitrostilbene-2, 2/-disulphonic acid), Gamma acid, Meta-phenylene diamine, Meta-toluylene diamine, Nevile Winther acid, M-Nitro-aniline, O-nitro aniline, P-nitro anisole, P-nitrosophenol (1-hydroxy-4-nitro benzene), Ortho anisidine, Ortho nitro-toluene Ortho Tolidine, M-nitro-p-toluidine (MNPT), Para Anisidine, Para Nitro aniline, Para nitro-toluene, Para nitro toluene sulphonic acid or para-nitro toluene-ortho-sulphonic acid (toluene-4-nitro-2-sulphonic acid or benzene-1-methyl-4-nitro-2-sulphonic acid), Para toluidine, Para toluidine meta sulphonic acid, Phenyl J. acid (2-phenyl-amino-5- naphthol-7-sulphonic acid or 2-phenylamino-5-hydroxy naphthalene-7-Sulphonic acid), Peri acid, Rhoduline acid, G-Salt, R-salt (2-naphthol-3, 6-disulphonic acid, Sodium salt), Schaeffer's acid (2-naphthol-6-sulphonic acid), Sodium naphthionate/naphthionic acid, Sulphanilic acid,				

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U. K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
29·01/45 —*contd.*	Tobias acid (2-naphthylamine-1-sulphonic acid), Trichloro benzene. (6) The following dye intermediates, namely, ...	100%	90%	..	December 31st, 1977
	Diamino Stilbene Disulphonic Acid (4, 4/diamino stilbene-2, 2/ disulphonic acid), Diethyl Meta Amino Phenol (Meta-diethylamino Phenol), Metanilic acid, Ortho-Toluidine, Phenyl Peri Acid (Phenylamino naphthalene-8-sulphonic acid), Quinizarine (1, 4-dihydroxy-anthraquinone).				
	(7) Fast colour bases ordinarily used as coupling components .	60%	..	..	..
	(8) Fast colour salts . . .	60%	..	..	..
	(9) Naphthols ordinarily used as coupling components . . .	60%	..	..	..
	(10) The following compounds, namely, ...	60%	..	..	..
	Acids, not elsewhere specified, Acetic acid, Carbolic acid (phenol), Citric acid, Tartaric acid, Camphor, Rennet essence.				
	(11) Aromatic chemicals, namely, such organic chemicals as are ordinarily used for imparting aroma to perfumery, cosmetics, toilet products, food products, and beverages	60%	50%	..	..
	(12) Insecticide, pesticide, and fungicide chemicals . . .	60%	50%	..	..
	(13) Pharmaceutical chemicals that is, chemicals having prophylactic or therapeutic value and used solely or predominantly as drugs, not elsewhere specified .	60%	50%	50%	..
	(14) The following pharmaceutical chemicals, namely, . . .	60%	..	..	..
	Cocaine, Alkaloids of opium and their derivatives, Alkaloids of cinchona and other alkaloids which are chemically identical with cinchona alkaloids.				
	(15) Antibiotics	60%	54%	54%	..
	(16) Sulpha drugs	60%	54%	54%	..
	(17) Vitamins	60%	54%	54%	..
	(18) Saccharine and such other substances as the Central Government may by notification in the Official Gazette declare to be of a like nature or use to saccharine; and intermediates used in the manufacture of saccharine or such other substances and notified by the Central Government as aforesaid . . .	Rs. 20 per Kilogram	..	..	..
	(19) Laboratory chemicals, organic and inorganic as defined in Note 2 to this Chapter . .	60%	50%	..	..

CHAPTER 30

Pharmaceutical products

NOTES

1. For the purposes of Heading No. 30·03, "medicaments" means goods (other than foods or beverages such as dietetic, diabetic or fortified foods, tonic beverages, spa water) not falling within Heading No. 30·02 or 30·04/05 which are either:

(*a*) products comprising two or more constituents which have been mixed or compounded together for therapeutic or prophylactic uses; or

(*b*) unmixed products suitable for such uses put up in measured doses or in forms or in packings of a kind sold by retail for therapeutic or prophylactic purposes.

For the purposes of these provisions and of Note 3 (c) to this Chapter, the following are to be treated:

(*A*) As unmixed products:

(*1*) unmixed products dissolved in water;

(*2*) all goods falling in Chapter 28 or 29; and

(*3*) simple vegetable extracts falling within Heading No. 13·03, merely standardised or dissolved in any solvent.

(*B*) As products which have been mixed:

(*1*) colloidal solutions and suspensions (other than colloidal sulphur);

(*2*) vegetable extracts obtained by the treatment of mixtures of vegetable materials; and

(*3*) salts and concentrates obtained by evaporating natural mineral waters.

2. The Headings of this Chapter are to be taken not to apply to:

(*a*) aqueous distillates and aqueous solutions of essential oils, suitable for medicinal uses (Chapter 33);

(*b*) dentifrices of all kinds, including those having therapeutic or prophylactic properties, which are to be considered as falling within Chapter 33; or

(*c*) soap; organic surface-active products and preparations for use as soap, in the form of bars, cakes or moulded pieces or shapes, whether or not combined with soap falling within Chapter 34, containing added medicaments.

3. In Heading No. 30·04/05, "other pharmaceutical goods" is to be taken to apply, and to apply only, to:

(*a*) sterile laminaria and sterile laminaria tents;

(*b*) sterile absorbable surgical haemostatics;

(*c*) opacifying preparations for X-ray examination and diagnostic reagents (excluding those of Heading No. 30·02) designed to be

administered to the patient, being unmixed products put up in measured doses or products consisting of two or more products which have been mixed or compounded together for such uses;

(*d*) blood-grouping reagents;

(*e*) dental cements and other dental fillings; and

(*f*) first-aid boxes and kits.

Heading No.	Sub-heading No. and description of article	Rate of duty				Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas		
(1)	(2)	(3)	(4)	(5)	(6)	
30·01	Organo-therapeutic glands or other organs, dried, whether or not powdered; organo-therapeutic extracts of glands or other organs or of their secretions; other animal substances prepared for therapeutic or prophylactic uses, not elsewhere specified or included . .	60%	50%	50%	..	
30·02	Antisera; microbial vaccines, toxins, microbial cultures (including ferments but excluding yeasts) and similar products	60%	50%	50%	..	
30·03	Medicaments (including veterinary medicaments);					
	(1) Not elsewhere specified . .	60%	50%	50%	..	
	(2) Medicaments containing spirit .	Rs. 14·40 per litre or 60% whichever is higher plus Rs. 5 per litre.	Rs. 14·40 per litre or 60% whichever is higher plus Rs. 5 per litre.	Rs. 14·40 per litre or 60% whichever is higher plus Rs. 5 per litre.	..	
30·04/05	Wadding, gauze, bandages and similar articles (for example, dressings, adhesive plasters, poultices), impregnated or coated with pharmaceutical substances or put up in retail packings for medical or surgical purposes; sterile surgical suture materials and other pharmaceutical goods specified in Note 3 to this Chapter. . . .	60%	..	..	..	

CHAPTER 31

Fertilisers and allied chemicals

NOTES

1. Heading No. 31.02/05 includes the following:

(*A*) Goods which answer to one or other of the descriptions given below:

(*i*) Sodium nitrate containing not more than 16.3 per cent. by weight of nitrogen;

(*ii*) Ammonium nitrate, whether or not pure;

(*iii*) Ammonium sulphonitrate, whether or not pure;

(*iv*) Ammonium sulphate, whether or not pure;

(*v*) Calcium nitrate containing not more than 16 per cent. by weight of nitrogen;

(*vi*) Calcium nitrate-magnesium nitrate, whether or not pure;

(*vii*) Calcium cyanamide containing not more than 25 per cent. by weight of nitrogen, whether or not treated with oil; and

(*viii*) Urea, whether or not pure;

(*B*) Fertilisers consisting of any of the goods described in (*A*) above, but without quantitative criteria, mixed together;

(*C*) Fertilisers consisting of ammonium chloride or of any of the goods described in (*A*) or (*B*) above, but without quantitative criteria, mixed with chalk, gypsum or other inorganic non-fertilising substances;

(*D*) Liquid fertilisers consisting of the goods described in (*A*) (*ii*) or (*A*) (*viii*) above, or of mixtures of those goods, in an aqueous or liquid ammonia solution;

(*E*) Goods which answer to one or other of the descriptions given below:

(*i*) basic slag;

(*ii*) disintegrated (calcined) calcium phosphates (thermophosphates and fused phosphates) and calcined natural aluminium calcium phosphates;

(*iii*) superphosphates (single, double or triple);

(*iv*) calcium hydrogen phosphate containing not less than 0.2 per cent. by weight of fluorine;

(*F*) Fertilisers consisting of any of the goods described in (*E*) above, but without quantitative criteria, mixed together;

(*G*) Fertilisers consisting of any of the goods described in (*E*) or (*F*) above, but without quantitative criteria, mixed with chalk, gypsum or other inorganic non-fertilising substances;

(*H*) Goods which answer to one or other of the descriptions given below:

(*i*) crude natural potassium salts (for example, carnallite, kainite and sylvinite);

(*ii*) crude potassium salts obtained by the treatment of residues of beet molasses;

(*iii*) potassium chloride, whether or not pure, except as provided in Note 3(*c*) below;

(*iv*) potassium sulphates containing not more than 52 per cent. by weight of K_2O;

(*v*) magnesium sulphate—potassium sulphate containing not more than 30 per cent. by weight of K_2O;

(*IJ*) Fertilisers consisting of any of the goods described in (*H*) above, but without quantitative criteria, mixed together; and

(*K*) Monoammonium and diammonium orthophosphates, whether or not pure, and mixtures thereof.

2. For the purposes of the quantitative criteria specified in Notes 1(*A*), 1(*E*) and 1(*H*) above, the calculation is to be made on the dry anhydrous product.

3. This Chapter does not cover:

(*a*) animal blood of Chapter 5;

(*b*) separate chemically defined compounds [other than those answering to the descriptions in Note 1(*A*), 1(*E*), 1(*H*) or 1(*K*) above]; or

(*c*) cultured potassium chloride crystals (other than optical elements) weighing not less than $2\frac{1}{2}$ grams each, of Chapter 38; optical elements of potassium chloride (Heading No. 90·01).

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
31·01	Guano and other natural animal or vegetable fertilisers, whether or not mixed together, but not chemically treated.	Free	..	..	..
31·02/05	Mineral or chemical fertilizers, nitrogenous, phosphatic or potassic, and other fertilizers :				
	(1) Not elsewhere specified . .	60%	50%	..	..
	(2) Ammonium nitrate . .	60%	50%	..	..
	(3) Monoammonium and diammonium orthophosphates, whether or not pure, and mixtures thereof .	60%	..	..	..
	(4) Ammonium sulphate. . .	Free	..	..	..
	(5) Potassium chloride (muriate of potash)	60%	..	..	..
	(6) Potassium sulphate containing not more than 52 per cent. by weight of K_2O. . . .	Free	..	..	..
	(7) Sodium nitrate containing not more than 16·3 per cent. by weight of nitrogen . . .	Free	..	..	..
	(8) Urea	60%	50%	..	..
	(9) Composite fertilizers . . .	Free	..	..	..

Chapter 32

Tanning and dyeing extracts; tannins and their derivatives; dyes, colours, paints and varnishes; putty, fillers and stoppings; inks

Notes

1. This Chapter does not cover:

(*a*) separate chemically defined elements and compounds (except colouring matter of vegetable or animal origin, synthetic organic dyestuffs including pigment dyestuffs, optical bleaching agents substantive to the fibre and products of a kind used as luminophores, whether organic or inorganic; natural indigo; dyes or other colouring matter in forms or packings of a kind sold by retail); or

(*b*) tannates and other tannin derivatives of products falling within Chapter 29 or 35.

2. Heading No. 32·04/12 is to be taken to include mixtures of stabilised diazonium salts and coupling compounds for the production of insoluble azoic dyestuffs on the fibre.

3. Heading No. 32·04/12 is to be taken to apply also to preparations based on, respectively, synthetic organic dyestuffs (including pigment dyestuffs), colour lakes and other colouring matter, of a kind used for colouring in the mass artificial plastics, rubber or similar materials or as ingredients in preparations for printing textiles.

4. Heading No. 32·04/12 is also to be taken to include solutions (other than collodions) consisting of any of the products specified in Heading No. 39·01/06 in volatile organic solvents if, and only if, the weight of the solvent exceeds 50 per cent. of the weight of the solution.

5. In this Chapter, "colouring matter" does not include products of a kind used as extenders in oil paints, whether or not they are also suitable for colouring distempers.

6. In Heading No. 32·04/12, "stamping foils" is to be taken to apply only to products of a kind used for printing, for example, book covers or hat bands, and consisting of:

(*a*) thin sheets composed of metallic powder (including powder of precious metal) or pigment, agglomerated with glue, gelatin or other binder; or

(*b*) metal (for example, gold or aluminium) or pigment, deposited on paper, artificial plastic material or other support.

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
32·01	Tanning extracts of vegetable origin:				
	(1) Not elsewhere specified . .	40%	..	..	..
	(2) Gambier	60%	..	50%	..
32·02/03	Tannins (tannic acids) and their derivatives; synthetic organic tanning substances, and inorganic tanning substances; tanning preparations, whether or not containing natural tanning materials; enzymatic preparations for pre-tanning (for example, of enzymatic, pancreatic, or bacterial origin):				
	(1) Not elsewhere specified . .	60%	50%	..	..
	(2) Mineral tannins . . .	40%	..	..	..
32·04/12	Colouring matter; synthetic organic dyestuffs (including pigment dyestuffs); products of a kind used as luminophores; optical bleaching agents substantive to the fibre; prepared pigments; colour lakes; paints, varnishes and enamels; prepared driers; putty, fillers and stoppings; glass frit and other glass in the form of powder, granules or flakes; stamping foils:				
	(1) Not elsewhere specified . .	100%	90%	..	..

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
32·04/12 —*contd.*	(2) Pigment dyestuffs . . .	100%	90%	..	..
	(3) Synthetic organic dyestuffs, not elsewhere specified . . .	60%	..	..	..
	(4) Azodyes	60%	..	..	..
	(5) Sulphur dyes	60%	..	..	..
	(6) Vat dyes including solubilised vats	60%	..	..	..
	(7) Optical bleaching agents . .	60%	50%	50%	..
32·13	Writing ink, printing ink and other inks	60%	..	..	..

Chapter 33

Essential oils and resinoids; perfumery, cosmetics and toilet preparations

Note

This Chapter does not cover:

(*a*) compound alcoholic preparations (known as "concentrated extracts") for the manufacture of beverages of Heading No. 22.09;

(*b*) soap; organic surface-active products and preparations for use as soap, in the form of bars, cakes or moulded pieces or shapes, whether or not combined with soap falling within Chapter 34; or

(*c*) spirits of turpentine or other products falling within Chapter 38.

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
33·01/06	Essential oils, natural or synthetic; aqueous distillates and aqueous solutions of essential oils, including such products suitable for medicinal uses; concretes and absolutes; resinoids; perfumery, cosmetics and toilet preparations; room deodorisers :				
	(1) Not elsewhere specified . .	100%	..	..	..
	(2) Natural essential oils of citronella, cinnamon and cinnamon leaf	100%	..	90%	..

Chapter 34

Soap, organic surface-active agents, washing preparations, lubricating preparations, artificial waxes, prepared waxes, polishing and scouring preparations, candles and similar articles, modelling pastes and "dental waxes"

Notes

1. This Chapter does not cover:

(*a*) separate chemically defined compounds; or

(*b*) dentifrices, shaving creams or shampoos containing soap or organic surface-active agents (Chapter 33).

2. In this Chapter, the expression "soap" is to be taken to apply only to soap soluble in water. Soap and organic surface active products and preparations for use as soap, in the form of bars, cakes or moulded pieces or shapes, whether or not combined with soap falling within Chapter 34 may contain added substances (for example, disinfectants, abrasive powders, fillers or medicaments). Products containing abrasive powders in any form remain classified in this Chapter.

3. The reference in this Chapter to petroleum oils and oils obtained from bituminous minerals is to be taken to apply to the products defined in Note 3 to Chapter 27.

4. "Prepared waxes, not emulsified or containing solvents" is to be taken to apply only to:

(*a*) mixtures of animal waxes, mixtures of vegetable waxes or mixtures of artificial waxes;

(*b*) mixtures of different classes of waxes (animal, vegetable, mineral or artificial); and

(*c*) mixtures of waxy consistency not emulsified or containing solvents, with a basis of one or more waxes, and containing fats, resins, mineral substances or other materials.

5. This Chapter is to be taken not to apply to:

(*a*) waxes falling within Heading No. 27.12/13; or

(*b*) separate animal waxes and separate vegetable waxes, merely coloured.

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
34.01/07	Soap, organic surface-active agents, surface-active preparations, washing preparations, lubricating preparations (excluding preparations containing 70 per cent. or more by weight of petroleum oils or of oils obtained from bituminous minerals), artificial waxes, prepared waxes not emulsified or containing solvents, polishing and scouring preparations, candles and similar articles, modelling pastes and dental waxes :				
	(1) Not elsewhere specified . .	100%	..	..	..
	(2) Artificial waxes, prepared waxes, lubricating preparations and preparations of a kind known as "dental wax" or "dental impression compounds"	60%	..	..	..
	Organic surface-active agents nd surface-active preparations	60%	50%	50%	..

Chapter 35

Albuminoidal substances; glues

Notes

1. This Chapter does not cover:

(*a*) protein substances put up as medicaments falling within Heading No. 30; 03; or

(*b*) gelatin postcards and other products of the printing industry (Chapter 49).

2. In this Chapter, the term "dextrins" is to be taken to apply to starch degradation products with a reducing sugar content, expressed as dextrose on the dry substance, not exceeding 10 per cent.

Such products with a reducing sugar content exceeding 10 per cent. fall in Heading No. 17.02.

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
35.01/06	The following substances and their derivatives, namely, casein, albumins, gelatin (whether or not coloured or surface-worked), peptones and other protein substances; isinglass; hide powder; dextrins; soluble or roasted starches; glues not elsewhere specified or included:				
	(1) Not elsewhere specified . .	60%	..	.. ..	
	(2) Gelatin, refined . . .	60%	..	.. ..	

Chapter 36

Explosives; pyrotechnic products; matches; pyrophoric alloys; certain combustible preparations

Notes

1. This Chapter does not cover separate chemically defined compounds other than those described in Note 2(*a*) or 2(*b*) below.

2. "Other combustible products" applies only to the following articles:

(*a*) metaldehyde, hexamethylenetetramine and similar substances, put up in forms (for example, tablets, sticks or similar forms) for use as fuels; fuels with a basis of alcohol, and similar prepared fuels, in solid or semi-solid form;

(*b*) liquid fuel (for example, petrol) of a kind used in mechanical lighters, in containers of a capacity not exceeding 300 cubic centimetres; and

(*c*) resin torches, firelighters and the like.

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
36·01/08	Explosives including detonators and blasting fuses; pyrotechnic articles (for example, fireworks, railway fog signals, amorces, rain rockets); matches; pyrophoric alloys and other combustible products as specified in Note 2 to this Chapter	60%	..	..	.

CHAPTER 37

Photographic and cinematographic goods

NOTES

1. This Chapter does not cover waste or scrap materials.

2. This Chapter covers :

(*a*) chemical products mixed or compounded for photographic uses (for example, sensitised emulsions, developers and fixers); and

(*b*) unmixed substances suitable for such uses and put up in measured portions or put up for sale by retail in a form ready for use.

This Chapter does not cover photographic pastes or gums, varnishes or similar products.

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
37·01/08	Photographic plates and film, sensitised, whether or not exposed or developed; sensitised paper, paperboard and cloth (including those used in X-ray, electrocardiographic, recording and photocopying work) whether or not exposed but not developed; cinematograph film; chemical products and flash light materials of a kind and in a form suitable for use in photography as specified in Note 2 to this Chapter :				
	(1) Not elsewhere specified . .	100%	90%	..	..
	(2) Cinematograph film, not exposed	50 paise per linear meter.	..	..	..
	(3) Cinematograph film, exposed .	Rs. 1·60 per linear meter.	..	..	..
	(4) X-ray film	60%	50%	..	..

Chapter 38

Miscellaneous chemical products

Notes

1. This Chapter does not cover—

(*a*) separate chemically defined elements or compounds with the exception of the following:

(*1*) artificial graphite;

(*2*) disinfectants, insecticides, fungicides, weed-killers, anti-sprouting products, rat poisons and similar products, put up in forms or packings for sale by retail or as preparations or as articles;

(*3*) products put up as charges for fire-extinguishers or put up in fire-extinguishing grenades;

(*4*) products specified in Note 2(*d*), 2(*g*), 2(*k*) or 2(*q*) below;

(*b*) mixtures of chemicals and foodstuffs of a kind used in the preparation of human foodstuffs (generally, Chapter 21);

(*c*) medicaments (Heading No. 30.03).

2. The following goods are to be taken to fall within this Chapter and not within any other Chapter of the Schedule:

(*a*) activated natural mineral products;

(*b*) ceramic firing testers, fusible (for example, Seger cones);

(*c*) composite solvents and thinners for varnishes and similar products;

(*d*) cultured crystals (other than optical elements) weighing not less than 2.5 grams each, of magnesium oxide or of the halides of the alkali or of the alkaline-earth metals;

(*e*) fluxes and other auxiliary preparations for soldering, brazing or welding;

(*f*) fusel oils;

(*g*) ink removers put up in packings for sale by retail;

(*h*) mixed alkylenes with a very low degree of polymerisation;

(*ij*) pickling preparations for metal surfaces;

(*k*) plasters specially prepared for use in dentistry;

(*l*) prepared additives for mineral oils;

(*m*) prepared culture media for development of micro-organisms;

(*n*) prepared glazings, prepared dressings and prepared mordants of a kind used in textile, paper, leather or like industries;

(*o*) resin and resin acids and their derivatives other than ester gums falling within Heading No. 39·01/06;

(*p*) spirits of turpentine and other terpenic solvents produced by distillation or other treatment of coniferous woods;

(*q*) stencil correctors put up in packings for sale by retail;

(*r*) wood tars, wood tar oils and wood naphtha; and

(*s*) chemical elements of Chapter 28 (for example, silicon and selenium) doped for use in electronics, in the form of discs, wafers or similar forms, polished or not, whether or not coated with a uniform epitaxial layer.

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
38·01/19	Chemical products and preparations of the chemical or allied industries (including those consisting of mixtures of natural products), not elsewhere specified or included; residual products of the chemical or allied industries, not elsewhere specified or included:				
	(1) Not elsewhere specified . .	60%	..	..	..
	(2) Activated carbon . . .	60%	50%	50%	..
	(3) Anti-knock preparations and prepared additives for mineral oils	60%	..	..	..
	(4) Artificial graphite . . .	60%	..	50%	..
	(5) Compound catalysts . . .	60%	50%	50%	..
	(6) Plasticisers, not elsewhere specified	60%	50%	50%	..
	(7) Prepared rubber chemicals .	60%	50%	50%	..
	(8) Stockholm tar, refined . .	40%	..	..	..
	(9) Water treatment chemicals, not elsewhere specified . . .	60%	50%	50%	..

SECTION VII

ARTIFICIAL RESINS AND PLASTIC MATERIALS, CELLULOSE ESTERS AND ETHERS AND ARTICLES THEREOF; RUBBER, SYNTHETIC RUBBERS, FACTICE, AND ARTICLES THEREOF

Chapter 39

Artificial resins and plastic materials, cellulose esters and ethers; articles thereof

Notes

1. This Chapter does not cover:

(*a*) stamping foils of Heading No. 32.04/12;

(*b*) artificial waxes (Chapter 34);

(*c*) synthetic rubber, as defined for the purposes of Chapter 40, or articles thereof;

(*d*) saddlery or harness or travel goods, handbags or other receptacles falling within Chapter 42;

(*e*) plaits, wickerwork or other articles falling within Chapter 46;

(*f*) goods falling within Section XI (textiles and textile articles);

(*g*) footwear, headgear, umbrellas, sunshades, walking-sticks, whips, riding-crops, fans or parts thereof or other articles falling within Section XII;

(*h*) imitation jewellery falling within Heading No. 71.16;

(*ij*) articles falling within Section XVI (machines and mechanical or electrical appliances);

(*k*) parts of aircraft or vehicles falling within Section XVII;

(*l*) optical elements of artificial plastics, spectacle frames, drawing instruments or other articles falling within Chapter 90;

(*m*) articles falling within Chapter 91 (for example, clock or watch cases);

(*n*) musical instruments or parts thereof or other articles falling within Chapter 92;

(*o*) furniture and other articles of Chapter 94;

(*p*) brushes or other articles falling within Chapter 96;

(*q*) articles falling within Chapter 97 (for example, toys, games and sports requisites); or

(*r*) buttons, slide fasteners, combs, mouthpieces or stems for smoking pipes, cigarette-holders or the like, parts of vacuum flasks or the like, pens, propelling pencils or other articles falling within Chapter 98.

2. In Heading No. 39.01/06 "condensation, polycondensation, polyaddition, polymerisation and copolymerisation products" are to be taken to apply only to goods of a kind produced by chemical synthesis answering to one of the following descriptions:

(*a*) artificial plastics including artificial resins;

(*b*) silicones;

(*c*) resols, liquid polyisobutylene, and similar artificial polycondensation or polymerisation products.

3. Heading No. 39.01/06 is to be taken to apply to materials in the following forms only:

(*a*) liquid or pasty (including emulsions, dispersions and solutions);

(*b*) blocks, lumps, powders (including moulding powders), granules, flasks and similar bulk forms;

(*c*) monofil of which any cross-sectional dimension exceeds one millimetre; seamless tubes, rods, sticks and profile shapes, whether or not surface-worked but not otherwise worked;

(*d*) plates, sheets, film, foil and strip (other than that classified in Heading No. 51.01/03 by the application of Note 4 to Chapter 51), whether or not printed or otherwise surface-worked, uncut or cut into rectangles but not further worked (even if, when so cut, they become articles ready for use); and

(*e*) waste and scrap.

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
39·01/06	Artificial resins such as condensation, polycondensation, polyaddition, polymerisation and copolymerisation products; artificial plastic materials, silicones; natural resins modified by fusion or esterification such as run gums or ester gums; regenerated cellulose; chemical derivatives of cellulose; vulcanised fibre; hardened proteins; chemical derivatives of natural rubber; other high polymers (including algiric acid, its salts and esters); liroxyn .	100%	..	..	..
39·07	Articles of the materials described in Heading No. 39·01/06 . . .	100%	..	..	..

CHAPTER 40

Rubber, synthetic rubber, factice, and articles thereof

NOTES

1. Except where the context otherwise requires, throughout this Schedule "rubber" means the following products, whether or not vulcanised or hardened: natural rubber, balata, gutta-percha and similar natural gums, synthetic rubber, and factice derived from oils, and such substances reclaimed.

2. This Chapter does not cover the following products of rubber and textiles, which fall generally within Section XI:

(*a*) knitted or crocheted fabric or articles thereof, elastic or rubberised (other than transmission, conveyor and elevator belts or belting of rubberised knitted or crocheted fabric, of Heading No. 40.05/16); other elastic fabric or articles thereof;

(*b*) textile hosepiping and similar textile tubing, internally coated or lined with rubber (Heading No. 59.01/15);

(*c*) woven textile fabrics (other than the goods of Heading No. 40.05/16) impregnated, coated, covered or laminated with rubber:

(*i*) weighing not more than 1.5 kilograms per square metre;

or

(*ii*) weighing more than 1.5 kilograms per square metre and containing more than 50 per cent. by weight of textile material;

and articles of those fabrics;

(*d*) felt impregnated or coated with rubber and containing more than 50 per cent. by weight of textile material and articles thereof;

(*e*) bonded fibre fabrics and similar bonded yarn fabrics, impregnated or coated with rubber, or in which rubber forms the bonding substance, irrespective of their weight per square metre, and articles thereof;

(*f*) fabrics composed of parallel textile yarns agglomerated with rubber, irrespective of their weight per square metre, and articles thereof.

However, plates, sheets and strip, of expanded, foam or sponge rubber, combined with textile fabric, and articles thereof, are to be classified in Chapter 40 provided that the textile fabric is present merely for reinforcing purposes.

3. The following are also not covered by this Chapter:

(*a*) footwear or parts thereof falling within Chapter 64;

(*b*) headgear or parts thereof (including bathing caps) falling within Chapter 65;

(*c*) mechanical or electrical appliances or parts thereof (including electrical goods of all kinds), of hardened rubber, falling within Section XVI;

(*d*) articles falling within Chapter 90, 92, 94 or 96;

(*e*) articles falling within Chapter 97 (other than sports gloves and goods falling within sub-heading (2) of Heading No. 40.05/16); or

(*f*) buttons, combs, smoking pipe stems, pens or other articles falling within Chapter 98.

4. In this Chapter, the expression "synthetic rubber" is to be taken to apply to:

(*a*) unsaturated synthetic substances which can be irreversibly transformed into non-thermoplastic substances by vulcanisation with sulphur and which, when so vulcanised as well as may be (without the addition of any substances such as plasticisers, fillers or reinforcing agents not necessary for the cross-linking), can produce substances which, at a temperature between 18° and 29° C, will not break on being extended to three times their original length and will return, after being extended to twice their original length, within a period of five minutes, to a length not greater than one-and-a-half times their original length.

Such substances include cis-polyisoprene (IR), Polybutadiene (BR), polychlorobutadiene (CR), polybutadiene-styrene (SBR), polychlorobutadiene-acrylonitrile (NCR), polybutadiene-acrylonitrile (NBR) and butyl rubber (IIR);

(*b*) thioplasts (TM); and

(*c*) natural rubber modified by grafting or mixing with artificial plastic material, de-polymerised natural rubber, and mixtures of unsaturated synthetic substances with saturated synthetic high polymers, provided that all the above-mentioned products comply with the requirements concerning vulcanisation, elongation and recovery in (*a*) above.

5. Heading No. 40.01/04 is to be taken not to apply to:

(*a*) natural or synthetic rubber latex (including pre-vulcanised rubber latex) compounded with vulcanising agents or accelerators, fillers or reinforcing agents, plasticisers, colouring matter (other than colouring matter added solely for the purpose of identification), or with any other substance; however, latex merely stabilised or concentrated, and thermo-sensitive and electro-positive latex are to be classified in this Heading;

(*b*) rubber which has been compounded with carbon black (with or without the addition of mineral oil) or with silica (with or without the addition of mineral oil) before coagulation or with any substance after coagulation; or

(*c*) mixture of any of the products specified in Note 1 to this Chapter, whether or not compounded with any other substance.

This condition is, however, not applicable to reclaimed, waste or scrap rubber falling within this Heading.

6. Transmission, conveyor or elevator belts or belting of textile fabric impregnated, coated, covered or laminated with rubber or made from textile yarn or cord impregnated or coated with rubber are to be classified in Heading No. 40.05/16.

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
40·01/04	Raw rubber, natural or synthetic; rubber latex, natural or synthetic (including mixtures thereof) whether or not pre-vulcanised; balata, gutta-percha and similar natural gums, factice derived from oils; reclaimed rubber; waste and scrap of unhardened rubber . . .	40%	..	..	..
40·05/16	Preparations (including master batches) of natural or synthetic rubber; manufactures of natural or synthetic rubber, whether or not vulcanised or hardened, not elsewhere specified; waste and scrap of hardened rubber:				
	(1) Not elsewhere specified . .	100%	..	..	..
	(2) Rubber tyres and tubes for wheels of all kinds	100%	..	..	..
	(3) Transmission, conveyor or elevator belts or belting of vulcanised rubber . . .	40%	..	..	..

SECTION VIII

RAW HIDES AND SKINS, LEATHER, FURSKINS AND ARTICLES THEREOF; SADDLERY AND HARNESS; TRAVEL GOODS, HANDBAGS AND SIMILAR CONTAINERS; ARTICLES OF GUT (OTHER THAN SILK-WORM GUT)

Chapter 41

Raw hides and skins (other than furskins) and leather

Notes

1. This Chapter does not cover:

(*a*) parings or similar waste, of raw hides or skins (Chapter 5);

(*b*) birdskins or parts of birdskins, with their feathers or down, falling within Chapter 5 or 67; or

(*c*) hides or skins, with the hair on, raw, tanned or dressed (Chapter 43); the following are, however, to be classified in Heading No. 41.01, namely, raw hides or skins with the hair on, of bovine cattle (including buffalo), of equine animals, of sheep and lambs (except Persian, Astrakhan, Caracul and similar lambs, Indian, Chinese, Mongolian and Tibetan lambs), of goats and kids (except Yemen, Mongolian and Tibetan goats and kids), of swine (including peccary), of reindeer, of chamois, of gazelle, of deer, of elk, of roebucks or of dogs.

2. Throughout this Schedule, "composition leather" is to be taken to mean only substances with a basis of leather or leather fibre, in slabs, sheets or rolls.

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
41·01	Raw hides and skins (fresh, salted, dried, pickled or limed), whether or not split, including sheep-skins in the wool	Free	..	..	..
41·02/10	Bovine cattle leather (including buffalo leather) and equine leather; sheep and lamb skin leather, other kinds of leather including composition leather; parings and other waste of leather or of composition leather	60%	..	..	..

CHAPTER 42

Articles of leather; saddlery and harness; travel goods, handbags and similar containers; articles of animal gut (other than silk-worm gut)

NOTES

1. This Chapter does not cover:

(*a*) sterile surgical catgut and similar sterile suture materials (Heading No. 30.04/05);

(*b*) articles of apparel and clothing accessories (except gloves), lined with furskin or artificial fur or to which furskin or artificial fur is attached on the outside except as mere trimming (Chapter 43);

(*c*) string or net bags of Section XI;

(*d*) articles falling within Chapter 64;

(*e*) headgear or parts thereof falling within Chapter 65;

(*f*) whips, riding-crops or other articles of Chapter 66;

(*g*) strings, skins for drums and the like, and other parts of musical instruments (Chapter 92);

(*h*) furniture or parts of furniture (Chapter 94);

(*ij*) articles falling within Chapter 97 (for example, toys, games and sports requisites); or

(*k*) buttons, studs, cuff-links, press-fasteners, including snap-fasteners and press-studs, and blanks and parts of such articles, falling within Chapter 71 or Heading No. 98.01/02.

2. In this Chapter, "other articles of leather" is to be taken to apply, *inter alia*, to gloves (including sports gloves), aprons and other protective clothing, braces, belts, bandoliers and wrist straps, including watch straps.

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
42·01/06	Saddlery and harness, of any material; travel goods (for example; trunks and suit-cases), handbags, purses, brief-cases and similar containers (but excluding articles of basket-work and wicker-work); other articles of leather or of composition leather; articles made from gut or similar materials .	100%	..	..	..

Chapter 43

Furskins and artificial fur; manufactures thereof

Notes

1. Throughout this Schedule, references to furskins, other than to raw furskins, are to be taken to apply to hides or skins of all animals which have been tanned or dressed with the hair on.

2. This Chapter does not cover:

(*a*) birdskins or parts of birdskins, with their feathers or down, falling within Chapter 5 or 67;

(*b*) raw hides or skins, with the hair on, of a kind falling within Chapter 41 [*see* Note 1(*c*) to that Chapter]:

(*c*) gloves consisting of leather and furskin or of leather and artificial fur (Chapter 42);

(*d*) articles falling within Chapter 64;

(*e*) headgear or parts thereof falling within Chapter 65; or

(*f*) articles falling within Chapter 97 (for example, toys, games and sports requisites).

3. Articles of apparel and clothing accessories (except those excluded by Note 2) lined with furskin or artificial fur or to which furskin or artificial fur is attached on the outside except as mere trimming are to be classified in this Chapter.

4. Throughout this Schedule, "artificial fur" means any imitation of furskin consisting of wool, hair or other fibres gummed or sewn on to leather, woven fabric or other materials, but does not include imitation furskins obtained by weaving (Heading No. 58.04/10).

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
43·01/04	Furskins and artificial fur and articles made thereof	100%	..	..	..

SECTION IX

WOOD AND ARTICLES OF WOOD; WOOD CHARCOAL; CORK AND ARTICLES OF CORK; MANUFACTURES OF STRAW, OF ESPARTO AND OF OTHER PLAITING MATERIALS; BASKETWARE AND WICKERWORK

Chapter 44

Wood and articles of wood; wood charcoal

Notes

1. This Chapter does not cover:

(*a*) wood of a kind used primarily in perfumery, in pharmacy, or for insecticidal, fungicidal or similar purposes (Heading No. 12.07);

(*b*) wood of a kind used primarily in dyeing or in tanning (Heading No. 13.01);

(*c*) activated charcoal (Chapter 38);

(*d*) articles falling within Chapter 46;

(*e*) footwear or parts thereof falling within Chapter 64;

(*f*) goods falling within Chapter 66 (for example, umbrellas and walking-sticks and parts thereof);

(*g*) goods falling within Chapter 68;

(*h*) imitation jewellery falling within Heading No. 71.16;

(*ij*) goods falling within Section XVII (for example, wheelwrights' wares);

(*k*) goods falling within Chapter 91 (for example, clocks and clock cases);

(*l*) musical instruments or parts thereof (Chapter 92);

(*m*) parts of firearms (Chapter 93);

(*n*) furniture or parts thereof falling within Chapter 94;

(*o*) articles falling within Chapter 97 (for example, toys, games and sports requisites);

(*p*) smoking pipes or the like or parts thereof, buttons, pencils or other articles falling within Chapter 98; or

(*q*) wooden tools in which metal parts form the blade, working edge, working surface or other working part.

2. In this Chapter, "improved wood" means wood which has been subjected to chemical or physical treatment (being, in the case of layers bonded together, treatment in excess of that needed to ensure a good bond), and which has thereby acquired increased density or hardness together with improved mechanical strength or resistance to chemical or electrical agencies.

3. This Chapter covers articles of the respective descriptions of plywood, cellular wood, "improved" wood or reconstituted wood as they apply to such articles of wood.

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U. K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
44·01/28	Wood in the rough, fuel wood, wood waste and wood charcoal; wood flour and wood wool; sawn and dressed timber; veneered wood, plywood, cellular wood, improved wood and reconstituted wood; spools, bobbins and the like of turned wood; articles of wood, not elsewhere specified . . .	60%	..	..	..

CHAPTER 45

Cork and articles of cork

NOTE

This Chapter does not cover:

(*a*) footwear or parts of footwear falling within Chapter 64;

(*b*) headgear or parts of headgear falling within Chapter 65; or

(*c*) articles falling within Chapter 97 (for example, toys, games and sports requisites).

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U. K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
45·01/04	Natural or agglomerated cork and articles thereof; waste cork . .	40%	.	..	..

Chapter 46

Manufactures of straw, of esparto and of other plaiting materials; basketware and wickerwork

Notes

1. In this Chapter, "plaiting materials" includes straw, osier or willow, bamboos, rushes, reeds, strips of wood, strips of vegetable fibre or bark, unspun textile fibres, monofil and strip of artificial plastic materials or strips of paper, but not strips of leather, of composition leather or of felt, human hair, horsehair, textile rovings or yarns, or monofil or strip of Chapter 51.

2. This Chapter does not cover:

(*a*) twine, cordage, ropes or cables, plaited or not (Heading No. 59·01/15);

(*b*) footwear or headgear or parts thereof falling within Chapter 64 or 65;

(*c*) vehicles and bodies for vehicles, of basketware (Chapter 87); or

(*d*) furniture or parts thereof (Chapter 94).

3. Throughout this Schedule, "horsehair" means hair of the manes and tails of equine or bovine animals.

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
46·01/03	Articles made of plaiting materials, including matting, mats and screens, basketwork and wickerwork	60%	..	..	..

SECTION X

PAPER-MAKING MATERIAL; PAPER AND PAPER BOARD AND ARTICLES THEREOF

Chapter 47

Paper-making material

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
47·01	Pulp derived by mechanical or chemical means from any fibrous vegetable material	40%	..	..	..
47·02	Waste paper and paperboard; scrap article of paper or of paperboard, fit only for use in paper-making .	100%	..	..	..

CHAPTER 48

Paper and Paperboard; articles of paper pulp, of paper or of paperboard.

NOTES

1. This Chapter does not cover:

(*a*) stamping foils of Heading No. 32.04/12;

(*b*) perfume and cosmetic papers (Chapter 33);

(*c*) soap papers, paper impregnated or coated with detergent, and cellulose wadding impregnated with polishes, creams or similar preparations (Chapter 34);

(*d*) paper or paperboard, sensitised (Chapter 37);

(*e*) paper-reinforced stratified artificial plastic sheeting, or vulcanised fibre or articles of such materials (Chapter 39);

(*f*) goods falling within Chapter 42 (for example, travel goods);

(*g*) articles falling within Chapter 46 (manufactures of plaiting material);

(*h*) paper yarn or textile articles of paper yarn (Section XI);

(*ii*) abrasive paper of paper backed mica splittings (Chapter 68) (paper coated with mica powder is, however, to be classified in this Chapter);

(*k*) metal foil backed with paper or paperboard (Section XV);

(*l*) perforated paper or paperboard for musical instruments (Chapter 92); or

(*m*) goods falling within Chapter 97 (for example, toys, games and sports requisites) or Chapter 98 (for example, buttons).

2. This Chapter cover, **inter alia,** paper wool, paper strip (whether or not folded or coated) of a kind used for plaiting, toilet paper in rolls or packets, cards for statistical machines, perforated paper and paperboard, cards for Jacquard and similar machines, paper lace, shelf edging, paper tablecloths, serviettes and handkerchiefs, paper gaskets, moulded or pressed goods of wood pulp, and dress patterns.

3. Paper, paperboard and cellulose wadding, and articles thereof, printed with characters or pictures which are not merely incidental to the primary use of the goods are regarded as printed matter falling within Chapter 49.

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
48·01/21	Paper and paper board, all sorts, whether in rolls, sheets or cut to size or shape (including cellulose wadding, composite paper or paperboard and impregnated, coated, corrugated, embossed, perforated, surface coloured or decorated, ruled or printed paper or paperboard); filter blocks, slabs and plates of paper pulp ; building board of wood pulp or vegetable fibre whether or not bonded with natural or artificial resins or similar binders; stationery made of paper or paperboard ; articles not elsewhere specified, of paper, paperboard, paper pulp or cellulose wadding:				
	(1) Not elsewhere specified .	100%	..	..	..

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U. K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
48.01/21 —*contd.*	(2) Newsprint containing mechanical wood pulp amounting to not less than 70 per cent. of the fibre content (excluding chrome, marble, flint, poster, stereo and art paper)	40%	..	..	..
	(3) Other printing and writing paper	60%	..	..	..

Chapter 49

Printed books, newspapers, pictures and other products of the printing industry; manuscripts, typescripts and plans

Notes

1. This Chapter does not cover:

(*a*) paper, paperboard, or cellulose wadding, or articles thereof, in which printing is merely incidental to their primary use (Chapter 48);

(*b*) playing cards or other goods falling within Chapter 97; or

(*c*) original engravings, prints or lithographs, postage, revenue or similar stamps, antiques of an age exceeding one hundred years or other articles falling within Chapter 99.

2. Newspapers, journals and periodicals which are bound otherwise than in paper, and sets of newspapers, journals or periodicals comprising more than one number under a single cover are to be treated as falling within Heading No. 49.01 and not within Heading No. 49.02.

3. Heading No. 49.01 is to be extended to apply to:

(*a*) a collection of printed reproductions of, for example, works of art or drawings, with a relative text, put up with numbered pages in a form suitable for binding into one or more volumes;

(*b*) a pictorial supplement accompanying, and subsidiary to, a bound volume; and

(*c*) printed parts of books or booklets, in the form of assembled or separate sheets or signatures, constituting the whole or a part of a complete work and designed for binding.

However, printed pictures or illustrations not bearing a text, whether in the form of signatures or separate sheets, fall in Heading No. 49.08/11.

4. Headings Nos. 49.01 and 49.02 are to be taken not to apply to publications issued for advertising purposes by or for an advertiser named therein, or to publications which are primarily devoted to advertising (including tourist propaganda). Such publications are to be taken as falling within Heading No. 49.08/11.

5. For the purposes of Heading No. 49:03, "children's picture books" means books for children in which the pictures form the principal interest and the text is subsidiary.

6. In Heading No. 49.04/06, "manuscripts and typescripts" is to be taken to extend to carbon copies or copies on sensitised paper of manuscripts and typescripts. References in this Chapter to printed matter of any kind include references to any matter of that kind which is reproduced by means of a duplicating machine.

7. For the purposes of Heading No. 49·08/11, "picture postcards" means cards consisting essentially of an illustration and bearing printed indications of their use.

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U. K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
49·01	Printed books, booklets, brochures, pamphlets and leaflets . . .	Free	..	..	..
49·02	Newspapers, journals and periodicals, whether or not illustrated	Free	..	..	..
49·03	Children's picture books and painting books	Free	..	..	..
49·04/06	Music, printed or in manuscript, whether or not bound or illustrated; maps and charts of all kinds (including atlases and printed globes); plans and drawings, for industrial, architectural, engineering, commercial or similar purposes, whether original or reproductions on sensitised paper; manuscripts and typescripts .	Free	..	..	..
49·07	Unused postage, revenue and similar stamps of current or new issue in India; stamp-impressed paper; banknotes, stock, share and bond certificates, and similar documents of title; cheque books	100%	..	..	..
49·08/11	Transfers (De calcomanias); picture postcards, Christmas and other picture greeting cards, calendars, printed pictures and photographs; other printed matter, including trade catalogues and advertising material	100%	..	..	..

SECTION XI

TEXTILES AND TEXTILE ARTICLES

NOTES

1. This Section does not cover:

(*a*) animal brush making bristles or hair, horsehair or horsehair waste (Chapter 5);

(*b*) human hair or articles of human hair (Chapter 5 or 67), except straining cloth of a kind commonly used in oil presses and the like (Heading No. 59.16/17);

(*c*) vegetable materials falling within Chapter 14;

(*d*) asbestos falling within Chapter 25 or articles of asbestos and the following products falling within Chapter 68:

fabricated asbestos and articles thereof (for example asbestos board, thread and fabric; asbestos clothing, asbestos jointing), reinforced or not; mixtures with a basis of asbestos and mixtures with a basis of asbestos and magnesium carbonate, and articles of such mixtures; friction material (segments, discs, washers, strips, sheets, plates, rolls and the like) of a kind suitable for brakes, for clutches or the like, with a basis of asbestos, other mineral substances or of cellulose, whether or not combined with textile or other materials;

(*e*) articles falling within Heading No. 30.04/05 (for example, wadding, gauze, bandages and similar articles for medical or surgical purposes, sterile surgical suture materials);

(*f*) sensitised textile fabric (Chapter 37);

(*g*) monofil of which any cross-sectional dimension exceeds one millimetre and strip (artificial straw and the like) of a width exceeding 5 millimetres, of artificial plastic material (Chapter 39) or plaits or fabrics of such monofil or strip (Chapter 46);

(*h*) woven textile fabrics, felt, bonded fibre or bonded yarn fabrics, impregnated, coated, covered or laminated with rubber, and articles thereof, falling within Chapter 40;

(*ij*) skins with their wool on (Chapter 41 or 43) or articles of furskin, artificial fur or articles thereof, falling within Chapter 43;

(*k*) articles of textile materials falling within Chapter 42 (saddlery, harness, travel goods, haversacks, handbags and similar containers);

(*l*) products and articles of Chapter 48 (for examples, cellulose wadding);

(*m*) footwear or parts of footwear, gaiters or leggings or similar articles classified in Chapter 64;

(*n*) headgear or parts thereof falling within Chapter 65;

(*o*) hair nets (Chapter 65 or 67, as the case may be);

(*p*) goods falling within Chapter 67;

(*q*) abrasive-coated threads, cords or fabric (Chapter 68);

(*r*) glass fibre or articles of glass fibre, other than embroidery with glass thread on a visible ground of fabric (Chapter 70);

(*s*) articles falling within Chapter 94 (furniture and bedding); or

(*t*) articles falling within Chapter 97 (for example, toys, games and sports requisites).

2. (A) Goods classifiable in any Heading in Chapters 50 to 57 and of a mixture of two or more different textile materials are to be classified according to the following rules:

(*a*) goods containing more than 10 per cent. by weight of silk, noil or other waste silk or any combination thereof are to be classified in Chapter 50, and, for the purposes of classification in that Chapter, as if consisting wholly of that one of those materials which predominates in weight;

(*b*) all other goods are to be classified as if consisting wholly of that one textile material which predominates in weight over any other single textile material.

(*B*) For the purposes of the above rules:

(*a*) metallised yarn shall be treated as a single textile material and its weight shall be taken as the aggregate of the weight of the textile and metal components, and, for the classification of woven fabrics, metal thread is to be regarded as a textile material;

(*b*) where a Heading in question refers to goods of different textile materials (for example, silk and waste silk or carded sheep's or lambs' wool), all those materials shall be treated as being one and the same;

(*c*) except as provided in (*B*) (*a*) above, the weight of constituents other than textile materials is not to be included in the weight of the goods.

(*C*) The provisions of paragraphs (*A*) and (*B*) above are to be applied also to the yarns referred to in Notes 3 and 4 below.

3. (*A*) For the purposes of this Section, and subject to the exceptions in paragraph (*B*) below, yarns (single, multiple or cabled) of the following descriptions are to be treated as "twine, cordage, ropes and cables":

(*a*) of silk, noil or other waste silk, of a weight exceeding 2 grams per metre (18,000 denier);

(*b*) of man-made fibres (including yarn of two or more monofil of Chapter 51), of a weight exceeding one gram per metre (9,000 denier);

(*c*) of true hemp or flax:

(*i*) polished or glazed, of which the length per kilogram, multiplied by the number of constituent strands, is less than 7,000 metres;

(*ii*) not polished or glazed and of a weight exceeding 2 grams per metre;

(*d*) of coir, consisting of three or more plies;

(*e*) of other vegetable fibres, of a weight exceeding 2 grams per metre; or

(*f*) reinforced with metal.

(*B*) Exceptions:

(*a*) yarn of sheep's or lambs' wool or other animal hair and paper yarn, other than yarn reinforced with metal;

(*b*) continuous filament tow for the manufacture of man-made fibres (discontinuous), and multifilament yarn without twist or with a twist of less than 5 turns per metre;

(*c*) silkworm gut, imitation catgut of silk or of man-made fibres, and monofil of Chapter 51;

(*d*) metallised yarn, not being yarn reinforced with metal; and

(*e*) chenille yarn and gimped yarn.

4. For the purposes of this Section, "made up" means:

(*a*) cut otherwise than into rectangles;

(*b*) made and finished by weaving and ready for use (or merely needing separation by cutting dividing threads) and not requiring sewing or further fabrication (for example, certain dusters, towels, table cloths, scarf squares and blankets);

(*c*) hemmed or with rolled edges (except fabrics in the piece which have been cut from wider pieces and hemmed or rolled merely to prevent unravelling), or with a knotted fringe at any of the edges;

(*d*) cut to size and having undergone a process of drawn thread work;

(*e*) assembled by sewing, gumming or otherwise (other than piece goods consisting of two or more lengths of identical material joined end to end and piece goods composed of two or more fabrics assembl- in layers, whether or not padded).

5. The Headings of Chapters 50 to 57 and, except where the context otherwise requires, the Headings of Chapters 58 to 60, are to be taken not to apply to goods made up within the meaning of Note 4 above. Chapters 50 to 57 are to be taken not to apply to goods falling within Chapter 58 or 59.

Chapter 50

Silk and waste silk

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U. K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
50.01	Silk-worm cocoons suitable for reeling	50% plus Rs. 8·80 per kilogram	..	..	December 31st, 1979.
50.02	Raw Silk (not thrown)	30%	..	..	December 31st, 1979.

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
50·03/07	Silk waste (including cocoons unsuitable for reeling, silk noils and pulled or garnetted rags); silk yarn	50% *plus* Rs. 8·80 per kilogram	..	..	December 31st, 1979
50·08	Silk worm gut and imitation catgut of silk	100%	..	..	..
50·09/10	Woven fabrics of silk including waste silk and noil silk :				
	(1) Fabrics, not elsewhere specified, containing more than 90 per cent. of silk, including such fabrics embroidered with yarn of man-made fibres.	100% *Plus* Rs. 18·70 per kilogram	..	..	December 31st, 1979
	(2) Fabrics, not elsewhere specified, containing more than 10 per cent. and not more than 90 per cent. silk.	100%	..	..	..

Chapter 51

Man-made fibres (continuous)

Notes

1. Throughout this Schedule, "man-made fibres" means fibres or filaments of organic polymers produced by manufacturing processes, either:

(*a*) by polymerisation or condensation of organic monomers, for example, polyamides, polyesters, polyurethanes and polyvinyl derivatives; or

(*b*) by chemical transformation of natural organic polymers (such as cellulose, casein, proteins and algae), for example, viscose rayon, cuprammonium rayon (cupra), cellulose acetate and alginates.

2. Heading No. 51.01/03 is to be taken not to apply to continuous filament tow of man-made fibres falling within Chapter 56.

3. "Yarn of man-made fibres (continuous)" is to be taken not to apply to yarn (known as "ruptured filament yarn") of which the majority of the filaments have been ruptured by passage through rollers or other devices (Chapter 56).

4. Monofil of which any cross-sectional dimension exceeds one millimetre is to be classified in Chapter 39.

Strip (artificial straw and the like) of man-made fibre materials is to be classified in Heading No. 51.01/03 when of a width not exceeding 5 millimetres and in Chapter 39 in other cases.

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
51·01/03	Yarn of man-made fibres (continuous) ; monofil, strip (artificial straw and the like) and imitation catgut, of man-made fibre materials	100%	..	..	..
51·04	Woven fabrics of man-made fibres (continuous) ; including woven fabrics of monofil or strip of Heading No. 51·01/03 . . .	100%	..	..	..

CHAPTER 52

Metallised textiles

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
52·01	Metallised yarn, being textile yarn spun with metal or covered with metal by any process . . .	100%	..	..	..
52·02	Woven fabrics of metal thread or of metallised yarn, of a kind used in articles of apparel, as furnishing fabrics or the like . . .	100%	..	..	..

CHAPTER 53

Wool and other animal hair

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
53·01/05	Sheep's or lambs' wool and other animal hair, whether or not carded or combed, and waste of such wool or of animal hair, whether or not pulled or garnetted (including pulled or garnetted rags):				
	(1) Not elsewhere specified .	60%	..	..	..
	(2) Wool, raw and wool tops .	40%	..	..	..
53·06/10	Yarn of sheep's or lambs' wool, or horsehair or of other animal hair .	60%	..	..	..
53·11/13	Woven fabrics of sheep's or lambs' wool, of horsehair or of other animal hair	100%	..	..	..

CHAPTER 54

Flax and ramie

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
54·01/02	Flax and ramie, raw or processed but not spun; flax tow and waste and ramie noils and waste (including pulled or garnetted rags) . .	40%	..	..	..
54·03/04	Flax or ramie yarn	60%	..	..	..
54.05	Woven fabrics of flax or of ramie .	100%	..	..	..

CHAPTER 55

Cotton

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
55·01/04	Cotton whether or not carded or combed; cotton linters and waste . .	40%	..	..	..
55·05/06	Cotton yarn	60%	..	..	..
55·07/09	Woven fabrics of cotton. . . .	100%	..	..	..

CHAPTER 56

Man-made fibres (discontinuous)

NOTE

In Heading No. 56.01/04 "continuous filament tow" is to be taken to apply only to continuous filament tow of man-made fibres, consisting of parallel filaments of a uniform length equal to the length of the tow, meeting the following specifications:

(*a*) length of tow exceeding 2 metres;

(*b*) twist less than 5 turns per metre;

(*c*) weight per filament less than 6.6 milligrams per metre (60 denier);

(*d*) in the case of filaments described in Note 1(*a*) to Chapter 51, the tow must be drawn, that is to say, be incapable of being stretched by more than 100 per cent. of its length; and

(*e*) the total weight of tow more than 2 grams per metre (18,000 denier).

Tow of a length not exceeding 2 metres is also to be classified in this Heading.

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
56·01/04	Man-made fibres (discontinuous) and waste (including yarn waste and pulled or garnetted rags) of man-made fibres (continuous or discontinuous) whether or not carded or combed or otherwise prepared for spinning; continuous filament tow .	100%	..	..	..
56·05/06	Yarn of man-made fibres (discontinuous or waste)	100%	..	..	..
56·07	Woven fabrics of man-made fibres (discontinuous or waste) . .	100%	..	..	..

Chapter 57

Other vegetable textile material, paper yarn and woven fabrics of paper yarn.

Heading No.	Sub-heading No. and description of article	Rates of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
57·01/04	Hemp, jute and other vegetable textile fibres, raw or processed but not spun; tow and waste of such fibres. .	40%	..	..	..
57·05/08	Yarn of hemp of jute or of other vegetable textile fibres; paper yarn .	60%	..	..	..
57·09/12	Woven fabrics of hemp, of jute or of other vegetable textile fibres; woven fabrics of paper yarn . . .	100%	..	..	..

Chapter 58

Carpets, mats, matting and tapestries; pile and chenille fabrics; narrow fabrics; trimmings; tulle and other net fabrics; lace; embroidery

Notes

1. The Headings of this Chapter are to be taken not to apply to coated or impregnated fabrics, elastic fabrics or elastic trimmings, machinery belting or other goods falling within Chapter 59. However, embroidery on any textile base falls within Heading No. 58.04/10.

2. In Heading No. 58.01/03, "carpets" and "rugs" are to be taken to extend to similar articles having the characteristics of floor coverings but intended for use for other purpose. This Heading is to be taken not to apply to felt carpets, which fall within Chapter 59.

3. For the purposes of Heading No. 58.04/10, "narrow woven fabrics" means:

(*a*) woven fabrics of a width not exceeding 30 centimetres, whether woven as such or cut from wider pieces, provided with selvedges (woven, gummed or made otherwise) on both edges;

(*b*) tubular woven fabrics of a flattened width not exceeding 30 centimetres; and

(*c*) bias binding with folded edges, of a width when unfolded not exceeding 30 centimetres.

Narrow woven fabrics in the form of fringes are to be treated as falling within this Heading.

4. Heading No. 58.04/10 is to be taken not to apply to nets or netting in the piece made of twine, cordage or rope, which are to be taken as falling within Heading No. 59.01/15.

5. In Heading No. 58.04/10, "embroidery" means, *inter alia*, embroidery with metal or glass thread on a visible ground of textile fabric, and sewn applique work of sequins, beads or ornamental motifs of textile or other materials. The Heading is to be taken not to apply to needlework tapestry (Heading No. 58.01/03).

6. The Headings of this Chapter are to be taken to include goods of the descriptions specified therein when made of metal thread and of a kind used in apparel, as furnishings or the like.

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
58·01/03	Carpets, carpeting, rugs, mats and matting (made up or not); tapestries.	100 %	..	..	..
58·04/10	Pile and chenille fabrics, narrow woven fabrics and other narrow fabrics; labels, badges and the like; chenille yarn (including flock chenille yarn); gimped yarn; braids; trimmings; net fabrics; lace: embroidery .	100 %	..	..	..

Chapter 59

Wadding and felt; twine, cordage, ropes and cables; special fabrics; impregnated and coated fabrics; textile articles of a kind suitable for industrial use

Notes

1. For the purposes of this Chapter, "textile fabric" is to be taken to apply only to the textile fabrics of Chapters 50 to 57 and Heading No. 58.04/10, the braids and trimmings in the piece, the tulle and other net fabrics and lace of Heading No. 58.04/10 and the knitted and crocheted fabrics of Chapter 60.

2. Heading No. 59.01/15 covers:

(*i*) textile fabrics impregnated, coated, covered or laminated with preparations of cellulose derivatives or of other artificial plastic materials whatever the weight per square metre and whatever the nature of the plastic material (compact, foam, sponge or expanded); and

(*ii*) textile fabrics otherwise impregnated or coated; painted canvas, being theatrical scenery, studio back-cloths or the like.

It does not, however, cover:

(*a*) fabrics in which the impregnation, coating or covering cannot be seen with the naked eye (usually Chapters 50 to 58 and 60); for the purpose of this provision, no account should be taken of any resulting change of colour;

(*b*) products which cannot, without fracturing, be bent manually around a cylinder of a diameter of 7 mm. at a temperature between 15° and 30°C (usually Chapter 39); or

(*c*) products in which the textile fabric is either completely embedded in artificial plastic material or coated or covered on both sides with such material (Chapter 39).

Sub-paragraph (*ii*) above does not apply to:

(*a*) fabrics in which the impregnation or coating cannot be seen with the naked eye (usually Chapters 50 to 58 and 60); for the purpose of this provision, no account should be taken of any resulting change of colour;

(*b*) fabrics painted with designs (other than painted canvas being theatrical scenery, studio back-cloths or the like);

(*c*) fabrics covered with flock, dust, powdered cork or the like and bearing designs resulting from these treatments; or

(*d*) fabrics finished with normal dressings having a basis of amylaceous or similar substances.

3. Heading No. 59.16/17 is to be taken not to apply to:

(*a*) transmission, conveyor or elevator belting of a thickness of less than 3 millimetres; or

(*b*) transmission, conveyor or elevator belts or belting of textile fabric impregnated, coated, covered or laminated with rubber or made from textile yarn or cord impregnated or coated with rubber (Heading No. 40.05/16).

4. In Heading No. 59:16/17, the expression "textile fabrics and textile articles, of a kind commonly used in machinery or plant" is to be taken to apply to the following goods which are to be taken as not falling within any other Heading of Section XI:

(*a*) textile products (other than those having the character of the products of Chapter 59), the following only:

(*i*) textile fabric, felt and felt-lined woven fabric, coated, covered or laminated with rubber, leather or other material, of a kind commonly used for card clothing, and similar fabric of a kind commonly used in machinery or plant;

(*ii*) bolting cloth;

(*iii*) straining cloth of a kind commonly used in oil presses and the like, of textile fibres or of human hair;

(*iv*) woven textile felts, whether or not impregnated or coated, of a kind commonly used in paper-making or other machinery, tubular or endless with single or multiple warp and/or weft, or flat woven with multiple warp and/or weft;

(*v*) textile fabrics reinforced with metal, of a kind commonly used in machinery or plant;

(*vi*) textile fabrics of the metallised yarn falling within Heading No. 52.01 of a kind commonly used in paper-making or other machinery;

(*vii*) cords, braids and the like, whether or not coated, impregnated or reinforced with metal, of a kind commonly used in machinery or plant as packing or lubricating materials;

(*b*) textile articles (other than wicks, textile hosepiping and transmission, conveyor or elevator belts or belting) of a kind commonly used in machinery or plant (for example, gaskets, washers, polishing discs and other machinery parts).

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
59.01/15	Wadding, felt, bonded fibre fabrics, similar bonded yarn fabrics, twine, cordage, ropes and cables, and articles thereof (including nets and netting); impregnated, coated; covered or laminated textile elastic fabrics, wicks and taxtile those piping	100%	..	..	..
59.16/17	Transmission, conveyor or elevator, belts or belting, of textile material, whether or not strengthened with metal or other materi l; textile fabrics and textile articles, of a kind commonly used in machinery or plant. .	40%	..	..	..

CHAPTER 60

Knitted and crocheted goods

NOTES

1. This Chapter does not cover:

(*a*) crochet lace of Heading No. 58.04/10;

(*b*) knitted or crocheted goods falling within Chapter 59;

(*c*) corsets, corset-belts, suspender-belts, brassieres, braces, suspenders, garters or the like (Chapter 61);

(*d*) old clothing or other articles falling within Heading No. 63.01; or

(*e*) orthopaedic appliances, surgical belts, trusses or the like (Heading No. 90.19).

2. This Chapter is to be taken to apply to knitted or crocheted articles and to parts thereof:

(*a*) knitted or crocheted directly to shape, whether imported as separate items or in the form of a number of items in the length;

(*b*) made up, by sewing or otherwise.

3. This Chapter includes goods of the descriptions specified therein when made of metal thread and of a kind used in apparel, as furnishings or the like.

4. For the purposes of this Chapter:

(*a*) "elastic" means consisting of textile materials combined with rubber threads; and

(*b*) "rubberised" means impregnated, coated, covered or laminated with rubber; or made with textile thread impregnated, coated or covered with rubber.

Heading No.	Sub-heading No.	No. and description of article	Rate of duty			Duration when rates of duty are protective
			Standard	U. K.	Other Preferential Areas	
(1)		(2)	(3)	(4)	(5)	(6)
60·01/06		Knitted or crocheted fabric, whether or not elastic or rubberised; undergarments and outer garments, gloves, stockings and the like, knitted or crocheted, or made of knitted or crocheted fabric	100%	..	..	..

CHAPTER 61

Articles of apparel and clothing accessories of textile fabric, other than knitted or crocheted goods

NOTES

1. This Chapter applies to articles of the kinds described therein only when made up of any textile fabric (including felt, bonded fibre fabric, braid or trimmings of Heading No. 58.04/10, tulle or other net fabrics and lace) or of fabric of metal thread, but does not apply to articles of knitted or crocheted material other than corsets, corset-belts, suspender-belts, brassieres, braces, suspenders, garters and the like.

2. This Chapter does not cover:

(*a*) old clothing or other articles falling within Heading No. 63·01; or

(*b*) orthopaedic appliances, surgical belts, trusses or the like (Heading No. 90·19).

3. This Chapter is to be taken to apply to textile fabrics (other than knitted or crocheted fabric) cut to shape for making articles of this Chapter.

Corsets and like articles referred to in Note 1 to this Chapter, however, also include fabrics knitted or crocheted to shape for making such articles whether imported as separate items or in the form of a number of items in the length.

Heading No.	Sub-heading No. and description of article	Rate of duty: Standard	U. K.	Other Preferential Areas	Duration when rates of duty are protective
(1)	(2)	(3)	(4)	(5)	(6)
61·01/11	Articles of apparel and clothing accessories of textile fabric, other than knitted or crocheted goods falling within Chapter 60 . . .	100%	..	..	..

CHAPTER 62

Other made up textile articles

NOTES

1. This Chapter applies to the articles of the kind described therein only when made up of any textile fabric (other than felt and bonded fabrics or similar bonded yarn fabrics) or of the braids or trimmings of Heading No. 58·04/10, not being knitted or crocheted goods.

2. This Chapter does not cover goods falling within Chapter 58, 59 or 61 or Heading No. 63·01.

Heading No.	Sub-heading No. and description of article	Rate of duty: Standard	U.K.	Other Preferential Areas	Duration when rates of duty are protective
(1)	(2)	(3)	(4)	(5)	(6)
62·01/05	Other made up textile articles including travelling rugs, blankets, household linen, curtains and other furnishing articles, sacks and bags, tarpaulins, tents and camping goods	100%	..	..	..

CHAPTER 63

Old clothing and other textile articles; rags

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
63·01	Clothing, clothing accessories, travelling rugs and blankets, household linen and furnishing articles (other than articles falling within Chapter 58), of textile materials, footwear and headgear of any material, showing signs of appreciable wear and imported in bulk packings	100%	..	..	..
63·02	Used or new rags, scrap twine, cordage, rope and cables and worn out articles of twine, cordage, rope or cables	40%	..	..	..

SECTION XII

FOOTWEAR, HEADGEAR, UMBRELLAS, SUNSHADES, WHIPS, RIDING-CROPS AND PARTS THEREOF; PREPARED FEATHERS AND ARTICLES MADE THEREWITH; ARTIFICIAL FLOWERS; ARTICLES OF HUMAN HAIR; FANS

CHAPTER 64

Footwear, gaiters and the like; parts of such articles

NOTES

1. This Chapter does not cover:

(*a*) footwear, without applied soles, knitted or crocheted (Chapter 60) or of other textile fabric (except felt or bonded fibre or similar bonded yarn fabrics) (Chapter 62);

(*b*) old footwear falling within Heading No. 63·01;

(*c*) articles of asbestos (Chapter 68);

(*d*) orthopaedic footwear or other orthopaedic appliances, or parts thereof (Heading No. 90.91); or

(*e*) toys and skating boots with skates attached (Chapter 97).

2. In this Chapter, "parts" is to be taken not to include pegs, boot protectors, eyelets, boot hooks, buckles, ornaments, braid, laces, pompons or other trimmings (which are to be classified in their appropriate Headings) or buttons or other goods falling within Heading No. 98.01/02.

Heading No.	Sub-heading No.	and description of article	Rate of duty			Duration when rates of duty are protective
			Standard	U.K.	Other Preferential Areas	
(1)		(2)	(3)	(4)	(5)	(6)
64·01/06		Footwear, all sorts, of any material except asbestos and parts thereof of any material except asbestos or metal; gaiters, spats, leggings, puttees, cricket pads, shin-guards and similar articles, and parts thereof	100%	..	..	..

CHAPTER 65

Headgear and parts thereof

NOTE

This Chapter does not cover:

(*a*) old headgear falling within Heading No. 63.01;

(*b*) hair nets of human hair (Chapter 67);

(*c*) asbestos headgear (Chapter 68); or

(*d*) dolls' hats or other toy hats, or carnival articles of Chapter 97.

Heading No.	Sub-heading No.	and description of article	Rate of duty			Duration when rates of duty are protective
			Standard	U. K.	Other Preferential Areas	
(1)		(2)	(3)	(4)	(5)	(6)
65·01/07		Headgear and parts thereof including hair nets	100%	..	..	..

CHAPTER 66

Umbrellas, sunshades, walking-sticks, whips, riding-crops and parts thereof

NOTES

1. This Chapter does not cover:

(*a*) measure walking-sticks or the like (Heading No. 90·16);

(*b*) firearm-sticks, sword-sticks, loaded walking-sticks or the like (Chapter 93); or

(*c*) goods falling within Chapter 97 (for example, toy umbrellas and toy sunshades).

2. This Chapter does not apply to parts, trimmings or accessories of textile material, nor to covers, tassels, thongs, umbrella cases or the like, of any material. Such goods imported with, but not fitted to, articles falling within this Chapter are to be classified separately and are not to be treated as forming part of those articles.

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
66·01/03	Umbrellas and sunshades, all sorts; walking-sticks and the like; parts, fittings, trimmings and accessories of the foregoing	100%	..	..	..

Chapter 67

Prepared feathers and down and articles made of feathers or of down; artificial flowers; articles of human hair; fans

Note

This Chapter does not cover:

(*a*) straining cloth (Heading No. 59·16/17);

(*b*) floral motifs of lace, of embroidery or other textile fabric (Section XI);

(*c*) footwear (Chapter 64);

(*d*) headgear (Chapter 65);

(*e*) feather dusters, powder-puffs or hair sieves (Chapter 96);

(*f*) toys, sports requisites or carnival articles (Chapter 97);

(*g*) goods (for example, bedding) in which feathers or down constitute only filling or padding;

(*h*) articles of apparel and accessories thereto in which feathers or down constitute no more than mere trimming or padding;

(*ij*) articles of glass (Chapter 70); or

(*k*) artificial flowers, foliage or fruit of pottery, stone, metal, wood, or other materials, obtained in one piece by moulding, forging, carving, stamping or other process, or consisting of parts assembled otherwise than by binding, glueing or similar methods.

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
67·01/05	Skins and other parts of birds with their feathers or down; prepared feathers and down and articles made of feathers or of down; artificial flowers; human or animal hair; worked; articles of human hair; wigs and the like, and animal hair prepared for use in making them; fans (non-mechanical) .	100%	..	..	..

SECTION XIII

ARTICLES OF STONE, OF PLASTER, OF CEMENT, OF ASBESTOS, OF MICA AND OF SIMILAR MATERIALS; CERAMIC PRODUCTS; GLASS AND GLASSWARE

CHAPTER 68

Articles of stone, of plaster, of cement, of asbestos, of mica and of similar materials

NOTE

This Chapter does not cover:

(*a*) goods falling within Chapter 25;

(*b*) coated or impregnated paper falling within Chapter 48 (for example, paper coated with mica powder or graphite, bituminised or asphalted paper);

(*c*) coated or impregnated textile fabric falling within Chapter 59 (for example, mica-coated fabric, bituminised or asphalted fabric);

(*d*) articles falling within Chapter 71;

(*e*) tools or parts of tools, falling within Chapter 82;

(*f*) lithographic stones of Heading No. 84·34;

(*g*) electrical insulators or fittings of insulating material falling within Heading No. 85·18/27;

(*h*) dental burrs (Heading No. 90:17/18);

(*ij*) goods falling within Chapter 91 (for example, clocks and clock cases);

(*k*) articles falling within Chapter 95;

(*l*) articles falling within Chapter 97 (for example, toys, games and sports requisites);

(*m*) goods falling within Headings Nos. 98.01/02 and 98.03/09 (for example, buttons, slate pencils or drawing slates); or

(*n*) works of art, collectors' pieces or antiques (Chapter 99).

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
68·01/16	Articles of natural or artificial stone, of agglomerated natural or artificial abrasives, of plastering material, of cement, of concrete, of asbestos, of asbestos-cement or cellulose fibre-cement, or of mica; articles of vegetable materials agglomerated with mineral binders; mineral wools; expanded mineral materials; articles of other mineral substances, not elsewhere specified or included:				
	(1) Not elsewhere specified . .	100%	..	..	..
	(2) Grinding stones, grinding wheels and the like, of natural stone, of agglomerated natural or artificial abrasives, and segments or other finished parts of such stones and wheels but excluding hand polishing stones, whetstones, oilstones, and hones	40%	..	..	..

CHAPTER 69

Ceramic products

NOTES

1. The Headings of this Chapter are to be taken to apply only to ceramic products which have been fired after shaping. Headings Nos. 69.04/08, 69.09 and 69.10/14 are to be taken to apply only to such products other than heat-insulating goods and refractory goods.

2. This Chapter does not cover:

(*a*) goods falling within Chapter 71 (for example, imitation jewellery);

(*b*) cermets falling within Chapter 81;

(*c*) electrical insulators or fittings of insulating material falling within Heading No. 85.18/27;

(*d*) artificial teeth (Heading No. 90·19);

(*e*) goods falling within Chapter 91 (for example, clocks and clock cases);

(*f*) articles falling within Chapter 97 (for example, toys, games and sports requisites);

(*g*) smoking pipes, buttons or other articles falling within Chapter 98; or

(*h*) original statuary, collectors' pieces or antiques (Chapter 99).

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
69·01/02	Heat-insulating bricks, blocks, tiles and other heat-insulating goods of siliceous fossil meals or of similar siliceous earths (for example, kieselguhr, tripolite or diatomite); refractory bricks, blocks, tiles and similar refractory constructional goods	60%	..	..	..
69·03	Other refractory goods (for example, retorts, crucibles, muffles, nozzles, plugs, supports, cupels, tubes, pipes, sheaths and rods) . .	60%	..	..	..
69·04/08	Building bricks, roofing tiles, earth and wall tiles and other constructional goods; piping, conduits and guttering (including angles, bends and similar fittings) . .	100%	..	..	..
69·09	Laboratory, chemical or industrial wares; troughs, tubs and similar receptacles of a kind used in agriculture; pots, jars and similar articles of a kind commonly used for the conveyance or packing of goods	60%	..	..	..
69·10/14	Other articles including sanitary fixtures, tableware and domestic-ware	100%	..	..	..

CHAPTER 70

Glass and glassware

NOTES

1. This Chapter does not cover:

(*a*) ceramic enamels (Heading No. 32·04/12);

(*b*) goods falling within Chapter 71 (for example, imitation jewellery);

(*c*) electrical insulators or fittings of insulating material falling within Heading No. 85·18/27;

(*d*) hypodermic syringes, artificial eyes, thermometers, barometers, hydrometers, optically worked optical elements or other articles falling within Chapter 90;

(*e*) toys, games, sports requisites, Christmas tree ornaments or other articles falling within Chapter 97 (excluding glass eyes without mechanisms for dolls or for other articles of that Chapter); or

(*f*) buttons, fitted vacuum flasks, scent or similar sprays or other articles falling within Chapter 98.

2. For the purposes of Heading No. 70·20, the expression "wool" means:

(*a*) mineral wools with a silica (SiO_2) content not less than 60 per cent. by weight;

(*b*) mineral wools with a silica (SiO_2) content less than 60 per cent. but with an alkaline oxide (K_2O and/or Na_2O) content of more than 5 per cent. by weight or a boric oxide (B_2O_3) content of more than 2 per cent. by weight.

Mineral wools which do not comply with the above specifications fall in Chapter 68.

3. For the purposes of this Schedule, "glass" is to be taken to extend to fused quartz and fused silica.

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
70·01/16	Glass and glassware, including containers for the conveyance or packing of goods, envelopes for electric lamps, electronic valves or the like, inners for vacuum flasks, articles of stationery, illuminating glassware, optical elements of glass not optically worked nor of optical glass, clock and watch glasses and bricks, tiles, slabs and similar articles of a kind commonly used in building	100%	..	..	..
70·17/18	Laboratory, hygienic and pharmaceutical glassware, whether or not graduated or calibrated; glass ampoules; optical glass and elements of optical glass, other than optically worked elements; blanks for corrective spectacle lenses	60%	..	..	..

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U. K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
70·19	Glass beads, imitation pearls, imitation precious and semi-precious stones, and similar fancy or decorative glasswares, and articles of glassware made therefrom; glass cubes and small glass plates, for decorative purposes; artificial eyes of glass, excluding those for wear by humans; ornaments and other fancy articles of lamp-worked glass; glass grains (ballotini) . .	100%	..	..	
70·20	Glass fibre (including wool), yarns, fabrics, and articles made therefrom	60%	..	..	
70·21	Other articles of glass . . .	100%	..	..	

SECTION XIV

PEARLS, PRECIOUS AND SEMI-PRECIOUS STONES, PRECIOUS METALS, ROLLED PRECIOUS METALS, AND ARTICLES THEREOF; IMITATION JEWELLERY; COIN

Chapter 71

Pearls, precious and semi-precious stones, precious metals, rolled precious metals, and articles thereof; imitation jewellery

Notes

1. Subject to Note 1 (*a*) to Section VI and except as provided below, all articles consisting wholly or partly:

(*a*) of pearls or of precious or semi-precious stones (natural, synthetic, or reconstructed); or

(*b*) of precious metal or of rolled precious metals, are to be classified within this Chapter and not within any other Chapter.

2. This Chapter does not cover:

(*a*) amalgams of precious metal, and colloidal precious metal (Chapter 28);

(*b*) sterile surgical suture materials, dental fillings and other goods falling in Chapter 30;

(*c*) goods falling within Chapter 32 (for example, lustres);

(*d*) handbags and other articles falling within Chapter 42;

(*e*) goods of Chapter 43;

(*f*) goods falling within Section XI (textiles and textile articles);

(*g*) footwear (Chapter 64) and headgear (Chapter 65);

(*h*) umbrellas, walking-sticks and other articles falling within Chapter 66;

(*ij*) fans and hand screens of Chapter 67;

(*k*) coin (Chapter 72 or 99);

(*l*) abrasive goods falling within Chapter 68 or 82, containing dust or powder of precious or semi-precious stones (natural or synthetic); goods of Chapter 82 with a working part of precious or semi-precious stones (natural, synthetic or reconstructed) on a support of base metal; machinery, mechanical appliances and electrical goods, and parts thereof, falling within Section XVI, not being such articles wholly of precious or semi-precious stones (natural, synthetic or reconstructed);

(*m*) goods falling within Chapter 90, 91 or 92 (scientific instruments, clocks and watches, or musical instruments);

(*n*) arms or parts thereof (Chapter 93);

(*o*) articles covered by Note 2 to Chapter 97;

(*p*) articles falling within Chapter 98 other than buttons, studs, cuff-links, combs, hair-slides and the like; or

(*q*) original sculptures and statuary and collectors' pieces (Heading No. 99·04/05) and antiques of an age exceeding one hundred years (Heading No. 99·06) other than pearls or precious or semi-precious stones.

3. (*a*) "Pearls" is to be taken to include cultured pearls.

(*b*) "Precious metal" means silver, gold, platinum and other metals of the platinum group, namely, iridium, osmium, palladium, rhodium and ruthenium.

4. For the purposes of this Chapter, any alloy (including a sintered mixture) containing precious metal is to be treated as an alloy of precious metal if, and only if, any one precious metal constitutes as much as two per cent., by weight, of the alloy. Alloys of precious metal are to be classified according to the following rules:

(*a*) an alloy containing two per cent. or more, by weight, of platinum is to be treated only as an alloy of platinum;

(*b*) an alloy containing two per cent. or more, by weight, of gold but no platinum, or less than two per cent., by weight, of platinum, is to be treated only as an alloy of gold;

(*c*) other alloys containing two per cent. or more, by weight, of silver are to be treated as alloys of silver.

For the purposes of this Note, metals of the platinum group are to be regarded as one metal and are to be treated as though they were platinum.

5. Except where the context otherwise requires, any reference in these Notes or elsewhere in this Schedule to precious metal or to any particular precious metal is to be taken to include a reference to alloys treated as alloys of precious metal or of the particular metal in accordance with Note 4 above, but not to rolled precious metal or to base metal or non-metals coated or plated with precious metal.

6. "Rolled precious metal" means material made with a base of metal upon one or more surfaces of which there is affixed by soldering, brazing, welding, hot-rolling or similar mechanical means a covering of precious metal. This expression is also to be taken to cover base metal inlaid with precious metal.

7. (*a*) In Heading No. 71·12/15, "jewellery, goldsmiths' and silversmiths' wares and other articles of precious metal or rolled precious metal and parts thereof" does not cover articles in which precious metal or rolled precious metal is present as minor constituents only, such as minor fittings or minor ornamentation (for example, monograms, ferrules and rims). "Articles consisting of, or incorporating, pearls, precious or semi-precious stones (natural, synthetic or reconstructed)" does not cover articles containing precious metal or rolled precious metal (other than as minor constituents).

(*b*) For the purposes of this Heading, "jewellery" means:

(*i*) any small objects of personal adornment (gem-set or not) (for example, rings, bracelets, necklaces, broaches, ear-rings, watch-chains, fobs, pendants, tie-pins, cuff-links, dress-studs, religious or other medals and insignia); and

(*ii*) articles of personal use of a kind normally carried in the pocket, in the handbag or on the person (such as cigarette cases, powder boxes, cachou boxes).

(*c*) For the purposes of this Heading, "goldsmiths' or silversmiths' wares" includes such articles as ornaments, tableware, toilet-ware, smokers' requisites and other articles of household, office or religious use.

8. For the purposes of Heading No. 71·16, "imitation jewellery" means articles of jewellery within the meaning of paragraph (*b*)(*i*) of Note 7 above (but not including buttons, studs, cuff-links, dress combs, hair-slides or the like of Headings Nos. 98:01/02 and 98:12/14), not incorporating pearls, precious or semi-precious stones (natural, synthetic or reconstructed) nor (except as plating or as minor constituents) precious metal or rolled precious metal, and composed;

(*a*) wholly or partly of base metal, whether or not plated with precious metal; or

(*b*) of at least two materials (for example, wood and glass, bone and amber, mother of pearl and artificial plastic material), no account being taken of materials (for example, necklace strings) used only for assembly.

9. Cases, boxes and similar containers imported with articles of this Chapter are to be classified with such articles if they are of a kind normally sold therewith. Cases, boxes and similar containers imported separately are to be classified under their appropriate Headings.

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
71·01	Pearls, unworked or worked, but not mounted, set or strung (except ungraded pearls temporarily strung for convenience of transport):				
	(1) Real pearls, raw or unworked .	40%	..	..	..
	(2) Cultured pearls, raw or unworked	40%	..	..	..
	(3) Real and cultured pearls, worked	60%	..	..	..
71·02	Precious and semi-precious stones, unworked, cut or otherwise worked, but not mounted, set or strung (except ungraded stones temporarily strung for convenience of transport):				
	(1) Emeralds, sapphires and rubies, unworked or uncut . . .	40%	..	..	
	(2) Diamonds, unworked or uncut, including sawn diamonds which require further cutting or faceting, but excluding industrial diamonds	40%	..	.	.
	(3) Industrial diamonds . . .	40%	..	..	..
	(4) Precious and semi-precious stones not elsewhere specified, unworked	40%	.	..	..
	(5) Precious and semi-precious stones, cut or otherwise worked	60%	..	..	..
71·03	Synthetic or reconstructed precious or semi-precious stones, unworked, cut or otherwise worked, but not mounted, set or strung (except ungraded stones temporarily strung for convenience of transport) . .	60%	..	.	..
71·04	Dust and powder of natural or synthetic precious or semi-precious stones	60%	..	.	.
71·05/11	Precious metals, namely, silver, gold and platinum and other metals of the platinum group, rolled precious metals, silver gilt and platinum plated gold or silver, unwrought, or semi-manufactured; jewellers' sweepings and other waste and scrap of precious metal:				
	(1) Not elsewhere specified . .	100%	..	..	..
	(2) Platinum and other metals of the platinum group . . .	60%	..	..	..
71·12/15	Jewellery, goldsmiths' and silversmiths' wares and other articles, of precious metal or rolled precious metal, and parts thereof; articles consisting of, or incorporating, pearls, precious or semi-precious stones (natural, synthetic or reconstructed)	100%	..	..	..
71·16	Imitation jewellery	100%	..	..	..

CHAPTER 72

Coin

NOTE

This Chapter does not cover collectors' pieces (Heading No. 99·04/05).

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
72·01	Coin:				
	(1) Not elsewhere specified . .	100%	..	..	..
	(2) Current coin of the Government of India	Free	..	..	..

SECTION XV

BASE METALS AND ARTICLES OF BASE METAL

NOTES

1. This Section does not cover:

(*a*) prepared paints, inks or other products with a basis of metallic flakes or powder falling within Heading No. 32·04/12 or 32·13;

(*b*) ferro-cerium or other pyrophoric alloys (Chapter 36);

(*c*) headgear or parts thereof falling within Chapter 65;

(*d*) umbrella frames and other goods (parts, fittings, trimmings and accessories of umbrellas, sunshades, walking-sticks and the like) falling within Chapter 66;

(*e*) goods falling within Chapter 71 (for example, precious metal alloys, rolled precious metal and imitation jewellery);

(*f*) articles falling within Section XVI (machinery, mechanical appliances and electrical goods);

(*g*) assembled railway or tramway track (Heading No. 86·10) or other articles falling within Section XVII (vehicles, ships and boats, aircraft);

(*h*) instruments or apparatus of base metal of a kind falling within Section XVIII, including clock and watch springs;

(*ij*) lead shot prepared for ammunition (Chapter 93) or other articles falling within Section XIX (arms and ammunition);

(*k*) articles falling within Chapter 94 (furniture and mattress supports);

(*l*) hand sieves (Chapter 96);

(*m*) articles falling within Chapter 97 (for example, toys, games and sports requisites); or

(*n*) buttons, pens, pencil-holders, pen nibs or other articles falling within Chapter 98.

2. Throughout this Schedule, "parts of general use" means:

(*a*) goods described in Headings Nos. 73:20, 73:25, 73:29, 73:31 and 73:32 and similar goods of other base metals;

(*b*) springs and leaves for springs, of base metal, other than clock and watch springs (Chapter 91); and

(*c*) goods described in Sub-heading No. (1) of Heading No. 83:01/15.

In Chapters 73 to 82 (but not in Heading No. 73:29) references to parts of goods do not include references to parts of general use as defined above.

Subject to the preceding paragraph and to the Note to Chapter 83, the Headings in Chapters 73 to 81 are to be taken not to apply to any goods falling within Chapter 82 or 83.

3. Classification of alloys (other than ferro-alloys and master alloys as defined in Chapters 73 and 74):

(*a*) an alloy of base metals containing more than 10 per cent., by weight, of nickel is to be classified as an alloy of nickel, except in the case of an alloy in which iron predominates by weight over each of the other metals;

(*b*) any other alloy of base metals is to be classified as an alloy of the metal which predominates by weight over each of the other metals;

(*c*) an alloy composed of base metals of this Section and of elements not falling within this Section is to be treated as an alloy of base metals of this Section if the total weight of such metals equals or exceeds the total weight of the other elements present;

(*d*) in this Section, the term "alloy" is to be taken to include sintered mixtures of metal powders and heterogeneous intimate mixtures obtained by melting (other than cermets).

4. Unless the context otherwise requires, any reference in this Schedule to a base metal is to be taken to include a reference to alloys which, by virtue of Note 3 above, are to be classified as alloys of that metal.

5. Classification of composite articles:

except where the Headings otherwise require, articles of base metal (including articles of mixed materials treated as articles of base metal under the Interpretative Rules) containing two or more base metals are to be treated as articles of the base metal predominating by weight. For this purpose:

(*a*) iron and steel, or different kinds of iron or steel, are regarded as one and the same metal;

(*b*) an alloy is regarded as being entirely composed of that metal as an alloy of which, by virtue of Note 3, it is classified; and

(*c*) a cermet falling within Chapter 81 is regarded as a single base metal.

6. For the purposes of this Section, "waste and scrap" means waste and scrap metal fit only for the recovery of metal or for use in the manufacture of chemicals.

CHAPTER 73

iron and steel and articles thereof

NOTES

1. In this Chapter, the following expressions have the meanings hereby assigned to them:

(*a*) "pig iron" and "cast iron" (Heading No. 73·01):

a ferrous product containing, by weight, 1·9 per cent. or more of carbon, and which may contain one or more of the following elements within the weight limits specified:

less than 15 per cent. phosphorus,

not more than 8 per cent. silicon,

not more than 6 per cent. manganese,

not more than 30 per cent. chromium,

not more than 40 per cent. tungsten, and

an aggregate of not more than 10 per cent. of other alloy elements (for example, nickel, copper, aluminium, titanium, vanadium, molybdenum).

However, the ferrous alloys known as "non-distorting tool steels" containing, by weight, 1·9 per cent. or more of carbon and having the characteristics of steel, are to be classified as steels, under their appropriate Headings;

(*b*) "spiegeleisen" (Heading No. 73·01):

a ferrous product containing, by weight, more than 6 per cent. but not more than 30 per cent. of manganese and otherwise conforming to the specification at (*a*) above;

(*c*) "ferro-alloys" (Heading No. 73·02):

alloys of iron (other than master alloys as defined in Note 1 to Chapter 74) which are not usefully malleable and are commonly used as raw material in the manufacture of ferrous metals and which contain, by weight, separately or together:

more than 8 per cent. of silicon, or

more than 30 per cent. of manganese, or

more than 30 per cent. of chromium, or

more than 40 per cent. of tungsten, or

a total of more than 10 per cent. of other alloy elements (aluminium, titanium, vanadium, copper, molybdenum, niobium or other elements, subject to a maximum content of 10 per cent. in the case of copper),

and which contain, by weight, not less than 4 per cent. in the case of ferro-alloys containing silicon, not less than 8 per cent. in the case of ferro-alloys containing manganese but no silicon or not less than 10 per cent. in other cases, of the element *iron*;

(*d*) "alloy steel" (Heading No. 73:15):

steel containing, by weight, one or more elements in the following proportions:

more than 2 per cent. of manganese and silicon, taken together, or

2·00 per cent. or more of manganese, or

2·00 per cent. or more of silicon, or

0·50 per cent. or more of nickel, or

0·50 per cent. or more of chromium, or

0:10 per cent. or more of molybdenum, or

0·10 per cent. or more of vanadium, or

0·30 per cent. or more of tungsten, or

0·30 per cent. or more of cobalt, or

0·30 per cent. or more of aluminium. or

0·40 per cent. or more of copper, or

0·10 per cent. or more of lead, or

0·12 per cent. or more of phosphorus, or

0·10 per cent. or more of sulphur, or

0·20 per cent. or more of phosphorus and sulphur, taken together, or

0·10 per cent. or more of other elements, taken separately;

(*e*) "high carbon steel" (Heading No. 73·15):

steel containing, by weight, not less than 0·60 per cent. of carbon and having a content, by weight, less than 0·04 per cent. of phosphorus and sulphur taken separately and less than 0·07 per cent. of these elements taken together;

(*f*) "puddled bars" and "pilings" (Heading No. 73·06/07):

products for rolling, forging or re-melting obtained either:

(*i*) by shingling balls of puddled iron to remove the slag arising during puddling, or

(*ii*) by roughly welding together by means of hot-rolling, packets of scrap iron or steel or puddled iron;

(*g*) "ingots" (Heading No. 73·06/07):

products for rolling or forging obtained by casting into moulds;

(*h*) "blooms" and "billets" (Heading No. 73:06/07):

semi-finished products of rectangular section, of a cross-sectional area exceeding 1,225 square millimetres and of such dimensions that the thickness exceeds one-quarter of the width;

(*ij*) "slabs and sheet bars" (including tinplate bars) (Heading No. 73·06/07):

semi-finished products of rectangular section, of a thickness not less than 6 millimetres, of a width not less than 150 millimetres and of such dimensions that the thickness does not exceed one-quarter of the width;

(*k*) "coils for re-rolling" (Heading No. 73.08):

coiled semi-finished hot-rolled products, of rectangular section, not less than 1:5 millimetres thick, of a width exceeding 500 millimetres and of a weight of not less than 500 kilograms per piece;

(*l*) "universal plates" (Heading No. 73.09):

products of rectangular section, hot-rolled lengthwise in a closed box or universal mill, of a thickness exceeding 5 millimetres but not exceeding 100 millimetres, and of a width exceeding 150 millimetres but not exceeding 1,200 millimetres;

(*m*) "hoop and strip" (Heading No. 73:12):

rolled products with sheared or unsheared edges, of rectangular section, of a thickness not exceeding 6 millimetres, of width not exceeding 500 millimetres and of such dimensions that the thickness does not exceed one-tenth of the width, in straight strips, coils or flattened coils;

(*n*) "sheets and plates" (Heading No. 73:13):

rolled products [other than coils for re-rolling as defined in paragraph (*k*) above] of any thickness and, if in rectangles, of a width exceeding 500 millimetres.

Heading No. 73:13 is to be taken to apply, *inter alia*, to sheets or plates which have been cut to non-rectangular shape, perforated, corrugated, channelled, ribbed, polished or coated, provided that they do not thereby assume the character of articles or of products falling within other Headings:

(*o*) "wire" (Heading No. 73:14):

cold-drawn products of solid section of any cross-sectional shape, of which no cross-sectional dimension exceeds 13 millimetres. In the case of Headings Nos. 73:25, and 73:26 and 73:27/28, however, "wire" is deemed to include rolled products of the same dimensions;

(*p*) "bars and rods" (including wire rod) (Heading No. 73·10):

products of solid section which do not conform to the entirety of any of the definitions (*h*), (*ij*), (*k*), (*l*), (*m*), (*n*) and (*o*) above, and which have cross-sections in the shape of circles, segments of circles, ovals, isosceles triangles, rectangles, hexagons, octagons or quadrilaterals with only two sides parallel and the other sides equal.

The expression also includes concrete reinforcing bars which apart from minor indentations, flanges, grooves or other deformations produced during the rolling process correspond to the above definition;

(*q*) "hollow mining drill steel" (Heading No. 73·10):

steel hollow bars of any cross-section, suitable for mining drills, of which the greatest external dimension exceeds 15 millimetres but does not exceed 50 millimetres, and of which the greatest internal dimension does not exceed one-third of the greatest external dimension. Other steel hollow bars are to be treated as falling within Heading No. 73:17/19;

(*r*) "angles, shapes and sections" (Heading No. 73·11):

products, other than those falling within Heading No. 73·16, which do not conform to the entirety of any of the definitions (*h*), (*ij*), (*k*), (*l*), (*m*), (*n*) and (*o*) above, and which do not have cross-sections in the form of circles, segments of circles, ovals, isosceles triangles, rectangles, hexagons, octagons or quadrilaterals with only two sides parallel and the other two sides equal, and which are not hollow.

2. Headings Nos. 73·06/07 to 73·14 are to be taken not to apply to goods of alloy or high carbon steel (Heading No. 73·15).

3. Iron and steel products of the kind described in any of the Headings Nos. 73·06/07 to 73·15 inclusive, clad with another ferrous metal, are to be classified as products of the ferrous metal predominating by weight.

4. Iron obtained by electrolytic deposition is classified according to its form and dimensions with the corresponding products obtained by other processes.

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
73·01	Pig iron, cast iron and spiegeleisen, in pigs, blocks, lumps and similar forms	40%	..	..	..
73·02	Ferro-alloys	40%	..	..	..
73·03/05	Waste and scrap metal, shot and angular grit (whether or not graded); wire pellets, iron or steel powders; sponge iron or steel	40%	..	..	..
73·06/07	Puddled bars, pilings, ingots, blocks, lumps and similar forms, blooms, billets, slabs and sheet bars (including tinplate bars), of iron or steel pieces roughly shaped by forging, of iron or steel :				
	(1) Not elsewhere specified	40%	..	..	..
	(2) Pieces roughly shaped by forging, of iron or steel	60%	..	..	..
73·08	Iron or steel coils for re-rolling	40%	..	..	..
73·09	Universal plates of iron or steel	40%	..	..	..
73·10	Bars and rods (including wire rod), of iron or steel, hot-rolled, forged, extruded, cold-formed or cold-finished (including precision-made); hollow mining drill steel	40%	..	..	..
73·11	Angles, shapes and sections, of iron or steel, hot-rolled, forged, extruded, cold-formed or cold-finished; sheet piling of iron or steel, whether or not drilled, punched or made from assembled elements	40%	..	..	..

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
73·12	Hoop and strip, of iron or steel, hot-rolled or cold-rolled	40%	..	..	..
73·13	Sheets and plates, of iron or steel, hot-rolled or cold-rolled :				
	(1) Not elsewhere specified	40%	..	..	..
	(2) Tinned sheets and plates	40%	..	..	..
73·14	Iron or steel wire, whether or not coated, but not insulated	40%	..	..	..
73·15	Alloy steel and high carbon steel in the forms mentioned in Headings Nos. 73·06/07 to 73·14:				
	(1) Not elsewhere specified	Rate of duty which would be applicable had the imported article been made from steel other than alloy steel or high carbon steel.			
	(2) High carbon steel strip of thickness 0·5 millimetre or less	60%	50%	..	..
	(3) Coils for re-rolling, strips, sheets and plates, of stainless steel	200%	..	..	..
	(4) Grain-oriented electrical steel sheets and strip	40%	..	..	..
73·16	Railway and tramway trak construction material of iron cor steel, the following: rails, check-rails, switch blades, crossings (or frogs), crossing pieces, point rods, rack rails, sleepers, fish plates, chairs, chair wedges, sole plates (base plates), rail clips, bedplates, ties and other material specialised for joining or fixing rails	40%	..	..	..
73·17/19	Tubes and pipes and blanks therefor, of iron or steel:				
	(1) Not elsewhere specified	60%	..	..	..
	(2) Drilling tubes and pipes and blanks therefor	40%	..	..	..
	(3) Tubes and pipes for boilers falling within Heading No. 84·01/02 and blanks therefor	40%	..	..	..
	(4) Tubes and pipes sheathed or lined with corrosion-resisting material, such as glass, rubber and plastic	40%	..	..	..
73·20	Tube and pipe fittings (for example, joints, elbows, unions and flanges), of iron or steel	60%	..	..	..

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
73·21	Structures and parts of structures (for example, hangers and other buildings, bridges and bridge-sections, lock-gates, towers, lattice masts, roofs, roofing frame-works, door and window frames, shutters, balustrades, pillars and columns), of iron or steel; plates, strip, rods, angles, shapes, sections, tubes and the like, prepared for use in structures, of iron or steel	40%	..	..	..
73·22/23	Reservoirs, tanks, vats, casks, drums, cans, boxes and similar containers for any material (other than compressed or liquefied-gas), of iron or steel	60%	..	..	..
73·24	Containers of iron or steel, for compressed or liquefied-gas . . .	40%	..	..	..
73·25	Stranded wire, cables, cordage, ropes, plaited bands, slings and the like, of iron or steel wire, but excluding insulated electric cables . . .	60%	50%	..	..
73·26	Barbed iron or steelwire; twisted hood or single flat wire, barbed or not, and loosely twisted double wire, of kinds used for fencing, of iron or steel	60%	50%	..	..
73·27/28	Gauze, cloth, grill, netting, fencing, reinforcing fabric and similar materials, of iron or steel wire; expanded metal of iron or steel .	60%	..	..	..
73·29	Chain and parts thereof, of iron or steel :				
	(1) Not elsewhere specified . .	60%	..	..	..
	(2) Mooring chains . . .	40%	..	..	..
73·30	Anchors and grapnels and parts thereof, of iron or steel . . .	40%	..	..	..
73·31	Nails, tacks, staples, hook-nails, corrugated nails, spiked cramps, studs, spikes and drawing pins, of iron or steel, whether or not with heads of other materials, but not including such articles with heads of copper . . .	60%	..	..	.
73·32	Bolts and nuts (including bolt ends and screw studs), whether or not threaded or tapped, and screws (including screw hooks and screw rings), of iron or steel; rivets, cotters, cotter-pins, washers and spring washers, of iron or steel . .	60%	..	..	.
73·33/40	Other articles of iron or steel . .	100%	..	.	.

Chapter 74

Copper and articles thereof

Notes

1. For the purposes of Heading No. 74:01/02, "master alloys" means alloys [except copper phosphide (phosphor copper) containing more than 8 per cent. by weight of phosphorus] containing with other alloy elements more than 10 per cent. by weight of copper, not usefully malleable and commonly used as raw material in the manufacture of other alloys or as de-oxidants, de-sulphurising agents or for similar uses in the metallurgy of non-ferrous metals.

[Copper phosphide (phosphor copper) containing more than 8 per cent. by weight of phosphorus falls within Chapter 28 and not within this Chapter.]

2. In this Chapter, the following expressions have the meanings hereby assigned to them:

(*a*) "wire" (Heading No. 74:03)·

rolled, extruded or drawn products of solid section of any cross-sectional shape, of which no cross-sectional dimension exceeds 6 millimetres;

(*b*) "wrought bars, rods, angles, shapes and sections" (Heading No. 74:03)·

rolled, extruded, drawn or forged products of solid section, of which the maximum cross-sectional dimension exceeds 6 millimetres and which, if they are flat, have a thickness exceeding one-tenth of the width; also cast or sintered products, of the same forms and dimensions, which have been subsequently worked after production (otherwise than by simple trimming or de-scaling), provided that they have not thereby assumed the character of articles or products falling within other Headings.

Wire-bars and billets with their ends tapered or otherwise worked simply to facilitate their entry into machines for converting them into, for example, wire-rod or tubes, are however to be taken to be unwrought copper of Heading No. 74·01/02;

(*c*) "wrought plates, sheets, strip" (Heading No. 74·03/05):

flat-surfaced, wrought products (coiled or not), of which the maximum cross-sectional dimension exceeds 6 millimetres and of which the thickness exceeds 0:15 millimetre but does not exceed one-tenth of the width.

Heading No. 74:05/04 is to be taken to apply, *inter alia*, to such products, whether or not cut to shape, perforated, corrugated, ribbed, channelled, polished or coated, provided that they do not thereby assume the character of articles or of products falling within other Headings.

Heading No. 74:04/05 is to be taken to apply, *inter alia*, to such pipes and hollow bars which have been polished or coated, or which have been shaped or worked, such as bent, coiled, threaded, drilled, waisted, cone-shaped or finned. Heading No. 74:07/08 is to be taken to apply, *inter alia*, to tube and pipe fittings which have been similarly treated.

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates or duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
74·01/02	Copper matte; unwrought copper (refined or not); copper waste and scrap; master alloys . .	40%	..	..	..
74·03	Wrought bars, rods, angles, shapes and sections, of copper; copper wire:				
	(1) Not elsewhere specified . .	60%	..	..	..
	(2) Bars, rods, angles, shapes, sections and wire of unalloyed copper	60%	50%	..	..
74·04/05	Wrought plates, sheets, strip and foil, of copper	60%	..	..	..
74·06	Copper powders and flakes . .	60%	..	..	..
74·07/08	Tubes and pipes and blanks therefor, of copper; hollow bars of copper; tube and pipe fittings (for example, joints, elbows, sockets and flanges), of copper:				
	(1) Not elsewhere specified . .	60%	..	..	..
	(2) Tubes and pipes and blanks therefor, and hollow bars, of nominal bore exceeding 19 millimetres	40%	..	..	..
74·09/19	Other articles of copper . . .	60%	..	..	..

CHAPTER 75

Nickel and articles thereof

NOTES

1. In this Chapter, the following expressions have the meanings hereby assigned to them:

(*a*) "wire" (Heading No. 75.02):

rolled, extruded or drawn products of solid section of any cross-sectional shape, of which no cross-sectional dimension exceeds 6 millimetres;

(*b*) "wrought bars, rods, angles, shapes and sections" (Heading No. 75.02):

rolled, extruded, drawn or forged products of solid section of which the maximum cross-sectional dimension exceeds 6 millimetres and which, if they are flat, have a thickness exceeding one-tenth of the width; also cast or sintered products, of the same forms and dimensions, which have been subsequently machined (otherwise than by simple trimming or de-scaling);

(*c*) "wrought plates, and strip" (Heading No. 75·03):

flat-surfaced, wrought products (coiled or not), of which the maximum cross-sectional dimension exceeds 6 millimetres, and of which the thickness does not exceed one-tenth of the width.

Heading No. 75.03 is to be taken to apply, *inter alia,* to such products, whether or not cut to shape, perforated, corrugated, ribbed, channelled, polished or coated, provided that they do not thereby assume the character of articles or of products falling within other Headings.

2. Heading No. 75·04/06 is to be taken to apply, *inter alia,* to tubes, pipes, hollow bars and tube and pipe fittings which have been polished or coated, or which have been shaped or worked, such as bent, coiled, threaded, drilled, waisted, cone-shaped or finned.

Heading No.	Sub-heading	No. and description of article	Rate of duty			Duration when rates of duty are protective
			Standard	U.K.	Other Preferential Areas	
(1)		(2)	(3)	(4)	(5)	(6)
75·01		Nickel mattes, nickel speiss and other intermediate products of nickel metallurgy; unwrought nickel (excluding electro-plating anodes); nickel waste and scrap .	40%	..	..	..
75·02		Wrought bars, rods, angles, shapes and sections of nickel; nickel wire:				
	(1)	Not elsewhere specified . .	60%	..	..	..
	(2)	Electrical resistance wires of nickel-chrome and other nickel alloys .	100%	..	..	..
75·03		Wrought plates, sheets and strip, of nickel; nickel foil; nickel powders and flakes	60%	..	..	..
75·04/06		Other articles of nickel . . .	60%	..	..	..

CHAPTER 76

Aluminium and articles thereof

NOTES

1. In this Chapter, the following expressions have the meanings hereby assigned to them:

(*a*) "wire" (Heading No. 76.02):

rolled, extruded or drawn products of solid section of any cross-sectional shape, of which no cross-sectional dimension exceeds 6 millimetres;

(*b*) "wrought bars, rods, angles, shapes and sections" (Heading No 76·02):

rolled, extruded, drawn or forged products of solid section, of which the maximum cross-sectional dimension exceeds 6 millimetres and which, if they are flat, have a thickness exceeding one-tenth of the width; also cast or sintered products, of the same forms and dimensions, which have been subsequently machined (otherwise than by simple trimming or de-scaling);

(c) "wrought plates, sheets and strip" (Heading No. 76:03/04):

flat-surfaced, wrought products (coiled or not), of which the maximum cross-sectional dimension exceeds 6 millimetres, and of which the thickness exceeds 0.15 millimetre but does not exceed one-tenth of the width.

Heading No. 76·03/04 is to be taken to apply, *inter alia*, to such products, whether or not cut to shape, perforated, corrugated, ribbed, channelled, polished or coated, provided that they do not thereby assume the character of articles or of products falling within other Headings.

2. Heading No. 76·06/07 is to be taken to apply, *inter alia*, to tubes, pipes and hollow bars which have been polished or coated, or which have been shaped or worked, such as bent, coiled, threaded, drilled, waisted, cone-shaped or finned; also to tube and pipe fittings which have been similarly treated.

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
76·01	Unwrought aluminium; aluminium waste and scrap:				
	(1) Not elsewhere specified	40%	..	..	..
	(2) Unalloyed aluminium in any crude form, including ingots, blocks, slabs, billets, wire bars, shots and pellets	40%	..	..	..
76·02	Wrought bars, rods, angles, shapes and sections of aluminium; aluminium wire	60%	..	..	..
76·03/04	Wrought plates, sheets, and strip of aluminium; aluminium foil:				
	(1) Not elsewhere specified	60%	..	..	..
	(2) Wrought plates, sheets, strip and foil, of unalloyed aluminium	40%	..	..	..
6·05	Aluminium powders and flakes	60%	..	..	..
76·06/07	Tubes and pipes and blanks therefor, of aluminium; hollow bars of aluminium; tube and pipe fittings (for example, joints, elbows, sockets and flanges) of aluminium	60%	..	..	..
76 08/16	Other articles of aluminium	60%	..	..	..

Chapter 77

Magnesium and beryllium and articles thereof

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
77·01/03	Magnesium unwrought or wrought, and articles of magnesium	40%	..	..	..
77·04	Beryllium unwrought or wrought and articles of beryllium	60%	..	..	..

Chapter 78

Lead and articles thereof

Notes

1. In this Chapter, Heading No. 78·02/06 covers, *inter alia*,—

(*a*) Wire, meaning

rolled, extruded or drawn products of solid section of any cross-sectional shape, of which no cross-sectional dimension exceeds 6 millimetres;

(*b*) wrought bars, rods, angles, shapes and sections, meaning

rolled, extruded, drawn or forged products of solid section, of which the maximum cross-sectional dimension exceeds 6 millimetres and which, if they are flat, have a thickness exceeding one-tenth of the width; also cast or sintered products, of the same forms and dimensions, which have been subsequently machined (otherwise than by simple trimming or de-scaling);

(*c*) wrought plates, sheets and strip, meaning

flat-surfaced, wrought products (coiled or not), of which the maximum cross-sectional dimension exceeds 6 millimetres, of which the thickness does not exceed one-tenth of the width, and which are of a weight exceeding 1,700 grams per square metre.

This Heading is to be taken to apply, *inter alia*, to the products, mentioned in (*c*) above, whether or not cut to shape, perforated, corrugated, ribbed, channelled, polished or coated, provided that they do not thereby assume the character of articles or of products falling within other Headings.

2. Heading No. 78:02/06 is to be taken to apply, *inter alia*, to tubes, pipes, hollow bars and tube and pipe fittings which have been polished or coated, or which have been shaped or worked, such as bent, coiled, threaded, drilled, waisted, cone-shaped or finned.

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
78·01	Unwrought lead (including argentiferous lead); lead waste and scrap:				
	(1) Not elsewhere specified	60%	..	..	..
	(2) Unalloyed lead, unwrought	40%	..	..	..
78·02/06	Lead wrought and articles of lead	60%	..	..	..

Chapter 79

Zinc and articles thereof

Notes

In this Chapter, the following expressions have the meanings hereby assigned to them:

(*a*) "wire" (Heading No. 79·02):

rolled, extruded or drawn products of solid section of any cross-sectional shape, of which no cross-sectional dimension exceeds 6 millimetres;

(*b*) "wrought bars, rods, angles, shapes and sections" (Heading No. 79·02):

rolled, extruded, drawn or forged products of solid section, of which the maximum cross-sectional dimension exceeds 6 millimetres and which, if they are flat, have a thickness exceeding one-tenth of the width; also cast or sintered products, of the same forms and dimensions, which have been subsequently machined (otherwise than by simple trimming or de-scaling):

(*c*) "wrought plates, sheets and strip" (Heading No. 79·03):

flat-surfaced, wrought products (coiled or not), of which the maximum cross-sectional dimension exceeds 6 millimetres, and of which the thickness does not exceed one-tenth of the width.

Heading No. 79·03 is to be taken to apply, *inter alia*, to such products, whether or not cut to shape, perforated, corrugated, ribbed, channelled, polished or coated, provided that they do not thereby assume the character of articles or of products falling within other Headings.

Heading No.	Sub-heading No. and description of article	Rate of duty: Standard	Rate of duty: U.K.	Rate of duty: Other Preferential Areas	Duration when rates of duty are protective
(1)	(2)	(3)	(4)	(5)	(6)
79·01	Unwrought zinc; zinc waste and scrap:				
	(1) Not elsewhere specified	60%	..	..	..
	(2) Unalloyed zinc, unwrought .	40%	..	..	..
79·02	Wrought bars, rods, angles, shapes and sections, of zinc; zinc wire	60%	..	..	..
79·03	Wrought plates, sheets and strip of zinc; zinc foil; zinc powders and flakes	40%	..	..	..
79·04/06	Other articles of zinc . . .	60%	..	..	..

Chapter 80

Tin and articles thereof

Notes

1. In this Chapter, Heading No. 80·02/06 covers, *inter alia*,—

(*a*) Wire, meaning

rolled, extruded or drawn products of solid section of any cross-sectional shape, of which no cross-sectional dimension exceeds 6 millimetres;

(*b*) Wrought bars, rods, angles, shapes and sections, meaning

rolled, extruded, drawn or forged products of solid section, of which the maximum cross-sectional dimension exceeds 6 millimetres and which, if they are flat, have a thickness exceeding one tenth of the width; also cast or sintered products, of the same forms and dimensions, which have been subsequently machined (otherwise than by simple trimming or de-scaling);

(*c*) Wrought plates, sheets and strip, meaning

flat-surfaced, wrought products (coiled or not), of which the maximum cross-sectional dimension exceeds 6 millimetres, of which the thickness does not exceed one tenth of the width, and which are of a weight exceeding 1 kilogram per square metre.

This Heading is to be taken to apply, *inter alia*, to the products mentioned in (*c*) above, whether or not cut to shape, perforated, corrugated, ribbed, channelled, polished or coated, provided that they do not thereby assume the character of articles or of products falling within other Headings.

2. Heading No. 80·02/06 is to be taken to apply, *inter alia*, to tubes, pipes, hollow bars and tube and pipe fittings which have been polished or coated, or which have been shaped or worked, such as bent coiled, threaded, drilled, waisted, cone-shaped or finned.

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
80·01	Unwrought tin; tin waste and scrap :				
	(1) Not elsewhere specified . .	60%	..	..	..
	(2) Unalloyed tin, unwrought .	40%	..	..	..
80·02/06	Tin wrought and articles of tin .	60%	..	..	..

CHAPTER 81

Other base metals employed in metallurgy and articles thereof

NOTE

This Chapter covers, in addition to tungsten, molybdenum and tantalum, the following base metals, bismuth, cadmium, cobalt, chromium, gallium, germanium, hafnium, indium, manganese, niobium (columbium), rhenium, antimony, titanium, thorium, thallium, uranium depleted in U235, vanadium and zirconium. The Chapter also covers cobalt mattes, cobalt speiss and other intermediate products of cobalt metallurgy and cermets.

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
81·01/04	Tungsten, molybdenum, tantalum and other base metals, wrought or unwrought, and articles thereof:				
	(1) Not elsewhere specified . .	60%	..	..	..
	(2) Unalloyed tungsten, molybdenum, tantalum and other base metals, unwrought . .	40%	..	..	..

Chapter 82

Tools, implements, cutlery, spoons and forks, of base metal; parts thereof

Notes

1. Apart from blow lamps, portable forges, grinding wheels with frameworks, manicure and chiropody sets, and goods classified in Heading No. 82·07 and handles of base metal falling within Heading No. 82·08/15, the Chapter covers only articles with a blade, working edge, working surface or other working part of:

(*a*) base metal;

(*b*) metal carbides;

(*c*) precious or semi-precious stones (natural, synthetic or reconstructed) on a support of base metal; or

(*d*) abrasive materials on a support of base metal, provided that the articles have cutting teeth, flutes, grooves, or the like, of base metal, which retain their identity and function after the application of the abrasive.

2. Parts of base metal of the articles falling in the Headings of this Chapter are to be classified with the articles of which they are parts, except parts separately specified as such and tool-holders for hand tools (Heading No. 84·45/48). However, parts of general use as defined in Note 2 to Section XV are in all cases excluded from this Chapter.

Cutting plates for electric hair clippers and blades and heads for electric shavers are to be classified under Heading No. 82·08/15.

3. Sets (other than manicure or chiropody sets Heading No. 82·08/15) comprising an assortment of tools, cutlery, spoons, forks or other articles of a kind falling within the different Headings of this Chapter, fitted in cabinets, boxes, cases or the like, are to be classified as that one of the constituent articles which is chargeable with the highest rate of duty.

4. Cases, boxes and similar containers imported with articles of this Chapter are to be classified with such articles if they are of a kind normally sold therewith. Cases, boxes and similar containers imported separately are to be classified under their appropriate Headings.

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
82·01/04	Hand tools (for example, spades, hoes, hewing tools, scythes and hay knives) of a kind used in agriculture, horticulture or forestry; saws (non-mechanical) and blades for hand or machine saws (including toothless saw blades); hand tools, not falling within any other Heading of this Chapter, including glaziers' diamonds, pliers, tinmen's snips, bolt croppers, perforating punches, spanners and wrenches (other than tap wrenches), files and rasps; blow lamps, anvils; vices and clamps, other than accessories for, and parts of, machine tools; portable forges; grinding wheels with frameworks (hand or pedal operated) . .	60%	..	.. ..	

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
82·05	Interchangeable tools for hand tools, for machine tools or for power-operated hand tools (for example, for pressing, stamping, drilling, tapping, threading, boring, broaching, milling, cutting, turning, dressing, morticing or screw driving), including dies for wire drawing, extrusion dies for metal, and rock drilling bits :				
	(1) Not elsewhere specified .	60%	..	..	..
	(2) Rock drilling bits . . .	40%	..	..	..
82·06	Knives and cutting blades, for machines or for mechanical appliances .	The rate applicable to the machine or mechanical appliance with which the knife or the cutting blade is designed to be used.	..	..	..
82·07	Tool-tips and plates, sticks and the like for tool-tips, unmounted, of sintered metal carbides (for example, carbides of tungsten, molybdenum or vanadium)	60%	..	..	..
82·08/15	Coffee-mills, mincers, juice-extractors and other mechanical appliances, of a weight not exceeding ten kilograms and of a kind used for domestic purposes in the preparation, serving or conditioning of food or drink; knives (other than those falling within Heading No. 82·06), scissors, knife and scissor blades, and other articles of cutlery (including spoons, forks, ladles and similar kitchen or tableware); razors or razor blades (including razor blade blanks, whether or not in strips); manicure and chiropody sets and appliances; handles of base metal for any of the above articles . .	100%	..	..	..

Chapter 83

Miscellaneous articles of base metal

Note

60 In this Chapter, a reference to parts of articles is in no case to be taken as applying to cables, chains, nails, bolts, nuts, screws, springs or other articles of iron or steel of a kind described in Heading No. 73·25, 73·29, 73·31, 73·32 or springs and leaves for springs, of iron or steel, nor to similar articles of other base metals (Chapters 74 to 81 inclusive).

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
83·01/15	Miscellaneous articles of base metal:				
	(1) Locks, all sorts (including frames incorporating locks, for handbags, trunks or the like), and parts thereof; lock keys; fittings and mountings of a kind suitable for furniture, doors, staircases, blinds, coachwork, saddlery, trunks, caskets and the like (including automatic door closers); hat-racks, hat-pegs, brackets and the like; lamps and lighting fittings, and parts thereof (excluding articles falling within Chapter 85); fittings (for example, clasps, buckles, hooks, eyes and eyelets) of a kind commonly used for clothing, travel goods, handbags or other textile or leather goods; tubular rivets and bifurcated rivets; photograph, picture and similar frames; mirrors of base metal; sign-plates, name-plates, numbers, letters and other signs	100%	..	..	..
	(2) Safes, strong-boxes, strong-rooms (including linings and doors thereof); cash and deed boxes and the like; office equipment (for example, filing cabinets, racks sorting boxes, paper trays and paper rests) other than office furniture falling within Chapter 94; fittings for loose leaf binders, for files or for stationery books; letter clips, staples, indexing tags and similar stationery goods; statuettes and other ornaments of a kind used indoors; flexible tubing and piping; beads and spangles; bells and gongs, non-electric, and parts thereof, stoppers, crown corks, bottle caps, capsules, bung covers, seals and plombs, case corner protectors and other packing accessories	100%	..	..	..
	(3) Wire, rods, tubes, plates, electrodes and similar products, of base metal or of metal carbides, coated or cored with flux material, of a kind used for soldering, brazing, welding or deposition of metal or of metal carbides; wire and rods, of agglomerated base metal powder, used for metal spraying	60%	..	..	..

SECTION XVI

MACHINERY AND MECHANICAL APPLIANCES; ELECTRICAL EQUIPMENT; PARTS THEREOF

NOTES

1. This Section does not cover:

(*a*) transmission, conveyor or elevator belts or belting, of artificial plastic material of Chapter 39, or of vulcanised rubber (Heading No. 40·05/16); or other articles of a kind used on machinery, mechanical or electrical appliances, of unhardened vulcanised rubber (for example, washers) (Heading No. 40·05/16);

(*b*) articles of leather or of composition leather (Chapter 42) or of furskin (Chapter 43), of a kind used in machinery or mechanical appliances or for industrial purposes;

(*c*) bobbins, spools, cops, cones, cores, reels and similar supports, of any material (for example, Chapter 39, 40, 44 or 48 or Section XV);

(*d*) perforated cards of paper or paperboard for Jacquard or similar machines, falling within Chapter 48;

(*e*) transmission, conveyor or elevator belts of textile material or other articles of textile material of a kind commonly used in machinery or plant (Heading No. 59·16/17);

(*f*) precious or semi-precious stones (natural, synthetic or reconstructed) of Heading No. 71.02 or 71.03, or articles wholly of such stones falling within Heading No. 71·12/15;

(*g*) parts of general use, as defined in Note 2 to Section XV, of base metal (Section XV), or similar goods of artificial plastic materials (which are generally classified in Heading No. 39·07);

(*h*) endless belts of metal wire or strip (Section XV);

(*ij*) articles falling within Chapter 82 or 83;

(*k*) vehicles, aircraft, ships or boats, of Section XVII;

(*l*) articles falling within Chapter 90;

(*m*) clocks, watches and other articles falling within Chapter 91;

(*n*) interchangeable tools of Heading No. 82·05 and brushes of a kind used as parts of machines, of Chapter 96; similar interchangeable tools are to be classified according to the constituent material of their working part (for example, in Chapter 40, 42, 43, 45, 59 or 68 or Heading No. 69·09); or

(*o*) articles falling within Chapter 97.

2. Subject to Note 1 to this Section, Note 1 to Chapter 84 and Note 1 to Chapter 85, parts of machines [not being parts of the articles described in Heading No. 84·64 or parts of the following articles falling within Heading No. 85.18/27, namely, (i) insulators or insulated electric wire and the like (ii) carbon articles used for electrical purposes, or (iii) electrical conduit tubing and joints therefor] are to be classified according to the following rules:

(*a*) goods of a kind described in any of the Headings of Chapters 84 and 85 (other than Headings Nos. 84·65 and 85·28) are in all cases to be classified in their respective Headings;

(*b*) other parts, if suitable for use solely or principally with a particular kind of machine, or with a number of machines falling

within the same Heading (including a machine falling within Heading No. 84·59 or electrical goods and apparatus falling within Heading No. 85·18/27) are to be classified with the machines of that kind. However, goods which are equally suitable for use principally with the goods of Headings Nos. 85.13 and 85.15 are to be classified in Heading No. 85.13;

(c) all other parts are to be classified in Heading No. 84.65 or 85·28.

3. Unless the Headings otherwise require, composite machines consisting of two or more machines fitted together to form a whole and other machines adapted for the purpose of performing two or more complementary or alternative functions are to be classified as if consisting only of that component or as being that machine which performs the principal function.

4. Motors and transmission, conveyor or elevator belts, for machinery or appliances to which they are fitted, or, if packed separately for convenience of transport, which are clearly intended to be fitted to or mounted on a common base with the machine or appliance with which they are imported, are to be classified under the same Heading as such machinery or appliances.

5. For the purposes of these Notes, "machine" means any machine, apparatus or appliance of a kind falling within Section XVI.

6. Heading No. 84·66 is to be taken to apply to all goods which satisfy the conditions prescribed therein, even though they may be covered by a more specific Heading elsewhere in the Schedule.

Chapter 84

Boilers, machinery and mechanical appliances; parts thereof

Notes

1. This Chapter does not cover:

(*a*) millstones, grindstones and other articles falling within Chapter 68;

(*b*) appliances and machinery (for example, pumps) and parts thereof, of ceramic material (Chapter 69);

(*c*) laboratory glassware of Heading No. 70·17/18; machinery and appliances and parts thereof, of glass (Heading No. 70·20 or 70·21);

(*d*) heating equipment falling within Heading No. 73·33/40 and similar articles of other base metals (Chapters 74 to 81); or

(*e*) tools for working in the hand of Heading No. 85·05 or electro-mechanical domestic appliances of Heading No. 85·06/07.

2. Subject to the operation of Notes 3 and 4 to Section XVI a machine or appliance which answers to a description in one or more of the

Heading Nos. 84·01/02 to 84:21 and at the same time to a description in one or other of the Headings Nos. 84·22 to 84·60, is to be classified under the former Heading and not the latter.

Heading No. 84·17 is, however, to be taken not to apply to:

(*a*) germination plant, incubators and brooders (Heading No. 84:28);

(*b*) grain dampening machines (Heading No. 84·29);

(*c*) diffusing apparatus for sugar juice extraction (Heading No. 84:30);

(*d*) machinery for the heat-treatment of textile yarns, fabrics or made up textile articles (Heading No. 84·40); or

(*e*) machinery or plant, designed for a mechanical operation, in which a change of temperature, even if necessary, is subsidiary.

Heading No. 84·19 is to be taken not to apply to:

(*a*) sewing machines for closing bags or similar containers (Heading No. 84·41); or

(*b*) office machinery of Heading No. 84·51/55.

3. (*A*) In Heading No. 84·51/55, the expression "automatic data processing machines" means:

(*a*) digital machines having storages capable of storing not only the processing programme or programmes and the data to be processed but also a programme for translating the formal programming language in which the programmes are written into machine language. These machines must have a main storage which is directly accessible for the execution of a programme and which has a capacity at least sufficient to store those parts of the processing and translating programmes and the data immediately necessary for the current processing run. They must also be able themselves, on the basis of the instructions contained in the initial programme, to modify, by logical decision, its execution during the processing run;

(*b*) analogue machines capable of simulating mathematical models and comprising at least: analogue elements, control elements and programming elements;

(*c*) hybrid machines consisting of either a digital machine with analogue elements or an analogue machine with digital elements.

(*B*) Automatic data processing machines may be in the form of systems consisting of a variable number of separately-housed units. A unit is to be regarded as being a part of the complete system if it meets all the following conditions:

(*a*) it is connectable to the central processing unit either directly or through one or more other units;

(b) it is specifically designed as part of such a system [it must, in particular, unless it is a power supply unit, be able to accept or deliver data in a form (code or signals) which can be used by the system].

Such units imported separately are also to be classified in Heading No. 84.51/55.

4. Heading No. 84·62 is to be taken to apply, *inter alia*, to polished steel balls, the maximum and minimum diameters of which do not differ from the nominal diameter by more than one per cent. or by more than 0·05 millimetre, whichever is less. Other steel balls are to be classified under Heading No. 73·33/40.

5. A machine which is used for more than one purpose is, for the purposes of classification, to be treated as if its principal purpose were its sole purpose.

Subject to Note 2 to this Chapter and Note 3 to Section XVI, a machine whose principal purpose is not described in any Heading or for which no one purpose is the principal purpose is, unless the context otherwise requires, to be classified in Heading No. 84·59. Heading No. 84·59 is also to be taken to cover machines for making rope or cable (for example, stranding, twisting or cabling machines) from metal wire, textile yarn or any other material or from a combination of such materials.

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
84·01/02	Steam and other vapour generating boilers (excluding central heating hot water boilers capable also of producing low pressure steam); superheated water boilers; auxiliary plant for use with such boilers (for example, economisers, superheaters, soot removers, gas recoverers and the like); condensers for vapour engines and power units	40%	..	..	..
84·03	Producer gas and water gas generators, with or without purifiers; acetylene gas generators (water process) and similar gas generators with or without purifiers	40%	..	..	..
84·04/05	Steam engines (including mobile engines, but not steam tractors falling within Heading No. 87·01 or mechanically propelled road rollers) with self-contained boilers; steam and other vapour power units, not incorporating boilers	40%	..	..	..
84·06	Internal combustion piston engines	100%	..	..	..
84·07	Hydraulic engines and motors (including waterwheels and water turbines)	40%	..	..	..
84·08	Other engines and motors :				
	(1) Not elsewhere specified	40%	..	..	..
	(2) Spring operated or weight operated motors	60%	..	..	..
	(3) Jet and gas turbines, adapted for use in aeroplanes	40%	..	..	..

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
84·09	Mechanically propelled road rollers	40%	..	..	..
84·10	Pumps (including motor pumps and turbo pumps) for liquids, whether or not fitted with measuring devices; liquid elevators of bucket, chain, screw, band and similar kinds :				
	(1) Not elsewhere specified . .	40%	..	..	..
	(2) Delivery pumps fitted with measuring or price calculating mechanism, such as are used for supplying petrol or oil, and pumps specially designed for lubricating and washing of vehicles; manually operated pumps	60%	..	..	..
	(3) Fuel, oil or water pumps for internal combustion piston engines (including fuel injection pumps)	100%	..	..	..
84·11	Air pumps, vacuum pumps and air or gas compressors (including motor and turbo pumps and compressors, and free-piston generators for gas turbines); fans, blowers and the like :				
	(1) Not elsewhere specified . .	40%	..	..	..
	(2) Gas compressors imported for use in air-conditioning equipment	60%	..	..	..
	(3) Gas compressors imported for use in refrigerating equipment .	100%	94%	..	..
	(4) Exhaust fans and blowers of not less than 65 centimetres sweep; flame-proof fans and blowers	40%	..	..	..
	(5) Fans and blowers not falling within sub-heading (4) . .	100%	90%	..	..
84·12	Air-conditioning machines, self-contained, comprising a motor-driven fan and elements for changing the temperature and humidity of air	60%	..	..	..
84·13	Furnace burners for liquid fuel (atomisers), for pulverised solid fuel or for gas; mechanical stokers, mechanical grates, mechanical ash dischargers and similar appliances	40%	..	..	..
84·14	Industrial and laboratory furnaces and ovens, non-electric . . .	40%	..	..	..
84·15	Refrigerators and refrigerating equipment (electrical and other) :				
	(1) Not elsewhere specified . .	40%	..	..	..
	(2) Domestic refrigerators . .	100%	94%	..	..

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
84·16	Calendering and similar rolling machines (other than metal-working and metal-rolling machines and glass-working machines) and cylinders therefor	40%	..	..	..
84·17	Machinery, plant and similar laboratory equipment, whether or not electrically heated, for the treatment of materials by a process involving a change of temperature such as heating, cooking, roasting, distilling, rectifying, sterilising, pasteurising, steaming, drying, evaporating, vaporising, condensing or cooling, not being machinery or plant of a kind used for domestic purposes; instantaneous or storage water-heaters, non-electrical:				
	(1) Not elsewhere specified . .	40%	..	..	..
	(2) Machinery and equipment for food and drink other than those used for treating milk; instantaneous or storage water-heaters, non-electrical; machinery and equipment imported for use in air-conditioning . . .	60%	..	..	..
84·18	Centrifuges; filtering and purifying machinery and apparatus (other than filter funnels, milk strainers and the like), for liquids or gases :				
	(1) Not elsewhere specified . .	40%	..	..	..
	(2) Air filters; oil or fuel filters for internal combustion piston engines	100%	..	..	..
84·19	Machinery for cleaning or drying bottles or other containers; machinery for filling, closing, sealing, capsuling or labelling bottles, cans, boxes, bags or other containers; other packing or wrapping machinery; machinery for aerating beverages; dish washing machines . .	60%	..	..	..
84·20	Weighing machinery (excluding balances of a sensitivity of 5 centigrames or better), including weight-operated counting and checking machines; weighing machine weights of all kinds :				
	(1) Not elsewhere specified .	60%	50%	..	..
	(2) Weigh-bridges; hopper scales for automatically weighing materials discharged from hoppers	40%	..	..	..
84·21	Mechanical appliances (whether or not hand operated) for projecting, dispersing or spraying liquids or powders; fire extinguishers (charged or not); spray guns and similar appliances; steam or sand blasting machines and similar jet projecting machines :				
	(1) Not elsewhere specified	40%	..	..	..

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
84·21 —*contd.*	(2) Spray guns and similar appliances for spraying paint, varnish, oil, distemper or cement; fire extinguishers (charged or not) .	60%	..	..	..
84·22	Lifting, handling, loading or unloading machinery, telphers and conveyors (for example, lifts, hoists, winches, cranes, transporter cranes, jacks, pulley tackle, belt conveyors and teleferics) not being machinery falling within Heading No. 84·23 .	40%	..	..	..
84·23	Excavating, levelling, tamping, boring and extracting machinery, stationary or mobile, for earth, minerals or ores (for example, mechanical shovels, coal-cutters, excavators, scrapers, levellers and bulldozers); pile-drivers; snow-ploughs, not self-propelled (including snow-plough attachments) . . .	40%	..	..	..
84·24	Agricultural and horticultural machinery for soil preparation or cultivation (for example, ploughs, harrows, cultivators, seed and fertiliser distributors); lawn and sports ground rollers :				
	(1) Not elsewhere specified . .	40%	..	..	..
	(2) Lawn and sports ground rollers	60%	..	..	..
84·25	Harvesting and threshing machinery; straw and fodder presses; hay or grass mowers; winnowing and similar cleaning machines for seed, grain or leguminous vegetables and egg-grading and other grading machines for agricultural produce (other than those of a kind used in the bread grain milling industry falling within Heading No. 84·29)	40%	..	..	..
84·26	Dairy machinery (including milking machines)	40%	..	..	..
84·27	Presses, crushers and other machinery of a kind used in wine-making, cider-making, fruit juice preparation or the like	60%	..	..	..
84·28	Other agricultural, horticultural, poultry-keeping and bee-keeping machinery; germination plant fitted with mechanical or thermal equipment; poultry incubators and brooders	40%	..	..	..
84·29	Machinery of a kind used in the bread grain milling industry, and other machinery (other than farm type machinery), for the working of cereals or dried leguminous vegetables	40%	..	..	..

Heading No.	Sub-heading	No. and description of article	Rate of duty			Duration when rates of duty are protective
			Standard	U.K.	Other Preferential Areas	
(1)		(2)	(3)	(4)	(5)	(6)
84·30		Machinery, not falling within any other heading of this Chapter, of a kind used in the following food or drink industries; bakery, confectionery, chocolate manufacture, macaroni, ravioli or similar cereal food manufacture, the preparation of meat, fish, fruit or vegetables (including mincing or slicing machines), sugar manufacture or brewing :				
		(1) Not elsewhere specified . .	60%	..	..	..
		(2) Sugar manufacturing and refining machinery . . .	40%	..	..	..
	84·31	Machinery for making or finishing cellulosic pulp, paper or paperboard	40%	..	..	..
	84·32	Book-binding machinery, including book-sewing machines . . .	40%	..	..	..
	84·33	Paper or paperboard cutting machines of all kinds; other machinery for making up paper pulp, paper or paperboard	40%	..	..	..
	84·34	Machinery, apparatus and accessories for type-founding or type-setting; machinery, other than the machine tools of Heading No. 84·45/48, for preparing or working printing blocks, plates or cylinders; printing type, impressed flongs and matrices, printing blocks, plates and cylinders; blocks, plates, cylinders and lithographic stones, prepared for printing purposes (for example, planed, grained or polished) . .	40%	..	..	..
	84·35	Other printing machinery; machinery for uses ancillary to printing . .	40%	..	..	..
	84·36	Machines for extruding man-made textiles; machines of a kind used for processing natural or man-made textile fibres; textile spinning and twisting machines; textile doubling, throwing and reeling (including weft-winding) machines . .	40%	..	..	..
	84·37	Weaving machines, knitting machines and machines for making gimped yarn, tulle, lace, embroidery, trimmings, braid or net; machines for preparing yarns for use on such machines, including warping and warp sizing machines:				
		(1) Not elsewhere specified . .	40%	..	..	..
		(2) Domestic knitting machines; machines for making gimped yarn, tulle, lace, embroidery, trimmings, braid or net . .	60%	..	..	..

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
84·38	Auxiliary machinery for use with machines of Heading No. 84·37 (for example, dobbies, Jacquards, automatic stop motions and shuttle changing mechanisms); parts and accessories suitable for use solely or principally with the machines of the present heading or with machines falling within Heading No. 84·36 or 84·37 (for example, spindles and spindle flyers, card clothing, combs, extruding nipples, shuttles, healds and heald-lifters and hoisery needles):				
	(1) Not elsewhere specified . .	40%	..	.. ..	
	(2) Parts and accessories of machines falling within sub-heading No. (2) of Heading No. 84·37.	60%	..	.. ..	
84·39	Machinery for the manufacture or finishing of felt in the piece or in shapes, including felt-hat making machines and hat-making blocks .	40%	..	.. ..	
84·40	Machinery for washing, cleaning, drying, bleaching, dyeing, dressing, finishing or coating textile yarns, fabrics or made-up textile articles (including laundry and dry-cleaning machinery); fabric folding, reeling or cutting machines; machines of a kind used in the manufacture of linoleum or other floor coverings for applying the paste to the base fabric or other support; machines of a type used for printing a repetitive design, repetitive words or overall colour on textiles, leather, wall-paper, wrapping paper, linoleum or other materials, and engraved or etched plates, blocks or rollers therefor:				
	(1) Not elsewhere specified . .	40%	..	.. ..	
	(2) Domestic washing machines, laundry and dry-cleaning machinery	60%	50%	.. ..	
84·41	Sewing machines; furniture specially designed for sewing machines; sewing machine needles:				
	(1) Not elsewhere specified . .	40%	..	.. ..	
	(2) Domestic sewing machines .	100%	90%	.. ..	
84·42	Machinery (other than sewing machines) for preparing, tanning or working hides, skins or leather (including boot and shoe machinery):				
	(1) Not elsewhere specified . .	40%	..	.. ..	
	(2) Boot and shoe making machinery	40%	..	.. ..	

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
84.43	Convertors, ladles, ingot moulds and casting machines, of a kind used in metallurgy and in metal foundries .	40%	..	..	..
84.44	Rolling mills and rolls therefor . .	40%	..	..	..
84.45/48	Machine-tools for working metal or metal carbides, stone, ceramics, concrete, asbestos-cement and like mineral materials or for working glass in the cold, for working wood, cork, bone, ebonite (vulcanite), hard artificial plastic materials or other hard carving materials, other than machines falling within Heading No. 84·49 or 84·50 ; accessories and parts suitable for use solely or principally with the above machine-tools, including work and tool holders, self-opening dieheads, dividing heads and other appliances for machine-tools; tool holders for any type of tool or machine-tool for working in the hand	40%	..	..	..
84·49	Tools for working in the hand, pneumatic or with self-contained non-electric motor	40%	..	..	..
84·50	Gas-operated welding, brazing, cutting and surface tempering appliances:				
	(1) Not elsewhere specified . .	40%	..	..	..
	(2) Hand-operated gas welding, brazing, cutting and surface tempering appliances (blow pipes) . .	60%	50%	..	..
84·51/55	Typewriters, other than typewriters incorporating calculating mechanisms; cheque-writing machines; calculating machines; accounting machines, cash registers, postage-franking machines, ticket-issuing machines and similar machines, incorporating a calculating device; automatic data processing machines and units thereof; magnetic and optical readers, machines for transcribing data onto data media in coded form and machines for processing such data, not elsewhere specified or included; other office machines (for example, hectograph or stencil duplicating machines, addressing machines, coin-sorting machines, coin-counting and wrapping machines, pencil-sharpening machines, perforating and stapling machines): parts and accessories (other than covers, carrying cases and the like) suitable for use solely or principally with the above machines :				
	(1) Not elsewhere specified . .	60%	..	..	..
	(2) Automatic data processing machines and units thereof; magnetic and optical readers, machines for transcribing data onto data media in coded form and machines for processing such data, not elsewhere specified or included; parts and accessories suitable for use solely or principally with the machines falling within this sub-heading.	60%	..	..	..

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
84·56	Machinery for sorting, screening, separating, washing, crushing, grinding or mixing earth, stone, ores or other mineral substances, in solid (including powder and paste) form; machinery for agglomerating, moulding or shaping solid mineral fuels, ceramic paste, unhardened cements, plastering materials or other mineral products in powder and paste form; machines for forming foundry moulds of sand	40%	..	.. ..	
84·57	Glass-working machines (other than machines for working glass in the cold); machines for assembling electric filament and discharge lamps and electronic and similar tubes and valves . . .	40%	..	..	
84·58	Automatic vending machines (for example, stamp, cigarette, chocolate and food machines), not being games of skill or chance . .	60%	50%	.. ..	
84·59	Machines and mechanical appliances, having individual functions, not falling within any other heading of this Chapter:				
	(1) Not elsewhere specified . .	60%	..	.. ..	
	(2) Machines and mechanical appliances designed for the production of a commodity, such as oil, soap or edible fats, artificial plastics, rubber or other similar products, electric wires and cables, ropes, baskets and brushes, cigars and cigarettes; machinery for treating metals, wood or similar materials, for stripping and cutting of tobacco leaf or for cutting or rolling tea leaves; machines for mounting card clothing; nuclear reactors	40%	..	.. ..	
84·60	Moulding boxes for metal foundry; moulds of a type used for metal (other than ingot moulds), for metal carbides, for glass, for mineral materials (for example, ceramic pastes, concrete or cement) or for rubber or artificial plastic materials .	40%	..	.. ..	
84·61	Taps, cocks, valves and similar appliances for pipes, boiler shells, tanks, vats and the like, including pressure reducing valves and thermostatically controlled valves:				
	(1) Not elsewhere specified .	60%	..	.. ..	
	(2) Isolating valves, non-return valves, safety valves, pressure reducing valves, exhaust relief valves, thermostatically controlled valves, solenoid operated valves; valves made of corrosion-resisting material such as stainless steel, nickel, monel, incoloy, hastelloy and other valves lined with rubber or other corrosion-resisting materials; steam traps . .	40%	..	.. ..	

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
84·62	Ball, roller or needle roller bearings :				
	(1) Ball and roller bearings not elsewhere specified . . .	40%	...	..	..
	(2) Ball bearings of all types not exceeding 60 millimetres bore diameter	100%	..	..	..
	(3) Roller bearings, including needle roller bearings but excluding adapter roller bearings, not exceeding 85 millimetres bore diameter	100%	..	..	..
84·63	Transmission shafts, cranks, bearing housings, plain shaft bearings, gears and gearing (including friction gears and gear-boxes and other variable speed gears), fly-wheels, pulleys and pulley blocks, clutches and shaft couplings	60%	..	..	..
84·64	Gaskets and similar joints of metal sheeting combined with other material (for example, asbestos, felt and paperboard) or of laminated metal foil; sets or assortments of gaskets and similar joints, dissimilar in composition, for engines, pipes, tubes and the like, put up in pouches, envelopes or similar packings . .	60%	..	..	..
84·65	Machinery parts, not containing electrical connectors, insulators, coils, contacts or other electrical features and not falling within any other heading in this Chapter . . .	60%	..	..	..
84·66	(*i*) All items of :	40%	...	...	..
	(*a*) machinery including prime-movers,				
	(*b*) instruments, apparatus and appliances,				
	(*c*) control gear and transmission equipment,				
	(*d*) auxiliary equipment, as well as, all components (whether finished or not) or raw materials for the manufacture of the aforesaid items and their components, required for the initial setting up of a unit, or the substantial expansion of an existing unit, of a specified :				
	(1) industrial plant,				
	(2) irrigation project,				
	(3) power project,				
	(4) mining project,				
	(5) project for the exploration for oil or other minerals, and				

Heading No.	Sub-heading	No. and description of article	Rate of duty			Duration when rates of duty are protective
			Standard	U.K.	Other Preferential Areas	
(1)		(2)	(3)	(4)	(5)	(6)
84·66 —*contd.*		(6) such other projects as the Central Government may, having regard to the economic development of the country, notify in the Official Gazette in this behalf :				
		Provided these are imported (whether in one or in more than one consignment) against one or more specific contracts, which have been registered with the appropriate Custom House in the manner prescribed by Regulations which the Central Board of Excise and Customs may make under section 157 of the Customs Act, 1962 (52 of 1962) and such contract or contracts has or have been so registered before any order is made by the proper officer of customs permitting the clearance for home consumption, or deposit in a warehouse of items, components or raw materials;				
		(*ii*) all spare parts, other raw materials (including semi-finished material), or consumable stores imported, as a part of a contract or contracts, registered in terms of sub-heading (i), provided the total value of such spare parts, raw materials, and consumable stores does not exceed 10 per cent. of the value of the goods covered by sub-heading (i) and further provided that such spare parts, raw materials or consumable stores are essential for the maintenance of the plant or project mentioned in sub-heading (i)	40%	..	..	..

Chapter 85

Electrical machinery and equipment; parts thereof

Notes

1. This Chapter does not cover:

(*a*) electrically warmed blankets, bed pads, food-muffs and the like; electrically warmed clothing, footwear and ear pads and other electrically warmed articles worn on or about the person;

(*b*) glass envelopes for electric lamps, electronic valves or the like, falling within Heading No. 70·01/16; or

(*c*) electrically heated furniture of Chapter 94.

2. Heading No. 85:01 includes metal tank mercury arc rectifiers but is to be taken not to apply to goods described in Heading No. 85·08 or 85·09 or to the rectifying tubes, valves and mounted semi-conductors of Heading No. 85·18/27.

3. Apart from shavers and hair clippers, Heading No. 85·06/07 is to be taken to apply only to the following electro-mechanical machines of types commonly used for domestic purposes:

(*a*) vacuum cleaners, floor polishers, food grinders and mixers, fruit juice extractors and fans, of any weight;

(*b*) other machines, provided the weight of such other machines does not exceed 20 kilograms.

The Heading does not, however, apply to dish washing machines (Heading No. 84·19), centrifugal and other clothes washing machines (Heading No. 84.18 or 84.40), roller and other ironing machines (Heading No. 84·16 or 84.40), sewing machines (Heading No. 84.41) or to electro-thermic appliances (Heading No. 85:12).

4. In Heading No. 85·18/27, "printed circuits" are to be taken to be circuits obtained by forming on an insulating base, by any printing process (for example, embossing, plating-up, etching) or by the "film circuit" technique, conductor elements, contacts or other printed components (for example, inductances, resistors, capacitors) alone or interconnected according to a pre-established pattern, other than elements which can produce, rectify, modulate or amplify an electrical signal (for example, semi-conductor elements).

The term "printed circuits" does not cover circuits combined with elements other than those obtained during the printing process. Printed circuits may, however, be fitted with non-printed connecting elements.

Thin-or thick-film circuits comprising passive and active elements obtained during the same technological process are to be classified in Heading No. 85·18/27.

5. In Heading No. 85·18/27:

(*A*) "Diodes, transistors and similar semi-conductor devices" are to be taken to be those devices the operation of which depends on variations in resistivity on the application of an electric field;

(*B*) "Electronic micro-circuits" are to be taken to be:

(*a*) microassemblies of the "fagot" module, moulded module, micromodule and similar types; consisting of discrete, active or both active and passive miniaturised components which are combined and inter-connected;

(*b*) monolithic integrated circuits in which the circuit elements (diodes, transistors, resistors, capacitors, inter-connections, etc.) are created in the mass (essentially) and on the surface of a semi-conductor material (doped silicon, for example) and are inseparably associated;

(*c*) hybrid integrated circuits in which passive and active elements, some obtained by thin-or thick-film technology (resistors, capacitors, inter-connections, etc.), others by semi-conductor technology (diodes, transistors, monolithic integrated circuits, etc.), are combined, to all intents and purposes indivisibly, on a single insulating substrate (glass, ceramic, etc.). These circuits may also include miniaturised discrete components.

For the classification of the articles defined in this Note, Heading No. 85·18/27 shall take precedence over any other heading in the Schedule which might cover them by reference to, in particular, their function.

Heading No.	Sub-heading No. and description of article	Rate of duty				Duration when rates of duty are protective
		Standard	U. K.	Other Preferential Areas		
(1)	(2)	(3)	(4)	(5)	(6)	
85.01	Electrical goods of the following descriptions : generators, motors, converters (rotary or static), transformers, rectifiers and rectifying apparatus, inductors :					
	(1) Not elsewhere specified	40%	..	..	..	
	(2) Electric motors other than the following : flameproof motors, variable speed commutator motors, internally geared motors, motors designed for use in circuits of 400 volts or above and other motors of rated output 1·5 kilowatts or above .	60%	..	..	..	
	(3) Transformers, other than flameproof, whose rated input voltage is less than 400 volts, and inductors used in circuits of less than 400 volts . . .	60%	50%	..	..	
85·02	Electro-magnets; permanent magnets and articles of special materials for permanent magnets, being blanks of such magnets; electro-magnetic and permanent magnet chucks, clamps, vices and similar work holders; electro-magnetic clutches and couplings ; electro-magnetic brakes; electro-magnetic lifting heads . . .	40%	..	..	..	
85·03	Primary cells and primary batteries .	100%	..	..	..	
85·04	Electric accumulators . . .	100%	..	..		
85·05	Tools for working in the hand, with self-contained electric motor .	60%	..	..	..	
85·06/07	Electro-mechanical domestic appliances with self-contained electric motors; shavers and hair clippers, with self-contained electric motors .	60%	50%	..	..	
85·08	Electrical starting and ignition equipment for internal combustion engines (including ignition magnetos, magneto-dynamos, ignition coils, starter motors, sparking plugs and glow plugs); generators (dynamos and alternators) and cut-outs for use in conjunction with such engines	100%	..	..	..	
85·09	Electrical lighting and signalling equipment and electrical windscreen wipers, defrosters and demisters, for cycles or motor vehicles .	100%	..	..	..	
85·10	Portable electric battery and magneto lamps, other than lamps falling within Heading No. 85·09 .	100%	..	..	..	
85·11	Industrial and laboratory electric furnaces, ovens and induction and dielectric heating equipment; electric welding, brazing and soldering machines and apparatus and similar electric machines and apparatus for cutting :					

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
85·11 —*contd.*	(1) Not elsewhere specified . .	40%	..	..	..
	(2) Electrically heated hand soldering and brazing irons . .	60%	50%	..	..
85·12	Electric instantaneous or storage water heaters and immersion heaters; electric soil heating apparatus and electric space heating apparatus; electric hair dressing appliances (for example, hair dryers, hair curlers, curling tong heaters) and electric smoothing irons; electrothermic domestic appliances; electric heating resistors, other than those of carbon	60%	50%	..	..
85·13	Electrical line telephonic and telegraphic apparatus (including such apparatus for carrier-current line systems)	60%	..	..	..
85·14	Microphones and stands therefor; loudspeakers; audio-frequency electric amplifiers	60%	50%	..	..
85·15	Radiotelegraphic and radiotelephonic transmission and reception apparatus; radiobroadcasting and television transmission and reception apparatus (including receivers incorporating sound recorders or reproducers) and television cameras; radio navigational aid apparatus, radar apparatus and radio remote control apparatus:				
	(1) Not elsewhere specified . .	60%	..	..	..
	(2) Radio broadcast receivers including those incorporating gramophones; television reception apparatus	100%	94%	..	..
85·16	Electric traffic control equipment for railways, roads or inland waterways and equipment used for similar purposes in port installations or upon airfields	60%	50%	..	..
85·17	Electric sound or visual signalling apparatus (such as bells, sirens, indicator panels, burglar and fire alarms), other than those of Heading No. 85·09 or 85·16 . .	60%	50%	..	..
85·18/27	Electrical capacitors; electrical apparatus for making and breaking electrical circuits, for the protection of electrical circuits, or for making connections to or in electrical circuits; resistors other than heating resistors; printed circuits; switchboards (other than telephone switchboards) and control panels; electric filament lamps				

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
85·18/27 —*contd.*	and discharge lamps, arc-lamps and electrically ignited photographic flash bulbs; electronic valves and tubes; photocells; mounted piezo-electric crystals; diodes, transistors and similar semi-conductor devices; electronic microcircuits; insulated electric wire, cable, bars, strip and the like whether or not fitted with connectors; carbon brushes, arc-lamp carbons, battery carbons, carbon electrodes and other carbon articles of a kind used for electrical purposes; insulators of any material; insulating fittings for electrical equipment; electrical conduit tubing and joints therefor, of base metal lined with insulating material; electrical appliances and apparatus, having individual functions, not falling within any other Heading of this Chapter:				
	(1) Not elsewhere specified . .	60%	50%	.. ..	
	(2) Electrical capacitors, fixed or variable	60%	..	.. .	
	(3) Electrical apparatus for making and breaking electrical circuits, for the protection of electrical circuits or for making connections to or in electrical circuits; resistors; switchboards and control panels:				
	Provided that the articles are designed for use in circuits of 400 volts or above, or of 20 amperes or above or for use with motors of 1·5 kilowatts or above .	40%	..	.. ..	
	(4) Electric filament lamps and electric discharge lamps (excluding infra-red and ultra-violet lamps); arc-lamps; electrically ignited photographic flash bulbs	100%	..	.. ..	
	(5) Insulated (including enamelled or anodised) electric wire, cable, bars, strips and the like (including co-axial cable), whether or not fitted with connectors:				
	Provided that the conductor of any core has a sectional area of 4·75 square millimetres or more, if of copper, or has an equivalent conductance, if of any other material . . .	60%	.	.. ..	
	(6) Carbon electrodes (including unmachined) for furnaces and electrolysers, and nipples therefor	40%	..	.. ..	
	(7) Insulators designed for use in an electrical transmission system of 400 volts or above .	40%	..	.. ..	
85.28	Electrical parts of machinery and apparatus, not being goods falling within any of the preceding headings of this Chapter . . .	60%	50%	.. ..	

SECTION XVII

VEHICLES, AIRCRAFT, AND PARTS THEREOF; VESSELS AND CERTAIN ASSOCIATED TRANSPORT EQUIPMENT

NOTES

1. This Section does not cover bobsleighs, toboggans or other articles falling within Chapter 97.

2. Throughout this Section, "parts" and "parts and accessories" are to be taken not to apply to the following articles, whether or not they are identifiable as for the goods of this Section:

(*a*) joints, washers and the like (classified according to their constituent material or in Heading No. 84·64);

(*b*) parts of general use, as defined in Note 2 to Section XV, of base metal (Section XV), or similar goods of artificial plastic materials (which are generally classified in Heading No. 39.07);

(*c*) articles falling within Chapter 82 (tools);

(*d*) articles falling within Chapter 83;

(*e*) machines and mechanical appliances and other articles falling within Headings Nos. 84.01/02 to 84.59, 84.61 or 84.62 and parts of engines and motors falling within Heading No. 84·63;

(*f*) electrical machinery and equipment (Chapter 85);

(*g*) articles falling within Chapter 90;

(*h*) clocks (Chapter 91);

(*ij*) arms (Chapter 93);

(*k*) brushes of a kind used as parts of vehicles (Chapter 96).

3. References in Chapters 86 to 88 to parts or accessories are to be taken not to apply to parts or accessories which are not suitable for use solely or principally with the articles of those Chapters. A part or accessory which answers to a description in two or more of the Headings of those Chapters is to be classified under that Heading which corresponds to the principal use of that part or accessory.

4. Flying machines specially constructed so that they can also be used as road vehicles are classified as flying machines. Amphibious motor vehicles are classified as motor vehicles.

5. Air-cushion vehicles are to be classified within this Section with the vehicles to which they are most akin as follows:

(*a*) in Chapter 86 if designed to travel on a guide-track (hover-trains);

(*b*) in Chapter 87 if designed to travel over land or over both land and water;

(c) in Chapter 89 if designed to travel over water, whether or not able to land on beaches or landing-stages or also able to travel over ice.

Parts and accessories of air-cushion vehicles are to be classified in the same way as those of vehicles falling within the Heading in which the air-cushion vehicles are classified under the above provisions.

Hovertrain track fixtures and fittings are to be classified as railway track fixtures and fittings, and traffic control equipment for hovertrain transport systems as traffic control equipment for railways.

CHAPTER 86

Railway and tramway locomotives, rolling-stock and parts thereof; railway and tramway track fixtures and fittings; traffic signalling equipment of all kinds (not electrically powered)

NOTES

1. This Chapter does not cover:

(a) railway or tramway sleepers of wood or of concrete, or concrete guide-track sections for hovertrains (Chapter 44 or 68);

(b) railway or tramway track construction material of iron or steel falling within Heading No. 73·16; or

(c) electrically powered signalling apparatus falling within Heading No. 85.16.

2. Heading No. 86.09 is to be taken to apply, *inter alia*, to:

(a) axles, wheels, metal tyres, hoops and hubs and other parts of wheels;

(b) frames, underframes and bogies;

(c) axle boxes; brake gear;

(d) buffers for rolling-stock; coupling gear and corridor connections; and

(e) coachwork.

3. Subject to the provisions of Note 1 above, Heading No. 86.10 is to be taken to apply, *inter alia*, to:

(a) assembled track, turntables, platform buffers, loading gauges; and

(b) semaphores, mechanical signal discs, level crossing control gear, signal and point controls, whether or not they are fitted for electric lighting.

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U. K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
86·01/03	Rail locomotives and tenders	40%	..	..	..
86·04/07	Railway and tramway coaches, vans, wagons and trucks and other rolling-stock	40%	..	..	..
86·08	Containers specially designed and equipped for carriage by one or more modes of transport	60%	..	..	..
86·09	Parts of railway and tramway locomotives and rolling-stock	40%	..	..	..
86·10	Railway and tramway track fixtures and fittings; mechanical equipment, not electrically powered for signalling to or controlling road, rail or other vehicles, ships or aircraft; parts of the foregoing fixtures, fittings or equipment	40%	..	..	..

CHAPTER 87

Vehicles, other than railway or tramway rolling-stock, and parts thereof

NOTES

1. The Headings of this Chapter are to be taken not to apply to railway or tramway rolling-stock designed solely for running on rails.

2. For the purposes of this Chapter, tractors are deemed to be vehicles constructed essentially for hauling or pushing another vehicle, appliance or load, whether or not they contain subsidiary provision for the transport, in connection with the main use of the tractor, of tools, seeds, fertilisers or other goods.

3. Motor chasis fitted with cabs are to be treated as falling within Heading No. 87.02 and not within Heading No. 87.04/06.

4. Headings Nos. 87.09/12 and 87.13/14 are to be taken not to apply to children's cycles which are not fitted with ball bearings nor to children's cycles which, though fitted with ball bearings, are not constructed in the normal form of adults' cycles. Such children's cycles are to be treated as falling within Chapter 97.

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U. K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
87·01	Tractors (other than those falling within Heading No. 87·07), whether or not fitted with power take offs, winches or pulleys:				
	(1) Not elsewhere specified	40%	..	..	..
	(2) Tractors designed for transport on roads other than earthen roads	60%	..	..	..

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
87·02	Motor vehicles for the transport of persons, goods or materials (including sports motor vehicles, other than those of Heading No. 87·09/12):				
	(1) Not elsewhere specified . .	60%	..	..	..
	(2) Motor cars and caravans; other vehicles designed for the private transport of persons . .	150%	..	..	..
	(3) Shuttle cars designed for use in mines	40%	..	..	..
87·03	Special purpose motor lorries and vans (such as breakdown lorries, fire-engines, fire-escapes, road sweeper lorries, snow-ploughs, spraying lorries, crane lorries, searchlight lorries, mobile workshops and mobile radiological units), but not including the motor vehicles of Heading No. 87·02 . .	60%	..	..	..
87.04/06	Chassis fitted with engines, bodies (including cabs) and parts and accessories of the motor vehicles falling within Heading No. 87·01, 87·02 or 87·03 : . . .				
	(1) Not elsewhere specified . .	100%	..	..	..
	(2) Parts designed for the articles covered by sub-heading No. (1) of Heading No. 87·01 and sub-heading No. (3) of Heading No. 87·02	40%	..	..	..
87·07	Works trucks, mechanically propelled, of the types used in factories, warehouses, dock areas or airports for short distance transport or handling of goods (for example, platform trucks, fork-lift trucks and straddle carriers); tractors of the type used on railway station platforms; parts of the foregoing vehicles	60%	..	..	..
87·08	Tanks and other armoured fighting vehicles, motorised, whether or not fitted with weapons, and parts of such vehicles	Free	..	..	..
87·09/12	Motor cycle (including scooters), autocycles and cycles fitted with an auxiliary motor; with or without side-cars; side cars of all kinds; cycles (including delivery tricycles), not motorised invalid carriages fitted with means of mechanical propulsion (motorised or not); parts and accessories of the foregoing articles:				
	(1) Not elsewhere specified . .	100%	92%	..	..
	(2) Cycles (including delivery tricycles), not motorised and parts and accessories of cycles .	100%	90%	..	..
	(3) Invalid carriages, fitted with means of mechanical propulsion (motorised or not), and parts and accessories thereof .	60%	..	..	..
87·13/14	Other vehicles (including trailers, baby carriages and invalid carriages), not mechanically propelled, and parts thereof. . .	100%	..	..	..

CHAPTER 88

Aircraft and parts thereof; parachutes; catapults and similar aircraft launching gear; ground flying trainers

NOTE

"Aeroplanes" means flying machines which are heavier-than-air and are mechanically propelled, including those with jet propulsion, but excluding gyroplanes, helicopters and ornithopters. Land planes, seaplanes and amphibians are deemed to be "aeroplanes".

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U. K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
88·01/03	Aircraft and parts thereof:				
	(1) Not elsewhere specified	40%	..	..	..
	(2) Aeroplanes and parts thereof	40%	..	..	..
88·04/05	Parachutes and parts thereof and accessories thereto; catapults and similar aircraft launching gear; ground flying trainers; parts of any of the foregoing articles	60%	..	..	..

CHAPTER 89

Ships, boats and floating structures

NOTE

A hull, unfinished or incomplete vessel, assembled, unassembled or disassembled, or a complete vessel, unassembled or disassembled, is to be classified within Heading No. 89·01/03.

Heading No.	Sub-heading No. and description of articles	Rate of duty			Duration when rates of duty are protective
		Standard	U. K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
89·01/03	Ships, boats, vessels specially designed for towing (tugs) or pushing other vessels, and other vessels not elsewhere specified; light-vessels, fire floats, dredgers, floating cranes and other special purpose vessels; floating docks	40%	..	..	..
89·04	Ships, boats and other vessels for breaking up	40%	..	..	..
89·05	Floating structures other than vessels (for example, coffer-dams, landing stages, buoys and beacons)	40%	..	..	..

SECTION XVIII

OPTICAL, PHOTOGRAPHIC, CINEMATOGRAPHIC, MEASURING, CHECKING, PRECISION, MEDICAL AND SURGICAL INSTRUMENTS AND APPARATUS; CLOCKS AND WATCHES; MUSICAL INSTRUMENTS, SOUND RECORDERS AND REPRODUCERS, TELEVISION IMAGE AND SOUND RECORDERS AND REPRODUCERS, MAGNETIC; PARTS THEREOF

Chapter 90

Optical, photographic, cinematographic, measuring, checking, precision, medical and surgical instruments and apparatus; parts thereof

Notes

1. This Chapter does not cover:

(*a*) articles of a kind used in machines, appliances, instruments or apparatus, of unhardened vulcanised rubber, falling within Heading No. 40.05/16, of leather or of composition leather, falling within Chapter 42, or of textile material (Heading No. 59·16/17);

(*b*) refractory goods of Heading No. 69.03; laboratory, chemical or industrial wares of Heading No. 69.09;

(*c*) glass mirrors, not optically worked, falling within Heading No. 70.01/16, and mirrors or base metal or of precious metal, not being optical elements, falling within Chapter 71 or 83;

(*d*) goods falling within Heading No. 70.01/16 or 70.17/18;

(*e*) parts of general use as defined in Note 2 to Section XV, of base metal (Section XV), or similar goods of artificial plastic materials (which are generally classified in Heading No. 39·07);

(*f*) pumps incorporating measuring devices, of Heading No. 84.10; weight-operated counting and checking machinery, and separately imported weights for balances (Heading No. 84.20); lifting and handling machinery of Heading No. 84.22; fittings for adjusting work or tools on machine-tools, of Heading No. 84.45/48, including fittings with optical devices for reading the scale (for example, "optical" dividing heads) but not those which are in themselves essentially optical instruments (for example, alignment telescopes); valves and other appliances of Heading No. 84.61;

(*g*) searchlights and spotlights, of a kind used on motor vehicles, of Heading No. 85.09, and radio navigational aid or radar apparatus of Heading No. 85.15;

(*h*) cinematographic sound recorders, reproducers and recorders, operating solely by a magnetic process and magnetic sound-heads (Chapter 92);

(*ij*) articles of Chapter 97;

(*k*) capacity measures, which are to be classified according to the material of which they are made; or

(*l*) spools, reels or similar supports (which are to be classified according to their constituent material, for example, in Heading No. 39.07 or Section XV).

2. Subject to Note 1 above, parts or accessories which are suitable for use solely or principally with machines, appliances, instruments or apparatus falling within any Heading of this Chapter are to be classified as follows:

(*a*) parts or accessories constituting in themselves machines, appliances, instruments or apparatus (including optical elements of Heading No. 90.01 or 90.02) of any particular Heading of this Chapter or of Chapter 84, 85, or 91 (other than Headings Nos. 84.65 and 85.28) are to be classified in that Heading;

(*b*) other parts or accessories are to be classified in Heading No. 90.29 if they answer to the terms of that Heading; otherwise they are to be classified in the Heading appropriate to the machine, appliance, instrument or apparatus itself.

3. Heading No. 90.05/06 is to be taken not to apply to telescopic sights for fitting to firearms, periscopic telescopes for fitting to submarines or tanks, or to telescopes for machines, appliances, instruments or apparatus of this Chapter; such telescopic sights and telescopes are to be classified in Heading No. 90.13.

4. Measuring or checking optical instruments, appliances or machines which, but for this Note, could be classified both in Heading No. 90.13 and in Heading No. 90.16, are to be classified in Heading No. 90.16.

5. Heading No. 90.28 is to be taken to apply, and apply only, to:

(*a*) instruments or apparatus for measuring or checking electrical quantities;

(*b*) machines, appliances, instruments or apparatus of a kind described in Heading No. 90.14, 90.15, 90.16, 90.22, 90.23, 90.24, 90.25 or 90.27 (other than stroboscopes), the operation of which depends on an electrical phenomenon which varies according to the factor to be ascertained or automatically controlled;

(*c*) instruments or apparatus for measuring or detecting alpha, beta, gamma, X-ray, cosmic or similar radiations; and

(*d*) automatic regulators of electrical quantities, and instruments or apparatus for automatically controlling non-electrical quantities the operation of which depends on an electrical phenomenon varying according to the factor to be controlled.

6. Cases, boxes and similar containers imported with articles of this Chapter are to be classified with such articles if they are of a kind normally sold therewith. Cases, boxes and similar containers imported separately are to be classified under their appropriate Headings.

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
90·01	Lenses, prisms, mirrors and other optical elements, of any material, unmounted, other than such elements of glass not optically worked; sheets or plates, or polarising material .	60%	..	..	..

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U. K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
90·02	Lenses, prisms, mirrors and other optical elements, of any material, mounted, being parts of or fittings for instruments or apparatus, other than such elements of glass not optically worked.	Rate of duty applicable to the instrument or apparatus of which they are parts or fittings.			
90.03/04	Spectacles, pince-nez, lorgnettes, goggles and the like, corrective, protective or other; frames and mountings of the above articles, and parts thereof	100%	..	.. ..	
90·05/06	Refracting telescopes (monocular and binocular) prismatic or not; astronomical instruments (for example, reflecting telescopes, transit instruments and equatorial telescopes) and mountings therefor, but not including instruments for radio-astronomy. .	60%	..	.. ..	
90·07	Photographic cameras; photographic flash-light apparatus . . .	100%	90%	.. ..	
90·08	Cinematographic cameras, projectors, sound recorders and sound reproducers; any combination of these articles :				
	(1) Not elsewhere specified .	40%	..	.. ..	
	(2) Cinematographic cameras .	40%	..	.. ..	
90·09	Image projectors (other than cinematographic projectors); photographic (except cinematographic) enlargers and reducers	100%	90%	.. ..	
90·10	Apparatus and equipment of a kind used in photographic or cinematographic laboratories, not falling within any other Heading in this Chapter; photo-copying apparatus (whether incorporating an optical system or of the contact-type) and thermo-copying apparatus; screens for projectors	100%	90%	.. ..	
90·11/12	Microscopes and diffraction apparatus, electron and proton ; compound optical microscopes, whether or not provided with means for photographing or projecting the image .	40%	..	.. ..	
90·13	Optical appliances and instruments, (but not including lighting appliances other than searchlights and spotlights) not falling within any other Heading of this Chapter	60%	..	.. ..	
90·14	Surveying (including photogrammetrical surveying), hydrographic, navigational, meteorological, hydrological and geophysical instruments; compassess; range-finders . . .	60%	50%	.. ..	

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
90·15	Balances of a sensitivity of 5 centigrams or better, with or without their weights	40%	..	..	..
90·16	Drawing, marking-out and mathematical calculating instruments, drafting machines, pantographs, slide rules, disc calculators and the like; measuring or checking instruments, appliances and machines, not falling within any other Heading of this Chapter (for example, micrometers, callipers, gauges, measuring rods, balancing machines); profile projectors:				
	(1) Not elsewhere specified . .	60%	50%	..	..
	(2) Checking instruments, appliances and machines (for example, balancing machines); profile projectors	40%	..	..	..
90·17/18	Medical, dental, surgical and veterinary instruments and appliances (including electromedical apparatus and ophthalmic instruments); mechano-therapy appliances; massage apparatus; psychological aptitude-testing apparatus; artificial respiration, ozone therapy, oxygen therapy, aerosol therapy or similar apparatus; breathing appliances (including gas masks and similar respirators)	60%	..	..	..
90·19	Orthopaedic appliances, surgical belts, trusses and the like; splints and other fracture appliances artificial limbs, eyes, teeth and other artificial parts of the body;j hearing aids (deaf-aids) and other appliances which are worn or carried, or implanted in the body, to compensate for a defect or disability . . .	40%	..	..	.
90·20	Apparatus based on the use of X-rays or of the radiations from radio-active substances (including radiography and radiotherapy apparatus); X-ray generators; X-ray tubes; X-ray screens; X-ray high tension generators; X-ray control panels and desks; X-ray examination or treatment tables, chairs and the like . .	40%	..	..	..
90·21	Instruments, apparatus or models, designed solely for demonstrational purposes (for example, in education or exhibition), unsuitable for other uses	Free	..	..	
90·22	Machines and appliances for testing mechanically the hardness, strength, compressibility, elasticity and the like properties of industrial materials (for example, metals, wood, textiles, paper or plastics) . . .	40%	..	..	..

Heading No.	Sub-heading No. and description of article	Rate of duty				Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas		
(1)	(2)	(3)	(4)	(5)	(6)	
90·23	Hydrometers and similar instruments; thermometers, pyrometers, barometers, hygrometers, psychrometers, recording or not; any combination of these instruments:					
	(1) Not elsewhere specified . .	40%	..	..	..	
	(2) Hydrometers, barometers, hygrometers, psychrometers; any combination of these instruments .	60%	50%	..	..	
90·24	Instruments and apparatus for measuring, checking or automatically controlling the flow, depth, pressure or other variables of liquids or gases or for automatically controlling temperature (for example, pressure gauges, thermostats, level gauges, flow meters, heat meters, automatic oven-draught regulators), not being articles falling within Heading No. 90·14;					
	(1) Not elsewhere specified .	40%	..	..	..	
	(2) Thermostats and humidistats .	60%	50%	..	..	
90·25	Instruments and apparatus for physical or chemical analysis (such as polarimeters, refractometers, spectometers, gas analysis apparatus); instruments and apparatus for measuring or checking viscosity, porosity, expansion, surface tension or the like (such as viscometers, porosimeters, expansion meters); instruments and apparatus for measuring or checking quantities of heat, light or sound (such as photometers, including exposure meters, and calorimeters); microtomes:					
	(1) Not elsewhere specified . .	40%	..	..	..	
	(2) Exposure meters	100%	90%	..	..	
90·26	Gas, liquid and electricity supply or production meters; calibrating meters therefor	60%	50%	..	..	
90·27	Revolution counters, production counters, taximeters, mileometers, pedometers and the like, speed indicators (including magnetic speed indicators) and tachometers (other than articles falling within Heading No. 90·14); stroboscopes	60%	50%	..	..	
90·28	Electrical measuring, checking, analysing or automatically controlling instruments and apparatus:					
	(1) Not elsewhere specified .	60%	50%	..	..	
	(2) Instruments or apparatus for measuring or checking electrical quantities and automatic regulators of electrical quantities, if such instruments, apparatus or regulators are designed for use in circuits of 400 volts of over .	40%	..	..	..	

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
90·28—*contd.*	(3) Instruments or apparatus for measuring or detecting alpha, beta, gamma, X-ray, cosmic or similar radiation	40%	..	..	..
	(4) Electrical instruments and apparatus, the non-electric counterparts of which fall under Heading No. 90·14 to 90·16, 90·22 to 90·25 or 90·27.	The rate applicable to the non-electric counterparts.			
90·29	Parts or accessories suitable for use solely or principally with one or more of the articles falling within Heading No. 90·23 , 90·24, 90·26, 90·27 or 90.28.	Rate of duty applicable to the main article of which they are parts or accessories.			

CHAPTER 91

Clocks and watches and parts thereof

NOTES

1. For the purpose of this Chapter, the expression "watch movements" means movements regulated by a balance-wheel and hair-spring or by any other system capable of determining intervals of time, not exceeding 12 mm. in thickness when measured with the plate, the bridges and any additional outer plates.

2. This Chapter is to be taken not to apply to spring-operated or weight-operated motors not fitted, nor adapted to be fitted, with escapements (Heading No. 84·08).

3. This Chapter does not cover parts of general use as defined in Note 2 to Section XV, of base metal (Section XV), nor similar goods of artificial plastic materials (which are generally classified in Heading No. 39·07). This Chapter also excludes weights, clock or watch glasses, watch chains or straps, parts of electrical equipment, ball bearings or bearing balls. Clock and watch springs are to be classified as clock or watch parts.

4. Except as provided in Notes 2 and 3, movements and other parts suitable for use both in clocks or watches and in other articles (for example, precision instruments) are to be taken as falling within this Chapter and not within any other Chapter.

5. Cases, boxes and similar containers imported with articles of this Chapter are to be classified with such articles if they are of a kind normally sold therewith. Cases, boxes and similar containers imported separately are to be classified under their appropriate Headings.

Heading No.	Sub-heading	No. and description of article	Rate of duty			Duration when rates of duty are protective
			Standard	U. K.	Other Preferential Areas	
(1)		(2)	(3)	(4)	(5)	(6)
91·01/11		Clocks and watches of all types; time of day recording apparatus; apparatus with clock or watch movements or with synchronous motor, for measuring, recording or otherwise indicating intervals of time; time switches with clock or watch movement or with synchronous motor; parts of all the above articles:				
	(1)	Not elsewhere specified . .	100%	..	..	
	(2)	Watches, all sorts, and parts thereof	100%	..	..	..
	(3)	Clocks, all sorts, and parts thereof.	100%	..	..	..

Chapter 92

Musical instruments; sound recorders and reproducers; television image and sound recorders and reproducers, magnetic; parts and accessories of such articles

Notes

1. This Chapter does not cover:

(*a*) film wholly or partly sensitised for photographic or photo-electric recording or such film exposed, whether or not developed (Chapter 37);

(*b*) parts of general use, as defined in Note 2 to Section XV, of base metal (Section XV), or similar goods of artificial plastic materials (which are generally classified in Heading No. 39.07);

(*c*) microphones, amplifiers, loud-speakers, head-phones, switches, stroboscopes and other accessory instruments, apparatus or equipment falling within Chapter 85 or 90, for use with but not incorporated in or housed in the same cabinet as instruments of this Chapter; sound recorders or reproducers combined with a radio or television receiver (Heading No. 85.15);

(*d*) brushes (for cleaning musical instruments) falling within Chapter 96;

(*e*) toy instruments (Chapter 97);

(*f*) collectors' pieces or antiques (Heading No. 99·04/05 or 90·06); or

(*g*) spools, reels or similar supports (which are to be classified according to their constituent material, for example, in Heading No. 39.07 or Section XV).

2. Cases, boxes and similar containers imported with articles of this Chapter are to be classified with such articles if they are of a kind normally sold therewith. Cases, boxes and similar containers imported separately are to be classified under their appropriate Headings.

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
92·01/13	Musical instruments including electronic and similar musical instruments; sound recorders and reproducers; decoy calls and sound-signalling instruments; television image and sound recorders and reproducers, magnetic; parts and accessories of the above articles	100%	..	..	..

SECTION XIX

ARMS AND AMMUNITION; PARTS THEREOF

CHAPTER 93

Arms and ammunition; parts thereof

NOTES

1. This Chapter does not cover:

(*a*) goods falling within Chapter 36 (for example, percussion caps, detonators, signalling flares);

(*b*) parts of general use, as defined in Note 2 to Section XV, of base metal (Section XV), or similar goods of artificial plastic materials (which are generally classified in Heading No. 39·07);

(*c*) armoured fighting vehicles and parts thereof (Heading No. 87·08);

(*d*) telescopic sights and other optical devices suitable for use with arms, unless mounted on a firearm or imported with the firearm on which they are designed to be mounted (Chapter 90);

(*e*) bows, arrows, fencing foils or toys falling within Chapter 97; or

(*f*) collectors' pieces or antiques (Heading No. 99·04/05 or 99·06)

2. In this Chapter, "parts thereof" is to be taken not to include radio or radar apparatus of Heading No. 85·15.

3. Cases, boxes and similar containers imported with articles of this Chapter are to be classified with such articles if they are of a kind normally sold therewith. Cases, boxes and similar containers imported separately are to be classified under their appropriate Headings.

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
93·01/07	Arms and ammunition; parts thereof	100%	..	..	..

SECTION XX

MISCELLANEOUS MANUFACTURED ARTICLES

CHAPTER 94

Furniture and parts thereof; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings

NOTES

1. This Chapter does not cover:

(*a*) pneumatic or water mattresses, pillows or cushions, falling within Chapter 39, 40 or 62;

(*b*) standard lamps, table lamps, wall lamp brackets and other lighting fittings; these are classified according to the constituent material (for example, in Chapter 44, Heading No. 70.01/16 or Chapter 83);

(*c*) articles of stone, ceramic or any other material referred to in Chapter 68 or 69, used as seats, tables or columns, of the kind used in parks, gardens or vestibules (Chapter 68 or 69);

(*d*) mirrors designed for placing on the floor or ground (for example, cheval-glasses or swing-mirrors) falling within Heading No. 70·01/16;

(*e*) parts of general use as defined in Note 2 to Section XV, of base metal (Section XV), or similar goods of artificial plastic materials (which are generally classified in Heading No. 39·07) and safes falling within Chapter 83;

(*f*) furniture specially designed as parts of refrigerators of Heading No. 84.15; furniture specially designed for sewing machines (Heading No. 84.41);

(*g*) furniture specially designed as parts of radio-gramophones, wireless sets or television sets (Heading No. 85.15);

(*h*) dentists' spittoons falling within heading No. 9017/18;

(*ij*) goods falling within Chapter 91 (for example, clocks and clock cases);

(*k*) furniture specially designed as parts of gramophones, of dictating machines or of other sound reproducers or recorders, falling within Chapter 92; or

(*l*) toy furniture, billiard tables and other furniture specially constructed for games or for conjuring tricks (Chapter 97).

2. Furniture (other than parts) referred to in this Chapter is to be classified in this Chapter only if it is designed for placing on the floor or ground.

This provision is, however, to be taken not to apply to the following which are still to be classified in this Chapter even if they are designed to be hung, to be fixed to the wall or to stand one on the other:

(*a*) kitchen cabinets and similar cupboards;

(*b*) seats and beds;

(*c*) unit bookcases and similar unit furniture.

3. In this Chapter, "parts" does not apply to separately imported sheets of glass (including mirrors), of marble or of other stone unless they are combined with other parts which clearly identify them as parts of furniture.

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
94·01/04	Furniture including medical furniture and parts thereof; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings	100%	..	..	..

Chapter 95

Articles and manufactures of carving or moulding material

Note

This Chapter does not cover:

(*a*) articles falling within Chapter 66 (for example, parts of umbrellas or walking-sticks);

(*b*) fans or hand screens, non-mechanical (Chapter 67);

(*c*) articles falling within Chapter 71 (for example, imitation jewellery);

(*d*) cutlery or other articles falling within Chapter 82, with handles or other parts of carving or moulding materials; the present Chapter applies, however, to separately imported handles or other parts of such articles;

(*e*) articles falling within Chapter 90 for example, spectacle frames);

(*f*) articles falling within Chapter 91 (for example, clock or watch cases);

(*g*) articles falling within Chapter 92 (for example, musical instruments and parts thereof);

(*h*) articles falling within Chapter 93 (arms and parts thereof);

(*ij*) articles falling within Chapter 94 (furniture and parts thereof);

(*k*) brushes, powder-puffs or other articles falling within Chapter 96;

(*l*) articles falling within Chapter 97 (toys, games and sports requisites);

(*m*) articles falling within Chapter 98 (for example, buttons, cuff-links, smoking pipes, combs); or

(*n*) collectors' pieces or antiques (Chapter 99).

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
95·01/08	Articles and manufactures of carving or moulding materials; worked unhardened gelatin (except gelatin falling within Chapter 35) and articles of unhardened gelatin :				
	(1) Not elsewhere specified . .	100%	..	.. ..	
	(2) Worked unhardened gelatin and articles of unhardened gelatin .	60%	..	.. ..	

Chapter 96

Brooms, brushes, feather dusters, powder-puffs and sieves

Notes

1. This Chapter does not cover:

(*a*) articles falling within Chapter 71;

(*b*) brushes of a kind specialised for use in dentistry or for medical, surgical or veterinary purposes, falling within Heading No. 90·17/18; or

(*c*) toys (Chapter 97).

2. "Prepared knots and tufts for broom or brush making" is to be taken to apply only to unmounted knots and tufts of animal hair, vegetable fibre or other material, which are ready for incorporation without division in brooms or brushes, or which require only such further minor processes as glueing or coating the butts, or trimming to shape at the top, to render them ready for such incorporation.

Heading No.	Sub-heading No. and description of article	Rate of duy			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
96·01/06	Brooms and brushes (including brushes of a kind used as parts of machines); prepared knots and tufts for broom or brush making; feather dusters; powder- puffs and pads for applying cosmetics or toilet preparations, of any material; hand sieves and hand riddles, of any material:				
	(1) Not elsewhere specified . .	100%	..	.. ..	
	(2) Brushes of a kind used as parts of machines	40%	..	.. ..	

Chapter 97

Toys, games and sports requisites; parts thereof

Notes

1. This Chapter does not cover:

(*a*) Christmas tree candles (Chapter 34);

(*b*) fireworks or other pyrotechnic articles falling within Chapter 36;

(*c*) yarns, monofil, cords or gut and the like for fishing, cut to length but not made up into fishing lines, falling within Chapter 39 or 42 or Section XI;

(*d*) sports bags or other containers of Chapter 42 or 43;

(*e*) sports clothing or fancy dress, of textiles, falling within Chapter 60 or 61;

(*f*) textile flags or bunting, or sails for boats or land craft, falling within Chapter 62;

(*g*) sports footwear (other than skating boots with skates attached); cricket pads, shin-guards or the like, falling within Chapter 64, or sports headgear falling within Chapter 65;

(*h*) climbing sticks, whips, riding crops or the like, or parts thereof (Chapter 66);

(*ij*) unmounted glass eyes for dolls or other toys, falling within Heading No. 70·19;

(*k*) parts of general use, as defined in Note 2 to Section XV, of base metal (Section XV), or similar goods of artificial plastic materials (which are generally classified in Heading No. 39·07);

(*l*) bells and gongs, non-electric, and parts thereof, of base metal (Chapter 83);

(*m*) sports vehicles (other than bobsleighs, toboggans and the like) falling within Section XVII;

(*n*) children's cycles fitted with ball bearings and in the normal form of adults' cycles (Heading No. 87·09/12);

(*o*) sports craft such as canoes and skiffs (Chapter 89), or their means of propulsion (Chapter 44 for such articles made of wood);

(*p*) spectacles, goggles and the like, for sports and outdoor games (Heading No. 90·03/04);

(*q*) decoy calls and whistles (Chapter 92);

(*r*) arms or other articles of Chapter 93; or

(*s*) racket strings, tents or other camping goods, or gloves (classified, in general, according to the material of which they are made).

2. This Chapter is to be taken to include articles in which pearls, precious or semi-precious stones (natural, synthetic or reconstructed), precious metals or rolled precious metals constitute only minor constituents.

3. Subject to Note 1 above, parts and accessories which are suitable for use solely or principally with articles falling within this Chapter are to be classified with those articles.

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
97·01/08	Wheeled toys designed to be ridden by children; dolls and other toys; articles for parlour games or fair-ground amusements; entertainment articles; Christmas tree decorations and the like; equipment for gymnastics, sports and outdoor games; hunting and fishing requisites; travelling circuses, travelling menageries and travelling theatres . . .	100%	..	..	..

Chapter 98

Miscellaneous manufactured articles

Notes

1. This Chapter does not cover:

(*a*) eyebrow and other cosmetic pencils (Chapter 33);

(*b*) buttons, studs, cuff-links, combs, hair-slides and the like, if made wholly or partly of precious metal or rolled precious metal [subject to the provisions of Note 7 (*a*) to Chapter 71] or if containing pearls or precious or semi-precious stones (natural, synthetic or re-constructed) (Chapter 71);

(*c*) parts of general use, as defined in Note 2 to Section XV, of base metal (Section XV), or similar goods of artificial plastic materials (which are generally classified in Heading No. 39·07);

(*d*) mathematical drawing pens (Heading No. 90·16); or

(*e*) toys and other articles falling within Chapter 97.

2. Subject to Note 1 above, the Headings in this Chapter are to be taken to apply to goods of the kind described whether or not composed wholly or partly of precious metal or rolled precious metal or of pearls or precious or semi-precious stones (natural, synthetic or reconstructed).

3. Cases, boxes and similar containers imported with articles of this Chapter are to be classified with such articles if they are of a kind normally sold therewith. Cases, boxes and similar containers imported separately are to be classified under their appropriate Headings.

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
98·01/02	Buttons and button moulds; studs, cuff-links and press fasteners; slide fasteners; blanks and parts of such articles	100%	..	..	..
98·03/09	Pens and pencils, all sorts, and parts thereof; crayons, chalks and similar writing or drawing materials; slates and boards; date, sealing or numbering stamps, and the like (including devices for printing or embossing labels); composing sticks and printing sets incorporating such composing sticks, all hand-operated; typewriter and similar ribbons and ink pads; sealing wax; copying pastes with a basis of gelatin . . .	100%	..	..	..
98·10/11	Mechanical lighters and similar lighters, including chemical and electrical lighters and parts thereof, excluding flints and wicks; smoking pipes, cigar and cigarette holders and parts thereof . .	100%	.	..	..
98·12/14	Combs, hair-slides and the like; corset busks and similar supports for articles of apparel or clothing accessories; scent and similar sprays of a kind used for toilet purposes, and mounts and heads therefor	100%	..	..	..
98·15	Vacuum flasks and other vacuum vessels; parts thereof, other than glass inners	100%	..	..	..
98·16	Tailors' dummies and other lay figures; animated displays of a kind used for shop window dressing	100%	..	..	..

SECTION XXI

WORKS OF ART, COLLECTORS' PIECES, AND ANTIQUES

CHAPTER 99

Works of art, collectors' pieces, and antiques

NOTES

1. This Chapter does not **cover:**

(*a*) unused postage, revenue or similar stamps of current or new issue in India (Heading No. 49·07);

(*b*) theatrical scenery, studio back-cloths or the like, of painted canvas (Heading No. 59·01/15);

(*c*) pearls or precious or semi-precious stones falling within Heading No. 71.01 or 71.02

(*d*) industrial drawings falling within Heading 49.04/06; or

(*e*) hand-painted or hand-decorated manufactured articles.

2. For the purposes of Heading No. 99·01/03, "original engravings, prints and lithographs" means impressions produced directly, in black and white or in colour, of one or of several plates wholly executed by hand by the artist, irrespective of the process or of the material employed by him, but not including any mechanical or photomechanical process; and "original sculptures and statuary" is to be taken not to apply to mass-produced reproductions or works of conventional craftsmanship of a commercial character.

3. (*a*) Subject to Notes 1 and 2 above, articles falling within the Headings of this Chapter are to be classified in whichever of those Headings is appropriate and not in any other Heading of this Schedule;

(*b*) Heading No. 99·06 is to be taken not to apply to articles falling within the preceding Headings of this Chapter.

4. Frames around paintings, drawings, pastels, engravings, prints or lithographs are to be treated as forming part of those articles, provided they are of a kind and of a value normal to those articles.

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
99·01/03	Paintings, drawings and pastels, executed entirely by hand; original engravings, prints and lithographs; original sculptures and statuary	100%	..	..	..
99·04/05	Postage, revenue and similar stamps (including stamp-postmarks and franked envelopes, letter cards and the like), used, or if unused, not of current or new issue in India; collections and collectors' pieces of zoological, botanical, mineralogical, anatomical, historical, archaeological, paleontological, ethnographic or numismatic interest . . .	Free	..	..	..
99·06	Antiques of an age exceeding one hundred years	100%	..	..	..

SECTION XXII

CHAPTER 100

Passengers' baggage; personal importations by post or air; ships stores

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
100·01	All dutiable articles imported by a passenger as baggage, even if specified elsewhere, but excluding the following articles, namely, (*i*) motor vehicles, (*ii*) alcoholic drinks . .	100%	..	..	..

Heading No.	Sub-heading No. and description of article	Rate of duty			Duration when rates of duty are protective
		Standard	U.K.	Other Preferential Areas	
(1)	(2)	(3)	(4)	(5)	(6)
100·02	All dutiable articles, even if elsewhere specified, intended for personal use, imported by post or air, and exempt from any prohibition in respect of the import thereof under the Imports and Exports (Control) Act, 1947 (18 of 1947), but excluding alcoholic drinks :				
	(1) drugs and medicines . .	60%	..	..	..
	(2) others	100%	..	..	..
100·03	The following articles of stores on board a vessel or aircraft on which duty is leviable under the Customs Act, 1962 (52 of 1962), even if elsewhere specified, namely :				
	(1) prepared or preserved meat, fish and vegetables; dairy products; soups; lard; fresh fruits . ..	30%	..	..	
	(2) all other consumable stores excluding fuel, lubricating oil, alcoholic drinks and tobacco products	100%	..	..	..

THE SECOND SCHEDULE—EXPORT TARIFF

(*See* section 2)

General Explanatory Note

The abbreviation "%" in any column of this Schedule, in relation to the rate of duty, indicates that duty on the goods to which the entry relates shall be charged on the basis of the value of the goods as defined in section 14 of the Customs Act, 1962 (52 of 1962), the duty being equal to such percentage of the value as is indicated in that column.

Heading No.	Description of articles	Rate of duty
(1)	(2)	(3)
1.	Coffee	50 paise per kilogram.
2.	Black pepper	Rs. 1·25 per kilogram.
3.	De-oiled groundnut oilcakes	Rs. 125 per tonne.
4.	De-oiled groundnut meal (solvent extracted variety)	Rs. 125 per tonne.
5.	Tobacco unmanufactured	75 paise per kilogram, or, 20%, whichever is lower.
6.	Sillimanite	20%
7.	Kyanite	Rs. 40 per tonne.
8.	Mica	40%
9.	Steatite (Talc)	20%
10.	Manganese ore	Rs. 20 per tonne.

Heading No.	Description of articles	Rate of duty
(1)	(2)	(3)
11.	Iron ore—	
	(1) Lumpy iron ore	Rs. 10·50 per tonne.
	(2) Iron ore fines (including blue dust) . .	Rs. 4 per tonne.
12.	Chrome concentrates	Rs. 15 per tonne.
13.	Manganese dioxide	20%
14.	Hides, skins and leathers, tanned and untanned, all sorts, but not including manufactures of leather	20%
15.	Raw wool	25%
16.	Raw cotton	Rs. 1,000 per tonne.
17.	Cotton waste, all sorts	40%
18.	Jute manufactures (including manufactures of Bimilipatam Jute or of mesta fibre) when not in actual use as covering, receptacles or bindings, for other goods—	
	(1) Not elsewhere specified	Rs. 150 per tonne.
	(2) Hessian cloth and bags—	
	(i) carpet backing	Rs. 700 per tonne.
	(ii) other hessian cloth (including narrow backing cloth) and bags . . .	Rs. 600 per tonne.
	(3) Jute canvas, jute webbings, jute tarpaulin cloth and manufactures thereof . . .	Rs. 200 per tonne.
	(4) Sacking (cloth, bags, twist, yarn, rope and twine)	Rs. 150 per tonne.
19.	Coir yarn	15%

APPENDIX I

[*Vide* para 2 of the Report]

MOTION ADOPTED IN LOK SABHA FOR REFERENCE OF THE BILL TO THE SELECT COMMITTEE

"That the Bill to consolidate and amend the law relating to customs duties, be referred to a Select Committee consisting of 30 members, namely:

1. Shri Rudra Pratap Singh
2. Shri Nathu Ram Ahirwar
3. Shri Maganti Ankineedu
4. Shri B. R. Bhagat
5. Shri M. Bheeshmadev
6. Shri G. Bhuvarah
7. Shri Tridib Chaudhuri
8. Shri Y. B. Chavan
9. Shri S. R. Damani
10. Shri D. D. Desai
11. Shri Hiralal Doda
12. Shri Dinesh Chandra Goswami
13. Shri D. B. Chandra Gowda
14. Shri P. A. Saminathan
15. Shri Hari Singh
16. Shri C. Janardhanan
17. Shri Purushottam Kakodkar
18. Shri Maharaj Singh
19. Shri Shyam Sunder Mohapatra
20. Shri Priya Ranjan Das Munsi
21. Shri Noorul Huda
22. Shri Kartik Oraon
23. Shri H. M. Patel
24. Shri Ramji Ram
25. Shri Mahadeepak Singh Shakya
26. Shri S. A. Shamim
27. Shri Rana Bahadur Singh
28. Shri Satyendra Narayan Sinha
29. Shri Tayyab Hussain; 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 ASSOCIATIONS, ORGANISATIONS, ETC. FROM WHOM MEMORANDA/REPRESENTATIONS/NOTES, ETC. WERE RECEIVED BY THE SELECT COMMITTEE

1. Bayer (India) Limited, Express Towers, Nariman Point, Bombay-400001.

2. All India Importers' Association, Churchgate House, Nariman Road, Fort, Bombay-400001.

3. Federation of Indian Chambers of Commerce & Industry, Federation House, New Delhi-110001.

4. Singareni Collieries Company Limited, Kothagudem, Collieries, B.P.O. Bhadrachellam Road Station, Andhra Pradesh.

5. Bihar Chamber of Commerce, Bihar Chambers Building, Patna-1.

6. U. Foam Private Limited, B-15 & 16, Industrial Estate, Sanatnagar, Hyderabad-18.

7. South India Cashewnut Manufacturers' Association, India Cashewnut Exporters' Association and the Kerala Cashew Manufacturers' Association, Quilon.

8. Airlines Operators Committee, C|o. British Airways, Delhi, Airport, New Delhi-110010.

9. Associated Chambers of Commerce and Industry of India, 17, Parliament Street, New Delhi-110001.

10. Mahratta Chamber of Commerce & Industries, Tilak Road, Poona-411002.

11. Goa Custom House Agents' Association, Custom House Building, Mormugao (Goa).

12. Scientific and Surgical Instrument Manufacturers Association, Devkaran Mansion, 43, Princess Street, Bombay-400002.

13. International Computers (India) Pvt. Ltd., Magnett House, Narottam Morarjee Marg, Bombay-400001.

14. Southern India Chamber of Commerce & Industry, Indian Chambers Building, Madras-600001.

15. Calcutta Clearing Agents' Association, P-11, Mission Row, Extension, Calcutta-1.

16. Bharat Chamber of Commerce, "Bharat Chambers" 3, Old Court Street, Calcutta.

17. Madras Custom Clearing and Shipping Agents' Association, No. 16, First Line Beach, Merchantile Bank Buildings, Madras-600001.

18. Andhra Chamber of Commerce, Andhra Chamber Building, 272|3, Anguppa Naik Street, Madras-600001.

19. Computer Society of India, C|o Tata Consultancy Services, Air-India Building, Nariman Point, Bombay-400020.

20. Goa Mineral Ore Exporters' Association, Vaglo Building, Rua Conde De Torres Novas, Panaji.

APPENDIX III

(*Vide* para 6 of the Report)

LIST OF ASSOCIATIONS, ORGANISATIONS, ETC. WHO GAVE EVIDENCE BEFORE THE SELECT COMMITTEE

S. No.	Name of Witness	Date of hearing
1.	Airlines Operators Committee, Delhi	3-12-1974

Spokesmen:

1. Shri K. S. Santhanam—*Chairman*
2. Shri A. Reppun
3. Shri J. R. Das Dang
4. Shri S. S. Nathan
5 Shri M. Bertoletti

2.	The Goa-Customs House Agents' Association, Mormugao	6-1-1975

Spokesmen:

1. Shri Casimiro Luis
2. Shri Jose Leitao
3. Shri G. C. Alvares
4. Shri Marcelino Luis

3.	All India Importers Association, Bombay.	8-1-1975

Spokesmen:

1. Shri P. G. Vaidya—*President*
2. Shri K. G. Manseta—*Vice-President*
3. Shri R. C. Shah

4.	The Mahratta Chamber of Commerce and Industries, Poona	8-1-1975

Spokesmen:

1. Shri M. R. Karshanis
2. Shri V. V. Dixit
3. Shri S. R. Somvanshi

S. No.	Name of Witness	Date of hearing
5.	Bombay Chamber of Commerce and Industry, Bombay. *Spokesmen*: 1. Shri D. B. Engineer—*Leader* 2. Shri Vipin Maneklal 3. Shri D. B. Kohan 4. Shri N. S. L. Narasimhan 5. Shri B. P. Gunaji—*Secretary.*	9-1-1975
6.	The Scientific and Surgical Instruments Manufactures & Traders' Association, Bombay. *Spokesmen*: Shri N. C. Dalal—*President*	9-1-1975
7.	Computer Society of India, Bombay. *Spokesmen*: 1. Shri F. C. Kohli—*President* 2. Shri P. P. Gupta—*Vice-President* 3. Shri T. V. Balan	9-1-1975
8.	The Associated Chambers of Commerce and Industry of India, New Delhi. *Spokesmen*: 1. Shri T. K. Ramasubramanyan 2. Shri M. B. Bhaskare 3. Shri C. Balakrishnan	25-1-1975
9.	Calcutta Clearing Agents' Association, Calcutta. *Spokesmen*: 1. Shri J. B. Mukherjee 2. Shri H. N. Doshi 3. Shri N. G. Bhansali 4. Shri K. R. R. Manian 5. Shri J. J. Tata 6. Shri S. B. Sen 7. Shri N. Chaudhuri 8. Shri R. K. Ghosh	4-2-1975

S. No.	Name of Witness	Date of hearing
10.	Bharat Chamber of Commerce, Calcutta. *Spokesmen*: 1. Shri K. L. Dhandhania 2. Shri C. D. Thakkar 3. Shri K. C. Mukherjee 4. Shri K. L. Dubey 5. Shri R. L. Maheshwari	4-2-1975
11.	Southern India Chamber of Commerce and Industry, Madras. *Spokesmen*: 1. Shri K. S. G. Haja Shareef—*President* 2. Shri S. Sambasivam—*Member* 3. Shri I. Arokiaswamy 4. Shri D. Srinivasan 5. Shri J. Prasad Davidy	5-2-1975
12.	International Computer (India) Private Limited, Bombay. *Spokesmen*: 1. Shri R. V. Subramanian 2. Shri A. S. Nuronha 3. Shri K. K. Sahni	5-2-1975
13.	Madras Chamber of Commerce and Industry, Madras *Spokesmen*: 1. Shri S. Ramasubramaniam 2. Shri D. Srinivasan 3. Shri V. Subramanyam 4. Shri C. S. Krishnaswami 5. Shri K. Padmanabhan	6-2-1975
14.	Madras Customs Clearing and Shipping Agents' Association, Madras. *Spokesmen*: 1. Shri S. Sambaswami 2. Shri A. Srinivasan 3. Shri I. Arokiaswamy	6-2-1975

S. No.	Name of Witness	Date of hearing
15.	Andhra Chamber of Commerce, Madras *Spokesmen*: 1. Shri V. G. S. V. Prasad 2. Shri T. Ananda Rao 3. Shri M. S. Sambasivan—*Secretary.*	6-2-1975
16.	1. Shri M. G. Abrol—Additional Secretary, Ministry of Finance (Department of Revenue & Insurance). 2. Shri K. Narasimhan—Member, Central Board of Excise and Customs and Additional Secretary.	13-2-1975

APPENDIX IV

MINUTES OF THE SITTINGS OF THE SELECT COMMITTEE ON THE CUSTOMS TARIEF BILL, 1974

I

First Sitting

The Committee sat on Tuesday, the 10th September, 1974 from 10.45 to 11.15 hours.

PRESENT

Shri B. R. Bhagat—*Chairman*

MEMBERS

2. Shri Maganti Ankineedu
3. Shri M. Bheeshmadev
4. Shri Dinesh Chandra Goswami
5. Shri Hari Singh
6. Shri Purushottam Kakodkar
7. Shri Shyam Sunder Mohapatra
8. Shri Kartik Oraon
9. Shri Rana Bahadur Singh
10. Shri Tayyab Hussain

LEGISLATIVE COUNSEL

1. Shri R. V. S. Peri—Sastri—*Joint Secretary and Legislative Counsel.*
2. Shri V. S. Bhashyam—*Deputy Legislative Counsel.*

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

1. Shri K. Narasimhan—*Joint Secretary.*
2. Shri B. C. Rastogi—*Deputy Secretary.*

SECRETARIAT

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

2. At the outset, the Chairman informed the members of the Committee briefly of the work done by the Select Committee on the Customs Tariff Bill, 1969 which lapsed due to the dissolution of the Fourth Lok Sabha.

The Chairman also informed the Committee that the Ministry of Finance had been requested to furnish the following material for circulation to the members of the Committee:—

1. The Indian Tariff Act, 1934.
2. The Indian Tariff (Amendment) Act, 1949.

3. Brussels Tariff Nomenclature.

4. Reports of the Tariff Revision Committee.

5. Tariff Commission Act, 1951.

6. U.K.—India Trade Agreement.

7. A background note on the Customs Tariff Bill, 1974.

4. The Committee then considered their future programme of work and decided to invite memoranda from the State Governments, Chambers of Commerce and Industry, Clearing and Forwarding Agents and everyone else interested in the subject matter of the Bill. The Committee also decided to hear oral evidence of those who were desirous of giving oral evidence.

5. The Committee also approved a Press Communique. The Committee further decided that, in addition to the Press communique, an advertisement might also be given in the Newspapers having all India circulation.

6. The Committee desired that the Ministry of Finance should furnish their comments on the various points raised in the memoranda that might be submitted to the Committee for their consideration.

7. At the end, the Committee decided to hold their sittings on the 14th and 15th October, 1974 to have a general discussion on the Bill.

8. The Committee then adjourned.

II

Second Sitting

The Committee sat on Monday, the 14th October, 1974 from 11.00 to 11.50 hours.

PRESENT

Shri B. R. Bhagat—*Chairman*

MEMBERS

2. Shri Nathu Ram Ahirwar
3. Shri Maganti Ankineedu
4. Shri M. Bheeshmadev
5. Shri G. Bhuvarahan
6. Shri Tridib Chaudhuri
7. Shri Hari Singh
8. Shri C. Janardhanan
9. Shri Purushottam Kakodkar
10. Shri Maharaj Singh
11. Shri Shyam Sunder Mohapatra
12. Shri Priya Ranjan Das Munsi
13. Shri Kartik Oraon

14. Shri Ramji Ram
15. Shri Mahadeepak Singh Shakya
16. Shri S. A. Shamim
17. Shri Rana Bahadur Singh
18. Shri Rudra Pratap Singh
19. Shri Satyendra Narayan Sinha
20. Shri Tayyab Hussain

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

1. Shri K. Narasimhan—*Joint Secretary.*
2. Shri B. C. Rastogi—*Deputy Secretary.*
3. Shri B. N. Sharma—*Officer on special Duty.*

REPRESENTATIVE OF THE MINISTRY OF COMMERCE

Shri V. A. Padmanabhan, *Special Officer (GATT and Tariffs).*

SECRETARIAT

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

2. Shri Pranab Kumar Mukherjee, Minister of State in the Ministry of Finance, who is not a member of the Committee, attended the sitting with the permission of the Chairman under Rule 299 of the Rules of Procedure.

3. The Chairman informed the Committee that various associations, organisations, etc. had requested that in view of the importance of the Bill, the last date for the presentation of memoranda on the provisions of the Bill might be extended in order to enable them to examine the Bill in all its aspects. The Committee, after some discussion, decided to extend the time for submission of memoranda on the provisions of the Bill upto Friday, the 15th November, 1974.

4. The Committee further decided that the various associations, organisations, etc. who had sought extension of time might be informed accordingly.

5. The Committee decided to visit the Customs Cargo clearance office at Palam Airport, Foreign Post Office and Customs House, New Delhi, etc. on Friday, the 5th November, 1974 in order to acquaint themselves with the working of the tariff structure.

6. The Committee also decided to hear evidence on the provisions of the Bill at New Delhi from the 3rd to 5th December, 1974.

7. The Committee authorised the Chairman to select the parties for evidence.

8. At the end, the Committee felt that it would not be possible for them to complete their work within the stipulated date *i.e.* the 15th November, 1974 and decided to ask for an extension of time for presentation of their report upto last day of the first week of next Budget Session (1975).

9. The Committee authorised the Chairman and, in his absence, Shri Tridib Chaudhuri, to move the necessary motion in the House.

10. The Committee then adjourned to meet again on Tuesday, the 15th October, 1974.

III

Third Sitting

The Committee sat on Tuesday, the 15th October, 1974 from 11.00 to 12.45 hours.

PRESENT

Shri B. R. Bhagat—*Chairman*

MEMBERS

2. Shri Nathu Ram Ahirwar
3. Shri M. Bheeshmadev
4. Shri G. Bhuvarahan
5. Shri Tridib Chaudhuri
6. Shri Hiralal Doda
7. Shri Hari Singh
8. Shri C. Janardhanan
9. Shri Purushottam Kakodkar
10. Shri Maharaj Singh
11. Shri Shyam Sunder Mohpatra
12. Shri Kartik Oraon
13. Shri H. M. Patel
14. Shri Ramji Ram
15. Shri Mahadeepak Singh Shakya
16. Shri S. A. Shamim
17. Shri Rana Bahadur Singh
18. Shri Rudra Pratap Singh

LEGISLATIVE COUNSEL

2. Shri V. S. Bhashyam—*Deputy Legislative Counsel.*

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

1. Shri K. Narasimhan—*Joint Secretary.*
2. Shri B. C. Rastogi—*Deputy Secretary.*
3. Shri B. N. Sharma—*Officer on-Special Duty.*

REPRESENTATIVE OF THE MINISTRY OF COMMERCE

Shri V. A. Padmanabhan—*Special Officer (GATT and Tariffs).*

SECRETARIAT

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

2. Shri Pranab Kumar Mukherjee, Minister of State in the Ministry of Finance, who is not a member of the Committee, attended the sitting with the permission of the Chairman under Rule 299 of the Rules of Procedure.

3. The officials of the Ministry of Finance explained in detail the implications of the various provisions of the Bill.

4. At the end, the Committee decided that Ministry of Finance might furnish a note on the progress and prospects of negotiations regarding preferences in the context of the EEC, GATT having regard to the fact that U. K. had already terminated trade agreement of 1939 with India. The Committee also desired that copies of the Brussels Nomenclature for the classification of goods in Customs Tariffs might be supplied to the Members of the Select Committee.

5: The Committee then adjourned.

IV

Fourth Sitting

Th Committee sat on Tuesday, the 3rd December, 1974 from 15.00 to 16.45 hours.

PRESENT

Shri B. R. Bhagat—*Chairman*

MEMBERS

2. Shri Nathu Ram Ahirwar
3. Shri D. D. Desai
4. Shri Dinesh Chandra Goswami
5. Shri Hari Singh
6. Shri Maharaj Singh
7. Shri Shyam Sunder Mohapatra
8. Shri Ramji Ram
9. Shri Mahadeepak Singh Shakya
10. Shri Rana Bahadur Singh.

LEGISLATIVE COUNSEL

Shri S Ramaiah—*Deputy Legislative Counsel.*

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

1. Shri K. Narasimhan—*Joint Secretary.*
2. Shri B. N. Sharma—*Officer-on-Special duty.*

SECRETARIAT

Shri H. G. Paranjpe—*Chief Financial Committee Officer.*

2. Shrimati Sushila Rohatgi, Deputy Minister in the Ministry of Finance, who is not a member of the Committee, attended the sitting with the permission of the Chairman under Rule 299 of the Rules of Procedure and Conduct of Business in Lok Sabha.

3 The Committee considered their future programme of work and after some discussion, approved the following programme:—

(i) 6th to 9th January, 1975.	To hear oral evidence of the representatives of various associations|organisations etc. and also to undertake on-the-spot study visits to the Customs Houses and Air|Sea-ports etc. at Bombay and Goa.
(ii) 23rd and 24th January, 1975.	To hear oral evidence of the representatives of various associations, organisations, etc. at New Delhi.
(iii) 3rd to 6th February, 1975.	To hear oral evidence of the various associations, organisations, etc. and also to undertake on-the-spot study visits to the Customs Houses and Air|Sea-ports, etc. at Calcutta and Madras.

4. Before the Committee proceeded to hear evidence of the following representatives of the Airlines Operators Committee, Delhi, the Chairman drew their attention to Direction 58 of the Directions by the Speaker:—

1. Shri K. S. Santhanam—*Chairman*.
2. Shri A. Reppun
3 Shri J. R. Das Dang
4. Shri S. S. Nathan
5. Shri M. Bertoletti.

The evidence lasted till 16.45 hours.

5. A verbatim record of the evidence was kept.

6. The Committee then adjourned.

V

Fifth Sitting

The Committee set on Monday, the 6th January, 1975 from 16.00 to 17.20 hours in Assembly Hall, Panaji.

PRESENT

Shri B. R. Bhagat—*Chairman.*

MEMBERS

2. Shri Nathu Ram Ahirwar
3. Shri M. Bheeshmadev

4. Shri G. Bhuvarahan

5. Shri Tridib Chaudhuri

6. Shri Hiralal Doda

7. Shri Hari Singh

8. Shri Purushottam Kakodkar

9. Shri Maharaj Singh

10. Shri Shyam Sunder Mohapatra ..

11. Shri Kartik Oraon

12. Shri H. M. Patel

13. Shri Mahadeepak Singh Shakya

14. Shri Shashi Bhushan

15. Shri Rudra Pratap Singh

16. Shri Satyendra Narayan Sinha

17. Shri Dinesh Chandra Goswami.

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

1. Shri B. C. Rastogi—*Deputy Secretary.*

2. Shri B. N. Sharma—*Officer-on-Special Duty.*

SECRETARIAT

Shri K. K. Saxena—*Senior Examiner of Bills, Motions and Resolutions.*

2. At the outset, the Committee passed the following condolence resolution over the tragic death of Shri Lalit Narain Mishra, Minister for Railways on the 3rd January, 1975:

> "The Committee place on record their profound sense of sorrow over the demise of their most esteemed colleague, Shri Lalit Narain Mishra, Minister for Railways on the 3rd January, 1975 and send their heartfelt condolences to members of the bereaved family."

The members stood in silence for a short while.

3. Before the Committee proceeded to hear evidence of the representatives of Goa Custom House Agents' Association, Mormogao, the Chairman drew their attention to Direction 58 of the Directions by the Speaker:—

1. Shri Casimiro Luis

2. Shri Jose Leitao

3. Shri G. C. Alvares

4. Shri Marcelino Luis.

The evidence lasted till 17.20 hours.

4. A verbatim record of evidence was kept.

5. The Committee then placed on record their warm appreciation of the valuable assistance rendered to them by the Secretary, Goa, Daman and Diu Legislative Assembly and other members of staff in holding their sittings in Assembly Building, Panaji.

The Commitee also placed on record their warm appreciation of the valuable assistance rendered to them by the officers of the Customs and Central Excise, Panaji and the Ministry of Finance (Department of Revenue and Insurance).

6. The Committee then adjourned to meet again on the 4th January, 1975 at 15.00 hours in Council Hall, Bombay.

VI

Sixth Sitting

The Committee sat on Wednesday, the 8th January, 1975 from 15.15 to 17.00 hours in Council Hall, Bombay.

PRESENT

Shri B. R. Bhagat—*Chairman*

MEMBERS

2. Shri Nathu Ram Ahirwar
3. Shri M. Bheeshmadev
4. Shri G. Bhuvarahan
5. Shri Tridib Chaudhuri
6. Shri S. R. Damani
7. Shri D. D. Desai
8. Shri Hiralal Doda
9. Shri Dinesh Chandra Goswami
10. Shri D. B. Chandra Gowda
11. Shri Hari Singh
12. Shri Purushottam Kakodkar
13. Shri Maharaj Singh
14. Shri Shyam Sunder Mohapatra
15. Shri Priya Ranjan Das Munsi
16. Shri Mahadeepak Singh Shakya
17. Shri Rudra Pratap Singh
18. Shri Satyendra Narayan Sinha
19. Shri Shashi Bhushan.

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

1. Shri B. C. Rastogi—*Deputy Secretary.*

2. Shri B. N. Sharma—*Officer-on-Special Duty.*

SECRETARIAT

Shri K. K. Saxena—*Senior Examiner of Bills, Motions and Resolutions.*

2. Shri Pranab Kumar Mukherjee, Minister of State in the Ministry of Finance who is not a member of the Committee attended the sitting with the permission of the Chairman under Rule 299 of the Rules of Procedure and Conduct of Business in Lok Sabha.

3. The Committee heard the evidence of the representatives of the following associations, organisations, etc.

[In the begining, the Chairman drew the attention of the representatives of the following associations, organisations, etc. to the provisions of Direction 58 of the Directions by the Speaker.]

I. *All India Importers' Association, Bombay.*

Spokesmen:

1. Shri P. G. Vaidya—*President.*

2. Shri K. K. Manseta—*Vice-President.*

3. Shri R. C. Shah.

[15.15 to 16.10 hours]

II. *Mahratta Chamber of Commerce and Industries, Poona.*

Spokesmen:

1. Shri M. R. Karkhanis

2. Shri V. V. Dixit

3. Shri S. R. Somvanshi.

[16.10 to 17.00 hours]

4. A verbatim record of evidence was kept.

5. The Committee then adjourned to meet again on the 9th January, 1975 at 10.00 hours.

VII

Seventh Sitting

The Committee sat on Thursday, the 9th January, 1975 from 10.00 to 12.00 hours in Council Hall, Bombay.

PRESENT

Shri B. R. Bhagat—*Chairman*

MEMBERS

2. Shri Nathu Ram Ahirwar

3. Shri M. Bheeshmadev

4. Shri G. Bhuvarahan
5. Shri Tridib Chaudhuri
6. Shri D. D. Desai
7. Shri Hiralal Doda
8. Shri Dinesh Chandra Goswami
9. Shri D. B. Chandra Gowda
10. Shri Hari Singh
11. Shri Purushottam Kakodkar
12. Shri Maharaj Singh
13. Shri Shyam Sunder Mohapatra
14. Shri H. M. Patel
15. Shri Mahadeepak Singh Shakya
16. Shri Shashi Bhushan
17. Shri Rudra Pratap Singh
18. Shri Satyendra Narayan Sinha
19. Shri S. A. Shamim
20. Shri S. R. Damani.

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

1. Shri B. C. Rastogi—*Deputy Secretary.*
2. Shri B. N. Sharma—*Officer-on-Special Duty.*

SECRETARIAT

Shri K. K. Saxena—*Senior Examiner of Bills, Motions and Resolutions.*

2. Shri Pranab Kumar Mukherjee, Minister for State in the Ministry of Finance who is not a member of the Committee attended the sitting with the permission of the Chairman under Rule 299 of the Rules of Procedure and Conduct of Business in Lok Sabha.

3. The Committee heard the evidence of the representatives of the associations, organisations, etc. mentioned below:—

"In the beginning, the Chairman drew the attention of the representatives of the following associations, organisations, etc. to the provisions of Direction 58 of the Directions by the Speaker."

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

Spokesmen:

1. Shri D. B. Engineer—*Leader*
2. Shri Vipin Maneklal

3. Shri D. B. Kotian

4. Shri N. S. L. Narasimhan

5. Shri B. P. Gunaji *Secretary.*

[10.00 to 11.10 hours].

II. *Scientific and Surgical Instruments Manufacturers and Traders Association, Bombay.*

Spokesman:

Shri N. C. Lalal.

[11.10 to 11.35 hours].

III. *Computer Society of India, Bombay.*

Spokesmen:

1. Shri F. C. Kohli—*President.*

2. Shri P. P. Gupta—*Vice-President.*

3. Shri T. V. Balan.

[11.35 to 11.50 hours].

4. A verbatim record of evidence was kept.

5. The Committee then placed on record their warm appreciation of the valuable assistance rendered to them by the Secretary, Maharashtra Legislature and other members or the staff in holding their sittings in Council Hall, Bombay.

6. The Committee also placed on record their warm appreciation of the valuable assistance rendered to them by the officers of the Customs and Central Excise, Bombay and the Ministry of Finance (Department of Revenue and Insurance).

7. The Committee then adjourned.

VIII

Eighth Sitting

The Committee sat on Friday, the 24th January, 1975 from 10.30 to 11.45 hours.

PRESENT

Shri B. R. Bhagat—*Chairman*

MEMBERS

2. Shri Nathu Ram Ahirwar
3. Shri Maganti Ankineedu
4. Shri M. Bheeshmadev
5. Shri G. Bhuvarahan
6. Shri S. R. Damani
7. Shri Hiralal Doda
8. Shri D. B. Chandra Gowda

9. Shri Hari Singh

10. Shri Purushottam Kakodkar

11. Shri Maharaj Singh

12. Shri Kartik Oraon

13. Shri H. M. Patel

14. Shri Ramji Ram

15. Shri Mahadeepak Singh Shakya

16. Shri S. A. Shamim

17. Shri Rudra Pratap Singh

18. Shri Satyendra Narayan Sinha.

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

1. Shri K. Narasimhan—*Additional Secretary.*

2. Shri B. C. Rastogi—*Deputy Seiretary.*

3. Shri B. N. Sharma—*Officer-on-Special Duty.*

SECRETARIAT

Shri H. G. Paranjpe—*Chief Financial Committee Officer.*

2. Shrimati Sushila Rohatgi, Deputy Minister in the Ministry of Finance, who is not a member of the Committee attended the sitting with the permission of the Chairman under Rule 299 of the Rules of Procedure and Conduct of Business in Lok Sabha.

3. At the outset, the Committee considered their programme of visit to Daman, Diu and Ahmedabad in February, 1975. After some disussion, the Committee decided to drop the proposal of visit to Daman, Diu and Ahmedabad.

4. The Committee then considered a request for oral evidence made by the International Computers (India) Private Limited, Bombay and decided that their representatives might be called to give evidence at Madras on the 5th February, 1975.

5. The Committee, thereafter, decided the following programme of work—

(i) last date for receipt of Government Amendments—8-2-75.

(ii) last date for receipt of notices of amendments from members —10-2-1975.

(iii) clause-by-clause consideration of the Bill—13-2-1975 and 14-2-1975.

6. The Committee held general discussion on the points raised in the memoranda submitted to the Committee and also during the course of evidence.

7. The Committee then adjourned to meet again at 10.30 hours on the 25th January, 1975.

IX

Ninth Sitting

The Committee sat on Friday, the 25th January, 1975 from 10.30 to 12.40 hours.

PRESENT

Shri B. R. Bhagat—*Chairman*

MEMBERS

2. Shri Nathu Ram Ahirwar
3. Shri M. Bheeshmadev
4. Shri G. Bhuvarahan
5. Shri Tridib Chaudhuri
6. Shri S. R. Damani
7. Shri Hiralal Doda
8. Shri Dinesh Chandra Goswami
9. Shri Hari Singh
10. Shri Purushottam Kakodkar
11. Shri Maharaj Singh
12. Shri Kartik Oraon
13. Shri Mahadeepak Singh Shakya
14. Shri S. A. Shamim
15. Shri Shashi Bhushan
16. Shri Rudra Pratap Singh
17. Shri Satyendra Narayan Sinha.

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

1. Shri K. Narasimhan—*Additional Secretary.*
2. Shri B. C. Rastogi—*Deputy Secretary.*
3. Shri B. N. Sharma—*Officer-on-Special Duty.*

SECRETARIAT

Shri H. G. Paranjpe—*Chief Financial Committee Officer.*

2. Shrimati Sushila Rohatgi, Deputy Minister in the Ministry of Finance, who is not a member of the Committee, attended the sitting with the permission of Chairman under Rule 299 of the Rules of Procedure.

3. Before the Committee proceeded to hear the evidence of the representatives of the Associated Chambers of Commerce & Industry of

India, New Delhi, the Chairman drew their attention to Direction 58 of the Directions by the Speaker:—

1. Shri T. K. Ramasubramanyan
2. Shri M. B. Bhaskare
3. Shri C. Balakrishnan.
4. The evidence lasted till 12.30 hours.
5. A verbatim record of evidence was kept.
6. The Committee then decided that before taking up clause-by-clause consideration of the Bill, the Chairman, Central Board of Excise and Customs might be asked to appear before the Committee on Thursday, the 13th February, 1975 so that the members could seek clarifications.
7. The Committee also decided that the Ministry of Finance (Department of Revenue & Insurance) might be requested to furnish their comments on the various points raised during the course of evidence tendered before the Committee.
8. The Committee then adjourned.

X

Tenth Sitting

The Committee sat on Tuesday, the 4th February, 1975 from 10.00 to 11.45 hours in Council Chamber, Assembly House, Calcutta.

PRESENT

Shri B. R. Bhagat—*Chairman*

MEMBERS

2. Shri Nathu Ram Ahirwar
3. Shri Maganti Ankineedu
4. Shri M. Bheeshmadev
5. Shri G. Bhuvarahan
6. Shri Tridib Chaudhuri
7. Shri D. B. Chandra Gowda
8. Shri Hari Singh
9. Shri C. Janardhanan
10. Shri Purushottam Kakodkar
11. Shri Maharaj Singh
12. Shri Shyam Sunder Mohapatra
13. Shri Ramji Ram
14. Shri Mahadeepak Singh Shakya
15. Shri S. A. Shamim
16. Shri Shashi Bhushan
17. Shri Rudra Pratap Singh
18. Shri Satyendra Narayan Sinha.

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

1. Shri B. C. Rastogi—*Deputy Secretary.*
2. Shri B. N. Sharma—*Officer-on-Special Duty.*

SECRETARIAT

Shri H. G. Paranjpe—*Chief Financial Committee Officer.*

2. Shrimati Shushila Rohatgi, Deputy Minister in the Ministry of Finance, who is not a member of the Committee attended the sitting with the permission of Chairman under Rule 299 of the Rules of Procedure.

3. The Committee heard the evidence of the representatives of the following associations, organisations, etc.

[In the beginning, the Chairman drew the attention of the representatives to the provisions of Direction 58 of the Directions by the Speaker.]

I. *Calcutta Clearing Agents' Association, Calcutta*

Spokesmen:

1. Shri J. B. Mukherjee
2. Shri H. N. Doshi
3. Shri N. G. Bhansali
4. Shri K. R. R. Manian
5. Shri J. J. Tata
6. Shri S. B. Sen
7. Shri N. Chaudhuri
8. Shri R. K. Ghosh.

[10.00 to 10.30 hours]

II. *Bharat Chamber of Commerce, Calcutta*

Spokesmen:

1. Shri K. L. Dhandhania
2. Shri C. D. Thakkar
3. Shri K. C. Mukherjee
4. Shri K. L. Dey
5. Shri R. L. Maheshwari.

[10.45 to 11.40 hours]

3. A verbatim record of evidence was kept.

4. The Committee then placed on record their appreciation of the valuable assistance rendered to them by the Secretary, West Bengal Legislative Assembly, their reporters and other members of the staff in holding their sittings in Council Chamber, Assembly House, Calcutta.

The Committee also placed on record their appreciation of the valuable assistance rendered to them by the officers of the Customs Department Calcutta and the Ministry of Finance (Department of Revenue & Insurance).

5. The Committee then adjourned to meet again on the 5th February, 1975 in Old Legislators Hostel Madras.

XI

Eleventh Sitting

The Committee sat on Wednesday, the 5th February, 1975 from 15.00 to 17.00 hours, in Committee Room, Old Legislators Hostel, Madras.

PRESENT

Shri B. R. Bhagat—*Chairman*

MEMBERS

2. Shri Nathu Ram Ahirwar
3. Shri Maganti Ankineedu
4. Shri M. Bheeshmadev
5. Shri G. Bhuvarahan
6. Shri Tridib Chaudhuri
7. Shri Dinesh Chandra Goswami
8. Shri Hari Singh
9. Shri C. Janardhanan
10. Shri Purushottam Kakodkar
11. Shri Maharaj Singh
12. Shri Shyam Sunder Mohapatra
13. Shri Noorul Huda
14. Shri Kartik Oraon
15. Shri Ramji Ram
16. Shri Mahadeepak Singh Shakya
17. Shri Shashi Bhushan
18. Shri Rudra Pratap Singh
19. Shri Satyendra Narayan Sinha.

LEGISLATIVE COUNSEL

Shri K. K. Sundaram—*Secretary, Legislative Department.*

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

1. Shri B. C. Rastogi—*Deputy Secretary.*
2. Shri B. N. Sharma—*Officer-on-Special Duty.*

SECRETARIAT

Shri H. G. Paranjpe—*Chief Financial Committee Officer.*

2. The Committee heard the evidence of the representatives of the following associations, organisations etc.

[In the beginning, the Chairman drew the attention of the representatives to the provisions of Direction 58 of the Directions by the Speaker.]

I. *Southern India Chamber of Commerce & Industry, Madras*

Spokesmen:

1. Shri K. S. G. Haja Shareeff—*President.*
2. Shri S. Sambasivam—*Member.*

3. Shri I. Arokiaswamy
4. Shri D. Srinivasan
5. Shri J. Prasad Davids.

[15.00 to 16.00 hours]

II. *International Computers (India) Private Ltd., Bombay.*

Spokesmen:

1. Shri R. V. Subramanian
2. Shri A. S. Noronha
3. Shri K. K. Sahni.

[16.00 to 17.00 hours]

3. A verbatim record of evidence was kept.

4. The Committee then adjourned to meet again at 10.00 hours on the 6th February, 1975.

XII

Twelfth Sitting

The Committee sat on Thursday, the 6th February, 1975 from 10.15 to 11.45 hours in Committee Room, Old Legislators' Hostel, Madras.

PRESENT

Shri B. R. Bhagat—*Chairman*

MEMBERS

2. Shri Nathu Ram Ahirwar
3. Shri Maganti Ankineedu
4. Shri M. Bheeshmadev
5. Shri G. Bhuvarahan
6. Shri Tridib Chaudhuri
7. Shri Dinesh Chandra Goswami
8. Shri Hari Singh
9. Shri C. Janardhanan
10. Shri Purushottam Kakodkar
11. Shri Maharaj Singh
12. Shri Shyam Sunder Mohapatra
13. Shri Kartik Oraon
14. Shri Raji Ram
15. Shri Mahadeepak Singh Shakya
16. Shri Rudra Pratap Singh.

LEGISLATIVE COUNSEL

Shri K. K. Sundaram—*Secretary, Legislative Department.*

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

1. Shri B. C. Rastogi—*Deputy Secretary.*
2. Shri B. N. Sharma—*Officer-on-Special Duty.*

SECRETARIAT

Shri H. G. Paranjpe—*Chief Financial Committee Officer.*

2. The Committee heard the evidence of the representatives of the following associations, organisations, etc.

[In the beginning, the Chairman drew the attention of the representatives to the provisions of Direction 58 of the Directions by the Speaker.]

I. *Madras Chamber of Commerce and Industry, Madras.*

Spokesmen:

1. Shri S. Ramasurbramaniam
2. Shri D. Srinivasan
3. Shri V. Subrahmanyam
4. Shri C. S. Krishnaswami
5. Shri K. Padmanabhan.

[10.15 to 10.40 hours]

II. *Madras Customs Clearing and Shipping Agents' Association.*

Spokesmen:

1. Shri S. Sambasivan
2. Shri A. Srinivasan
3. Shri I. Arokiaswamy.

[10.40 to 11.15 hours]

III. *Andhra Chamber of Commerce, Madras.*

Spokesmen:

1. Shri V. G. S. V. Prasad
2. Shri P. Anand Rao
3. Shri M. S. Sambasivam—*Secretary.*

[11.15 to 11.40 hours]

3. A verbatim record of evidence was kept.

4. The Committee then placed on record their appreciation of the valuable assistance rendered to them by the Secretary, Legislative Assembly Department, their reporters and other members of the staff in holding their sittings in Old Legislators Hostel, Madras.

The Committee also placed on record their warm appreciation of the valuable assistance rendered to them by the officers of the Customs Department, Madras and the Ministry of Finance (Department of Revenue & Insurance).

5. The Committee then adjourned.

XIII

Thirteenth Sitting

The Committee sat on Thursday, the 13th February, 1975 from 15.00 to 16.45 hours.

PRESENT

Shri B. R. Bhagat—*Chairman*

MEMBERS

2. Shri Nathu Ram Ahirwar
3. Shri M. Bheeshmadev
4. Shri G. Bhuvarahan
5. Shri Hiralal Doda
6. Shri Hari Singh
7. Shri Ramji Ram
8. Shri Maharaj Singh
9. Shri H. M. Patel
10. Shri Mahadeepak Singh Shakya
11. Shri S. A. Shamim
12. Shri Rudra Pratap Singh
13. Shri Satyendra Narayan Sinha.

LEGISLATIVE COUNSEL

1. Shri K. K. Sundaram—*Secretary, Legislative Department.*
2. Shri R. V. S. Perisastri—*Joint Secretary and Legislative Counsel.*

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

Shri B. N. Sharma—*Officer-on-Special Duty.*

REPRESENTATIVE OF THE MINISTRY OF COMMERECE

Shri V. A. Padmanabhan—*Special Officer (GATT and Tariffs).*

SECRETARIAT

Shri H. G. Paranjpe—*Chief Financial Committee Officer.*

2. Shri Pranab Kumar Mukherjee, Minister of State in the Ministry of Finance, who is not a member of the Committee, attended the sitting with the permission of the Chairman under Rule 299 of the Rules of Procedure.

3. At the outset, the Chairman observed that since they had yet to take up clause-by-clause consideration of the Bill and also to complete other stages of the Bill, it would not be possible for them to complete their work by the stipulated date *i.e.* 21st February, 1975. The Committee, therefore, decided to seek an extension of time for presentation of their Report upto the first day of the second week of the next Monsoon Session (1975).

4. The Committee authorised the Chairman, and in his absence, Shri Tridib Chaudhuri to move the necessary motion in the Lok Sabha.

5. The Committee also decided that—

(i) the evidence tendered before the Committee be laid on the Table of the House; and

(ii) two copies each of the memoranda received by the Committee from various Associations, Organisations, etc. be placed in Parliament Library for reference by the Members of Parliament after the Report had been presented.

6. Before the Committee proceeded to hear the evidence of the following officers of the Ministry of Finance (Department of Revenue and Insurance), the Chairman drew their attention to Direction 58 of the Directions by the Speaker:

(1) Shri M. G. Obrol—*Additional Secretary.*

(2) Shri K. Narasimhan—*Member, Central Board of Excise and Customs and Additional Secretary.*

7. The evidence lasted till 16.45 hours.

8. A verbatim record of evidence was kept.

9. The Committee then adjourned to meet again at 10.30 hours on the 14th February, 1975.

XIV

Fourteenth Sitting

The committee sat on Friday, the 14th February, 1975 from 10.30 to 11.15 hours.

PRESENT

Shri B. R. Bhagat—*Chairman*

MEMBERS

2. *Shri Nathu Ram Ahirwar*
3. Shri G. Bhuvarahan
4. Shri Hiralal Doda
5. Shri Hari Singh
6. Shri Maharaj Singh
7. Shri Shyam Sunder Mohapatra
8. Shri S. A. Shamim
9. Shri Satyendra Narayan Sinha

LEGISLATIVE COUNSEL

Shri R. V. S. Perisastri—*Joint Secretary and Legislative Counsel.*

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

1. Shri K. Narasimhan—*Additional Secretary.*
2. Shri B. C. Rastogi—*Deputy Secretary.*
3. Shri B. N. Sharma—*Officer-on-Special Duty.*

REPRESENTATIVE OF MINISTRY OF COMMERCE

Shri V. A. Padmanabhan--*Special Officer (GATT and Tariffs)*

SECRETARIAT

Shri H. G. Paranjpe—*Chief Financial Committee Officer*

2. The Committee adjourned for want of quorum.

XV

Fifteenth Sitting

The Committee sat on Monday, the 12th May, 1975 from 15.00 to 15.30 hours.

PRESENT

Shri B. R. Bhagat—*Chairman*

MEMBERS

2. Shri Nathu Ram Ahirwar
3. Shri Maganti Ankineedu
4. Shri G. Bhuvarahan
5. Shri Hiralal Doda
6. Shri Dinesh Chandra Goswami
7. Shri Hari Singh
8. Shri C. Janardhanan
9. Shri Purushottam Kakodkar
10. Shri Maharaj Singh
11. Shri H. M. Patel
12. Shri P. A. Saminathan
13. Shri Mahadeepak Singh Shakya
14. Shri Satyendra Narayan Sinha
15. Shri Tayyab Hussain
16. Shri Kartik Oraon

LEGISLATIVE COUNSEL

Shri V. S. Bhashyam—*Additional Legislative Counsel.*

REPRESENTATIVES OF MINISTRY OF FINANCE

(DEPARTMENT OF REVENUE & INSURANCE)

1. Shri K. Narasimhan—*Additional Secretary*
2. Shri B. C. Rastogi—*Deputy Secretary.*
3. Shri B. N. Sharma—*Officer-on-special duty.*

SECRETARIAT

Shri H. G. Paranjpe—*Chief Financial Committee Officer*

2. 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 under Rule 299 of Rules of Procedure and Conduct of Business in Lok Sabha.

3. The Committee decided the following programme of works:—

(i)	Last date for receipt of notices of Government Amendments.	26.5.1975
(ii)	Last date for receipt of notices of amendments from members.	9.6.1975
(iii)	Clause-by-clause consideration of the Bill.	16-6-1975 & 17-6-1975

4. The Committee then adjourned.

XVI

Sixteenth Sitting

The Committee sat on Monday, the 16th June, 1975 from 15.00 to 16.15 hours.

PRESENT

Shri B. R. Bhagat—*Chairman*

MEMBERS

2. Shri M. Bheeshmadev
3. Shri G. Bhuvarahan
4. Shri Tridib Chaudhuri
5. Shri S. R. Damani
6. Shri D. D. Desai
7. Shri Hiralal Doda
8. Shri Dinesh Chandra Goswami
9. Shri D. B. Chandra Gowda
10. Shri Hari Singh
11. Shri C. Janardhanan
12. Shri Purushottam Kakodkar
13. Shri Maharaj Singh
14. Shri Shyam Sunder Mohapatra
15. Shri Noorul Huda
16. Shri Kartik Oraon
17 Shri H. M. Patel
18. Shri Ramji Ram
19. Shri Mahadeepak Singh Shakya
20. Shri S. A. Shamim
21. Shri Rana Bahadur Singh
22. Shri Tayyab Hussain

LEGISLATIVE COUNSEL

1. Shri R. V. S. Peri-Sastri—*Joint Secretary and Legislative Counsel.*

2. Shri V. S. Vhashyam—*Additional Legislative Counsel*

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

1. Shri K. Narasimhan—*Additional Secretary.*

2. Shri B. C. Rastogi—*Deputy Secretary.*

3. Shri B. N. Sharma—*Officer on Special Duty.*

SECRETARIAT

Shri Y. Sahai—*Chief Legislative Committee Officer.*

2. Shri Pranab Kumar Mukherjee, Minister of State in the Ministry of Finance, who is not a member of the Committee, attended the sitting with the permission of the Chairman.

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

4. *Clause* 2—13.—These clauses were adopted without any amendment.

5. *The First Schedule.*—The following amendments were accepted—

(i) Page 6, line 18, *for* "2"
substitute "2(a)"

(ii) Page 8, line 7, *after* "consumption" *insert*
"by reason of either their species or their condition"

(iii) Page 8, line 28, *for* "Note" *substitute* "Notes"

(iv) Page 8, line 29, *before* "milk" *insert* "1"

(v) Page 8, *after* line 30, *insert*

"2. Milk and cream put up in hermetically sealed cans are regarded as preserved within the meaning of Heading No. 04.01/04."

(vi) Page 8, line 37, *for* "Milk, cream" *substitute*
"Milk and cream, fresh or preserved,"

(vii) Page 10, line 18, *after* "cucumbers" *insert*
"marrows, Pumpkins"

(viii) Page 22, line 32, *for* "Rs. 60" *substitute* "Rs. 80"

(ix) Page 22, line 34, *for* "200%" *substitute* "170%"

(x) Page 22, line 42, *for* "Rs. 60%" *substitute* "Rs. 80%"

(xi) Page 22, line 44, *for* "200%" *substitute* "270%"

(xii) Page 22, line 56, *for* "Rs. 60" *substitute* "Rs. 80"

(xiii) Page 22, line 58, *for* "200%" *substitute* "270%"

(xiv) Page 22, line 61, *for* "Rs. 60" *substitute* "Rs. 80"

(xv) Page 22, line 63, *for* "200%" *substitute* "270%".

Further consideration of the First Schedule was held over.

6. The Committee then adjourned to meet on Tuesday, the 17th June, 1975 at 15.00 hours.

XVII

Seventeenth Sitting

The Committee sat on Tuesday, the 17th June, 1975 from 15.00 to 16.00 hours.

PRESENT

Shri B. R. Bhagat—*Chairman*

MEMBERS

2. Shri Maganti Ankineedu
3. Shri M. Bheeshamadev
4. Shri G. Bhuvarahan
5. Shri Tridib Chaudhuri
6. Shri S. R. Damani
7. Shri D. D. Desai
8. Shri Hiralal Doda
9. Shri Dinesh Chandra Goswami
10. Shri D. B. Chandra Gowda
11. Shri Hari Singh
12. Shri C. Janardhanan
13. Shri Purushottam Kakodkar
14. Shri Maharaj Singh
15. Shri Shyam Sunder Mohapatra
16. Shri Kartik Oraon
17. Shri H. M. Patel
18. Shri Ramji Ram
19. Shri Mahadeepak Singh Shakya
20. Shri Shashi Bhushan
21. Shri Rana Bahadur Singh

LEGISLATIVE COUNSEL

1. Shri R. V. S. Peri-Sastri—*Joint Secretary and Legislative Counsel.*
2. Shri V. S. Bhashyam—*Additional Legislative Counsel.*

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

1. Shri K. Narasimhan—*Additional Secretary.*
2. Shri B. C. Rastogi—*Deputy Secretary.*
3. Shri B. N. Sharma—*Officer on Special Duty.*

SECRETARIAT

Shri Y. Sahai—*Chief Legislative Committee Officer.*

2. Shri Pranab Kumar Mukherjee, Minister of State in the Ministry of Finance, who is not a member of the Committee, attended the sitting with the permission of the Chairman.

3. The Committee resumed clause-by-clause consideration of the Bill.

4. *The First Schedule* [*vide* para 5 of the Minutes dated the 16th June, 1975].—The Committee resumed discussion on this Schedule.

I. The following amendments were accepted:—

(i) Page 6, *after* line 24, *insert*

"(b) Any reference in a heading to a material or substance shall be taken to include a reference to mixtures or combinations of that material or substance with other materials or substances. Any reference to goods of a given material or substance shall be taken to include a reference to goods consisting wholly or partly of such material or substance. The classification of goods consisting of more than one material or substance shall be according to the principles contained in rule 3."

(ii) Page 36, line 39, *for* "1974", *substitute* "1977"

(iii) Page 36, *after* line 45, *insert*

"Aceto-acet-anilide,

Aceto-acet-o-chloro-anilide."

(iv) Page 36, *after* line 47, *insert*

"l-amino anthraquinone,"

(v) Page 37, *after* line 7, *insert*

"Amino I so G-acid,"

(vi) Page 37, *after* line 22, *insert*

"O-chloro aniline, P-chloro aniline,"

(vii) Page 37, *after* line 24, *insert* "Mi-chloro-para-xylene,"

(viii) Page 37, *after* line 25, *insert* "5-chloro-o-toluidine,"

(ix) Page 37, *after* line 26, *insert* "1:4 diamino anthroquinone,"

(x) Page 37, *after* line 29, *insert* "2:5 dimethyl-4-chlorophenyl thioglycolic acid,"

(xi) Page 37, *after* line 39, *insert* "P-nitro anisole,"

(xii) Page 37, *after* line 42, *insert* "Ortho anisidine ortho nitro-toluene ortho Tolidine,"

(xiii) Page 37, *after* line 44, *insert* "Para nitro-toluene,"

(xiv) Page 37, *after* line 55, *insert* "Peri acid,"

(xv) Page 37, line 69, *for* "1974" *substitute* "1977"

(xvi) Page 64, lines 40 and 43, *for* "1974" *substitute* "1979"

(xvii) Page 65, line 10, *for* "1974" *substitute* "1979"

(xviii) Page 65, line 20, *for* "artificial silk" *substitute* "yarn of man-made fibres"

(xix) Page 65, line 22, *for* "1974" *substitute* "1979"

(xx) Page 85, *for* lines 7 to 11, *substitute* "In Chapters 73 to 82 (but not in Heading No. 73.29) references to parts of goods do not include references to parts of general use as defined above."

(xxi) Page 96, *after* line 4, *insert* "(a) Wire, meaning

rolled, extruded or drawn products of solid section of any cross-sectional shape, of which no cross-sectional dimension exceeds 6 millimetres;"

(xxii) Page 96, line 5, *for* "(a)", *substitute* "(b)"

(xxiii) Page 96, line 12, *for* "(b)", *substitute* "(c)"

(xxiv) Page 96, line 18, *for* "(b)", *substitute* "(c)"

(xxv) Page 98, *after* line 2, *insert*

"NOTES

1. In this Chapter, Heading No. 80.02/06 covers, *inter alia*—

(a) Wire, meaning

rolled, extruded or drawn products of solid section of any cross-sectional shape, of which no cross-sectional dimension exceeds 6 millimetres;

(b) Wrought bars, rods, angles, shapes and sections, meaning

rolled, extruded, drawn or forged products of solid section, of which the maximum cross-sectional dimension exceeds 6 millimetres and which, if they are flat, have a thickness exceeding one tenth of the width; also cast or sintered products, of the same forms and dimensions, which have been subsequently machined (otherwise than by simple trimming or de-scaling);

(c) Wrought plates, sheets and strip, meaning

flat-surfaced, wrought products (coiled or not), of which the maximum cross-sectional dimension exceeds 6 millimetres, of which the thickness does not exceed one tenth of the width, and which are of a weight exceeding 1 kilogram per square metre.

This Heading is to be taken to apply, *inter alia*, to the products mentioned in (c) above, whether or not cut to shape, perforated, corrugated, ribbed, channelled, polished or coated, provided that they do not thereby assume the character of articles or of products falling within other Headings.

2. Heading No. 80.02/06 is to be taken to apply, *inter alia*, to tubes, pipes, hollow bars and tube and pipe fittings which have been polished

or coated, or which have been shaped or worked, such as bent coiled, threaded, drilled, waisted, cone-shaped or finned."

(xxvi) Page 112, line 69, *for* "stainless steel valves", *substitute* "valves made of corrosion-resisting material such as stainless steel, nickel, monel, incoloy, hastelloy".

II. The following amendments were accepted subject to drafting changes but without any change in the rate of duty:—

(i) Page 111, lines 58—61, *omit*

"parts and accessories (other than covers, carrying cases and the like) suitable for use solely or principally with the above machines;"

(ii) Page 111, *after* line 70, *add* the following heading No. namely:—

"84.55 (a) Automatic data processing machines and units thereof, magnetic and optical readers, machines for transcribing data into data media in coded form and machines for processing such data, not elsewhere specified or included—40 per cent.

(b) Parts, accessories and components suitable for use solely on principally with the above machines—40 per cent".

The First Schedule, as amended, was accepted.

5. *The Second Schedule.*—The Second Schedule was adopted without any amendment.

6. *Clause* 1.—The following amendment was accepted:—

Page 1, line 3, *for* "1974" *substitute* "1975"

Clause 1, as amended, was adopted.

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

Page 1, line 1, *for* "Twenty-fifth" *substitute* "Twenty-sixth"

The Enacting Formula, as amended, was adopted.

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

9. The Committee authorised the Legislative Counsel to correct patent errors and also to carry out amendments of verbal and consequential nature in the Bill.

10. The Committee decided to hold their sitting at 15.00 hours on Friday, the 18th July, 1975 to consider and adopt their draft report.

11. The Chairman then drew the attention of the members to the provisions of Direction 87 of the Directions by the Speaker regarding minutes of dissent.

12. The Committee then adjourned.

XVIII

Eighteenth Sitting

The Committee sat on Friday, the 18th July, 1975 from 15.00 to 15.30 hours.

PRESENT

Shri B. R. Bhagat—Chairman

MEMBERS

2. Shri Nathu Ram Ahirwar
3. Shri G. Bhuvarahan
4. Shri Tridib Chaudhuri
5. Shri Hiralal Doda
6. Shri Dinesh Chandra Goswami
7. Shri Hari Singh
8. Shri C. Janardhanan
9. Shri Purushottam Kakodkar
10. Shri Maharaj Singh
11. Shri Shyam Sunder Mohapatra
12. Shri Rudra Pratap Singh
13. Shri Tayyab Hussain

LEGISLATIVE COUNSEL

1. Shri R. V. S. Peri-Sastri—*Joint Secretary and Legislative Counsel.*

2. Shri V. S. Bhashyam—*Additional Legislative Counsel.*

REPRESENTATIVES OF THE MINISTRY OF FINANCE

1. Shri S. Venkatesan—*Additional Secretary.*

2. Shri B. C. Rastogi—*Deputy Secretary.*

SECRETARIAT

Shri Y. Sahai—*Chief Legislative Committee Officer.*

2. Shri Pranab Kumar Mukherjee, Minister of State in the Ministry of Finance, who is not a member of the Committee, attended the sitting with the permission of the Chairman.

3. The Committee considered and adopted the Bill, as amended.

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

5. The Chairman announced that the Minutes of Dissent, if any, might be sent to the Lok Sabha Secretariat so as to reach them by 15.00 hours on Tuesday, the 22nd July, 1975.

6. The Committee authorised the Chairman and, in his absence, Shri Tridib Chaudhuri, to present the Report to the House and to lay a copy of the Evidence on Friday, the 25th July, 1975.

7. The Committee placed on record their appreciation for the assistance rendered by the Minister of State in the Ministry of Finance (Shri Pranab Kumar Mukherjee) during the course of their deliberations.

8. The Committee also placed on record their appreciation of the co-operation and assistance rendered by the Legislative Counsel, Additional Legislative Counsel, Officers of the Ministry of Finance and the Officers and staff of the Lok Sabha Secretariat.

9. The Committee also placed on record their thanks to the Chairman (Shri B. R. Bhagat) for very ably conducting the proceedings of the Committee and guiding their deliberations at various stages of the Bill.

10. At the end the Minister of State in the Ministry of Finance thanked the Members for the co-operation extended by them. He also placed on record his appreciation of the Co-operation and assistance rendered by the Legislative Counsel, Additional Legislative Counsel, Officers of the Ministry of Finance and the Officers and Staff of the Lok Sabha Secretariat.

11. The Committee then adjourned.

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