

# REPORT OF THE COMMITTEE ON PETITIONS

FIRST REPORT



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PARLIAMENT SECRETARIAT  
NEW DELHI  
April, 1954.

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## MEMBERS OF THE COMMITTEE ON PETITIONS

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1. Shri Kotha Raghuramaiah—*Chairman.*
2. Shri Asim Krishna Dutt
3. Shri C. P. Mathew
4. Shri Sohan Lal Dhusiya
5. Shri Beli Ram Das
6. Shri Liladhar Joshi
7. Shri U. R. Bogawat
8. Shri Jethalal Harikrishna Joshi
9. Shri Bholu Raut
10. Shri Resham Lal Jangde
11. Shrimati Renu Chakravartty
12. Shri Ramji Verma
13. Shri P. Subba Rao
14. Shri Anandchand
15. Shri P. N. Rajabhoj.

### SECRETARIAT

Shri S. L. Shakhder—*Joint Secretary.*

## REPORT'

I, the Chairman of the Committee on Petitions, having been authorised by the Committee to present the Report on their behalf, present this First Report of the Committee.

2. The Committee was nominated by the Speaker on the 7th April, 1954.

3. The Committee held the first meeting on Wednesday, the 21st April, 1954 and considered among other petitions, the following two petitions on the Finance Bill, 1954, which were presented by Shri K. K. Basu and Shri R. L. Jangde on the 15th March, 1954 respectively :

- (i) Petition from the members of the Delhi Footwear Manufacturers' Association regarding exemption from Excise Duty on manufacture of footwear (Appendix I); and
- (ii) Petition from Shri Harish Chandra, Proprietor, Pioneer Soap Works, Gurgaon, Punjab, regarding exemption from Excise Duty on manufacture of soap (Appendix II).

4. The Committee have examined these two petitions which relate to clause 8 of the Finance Bill seeking to levy excise duty on Footwear and Soap. The petitioners, in the first petition, have requested for exemption from levy of excise duty on footwear and in the second petition for exemption of excise duty on soap.

5. The petitions are in conformity with the Rules of Procedure.

6. The Committee recommend that both these petitions should be circulated *in extenso* as a Paper to the Finance Bill, 1954.

As the Finance Bill is scheduled to be finished on the 22nd April, 1954 the Committee have directed that the petitions should be circulated to the members on the 21st April, 1954 in anticipation of the presentation of this report.

K. RAGHURAMAI AH,

Chairman,  
Committee on Petitions.

New Delhi,  
The 22nd April, 1954.

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## APPENDICES

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## APPENDIX I

To

HOUSE OF THE PEOPLE.

Whereas the Finance Bill, 1954 is now under consideration of the House, the humble petition of the members of the Delhi Footwear Manufacturers' Association, Delhi,

Sheweth,

That there has been a proposal in the Finance Bill, 1954 for the levy of Excise Duty on footwear and that even before the passing of this Bill, the Central Excise Department demanded 10 per cent. *ad valorem* Excise Duty (with retrospective effect from 28th February, 1954) and stipulated the securing of licence on payment of Rs. 100 a year for the sale of goods;

And accordingly your petitioners pray that:

- (a) the footwear stocks of the fiscal year 1953-54 be exempted altogether from the above proposed excise duty;
- (b) the hand-made shoe factories be exempted from the levy of excise duty;
- (c) the provisions for the levy of excise duty on footwear be withdrawn;

And your petitioners, members of the Delhi Footwear Manufacturers' Association, Delhi, as in duty bound will ever pray. \*

## APPENDIX II

To

### HOUSE OF THE PEOPLE.

The humble petition of Shri Harish Chandra, B.A., Proprietor, Pioneer Soap Works, Gurgaon, Punjab, sheweth:

The budget presented in the present session of Parliament proposes to impose duty on soaps 'manufactured in a factory ordinarily using power'.

2. The petitioner is a refugee and is running a petty soap making concern fitted with small machine run with power, for which he had to borrow Rs. 8,000 from the Central Government. In the factory, some seven to eight persons, most of them refugees, work daily to bring an out-put of three cwt. of soaps. Although this is a very small concern, it is a source of livelihood for seven to eight refugee families.

3. In the factory of the petitioner, power is not used in respect of the entire process of soap making, but only in one process of soap making. Most of the work is done by manual labour, such as boiling of soaps, stirring, cutting, stamping and packing. Only milling process is done by power.

4. The petitioner is hardly able to earn his livelihood in competition with the big factories, the capital, resources and sales of which are thousand times larger. The latter will not feel the pinch of this excise duty because they are long established concerns with unlimited facilities. They can thus very easily stand the strain of this duty, whereas the petitioner will be crushed and ruined for ever in the field of competition.

5. The big soap factories have their own oil mills and besides, they purchase all their items of raw materials in bulk quantities comparatively at very cheaper rates, but the petitioner because of his limited resources purchases his raw materials from the local market in a very small quantity at very high rates. With the result the cost of his raw materials, in comparison with big factories, is about Rs. 7 to Rs. 8 higher per maund in oil and about 15 to 20 per cent. high in all other items of raw materials. The petitioner therefore cannot bear the strain of duty.

6. The big soap factories recover from their manufacture of soaps, a bye-product, known as glycerine by the sale of which they get heavy additional profit without any cost to them. But in the case of the petitioner who has a petty cottage scale machine, has no arrangement to recover glycerine from the soaps which he produces.

Hence he cannot stand the strain of duty and competition. It would ultimately place him out of work. This will also compel him to dismiss his workers and close down his factory for good. To instal a glycerine recovery plant, it requires several lakhs of rupees.

7. In the budget proposals, the small footwear factories have been left out of the recently imposed duty, unless they answer the description of the word "factory" as defined in the Factories Act of 1948. But the same principle has not been accepted in the case of small soap manufacturers.

8. From the market reactions, the petitioner finds not the least indication of the intention of the big factories to raise the prices of their soaps in proportion to the excise duty to be levied. The petitioner who is already a man of small means cannot stand the competition by adding the amount of levy of duty on his soaps. If he does so he cannot stand in the market, because as stated above, the petitioner purchases his raw materials at much higher rates and to levy duty on the petitioner is to put an unbearable strain on his small resources.

9. The market is already very tight and the soaps of the petitioner are not much in demand in face of the competition with the big factories. The levy of the excise duty will be a deadly blow to the existence of the petitioner.

10. In view of the present machine-age, the part use of power on a small scale basis in no way places the petitioner on the same footing as that of the big factories which work with full power. It will be an injustice to place the petitioner on the same footing merely on the ground that power in one process is being used.

11. The income-tax authorities have also previously recognised that the power driven factories which employ a few labourers, less than 20 or at least 10, deserve special consideration being shown to them. There is no reason why small soap making concerns which employ less than 20 persons or even 10 persons should not be similarly treated.

12. If the word 'factory' is defined in the same way as has been defined in the case of footwear, persons like the petitioner and others, who cannot stand the competition with the bigger factories, shall be saved from the present imposition of duty and will not be thrown out of employment, and accordingly your petitioner, prays that—

- (i) sympathetic consideration may be given for exemption from excise duty on soaps so that he may be saved from utter extinction and ruination;



(ii) the word 'factory' as defined in the factories Act, 1948 be made applicable with the same meaning to the small scale soap factories using power as the footwear factories;

And your petitioner as in duty bound will ever pray.