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12.16 hrs.

Title: Introduction of the Constitution (Ninety-Fifth Amendment) Bill, 2003.

THE MINISTER OF FINANCE AND COMPANY AFFAIRS (SHRI JASWANT SINGH): Sir, I beg to move for leave to introduce a Bill further to amend the Constitution of India.

MR. SPEAKER: Motion moved :

"That leave be granted to introduce a Bill further to amend the Constitution of India. "

SHRI VARKALA RADHAKRISHNAN (CHIRAYINKIL): Sir, I oppose introduction of this Bill. In the first place, it is an encroachment on the federal structure of our Constitution. The federal structure is also a basic feature of our Constitution. In that sense, we are not empowered to amend the Constitution directly connected with the basic feature of the Constitution.

Not only that, there are other things also to be mentioned at this stage. The first thing is that now, there is an attempt to introduce value-added tax throughout India in place of sales tax which was being collected by the State Governments. Now, it is claimed that there is unanimity among the States. That is not correct. There is no unanimity among the States regarding the imposition of value-added tax with effect from 1<sup>st</sup> April, 2003. Even in the Kerala Assembly, the Bill was introduced, but it went without discussion. There have been Press reports that even in some other States also, people are against introduction of value-added tax.

MR. SPEAKER: Shri Radhakrishnan, you can only speak very shortly and you cannot give a long speech.

\* Published in the Gazette of India Extraordinaru, Part-II, Section-2. Dt.7.3.2003

SHRI VARKALA RADHAKRISHNAN : Sir, I am not dealing much with introduction of value-added tax system, but I am very much concerned about the fact that this will open a Pandora box at expense of the States' tax structure because it will cut at the expanse of the States' tax structure. So, I oppose introduction of this Bill.

MR. SPEAKER: You can speak about it during debate on the Bill. Shri Varkala Radhakrishnan, please sit down. Now, the Minister may reply.

SHRI JASWANT SINGH: Sir, if I have understood the hon. Member opposing the introduction of the Bill correctly, may I submit two or three points very briefly? Firstly, at the stage of introduction, opposing the introduction proper of a proposed legislation can only be on the ground of legislative competence. I do believe that this House is legislatively competent to undertake consideration of this Bill.

Secondly, may I submit to the hon. Member that this particular legislation amending the Constitution is, in fact, not about value-added tax, but it is about service tax? Thirdly, may I also submit to the hon. Member that the introduction of the service tax complementary to value-added tax is, in fact, an enhancement of the powers of taxation of the States rather than a curtailment? On these three grounds, and principally the first that at the stage of introduction, it is only legislative competence that can be a ground for opposing it, may I submit that the hon. Member gracefully withdraws his objections?

SHRI VARKALA RADHAKRISHNAN : Prices have increased.

SHRI JASWANT SINGH: Everything else is a different matter. But if you withdraw your objection gracefully, then we can go forward.

MR. SPEAKER: The question is :

"That leave be granted to introduce a Bill further to amend the Constitution of India. "

*The motion was adopted.*

SHRI JASWANT SINGH: Sir, I introduce the Bill.

