

MR. DEPUTY-SPEAKER : So far as the alleged allegations about Delhi are concerned whatever the facts are in possession of Government they should be placed before the House because there is a demand for that. Beyond that I cannot say anything just now.

श्री कंवर लाल गुप्त : आपने दिल्ली के मामले में हमारी क्या सहायता की है यह मैं आप से पूछना चाहता हूँ ? हमें यह बतला दीजिये कि मन्त्री महोदय दिल्ली के बारे में कब बयान देंगे ? आज ही सेशन का आखिरी दिन है इसलिए आज ही उन्हें यह बयान दे देना चाहिए। अगर आज वह नहीं देते हैं तो क्या वह अपने घर में बैठ कर देंगे या अगले सेशन में देंगे। वह अगर चाहें तो आवश्यक जानकारी तत्काल इकट्ठा कर सकते हैं और एक घंटे में जवाब आ सकता है। आज शाम को चार, पांच बजे तक वह बयान दे सकते हैं।

MR. DEPUTY-SPEAKER : It is very difficult.

श्री कंवर लाल गुप्त : और क्या रास्ता हो सकता है ?

MR. DEPUTY-SPEAKER : I will say this much. Let the Home Minister consider it.

SHRI KANWAR LAL GUPTA : He will never consider it. You should instruct him.

MR. DEPUTY-SPEAKER : If it is possible to collect the information and then inform the House, he should try to do it.

SHRI KANWAR LAL GUPTA : What about Bhuj and Bhavnagar? The issue is the same.

MR. DEPUTY-SPEAKER : About Delhi I would say he could ascertain some facts. About Bhavnagar, Minister is not supposed to know what exactly happened.

14 31 hrs.

# MOTION RE : FINAL REPORT OF THE ROAD TRANSPORT TAXATION ENQUIRY COMMITTEE

THE MINISTER OF TRANSPORT AND SHIPPING (DR. V. K. R. V. RAO): Mr. Deputy-Speaker, I must first begin by conveying through you to the House my regret for not having been present in the House when the motion standing in my name was called.

SHRI ATAL BIHARI VAJPAYEE (Balmampur) : But did he authorise the other Minister to move it ?

DR. V. K. R. V. RAO : In the government we function in such a way that every Minister is authorised to speak on behalf of every other Minister when the necessity arises.

SHRI S. KANDAPPAN (Mettur) : You are a real professor.

DR. V. K. R. V. RAO : I beg to move :

"That the Final Report of the Road Transport Taxation Enquiry Committee (November, 1967) laid on the Table of the House on the 13th December, 1967, be taken into consideration."

I do not want to make a long speech because we have only 1½ hours at our disposal instead of two hours.

MR. DEPUTY-SPEAKER : I am not certain about that.

DR. V. K. R. V. RAO : Even that is not certain. I am very anxious to get the opinion of members of this hon. House on the various important issues which have been raised by the Road Transport Taxation Enquiry Committee. I would like to say, in the first instance, that this is the last of the long series of reports that have been made regarding the subject of road transport, taxation on road transport, expansion of road transport and so on in this country.

The main points on which I should very much like the opinion of the members

of this House I should like to detail. But, before I do so, I would like to point out that this report has been sent to all the State Governments, because very largely a number of things which are involved fall within the State sphere. All the State Governments have been sent the Report as soon as copies were received in my office. They have also been sent copies of the interim reports submitted by the Keskar Committee. They have been requested to send their comments. While some of them have sent their comments, a large number of them have not done so.

The Transport Development Council, which consists of the Transport Minister at the Centre and the Transport Ministers in all the States has been convened to meet on the 24th and 25th of June. I have also requested all the Ministers in charge of road transport and also roads, both the PWD Ministers and the road transport Ministers to come to this meeting. The major item which will be considered there will be what are their recommendations on the proposals made by the Keskar Committee. As the House is aware, yesterday the House voted the motion nominating members on the Joint Committee to consider the Motor Vehicles (Amendment) Bill. We are hoping that, as a result of the discussion which will take place in June among the members of the Transport Development Council, and after necessary decisions have been taken by the Government we will be able to introduce at the Joint Committee stage such further amendments as may be needed to give effect to the recommendations of the Keskar Committee which are found to be acceptable. It is in that context that I was anxious that the Business Advisory Committee should give some time for the consideration of this Report in this House. Therefore, I would like particularly to request my colleagues in this House to give their comments on three or four major points that I should like to place before them.

I know there may be a temptation to dwell upon the enormity of taxation on road transport and the imperative necessity for bringing down the rate of taxation on road transport. Without going into the merits of that particular question, I would like to point out that within the limited time that is available, it would be more useful for me, and from the point of view

of road transport development, if members, if they want to, after making a reference to the high taxation, go on giving their comments on some of the other points on which it would be possible to take decisions in this Council.

The first point is that at the moment, as we know, apart from the weight of taxation, road transport meets taxation at various points. It is a State subject and regulations governing motor vehicles and their weight etc. are all determined in the various States. There are State motor vehicle taxes which are not exactly the same and if a transport has to move through more than one State, it has got to observe different rules and regulations and pay the taxes at different points.

The Keskar Committee has suggested that it will be more rational and much more conducive to the efficient operation of road transport if we could somehow replace all these various taxation points by a single taxation point. How precisely it has to be done is a matter of a very complicated nature and requires the working out of details, but I would like the opinion of hon. Members on whether we should try and see that these multi-points of taxation on road transport should be reduced and, if possible, be resolved into a single point of taxation.

Simultaneously with this, one of the important things that keeps road transport from moving properly is octroi duty. Everybody knows that the economics of roads transport depends upon the speed with which it is allowed to move and upon the minimum time that is spent in stopping it at various places for checking and so on. Octroi duties constitute a very important obstacle in the way of development of road transport in the country. This is a point, which, I think, is being made from my student days, which was probably 40 years ago. The point has been made that octroi duties are anachronistic and they should all be abolished. As a matter of fact, I find that in some States there are no octroi duties. I think, in the States of West Bengal, Andhra, Madras, Assam, Bihar and Kerala octroi has been abolished and evidently they have found some other method of meeting the revenue requirements of the municipalities and the local bodies,

14.37 hrs.

*[Shrimati Tarkeshwari Sinha in the Chair]*

In the other States octroi duties are on and I find that there is also a tendency in a number of places to increase the scope of octroi duties. Some of the smaller municipalities, even some of the smaller village local organisations are now trying to levy transit octroi duties and so on.

All this is creating obstacles in the free movement of road transport. Therefore the Keskar Committee has made a very strong recommendation, following the recommendations similarly strongly made by previous other committees, that octroi duty should be abolished and, at the same time some other method should be found for compensating the local authorities who will be losing revenue by the abolition of octroi duties.

They have in this connection made some suggestions, such as, municipal sales-tax or some kind of a surcharge on sales-tax and so on. These are matters of detail. Again, on this I should like to get the opinion of my honourable colleagues as to whether they agree that every attempt should be made to abolish octroi duties and simultaneously accompany it by finding alternative sources of revenue for the local authorities which have hitherto been depending upon octroi duties; if so, what their opinion is on the suggestion made by the Keskar Committee, whether there should be a surcharge on sales-tax, whether there should be a municipal sales-tax, or whether there should be some other method of finding the compensation which is required.

**SHRI S. KANDAPPAN :** Where is the time to discuss it threadbare?

**DR. V. K. R. V. RAO :** I want your co-operation and advice.

**SHRI S. KANDAPPAN :** The trouble is the shortness of time. The time at our disposal is not enough to cover all these points threadbare.

**DR. V. K. R. V. RAO :** I am very much aware of the fact that the time at our disposal is short; that is why it is not possible to give all the reasoning but even

if five or six Members of this House can express themselves categorically and unambiguously on concrete points, it will help me when I take this meeting of the Transport Development Council because my idea is that the entire transcript of the discussion that takes place today in the House should be made available to all the members of the Transport Development Council so that they should know what the Members of the Indian Parliament have to say on the subject on the recommendations of the Keskar Committee. I shall hurry up because I do not want to take more time than I should.

Thirdly, regarding obstacles in the way of movement of road transport, there are so many checkposts because of prohibition, foodgrains smuggling, octroi duties and, for all I know, may be, some other checkpost may come later on to prevent the movement of obscene posters, books and so on.

This is very important. It is not a question of getting away from the checkposts. The larger the number of checkposts, apart from the possibility of corruption, the more time is lost and that means money. It involves a lot of time. A vehicle is stopped, there is a piling up of vehicles, and the local man takes his own time to do inspection. And all this means money. In the case of a road transport vehicle, every minute that is lost from its operation means a higher cost. Therefore, the Keskar Committee has suggested that we should try and see that there should be one consolidated organisation to serve the needs of all Departments. I am not quite sure how practical the recommendation is. It means you have got to get over the Prohibition Department, the Food Department and other Departments, employing one agent for purposes having the check-posts.

**AN HON. MEMBER :** Abolish prohibition.

**DR. V. K. R. V. RAO :** I think I better not respond to temptation because the time will be lost. I do not mean temptation to give up prohibition but temptation to answer questions of that kind.

Therefore, I should like the House to express its opinion as to whether there

should be one consolidated organisation to serve the needs of all the various check-posts in which case we can take up the question with the parties concerned to see if it is possible to have one consolidated organisation. In any case, it is important, where there are check-posts, they must all be equipped with weigh-bridges, with automatic booking devices, etc. These check-posts should be at fairly long distances, in between the distances to be covered by flying squads as is done in some States. All these recommendations will help to promote efficiency and economy in the operation of road transport. If the House supports it, it will strengthen the hands of the Transport Ministry in trying to see that these suggestions are accepted by the other parties concerned.

The most important recommendation is regarding the inter-State transport. At the moment, there is a so-called Inter-State Transport Commission. But this Commission consists of officials. They are all part-time members. There is no full-time member. The Chairman is an officer of the Ministry of Transport. The Keskar Committee has suggested that the Inter-State Transport Commission should have much more important role than it is having today. It is suggested that it should be something like a Tariff Commission or a Forward Markets Commission, an independent autonomous body or semi-autonomous body, with a non-official Chairman, if possible, who will be full-time and that this Commission should be entrusted not only with the powers to give permits for inter-States routes and inter-State carriers but it is also suggested—and this is a very important suggestion which may, if you all accept it and if the States also accept it, involve a Constitutional amendment—that the Inter-State Transport Commission should be authorised to levy taxes on the inter-state vehicles, that instead of inter-State vehicles paying taxes in ten different States, the taxes should be paid at one place. The Inter-State Transport Commission will act as a collecting agency. The money collected will not go to the Central Government Exchequer but will be collected and distributed among the various States according to the accepted formula. We are not quite sure if the Constitution authorises us to do so. I am advised that constitutionally it may not be possible in

which case the Constitution amendment may be necessary and, pending that, it may be open to the Inter-State Transport Commission to make suggestions by voluntary agreement among the various States to have one central source of tax collection.

**SHRI DHIRESWAR KALITA** (Gauhati) : On a point of information May I know whether it will be deposited in the Consolidated Fund.

**MR. CHAIRMAN** : The hon. Member may not interrupt the Minister. He will get time to ask this particular question and the Minister will reply to that when he replies to the debate. Otherwise, he will be taking the time of the House.

**SHRI KANWAR LAL GUPTA** (Delhi Sadar) : Everything is in the Report. Let us first speak and then let him reply.

**MR. CHAIRMAN** : I would request the hon. Minister to be brief. He will have the chance to reply also.

**DR. V. K. R. V. RAO** : I thought it may suit the convenience of Members if I listed the major points on which we may have a discussion. Otherwise, the Report is very long. I know Mr. Kanwar Lal Gupta has very definite ideas on the subject. I thought it would be useful to list at least the major points on which I want the guidance of the House in order that my own judgment can be strengthened when I meet the Transport Development Council. I will follow your advice and not elaborate on my points. The recommendation about the Inter-State Transport Commission is a very important matter and I should like to get the opinion of the House on that.

Then, there are recommendations which have been made regarding the road transport industry, that it should be treated as a priority industry, that the road transport industry should be given development rebates and income-tax rebates like other priority industries, that more funds should be made available for road construction, for road maintenance, for bridge construction and so on. There is the point made that in the last so many years, the extent to which the increase has taken place in road expenditure, both new and mainten-

[Dr. V. K. R. V. Rao]

ance, is much less than the extent to which taxes have been increased on road users. Therefore, the importance of having some formula by which the money that is raised from road users will, to a large extent, bear some corresponding relation to the money that is spent on road construction and road maintenance, etc. are the matters on which I should like to get the opinion of the hon. Members of this House.

Finally, the Constitution itself contains an entry, Entry 35 in the Concurrent List, Seventh Schedule, of the Constitution. I say this with some nervousness because I am not a student of this Constitution. The Constitution provides an entry which says : as a Central entry, the principles of motor-vehicles taxation for the whole country, while motor-vehicles taxation as a State subject, 'principles for motor-vehicles taxation' is a Central entry.

It is possible for Parliament to enact a law where it can broadly state what are the criteria or principles that should be followed for motor-vehicles taxation and if this is done, this will have some kind of a very desirable and regulatory effect on the taxes which will be levied not only in the States but also at the Centre on road users. I would like to get the opinions of my colleagues in this House as to whether they agree that we should bring forward a clause before the Select Committee on the subject of principles of motor-vehicles taxation, which can be applied throughout the country, and if so, I should like to know from them as to what their ideas are on the subject and what should be these criteria or principles of motor-vehicles taxation.

I am grateful to you, Madam, for having borne patiently with the long remarks that I have made. I am looking forward to receiving suggestions and comments from my colleagues in this House which will help the Transport Ministry to see that road transport gets a fairer deal and gets a better opportunity for development and to serve the interests of the economy more effectively than perhaps it had so far.

MR. CHAIRMAN : Mr. R. K. Amin.

SHRI J. MOHAMMED IMAM (Chitradurga) : May I seek a clarification ?

MR. CHAIRMAN : Not now ; later on. I have called Mr. R. K. Amin.

SHRI R. K. AMIN (Dhandhuka) : Before I make any comment on this Report, I would like to be sure that the Government will give due consideration to this Report...

MR. CHAIRMAN : The hon. Member will take only ten minutes. The time allotted for this is only two hours.

SHRI R. K. AMIN : The experience with our Government is that all the reports have been shelved so far : the Masani Committee's Report was given to the Government some 10 years ago, but no action was taken on it ; the Trilok Singh Committee's Report was given to the Government was but no action was taken. I hope, the Minister will assure the House that the fate of this Report will not be like the fate of the other Reports given previously. Although I have a ray of hope about this because the Minister is an economist of repute and he has entered politics only last year, so that he has not developed those vices of long-standing politicians and he will take an objective view of the situation, and will act expeditiously.

This Report should be examined in the light of several important considerations. If this Report is examined in the background of these considerations, I hope it will be very useful to us.

We should remember that road transport, especially in our country, is both competitive as well as complementary to rail transport. In so far as railways are concerned, we suffer from several defects because of historical reasons and those defects are : that Railways have been developed in order to encourage export and import trade not for the trade of our entire economy ; railways in our country have two gauges, metre gauge and broad gauge ; there is no standard gauge, and because of these, in regard to the movement of commodities in the countries, there are a number of difficulties which the trade and industry in our country suffer. It is the job of the road transport to remove these defects and provide facilities for the

smooth transfer of goods and services throughout in our country.

In the past—I would like to emphasize this point,—road development had suffered severely not only in terms of investment but also in respect of taxes. The taxes collected from road transportation have not been invested on roads. I would like to quote a few sentences from Masani Committee's Report, in which it has been said :

"Inadequate surface roads and bridges, rigid load restrictions, lack of encouragement to truck-trailer combinations, inadequate supply of vehicles, multiplicity of taxes, absence of reciprocal agreements between States, absence of viable units, lack of proper credit facilities, and the fear of nationalisation..."

These are certain defects from which our road development has suffered in the past. If I pick up the tax system proper I would like to point out two or three remarks from the Keskar Committee report. These remarks are as follows. "The tax element in the cost of operation in the year 1966 in respect of passenger vehicles worked out to 43.3% of the total cost". "The factory price of any commercial vehicles more than 50% of the tax element in the total value". The same report indicates that "while the increase in the output from commerce, transport and communications is 75% and that in the national income 110%, during the period 1950-51 to 1965-66, the increase in the tax revenue from motor vehicles has been 623% over the same period". It is almost crushing, I should say. Taxation on road transportation is almost crushing. Now this fact should be borne in mind. Even when you are raising the resources by way of taxes during the third five-year plan it was targeted that about 800 crores worth of taxes will be raised from the road transportation. During the third five-year plan you achieved that target by 50% more although the investment was not made to the extent planned. Taxation system in road transport has not changed according to the changes in the other sectors of the economy. We have a plan. We look at things from the national point of view. We have abolished the boundaries of the

Princely States and even the State boundaries need to be blurred and the country should be considered as a whole. In the earlier circumstances of princely state and Provinces a certain tax system was evolved. Now many other things in our economy have changed. Now we examine everything from the point of view of the country as a whole. We have a Planning Commission; the economy is also viewed as a whole, but the tax system on the road transportation which is a vestige of the past is continuing. I wish the hon. Minister to think over it and bring them in line with other changes in the economy.

If you ask me what is the economic need of our country today in order to evolve a policy to cater to the needs of the road transportation I would say this. The needs are that we should have a very efficient transport system and secondly we should have also a very integrated transport system in which the smooth running and the smooth movement of the goods and the commodities in the country should take place. Otherwise the economic development due to quick movements of labour and raw materials i.e., the marketing, will suffer most. Even we should forget the boundaries of the States and we should have only one unit and we should examine the development of our transportation as if India is one and single unit without even the State boundaries. This is the need of the State now.

Now that oil and other things have been discovered on a large scale we should see that more and more diesel oil is being utilised in our motor vehicles.

In the background of these needs I would like to make certain concrete suggestions for the benefit of the Minister.

First of all, the octroi duty should be abolished all over the country. Instead, if there is a need you can introduce additional sales tax or value added tax or a turn over tax, whatever you like, and whatever is convenient but octroi duty should be abolished. I know the difficulty likely to arise in abolishing octroi because with the introduction of the panchayati raj octroi duty even on the village level has been increasingly introduced.

Now, that trend has to be reversed and we have to abolish it all over the country.

14.55 hrs.

[Mr. Deputy-Speaker in the Chair]

Secondly, the tax system may be made simple and uniform. If you want to treat the country as a whole as only one unit for road development, then the tax system should also be uniform and simple. For that purpose, I would only like to say that let there be only customs duty, fuel duty and excise or sales tax and there should be no double duty on spare parts; let there be only one duty and not multiple duties as are being collected at present on spare parts.

For the next ten years, I would say that there be a ceiling indicating that not more than 25 per cent of the operating cost will consist of the tax element. At present, tax element is upto 45 per cent of operating cost, but it should be reduced to 25 per cent, and at least for the next ten years, let this 25 per cent be accepted.

The third thing which I would like the hon. Minister to accept is that let him not bring in the tax element in the fees imposed. Let the fees remain really fees, the fees should not be made a cover to collect taxes. So, the licence fee should be very low.

I would also urge the hon. Minister to earmark a portion of the general revenues of the Central Government for road development. For road development, not only tax collected from roads, but taxes collected in the general revenues should also be earmarked, because it yields external economies. So, a certain portion of the general revenues should be earmarked for development of roads, and whatever is collected by way of taxes on road transport should be earmarked for improvement and maintenance of roads.

Then, I would submit that let there be one tax-collecting authority. Let us have one tax-collecting authority all over the country. When the taxes are collected, in this manner, they can be distributed in some way. We should follow the same pattern as we are following in the federal tax system; let a formula for division be accepted under which equal weights may be given to (1) population, (2) mileage of roads, (3) number of vehicles registered,

and (4) the shortfall in the development of roads in the area.

I would also ask the hon. Minister to reduce the tax on diesel oil. There is a recommendation in this report for the establishment of various statutory bodies. Our administration is already top-heavy. I would, therefore, urge that no more bodies be set up; let there be only one body, and let there be a review body after ten years which will go into its working, because the problems and their solutions in this regard are known to us, and, therefore, let there be no further delay on this matter.

Since the railways are a public commercial undertaking, the road vehicles and road transport should be kept under private enterprise and should work on a competitive basis so that it will act as a check and thereby contribute to the improvement in the efficiency of the railways. This principle also must be accepted by the Government.

— — —

14.58 hrs.

STATEMENT RE : PUNJAB HIGH  
COURT JUDGMENT OF PUNJAB  
APPROPRIATION ACTS, 1968

THE MINISTER OF HOME AFFAIRS  
(SHRI Y. B. CHAVAN) : I had promised the Speaker to make some statement on Punjab.

It is learnt that the High Court of Punjab has held that the Punjab Appropriation Acts of 1968 were *ultra vires* the Constitution and hence not valid. It is also learnt that the Government of Punjab have moved the High Court of Punjab to grant a stay and that the request is being heard by the High Court.

I am awaiting further information from the State Government.

SHRI NATH PAI (Rajapur) : I had given notice precisely because we had got information, and the subject arose only because of the notice that I had given this morning, which was read out to the House by the Speaker.

I would like to make one or two submissions to you in this connection. The Government of India bear a very serious