

UNION TAXES ON INDUSTRY

Safeguards Against Harmful Results

From Our Special Representative

NEW DELHI, Sept. 9.

Dr. John Matthai, gave an assurance in the Constituent Assembly today that no tax would be imposed by the Union which would have the effect of checking or retarding the country's industrialisation either through private enterprise or the efforts of Provinces and States.

Dr. Matthai, intervening in the debate on the Article giving powers to the Centre to impose taxes on trade and business undertakings of Provinces, sought to allay the apprehensions of members from States that industries in their areas might be subjected to taxation detrimental to revenues earned out of them.

After emphasising the identity of interests of the Centre and units, the Finance Minister observed that if the operation of the Article adversely affected the budgetary position of any State, it would be in the interest of both the Centre and the State concerned to make necessary adjustments.

He reinforced this argument by declaring that in order to remove all handicaps to industrial development, the Government of India intended, as early as possible, to modify the existing taxation structure.

Earlier, there was a lively debate over the Article exempting Union property from taxes levied by local bodies.

NEWSPAPER TAXES

The House also accepted Dr. Ambedkar's amendment that the Centre, instead of the Provinces, should have the power to tax the sale or purchase of newspapers and the advertisements published therein.

Mr. R. K. Sidhwa and Mr. N. G. Ranga criticised the proposal and insisted that Provinces should have the right to tax newspapers, while Mr. Ramnath Goenka and Mr. Deshbandhu Gupta stated that they accepted Dr. Ambedkar's amendment as a compromise although they were opposed to the very idea of taxing newspapers.

Dr. Ambedkar, replying to the debate, said that the transfer of the item from the State to the Union list was made in order to achieve uniformity. It was not intended to injure the Provinces financially. If the tax was collected at any time by the Centre, the proceeds would be distributed to the units as had been provided in another section of the Constitution.

(Details on page 7)