

CONSTITUENT ASSEMBLY OF INDIA

Friday the 5th August 1949

The Constituent Assembly of India met in the Constitution Hall, New Delhi, at Nine of the Clock, Mr. President (The Honourable Dr. Rajendra Prasad) in the Chair.

DRAFT CONSTITUTION—(Contd.)

Article 249—(Contd.)

Mr. President : We shall take up the discussion of the article which we were dealing with yesterday.

Shri B. Das (Orissa: General): Sir, the House is discussing Chapter 1, Part X which deals with “the distribution of revenues between the Union and the States”. Article 249 and the subsequent articles up to article 260 deal with the collection and assignment of taxes between the Centre and the Provinces. Article 255 deals with grants-in-aid from the Union to the States and article 260 deals with the appointment of a Financial Commission to enable the making of independent grants to the Provinces without interference by the Finance Department of the Central Government.

Sir, this House had no opportunity to discuss this subject which concerns the social well-being of the entire population of India. In July 1947, Pandit Jawaharlal Nehru, the President of the Union Constitution Committee, reported and gave a small Chapter (Part VII) on Finances and Borrowing Powers. It was discussed later in the House and was incorporated in the report in the Second Series. In the July-August 1947 discussions, the question was left hazy. But, Sir, you at least appointed an Expert Committee to go into this question of the financial provisions of the Union Constitution. That Expert Committee reported sometime early in 1948. This sovereign House never discussed that report of the Expert Committee. The Drafting Committee must have taken into account the report of the Expert Committee and modified the articles under discussion. But, Sir, I must say that these articles remind me of similar articles in the Government of India Act, 1935. They do not show any tendency of the Finance Department of the Government of India to part with the resources arbitrarily commandeered, so that the Provinces can live happily and prosperously and do their duty by the people under their charge. Sir, the Expert Committee in paras. 27 and 28 have spoken about the needs of the provinces and the Centre. They say :

“The needs of the provinces are in contrast, almost unlimited, particularly in relation to welfare services and general development. If these services, on which the improvement of human well-being and increase of the country’s productive capacity so much depend, are to be properly planned and executed, it is necessary to place at the disposal of Provincial Governments adequate resources of their own, without their having to depend on the variable munificence or affluence of the Centre.”

Sir, I have watched the Finance Department of the Government of India from 1925. It has always maintained its mood that it will give some charity to the provinces. They think that their primary responsibility is the defence of India, and not bringing about social and economic justice to the teeming millions of India after we have attained independence. Sir, this Expert Committee was appointed by you in accordance with the wishes of this House, so that their recommendations could be given effect to. But what is the attitude of the present Finance Department ? It goes on merrily with its colonial pattern expenditure, without realising its primary obligation to the people of India and without giving a share of the revenues of India to the provinces so that

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they can develop the social and economic well-being of the people of India. Sir, I would have been happy if articles 249 to 260 had incorporated at least some of the recommendations of the Expert Committee Report. Sir, the attitude of the Finance Department has been the same since 1925. Why is it that the Finance Department of the, Government of India is so heartless ? We may be thinking that we are an independent nation now, but the Finance Department of the Government of India still lives in the days of 1925 and 1935. Perhaps it has become more authoritative than it was under the alien rulers, and does not think of the responsibility it has to discharge to the millions of this country. Here in this Constitution we are, going to say in the Preamble that we will secure social and economic justice to the people of India. The House has heard thousands of speeches about political justice to the people, but when has the House heard during the last two and a half years anything about economic justice to the teeming millions of this country that are living in the provinces? Sir, the House appointed the Expert Committee, but why is it that the Government of India have not brought forward any proposals so that the provinces could get a share of the revenues of the country and spend it for the development of the undeveloped conditions of the people and for the social well being of the people ? The Expert Committee on pages 13 & 14 of their Report recommended the division of the proceeds of revenue between provinces, but the principle governing the award of Sir Otto Niemeyer is sought to be continued. Sir Otto Niemeyer came here to see that British rule was perpetuated in India. It was not his duty, it was not necessary for him to see that the provinces developed, to see that the people were happy and contented. The Government of India now seeks to perpetuate the award of Sir Otto Niemeyer even two years after independence was achieved! I would have been pleased if paragraphs 50-58 of the Expert Committee report with slight modifications had been incorporated in the Constitution. I do not find the Finance Minister here. I believe my honourable Friend, Dr. John Matthai, is a Member of this House. It is his responsibility, it is his obligatory duty to come here and explain why his Government has not come forward with assistance to the provinces in the last two years. He is not present here, but I hope some member of the Government who is a Member of this House will come forward with an explanation of this dilly-dallying and shilly-shallying policy of the Finance Department of the Government of India. Sir, the recommendations of the Expert Committee, which was appointed by you, made their recommendations as a whole. They are one piece of recommendation. The Government of India have accepted nothing, nor has their spokesman here explained why they are so inattentive to the recommendations of the Expert Committee appointed by you with the concurrence of this House. In Paragraph 71 of the report, it is stated :

“We would further recommended in order to save time, that the Finance Commission may be set up in advance of the coming into effect of the Constitution, and its status regularised after the Constitution comes into effect.”

In article 260, it is stated that—

“The President shall at the expiration of five years from the commencement of this Constitution and thereafter at the expiration of every fifth year or at such other time as the President considers necessary, by order constitute a Finance Commission. . . .”

What is the use of this Commission and what is the use of this Constitution when the Finance Department of the Government of India maintains its autocratic independence and spends most of the revenues of India on the so-called defence of India, spends it on the inflated staff of the Government of India. The staff of the Government of India can be retrenched by half or more than half and considerable savings can be made. What is the condition of the finances of the Government of India ? It is already running at a loss. Its revenues do not cover its normal

expenditure, and yet the Finance Department goes on merrily spending as it likes, without caring for the primary responsibility imposed on it by the Constitution that it should render social and economic justice to the people Sir, this is a charge against the Government of India, and the Government of India must justify their position by explaining on the floor of this House why it has rendered no social and economic justice to the people of India during the last two years of our independent existence. It is no use saying that the Constitution will be promulgated on The 26th January 1950 and thereafter the Finance Department will formulate proposals with this end in view and put them before this House. That is not the real attitude of the Finance Department. The Finance Department has become too powerful. From six or seven departments, the Government has come to consist of nineteen Ministries, each Ministry as an autonomous body, each Ministry functioning and spending as it likes. Who are these finance officers ? They are the traditional careerists who worked under Sir Basil Blackett in 1925, who Worked under Sir James Grigg in 1936 and 1937. Such are the men who are guiding the financial affairs of the Government of India and they are, arch-bureaucrats and arch autocrats, and if any of them has any democratic spirit, I will bow to him. I know none of them have that; otherwise they would have shown it by their action in the last two years and I will say this, Sir. they have defied the Constitution. They have not understood the spirit of the independent Constitution that we are framing in this House and they will carry on in their autocratic way until we collapse.

Mr. President : I do not like to interfere with the honourable Member's Speech, but here we are discussing a particular article of the Constitution.

Shri B. Das : Yes, Sir.

Mr. President : It deals with duties levied by the Union but collected and appropriated by the States. I do not think that criticism of the policy of the Government comes at all under this article. I will therefore suggest to him to confine himself to the merits of the article as it is and not to criticise the general policy of the Government of India for which he has got another platform and another place, where he can give expression to his views. Shri B. Das : Sir, I bow to your ruling. This Constitution has three main aspects, namely, the political aspect, the social and economic aspects. The bed-rock of economic justice is based on the distribution of finances between the Centre and the provinces. I wish we had initiated a debate yesterday as soon as article 247 was taken into consideration. Sir, I did not like to talk on article 247 because it dealt with the interpretation of the term "Finance Commission" and others. I bow to your ruling but at the same time I suggest article 249 and the subsequent articles deal with the assignment of the revenues and taxes between the Centre and provinces. Although article 249 deals only with one aspect of duties levied by the Government of the Union but collected and appropriated by the States. It deals with one ambit of the recommendations but the Committee recommended that there should be an immediate division and allocation of resources between the Centre and the provinces. Is it not legitimate on my part to question why they have not been incorporated in the Constitution and why a representative of the Government has not come forward and opened the debate and told us if the portions of the recommendations I have referred have been accepted by them and what relief the Government of India contemplate to give to the provinces ? If I was a little harsh on the Finance Ministry of the Government of India, it is because I know worst things of the financial structure of India.

Sir, I do hope the provinces will not be treated as charity boys of the North Block of the Secretariat. Somehow it has happened that people have to come with begging bowls. Whether it is in regard to the Food Commission or the

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Bengal food problem of 1943, nobody wants charity. We put forth the just demands of the people of India and the Centre which was an autocratic Government intended to maintain the British Raj in the past should give up that mentality and should part with the legitimate resources to the provinces. I do not ask any further and I do not at present ask anything more. The Expert Committee has put forward its recommendations. Let the spokesman of the Government of India stand up here and say : “We have accepted in too or with certain modifications the recommendations of the Expert Committee.” That will give certain relief to the provinces. We can look forward to the development of the provinces and towards giving better public Health standards to the people. I read in papers that our Public Health Minister has been approached and she wants to build *fabricated* hospitals in Delhi while the provinces have not got even a lakh of rupees to build their hospitals; while undeveloped provinces like Orissa, Assam—I will include even Bihar—have very few beds in their hospitals, the Centre goes merrily and talks of prefabricated: hospitals at Delhi costing crores and crores of rupees. Is that the way to develop the provinces ?

I will again join in the discussion when the jute duty in article 254 comes up for discussion and when article 260 is taken up where the Finance Commission will have to be appointed five years after the Constitution. It is a very heartless and insincere draft. Is it the spirit of democracy working in the Finance Ministry of the Government of India that it will obstruct at every stage in order to maintain its hold on the finances and to spend it in the best way it likes ? I am giving out no secret when I say that in 1946 the Government of India decided that the Army expenditure should be reduced to one hundred crores. We know today it is one hundred and fifty-eight crores and that too after the partition. I cannot see why the Government of India should grab the wealth of the provinces and dispense it in the way they like. This sovereign House framing this sovereign Constitution is not going to allow the Finance Ministry of the Government of India to play ducks and drakes with the resources of India according to its fancy and whimsicality and thus let the provinces starve. Sir, on behalf of the provinces, particularly the undeveloped provinces of Bengal, Bihar, Orissa and Assam, I plead before this August House for justice for the undeveloped provinces; I plead that the pose of the Finance Ministry that no steps should be taken with speed and haste should be condemned and this House must accept the recommendations of the Expert Committee which had on it such expert financiers, namely, Sir Nalini Ranjan Sarkar, Mr. V. S. Sundaram, Mr. M. V. Rangachari (who was member Secretary). This officer is still a Deputy Secretary in the Finance Department of the Government of India. Why has the Finance Department overruled the decisions of this Committee? I plead before the House that justice should be rendered to the teeming millions of India and to the helpless provinces by giving them what is their due.

Mr. President : Any one, else who wishes to speak? (No Member rose.) Dr. Ambedkar, do you wish to say anything ?

The Honourable Dr. B. R. Ambedkar (Bombay: General): There is nothing to be said.

Mr. President : I shall now put the amendments to vote.

The question is:

“That in clause (2) of article 249, the words ‘in that year’ be deleted.”

The amendment was adopted.

Mr. President : The question is :

“That in clause (1) of article 249, after the words ‘such stamp duties’ the words ‘as are imposed under any law made by Parliament’ be inserted.”

The amendment was adopted.

Mr. President : The question is:

“That in clause (2) of article 249, for the words ‘revenues of India’ the words ‘Consolidated Fund of India’ be substituted.”

The amendment was adopted.

Mr. President : The question is:

“That article 249, as amended, stand part of the Constitution.”

The motion was adopted.

Article 249, as amended, was added to the Constitution.

Article 250

Mr. President : The motion is:

“That article 250, form part of the Constitution.”

(Amendments Nos. 2842 to 2850 were not moved.)

Shri R. K. Sidhwa (C.P. & Berar : General): Mr. President, I move:

“That at the end of article 250, the following be added :—

‘The net proceeds of said distribution shall be assigned by the States to the local authorities in the jurisdiction.’ ”

I have got another amendment to this amendment, No. 201. Shall I move that also, Sir ?

Mr. President : That has also the same effect.

Shri R. K. Sidhwa : I want to move the second part.

“That with reference to amendment No. 2851 of the List of Amendments, in article 250, the following proviso be added at the end :—

‘Provided that the proceeds collected by the Government of India under clause (c) shall be assigned to local authorities in the jurisdiction of the States.’ ”

Sir, this article has been more or less borrowed from the Government of India Act, Section 137. This article refers to the collection of four kinds of taxes : One is in respect of succession to property; the other is estate duty; the third is terminal taxes and the fourth is taxes on railway fares and freights. My amendment is to the effect that the taxes collected under clause (c) by the Government of India should be assigned to the local authorities in the jurisdiction of the States.

My object in moving this amendment is this. Tolls, octroi and terminal taxes are the major sources of revenue of the local bodies. Before the Government of India Act of 1935, these terminal taxes were a provincial subject; but under the Government of India Act, 1935, this has been put down in the Central List. Unless the Centre agrees to levy a terminal tax, no provincial Government can increase or put an additional item for terminal tax, which has created a great deal of difficulty to the local bodies. There have been a great many references on this matter to the Government of India.

The Honourable Dr. B. R. Ambedkar : I am very sorry, Sir, I should have requested you at the very outset to allow this article to stand over.

Mr. President : It is suggested that this article be held over.