

**New Article 265-A**

**The Honourable Dr. B. R. Ambedkar :** Sir, I move:

“That after article 265, the following article be inserted :—

‘265A. (1) Save in so far as the President may by order otherwise provide, no law, of a State in force immediately before the commencement of this Constitution shall impose, or authorise the imposition of, a tax in respect of any water or electricity stored, generated, consumed, distributed or sold by any authority established by any existing law or any law made by Parliament for regulating or developing any inter-State river or river-valley.

Exemption from taxation by States in respect of water or electricity in case of certain authorities.

*Explanation.*—In this clause, the expression “law in force” has the same meaning as in article 307 of this Constitution’.”

In the following paragraph of the article, I wish to introduce some new words with your permission and move it with those words.

“(2) The Legislature of a State may by law impose, or authorise the imposition of, any such tax as is mentioned in clause (1) of this article but no such law shall have any effect unless it has, after having been reserved for the consideration of the President, received his assent; and if any such law provides for the fixation of the rates and other incidents of such tax by means of rules or orders to be made under the law by any authority, the law shall provide for the previous consent of the President being obtained to the making of any such rule or order.”

**Mr. President :** Mr. Naziruddin Ahmad is not moving amendment No. 308. As there is no other amendment to this motion, I will put it to vote. The question is :

“That new article 265-A, as moved in the amended form, stand part of the Constitution.”

The motion was adopted.

New article 265-A was added to the Constitution

**Article 266**

**The Honourable Dr. B. R. Ambedkar :** Sir, I move:

“That for article 266 the following article be substituted :—

‘266. (1) The property and income of a State shall be exempt from Union taxation.

(2) Nothing in clause (1) of this article shall prevent the Union from imposing or authorizing the imposition of any tax to such extent, if any, as Parliament may by law provide in respect of a trade or business of any kind carried on by, or on behalf of, the Government of a State, or any operations connected therewith, or any property used or occupied for the purposes thereof, or any income accruing or arising therefrom.

Exemption of the Governments of States in respect of Union taxation.

(3) Nothing in clause (2) of this article shall apply to any trade or business, or to any class of trade or business, which Parliament, may, by law declare as being incidental to the ordinary functions of Government’.”

**Mr. Naziruddin Ahmad** (West Bengal: Muslim): I am not moving amendment No. 309.

**Shri P. T. Chacko** (United State of Travancore and Cochin): I beg to move:

“That in amendment No. 272 of List TV (Seventh Week), in clause (2) of the proposed article 266, after the words ‘trade or business of any kind carried on’ the words ‘beyond he limits’ be inserted.”

The purpose of my amendment is to exempt all properties and income of a State from Union taxation, even when the State is carrying on a business or trade within its own limits. The Union will have no power to tax properties or income of a State in one case where the State carried on a business