

Article 250—(Contd.)

Mr. Vice-President : We now take up article 250. When the article was last under consideration Mr. Sidhwa was speaking on his amendment No. 12 of List I—Fourth Week.

Shri R. K. Sidhwa : Mr. Vice-President, Sir, as you rightly stated, last time when I was moving my amendment No. 12 the Honourable Dr. Ambedkar intervened and stated that this article should be held over. My amendment in the printed list (page 27) reads :

“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 (e) shall be assigned to local authorities in the jurisdiction of the States.’”

If you refer to clause (c) of the article you will find that it relates to “terminal taxes on goods or passengers carried by railway or air”. My amendment, if accepted, would mean that, while (a), (b) and (d) would remain, (c) would go. I will give you my reasons as to why I desire that clause (c) should be deleted from this article.

The Octroi, terminal tax and toll tax are more or less allied taxes and at the same time they form the major revenue of the local bodies. Prior to the Government of India Act, 1935, the terminal tax was a provincial subject. In the 1935 Act this terminal tax has been put as a Central subject. The Drafting Committee has more or less borrowed the section from the Government of India Act with minor changes in the language. They have not taken care to see why the terminal tax was changed in the 1935 Act from a provincial subject to a Central subject. If they had taken pains in the matter I am confident that they would have accepted my amendment.

This octroi tax which is levied by the local bodies is a pernicious tax. It creates so many complications. The tax is levied on the weight of goods and in the matter of *ad valorem* also on the weight of articles carried by rail, which has created a kind of harassment to the trade. Not only that. It has also led to corruption with the result that the Government of India appointed a Committee to investigate into this matter. They unanimously resolved that the octroi should be abolished and instead terminal tax should be substituted.

Terminal tax is a very substantial tax which is recovered by various local bodies, and on the recommendation of that Committee in many local bodies this octroi has now been abolished although it has proceeded with a slow pace. Today nearly 80 per cent. of the local bodies still levy the octroi and the Provincial Governments are permitting them without taking any notice of the recommendations of the Committee.

The terminal tax is levied by municipalities and also by the Sanitary Committees and local boards Committees. The object of this alteration in the Government of India Act, 1935, is quite evident. This terminal tax brings a substantial big amount on one single item which is imported, namely, petroleum. The kerosen and petrol which is imported from foreign countries is subject to a tax, and although the terminal tax is only one pice per gallon it brings in a revenue of nearly Rs. 1,10,000 for only one tanker which arrives at either of the ports of Karacyhi, Bombay, Madras or Calcutta. This affected the Britishers who hold

the Sole Monopoly of the import of these articles. Therefore for the interest of their own nationals, the Britishers at that time thought that under the provisions of the Government of India Act, 1935, which confers autonomy to province, if the terminal tax is allowed to be retained by the province, the province might further increase the terminal tax. Therefore they conveniently omitted this from the provincial list and tagged it on to the Central list.

You will be pleased to see that I had moved another amendment in this matter which I am glad the Drafting Committee has accepted. That amendment was that after the word “railway” there should be a comma and the word “sea” should be added. In the original clause you will find that the word “sea” is omitted. The Drafting Committee without considering its implications merely copied the words from the Government of India Act. I brought to their notice that the omission of the word “sea” was deliberate on the part of the framers of the Government of India Act, 1935, their object being not to allow the terminal tax to be levied on petroleum goods which arrived by sea, and they therefore intentionally omitted the word “sea”. I am not quite sure that the Drafting Committee actually realised the reason for accepting my amendment—I do not know whether they merely felt that ‘air’ and ‘railways are mentioned here but sea’ is omitted and therefore ‘sea’ should be included, without realising the implications of my amendment. My amendment, if not accepted, would have deprived the local bodies of a large revenue on terminal tax. Therefore, from that point of view I congratulate the Drafting Committee for having accepted my amendment. I can assure, that if this amendment was not accepted, in all it would have brought a loss of a crore of rupees to the local bodies by way of this terminal tax.

I come to the other part in which it is stated in the article that this tax shall be collected by the Government of India but will be handed over to the States. So far so good. In the Government of India Act, 1935, there is a proviso that no fresh or additional terminal tax shall be imposed unless the permission of the Central Government is obtained. That is a most objectionable feature in that Act which has been copied by the Drafting Committee. You are preventing the local bodies from expanding their revenue by increasing the terminal tax on certain articles. I see no reason why the Provincial Government should not be allowed to increase it on the recommendation of the local bodies in regard to items on which they desire an increment in the terminal tax. The Calcutta Corporation wanted to increase certain items of tax on goods imported by rail, but when the matter was referred to the Government the increment was not allowed on the ground that it is a corollary of the toll-tax. The Kanpur Municipality had a question of similar nature which was referred to the U.P. Government which in turn referred it to the Central Government who did not give permission to accept any additional items. These are the impediments which stand in the way of betterment of the local bodies. I am sorry to state that the Drafting Committee have not taken this matter into consideration at all. At a Conference held last year of the Provincial Local Self-Government Ministers presided over by the Health Minister, this question of Finances in relation to the Provinces and the local bodies was considered and a unanimous resolution was passed which was forwarded to the Drafting Committee. I fail to understand how when the Provincial Ministers are agreed unanimously on the point, the Drafting Committee negatived it. The resolution said :—

“The Committee was of the opinion that while terminal tax may be governed by Central Legislature, it should be made clear that such taxes are for the benefit of local bodies. With this end in view, it suggested that in the Draft article 250, the words ‘and shall be payable to local bodies’ be inserted after the words ‘shall be assigned to the States in clause (1) of the Draft article’.”

I fail to understand why they have discarded the suggestion unanimously put forward. I may also draw your attention to the amendment proposed by the

[Shri R. K. Sidhwa]

Honourable Pandit Govind Ballabh Pant. He is one of the Ministers who takes great interest in the welfare of local bodies. He has stated that in clause (1) of article 250, sub-clause (c) be deleted and sub-clause (d) be re-numbered as subclause (c). I wish he was present here today; had he been present he would have supported me very strongly and I am sure if he had supported this, Dr. Ambedkar would have had no other alternative but to accept it. On a previous occasion when the question of the increment of the taxes on profession came up, my amendment suggested Rs. 250 *plus* a certain percentage but the Drafting Committee did not accept it. My Friend Pandit Pant was very keen on it and he pressed for Rs. 250 and the Drafting Committee accepted it. It is very strange that the Drafting Committee ignores the recommendations from Members like us but when similar recommendations are moved by a man of position they accept them. What does it show ? It shows that they have not understood the matter themselves thoroughly and only when—according to them a responsible Member puts it forward they accept it. They consider us as irresponsible. I deprecate that idea. While I have the highest respect for the legal knowledge that the Drafting Committee have I in return expect the same kind of respect from the Drafting Committee to those members who have studied and have vast experience of the working of local bodies. I am very sorry that that spirit does not exist, otherwise there would be no dispute over the present question. Why should the terminal tax be removed from the Provincial to the Central List ? It was done in 1935 for other reasons; the Britishers did not want a particular type of tax to be imposed on articles that they imported. The Provinces were autonomous in those days and they could have increased the terminal tax. It made no difference to the consumers, the tax being insignificant, but the collective amount that was brought in was beneficial to the local bodies. Sir, I feel very strongly on this question. It is not my view-point but I am telling you that as the President of the All-India Local Authorities Union they have unanimously supported my standpoint; all the Local Self-Government Ministers have supported it and because the Finance Minister of the Central Government is opposed to it, for reasons best known to him, the Drafting Committee has rejected these unanimous proposals. When my Friend Dr. Ambedkar last time got up and intervened to say that this subject should be held over, I thought he would take a very reasonable view of this matter but I was surprised to find that he has made no change in his attitude and has allowed this article to remain as it was. It is not going to improve the financial conditions of the local bodies; the Provincial Governments will be put to a great amount of strain. It is up to this House to see that sufficient provision is made in the Constitution for the betterment of the local bodies. How else are you going to improve the lot of the common man and make him happy? The common man, the masses live in the villages; *gaon panchayats*, notified and sanitary committees and municipal committees all govern their respective villages and towns. Somehow it seems to be the notion of the Drafting Committee that they will have nothing to do with the local bodies, that it is the function of the Provincial Governments. I ask what business have you to take away the terminal tax to the Centre ? Why should you take away the taxes for which a Province is legitimately entitled and which the local bodies have all along been collecting ? The Centre has nothing to do with this tax. I want to hear one single instance where the terminal tax has been collected at any time by the Centre. It has been a Provincial subject and always recovered by the local bodies. Even the Provincial Governments have not kept a single pie of it to themselves but given it all to local bodies. This impediment of not allowing the terminal tax to be increased but having to come to the Centre for permission has brought about the result that the finances of the local bodies have suffered gravely.

Sir, I have sufficiently elaborated my points on this question. This being a technical issue many Members do not probably care to understand it, but I

would request the honourable House to bear in mind one factor that if you really want the local bodies to live, if You want your common man to be happy, you cannot do it without giving them adequate money. You merely give them certain powers but you deny them the money which is entirely due to them. Today, the entertainment tax, the electricity tax and similar taxes which are really the local boards' share, are taken away by the Provinces. In the County Councils of Europe and, I can tell you, in many States of America, these taxes are collected by the local bodies and not by the Government. Tramways, buses and taxis are run by local bodies in the other countries and all the gains' go to them. The terminal tax which the local bodies were enjoying up to 1935 were taken away from them in that year. I am very sorry that particular provision of the Government of India Act has been bodily put in in the Draft Constitution. I expected the Government to bear in mind the difficulties of the local bodies. I hope the Drafting Committee would now at least see that this clause is omitted especially when an amendment to this effect has been sponsored by no less a person than Pandit Govind Ballabh Pant, at the instance I think of the Conference of Ministers of Local Self-Government who unanimously demanded this financial provision for the good working, of the local bodies. It is only the Finance' Ministry who are against this demand. They want to grab everything. This is unfair. From this point of view I move the amendment and I expect that even at this late stage the Drafting Committee will consider the necessity, the urgency and the importance of this tax being left to be, levied by the Provinces for the benefit of the local bodies. I have here before me a report of the United Provinces Grants-in-aid Committee. I wish the Drafting Committee had read this report. They have made out a very strong case for the purpose of the terminal tax which, they say, should be allowed to be levied by the local bodies, They also say that the local bodies should be given freedom to increase the number of items for the levy of this tax and to increase the tax. If you bring in an impediment to this, you will be doing a great disservice to the administration of the local bodies, while the Provincial governments are doing their best by enacting the Panchayat Act. United Provinces have passed this Act, though it is too early to say how it will work; the Central Provinces Government also have enacted a similar measure. If you do not give them sufficient funds or financial resources, how will the local bodies be able to do any good to the small man for whom everyone today is showing lip sympathy ? With these words I move my amendment which I hope the Drafting Committee will accept.

Shri Brajeshwar Prasad : Mr. Vice-President, I am not moving my amendments 7 and 11.

Mr. Vice-President : Amendment No. 8 is also not moved, as Pandit Govind Ballabh Pant is not present.

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

“That in sub-clause (c) of clause (1) of article 250, after the word ‘railway’ a comma and the word ‘sea’ be inserted.”

Sir, I move my next amendment also.

“That in clause (2) of article 250, for the words ‘revenues of India’ the words ‘Consolidated Fund of India’ be substituted.”

Mr. Naziruddin Ahmad : Mr. Vice-President, Sir, I beg to move:

That in sub-clause (b) of clause (1) of article 250, after the word ‘estate’, the words ‘or succession’ be inserted.”

[Mr. Naziruddin Ahmad]

I submit this is a purely formal amendment. Clause (b) says 'Estate duty in respect of property.....' To that I want to add "or succession duty". There is a difference between estate duty and succession duty. Estate duty is leviable on the death of a man owning an estate and succession duty is calculated from the point of view of the successor. If we put down Rs. one-lakh as the taxable value of the property, estate duty will have to be paid by all who get the property. But if there are more heirs than one, the share of each would be less than the one lakh and no one pays the succession duty. At present there is a Bill before the Legislature for charging estate duty. Here we are legislating for a long time. 'Therefore we should have both estate or succession duty.

The Honourable Dr. B. R. Ambedkar : Succession duty is covered by (a) which says 'Duties in respect of succession to property, Why repeat that in (b) ?

Mr Naziruddin Ahmad: The two might have been combined.

Mr. President : At the last meetings, the amendments on pages 297 and 298 of the Printed List, Vol. II were called and no Member moved them. Does any Member now propose to move any of them? If no one wants to move them, does any Member wish to speak on the article ?

Prof. Shibban Lal Saksena (United Provinces. General): Mr. Vice-President, Sir, I have stood up to support the amendment moved by my honourable Friend, Mr. Sidhva. He has in a very lucid speech explained to the House the purpose of his amendment and, also pointed out the importance of it. He has also said that no less a person than the Premier of my Province, the Honourable Pandit Govind Ballabh Pant, had given notice of a similar amendment. Sir, it is the second occasion when the cause of local bodies has been brought before this House. The first occasion was when we discussed article 256, when I moved an amendment for increasing the limit up to which local bodies could tax the people in their areas, *i.e.*, up to one per cent. of their annual income or up to Rs. 1,000. That was opposed on the ground that income-tax would be affected and that the men are already taxed by the Centre on their income. Here again, my honourable Friend, Mr. Sidhva, has suggested that clause (3) should be deleted from article 250 and the appropriation of revenue from this head should not be made by the Central Government but the local bodies should be entitled to appropriate the sums coming from this revenue. I am therefore very much surprised that in spite of all the arguments put forward by my honourable Friend, Mr. Sidhva, and his assertion before this House that all the local self-government Ministers of all the provinces in the country had suggested that this clause should go and in spite of the fact that a person like Pandit Pant has also suggested that this clause should be deleted, still the Drafting Committee will not accept the amendment because the Finance Ministry wants that this money should go to them.

Sir, a very fundamental question is raised by this amendment. We probably think that only the Centre and provinces should be provided with funds. We forget that the local bodies have also got 'vital functions to perform. I was surprised to learn from one of the members of the Drafting Committee that these bodies were useless bodies and it was so much money wasted if it was given to them. As one who has experience of these bodies I personally feel that ultimately you have to take care of the people in the villages and in the cities and you can really reach them only through these local bodies. I know that in my own district there are about a thousand primary schools and the conditions of the schools are such that it should be a shame to any Government, and if one were to go about repairing them it would cost several lakhs of rupees but the total income

of my District Board is hardly Rs. 10 lakhs; it cannot afford the repairs. Here you pass schemes worth crores of rupees for education, for universities and all these things but when it comes to the question of giving money to the local bodies which really finance the schools for the children of the village people, then we say we should not remove this clause from this article and we should not raise the limit of taxability of persons for local bodies to Rs. one thousand. I therefore say that by this stubbornness and refusal to help local bodies, you are really defeating the very purpose of the Constitution which is intended to benefit the masses. I say the masses are benefited best when the local bodies are given the power to cater for them. They must be supplied with sources of revenue which are expanding and the terminal tax that is levied on pilgrim traffic should be given to them because they have to spend a lot to cope with that traffic and if you deny them this terminal tax, they would not be able to serve the pilgrims properly. Everybody wants to grab money and there is no source of revenue, left to be exploited by the local boards, and with the little that the local bodies get they cannot make even both ends meet. I therefore strongly support the amendment moved by Mr. Sidhva; he has shown that it is not his own opinion but the unanimous opinion of all the ministers of local self-government of the various provinces in the country; he also said that it is the legitimate right of local bodies to get this tax, and still I do not know of any reason why his amendment should not have been accepted. Last time this article was held over for further consideration and therefore I ask the House to support the amendment of Mr. Sidhva and see that this clause does not remain in this Constitution.

Shri V. S. Sarwate : Mr. Vice-President, Sir, I am in full sympathy with the claim which my honourable Friend, Mr. Sidhva has put forward regarding the local bodies, but as I interpret the article, I see no necessity for the amendment which he has proposed. As the article at present stands, the House may have noted that it is a reproduction of Section 137 of the Government of India Act except one item namely the stamp duty which has been transferred to article 249. Now admitting that the local bodies are very important bodies and as such require all the assistance and encouragement from the provincial Governments as put forward by Mr. Sidhva, till the article as it stands gives full discretion to the Provincial Governments to make allotments as they please, out of the proceeds which they receive from the Centre. There are many nation building activities in every province. There are village panchayats, there are local bodies, there is medicine and other subjects, for instance, education, and it may be that in one province the village panchayats or local bodies may be important and may require comparatively more attention. Then in other parts of the country, Education may require more attention and in a third Province probably hygiene, and medicine. So when the proceeds are received by the Governments of these various provinces, the Governments would have full discretion to allot the proceeds according to the special requirements of that province. If we accept the amendment, the effect would be that the discretion of the Provincial Governments will be circumscribed and would be restricted, so that all the proceeds must necessarily be given to the local bodies; whereas at present there is discretion to allot to the local bodies or to other nation-building departments. Therefore, I think that the article as it stands, gives more discretion, has more elasticity and serves better the purpose which the honourable Mover of the amendment has in mind. If the U.P. Government for the matter of that intends that the village panchayats and local bodies should be specially encouraged, it has full discretion to do so without the amendment being accepted here. Therefore, I think that the article as it stands should go in.

Shri R. K. Sidhwa : May I know from the honourable the speaker whether he desires that the terminal tax collected from the jurisdiction of one province

[Shri R. K. Sidhwa]

can be transferred to the other jurisdiction of that very province ? Does he, mean that?

Shri V. S. Sarwate : That would depend upon the principle. It is provided that the total amount collected would be divided among all the provinces. The principle of division which would be presented in the case of duties in respect of succession to property may also be prescribed in the case of terminal taxes also. As I interpret it, there may also be different principles prescribed for the different categories (a) and (b) and different principles for (c) and (d) when Parliament passes the law prescribing principles of division. The article as it is gives a wider scope and greater elasticity and by the amendment we are creating difficulties for the provincial Governments.

Shri Brajeshwar Prasad : Mr. Vice-President, Sir, I rise to support the article; I am opposed to Mr. Sidhwa's amendment for a very simple reason.

This Constitution recognises only two levels of Government, Central and provincial. There is no third legal entity known to constitutional law.

Shri R. K. Sidhwa : Read section 250 carefully, you will find local bodies are mentioned here.

Shri Brajeshwar Prasad : That comes only by the way. If we give this power to the local bodies, we will have also to say what are the powers and functions of these local bodies. We will have to make a constitution for these local bodies here. Though in fact, it is a *de facto* Government, in this Draft Constitution, there are only two levels of Government known. We shall be creating innumerable difficulties and complications if we recognise third level of Government by the backdoor.

Shri M. Annanthasayanam Ayyanagar (Madras: General): Sir, I am sorry. I am not able to support the amendment moved by Mr. Sidhwa. This article 250 has been taken word for word section 137 of the Government of India Act. On that alone, I am not basing my claim. On the other hand, the principle that Mr. Sidhwa's amendment seeks to introduce is both dangerous and not feasible. It is dangerous from this point of view. We are trying to interfere with provincial autonomy. He has read some extracts from books and publications, the views of some Ministers of particular provinces. It is open to them to say so because the distribution of the proceeds of the taxes which are collected by the Centre can be made in any way they like. We introduce this principle of allocating or earmarking of particular taxes collected by the Centre to the provinces not for being utilised for such purposes as they may consider proper, but for a particular head of provincial administration, that would be interfering with provincial autonomy. I do not know how many of these Ministers are in favour of this proposal. We have already got the petrol tax which is being earmarked for the purpose of roads; there is a certain amount earned for education, and so on. Ultimately, what remains to the provinces ? You ought to make the provision as flexible as possible.

There is another difficulty also. The terminal taxes are collected not at every terminal; not always in the same place. The amendment does not say that the amount collected at particular terminals are to be earmarked for those local administrations. Again there are many local bodies; there are panchayats in the villages; there are district boards covering the entire district; there are municipalities having jurisdiction over only particular areas. Does he mean to say that amount should be distributed among the panchayats, district boards and municipalities ? Even there, a certain amount of discretion is vested in the hands of the provincial Government. Again, the local administrations are in charge of various subjects, primary education, secondary education, health, sanitation, drainage, water-supply. For what purposes does he mean that this amount should be utilised ? Even if this amendment is accepted, even then it would not

interfere with the discretion vested. Even though it may not be flexible but rigid, it is still open to the provincial Government to use such powers as they have and to say that this amount shall be utilised for such and such purposes by the local bodies. It is not right that the Constitution itself should sub-divide and earmark the amounts for particular purposes and for particular local administrations. I was sorry to hear when my Honourable Friend said that if the amendment had come from any other Minister, the Drafting Committee would have accepted it. I am sure the Drafting Committee goes into these matters on their own merits and not with reference to the person who brings forward a particular amendment.

Shri R. K. Sidhwa : That has happened in one case.

Shri M. Ananthasayanam Ayyanagar : That may have happened. But, so far as article 250 is concerned, the persons who are incharge of and are interested in this matter are the persons incharge of the provincial administration. My Honourable friend. Mr. Sidhwa must take into consideration the experience, weight and authority which flows with any recommendation made by the provincial Governments as against individuals, be they as high as Mr. Sidhwa himself. He cannot say that he has got all the experience of the Premier of a provincial Government. He ought not to have made such a remark in the House that the Drafting Committee makes invidious distinctions. I have got the greatest respect for the Drafting Committee. They are putting themselves to enormous inconveniences and trouble. We address ourselves only to some amendment here and there. They are incharge of the entire drafting of the Constitution. I take this opportunity to thank the Drafting Committee for the able manner in which they are carrying out the work. Any aspersion against their character or alleging that they make invidious distinctions is out of place.

Shri R. K. Sidhwa : May I know from the honourable Member what answer he has to this point ? Before the Government of India Act of 1935, this was a provincial subject, which has since been brought into the Centre by the Act of 1935.

Shri M. Ananthasayanam Ayyanagar : It is not as if the proceeds are taken away by the Centre. The Centre is only a collecting agency. The Centre collects only for the purpose of ensuring uniformity. My honourable Friend may also see that with respect to another provincial tax, the sales tax, for the purpose of ensuring uniformity a conference of provincial Finance Ministers is being called. The centre may be able to act with greater speed and efficiency allocate the proceeds of the taxes to the various provinces. We are not unused to this; there is the duty in respect of succession to property; there is the Estate Duty in the same category.

Mr. Vice-President : Also, does Mr. Sidhwa think that the taxes collected in Calcutta, Bombay and Madras should go to those provinces exclusively or to the local bodies in those provinces ?

Shri R. K. Sidhwa : At present these taxes are collected by the local bodies. The Government of India Act of 1935 makes it a Central subject.

Mr. Vice-President : We have now included terminal taxes on goods or passengers carried by sea. Take terminal taxes collected in Calcutta, Bombay, Madras and other big ports which serve large areas. Should the particular corporation or provinces be entitled to retain them ?

Shri R. K. Sidhwa : The Calcutta Corporation or the Madras Corporation gets the benefit.

Mr. Vice-President : The main point is, the Calcutta Port carries goods and passengers for more than one province. Anyway, does Dr. Ambedkar want to say anything?

The Honourable Dr. B. R. Ambedkar : I do not want to say anything.

Mr. Vice-President : I will now put the amendments to the House.

The question is :

“That in sub-clause (c) of clause (1) of article 250, after the word ‘railway’ a comma and the word ‘sea’ be inserted.”

The amendment was adopted.

Mr. Vice-President : The question is:

“That in clause (2) of article 250, for the words ‘revenues of India’ the words ‘Consolidated Fund of India’ be substituted.

The amendment was adopted.

Mr. Vice-President : The question is:

“That in amendment No. 2851 of the List of Amendments, for the words proposed to be added in article 250, the following words be substituted :—

‘The net proceeds of such taxes recovered under sub-clause (c) and (d) be assigned by the States to the local authorities in their Jurisdiction.’ ”

The amendment was negatived.

Mr. Vice-President : I now put the whole article as amended. The question is :

“That article 250, as amended, stand part of the Constitution.”

The motion was adopted.

Article 250, as amended, was added to the Constitution.

Article 277

Mr. Vice-President : We now go to 277.

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

“That article 277 be re-numbered as clause (1) of article 277, and to the said article as so re-numbered the following clause be added :—

‘(2) Every order made under clause (1) of this article shall as soon as may be after it is made, be laid before each House of Parliament.’ ”

This article 277 is a consequential article. It lays down what shall be the financial consequences of the issue of an emergency proclamation by the President. Clause (1) of the article says that provisions relating to financial arrangements between Provinces and the Centre may be modified by the President by order during the period of the emergency. It was felt that it was not proper to give the President this absolute and unrestricted power to modify the financial arrangements between the provinces and the States and that the Parliament should also have a say in the matter. Consequently it is now proposed to add clause (2) to article 277 whereby it is provided that any order made by the President varying the arrangements shall be laid before, each House of Parliament. It follows that after the matter is placed before the Parliament, Parliament will take such action as it deems proper, which the President will be bound to carry out.