

(ii) Proposals for renewal of existing credit facilities — 45 days

(iii) Proposals for adhoc credit facilities — 30 days

(c) Yes, Sir.

(d) and (e) The Consultants have recommended restructuring of the SBI Central Office and Local Head Offices. The bank management has to consider to recommendations in depth and take a view after considering all the aspects.

Losses incurred by Punjab and Sind Bank

3398. SHRI VIRENDRA KATARIA : Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the statutory auditors of Punjab and Sind Bank certified the operating loss of Rs. 175 crore for the financial year ending 31st March, 1994 which fact has not been indicated in the published accounts of the Bank but has shown a profit of less than ten lakh for the said year; and

(b) the action taken by Government in this regard as this action of the Bank is mis-leading for the general public and against the interest of the depositors and shareholders?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY): (a) Punjab & Sind Bank has reported that the Statutory Central Auditors of the bank had not certified that operating loss of the bank was Rs. 175 crores for the year 1993-94. They had certified net loss of Rs. 175,98,60,000 and the same had been indicated in the published accounts of the bank. The bank has further reported that the balance sheet of the bank shows operating profit of Rs. 3.02 lakhs.

(b) Does not arise.

Employer's connivance in evasion of Income-Tax

3399. SHRI GHUFRAN AZAM: Will the Minister of FINANCE be pleased to state:

(a) whether Government are aware that several employers are undervaluing the salaries of their employees by separating their allowances, perquisites etc.;

(b) whether such an act by the employers is evading the Income tax to the tune of crores of rupees; and

(c) if so, what action Government propose to take in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY): (a) Yes, Sir. The Government is aware that some employers are not properly deducting tax at source in respect of some allowances and perquisites paid to their employees.

(b) and (c) It is not possible to quantify the extent of evasion in such cases since the employees may have paid proper taxes after including such allowances and perquisites in their return of income. Cases of big employers are being vigorously monitored to ensure that proper tax is deducted at source. The Central Board of Direct Taxes has also issued circulars granting certain reliefs by way of exemption to the employers from penalty and prosecution proceedings if they made good the short deduction of tax and paid it by 28th February, 1995.

For the purpose of clarifying the existing provisions regarding taxability of allowances, the Central Board of Direct Taxes has issued circular recently. The Finance Bill 1995 also proposes to specify in the Income Tax Rules the various exempt allowances.

Modernisation of Tax Administration System

3400. SHRI GHUFRAN AZAM: Will the Minister of FINANCE be pleased to state:

(a) whether Government propose to modernise the country's tax administration system;

(b) if so, the details thereof;

(c) the details of bottlenecks found in the existing tax system; and

(d) to what extent the modernisation of tax administration system is going to boost tax revenue and to unearth tax evaders?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY): (a) to (c) Matters relating to rationalisation and modernisation of tax laws and their administration were considered by the Tax Reforms Committee set up under the chairmanship of Dr. Raja J. Chelliah. Recommendations made by the Committee on technical matters in so far as they were considered to be acceptable have been implemented through the Finance Acts, 1992, 1993 and 1994.

(d) It is expected that moderation in rates of tax, simplicity of the tax laws and strict but fair enforcement will go a long way in further increasing collection as also in discouraging tax evasion.

Income-Tax raids in Madhya Pradesh

3401. SHRI GHUFRAN AZAMI: Will the Minister of FINANCE be pleased to state:

(a) whether the Income tax Department conducted raids at various business establishments in Madhya Pradesh during the last one year.

(b) if so, the details thereof;

(c) whether Government have awarded any punishment to the involved tax evaders; and

(d) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY): (a)

and (b) Yes, Sir. During the financial year 1994-95, 58 search warrants were executed in the State of Madhya Pradesh resulting in seizure of unaccounted assets worth Rs. 1579.92 lakh and disclosure of Rs. 1168.05 lakh.

(c) and (d) Punitive measures including penalty and prosecution can be considered only after finalisation of regular assessment proceedings which are in progress.

Report of Fifth Pay Commission

3402. PROF. VIJAY KUMAR MALHOTRA: Will the Minister of FINANCE be pleased to state:

(a) whether persistent demand has been made by Government servants for the Vth Pay Commission to render its report before April, 1995;

(b) if so, the reaction of Government thereto; and

(c) the number of demands received by the Commission in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY): (a) and (c) The Fifth Central Pay Commission has received requests from some Unions/Associations of Central Government employees for submission of its Report by the end of April, 1995. The Pay Commission have indicated that it is not possible to state the exact number of demands received in this regard.

(b) In accordance with the Terms of Reference, the Commission will make its recommendations as soon as feasible.

Report of Malhotra Committee

3403. SHRI DIPANKAR MUKHERJEE: Will the Minister of FINANCE be pleased to state:

The response of Government on the All party unanimous resolution adopted by the West Bengal State Assembly disapproving the recommendations of the Malhotra Committee report on insurance sector reforms?