

RE. MISUNDERSTANDING BETWEEN SOME MEMBERS OF PARLIAMENT AND MINISTER

MR CHAIRMAN : Yesterday both Mr. Matto and Mr. Kulkarni asked the Chair to intervene in the kind of misunderstanding that had arisen between some Members of Parliament and a Minister, and I said I would look into it. Today some leaders of the parties have given me a letter. But I understand that the matter has been very amicably settled and that the Members of Parliament are going to meet the Minister. So, the matter stands closed.

Now Mr. Vishwanath Pratap Singh will make a statement.

SHRI GHULAM RASOOL MATTO (Jammu and Kashmir) : Sir, I have to make a little observation.

MR CHAIRMAN : No observation. It has been closed. Pleased don't rake it up again. All is well that ends well.

SHRI GUHLAM RASOOL MATTO : Not on this point I have to make only a general observation that two Members are retiring.

MR. CHAIRMAN : Not now, afterwards. No, it will not be recorded. Nothing will go on record.

STATEMENT BY MINISTER

Scheme for compounding of offences and settlement of Court cases relating to Customs and Excise duties

THE MINISTER OF FINANCE (SHRI VISHWANATH PRATAP SINGH) : Sir, I rise to make an announcement regarding a scheme of compounding of offences and settlement of court cases relating to customs and excise duties.

As the Hon. Members are aware 1985-86 has been an important milestone in the history of taxation of the country. The year saw a number of measures of rationalisation of the tax structures and a high degree of success in the matter of collection of taxes. The collections from personal income tax rose by as high as 45% during the year as compared to the previous year. During the year, the drive against tax evaders was also stepped up.

In the matter of indirect taxes, the collections during the year were 25% more than the collections during the previous year. A new Customs Tariff based on the Harmonized System of Nomenclature was brought out. The Central Excise Tariff was aligned to the Customs Tariff.

During the drive for revenue collections of customs and excise duties, the Government had to face certain problems. It was found that a large amount of money of the order of Rs. 2,500 crores was blocked in courts of law many of these cases relate to the so-called post-manufacturing expenses. Notwithstanding the efforts made by the Department, it appears that the collection of the revenue blocked is likely to take considerable time.

As the Hon. Members are aware, the Government had announced a scheme for enabling the assesseees to declare their true income and wealth without attracting penal consequences. Encouraged by the good response this scheme has received the Government has considered whether there should be a similar scheme in the case of indirect taxes. In view of the effective action taken on the anti-evasion front, Government are of the view that an opportunity should be afforded to the taxpayers to make a clean breast of past evasion of customs and excise duties without prosecution. No doubt, taxpayers who have evaded the duty in the past should not be given a better treatment than what is available to honest taxpayers. Keeping this in view, a scheme has been formulated under which those taxpayers who, on their own accord, come forward and make a declaration regarding the duty evaded in the past will be afforded an opportunity to pay the taxes due.

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This scheme of compounding of cases of non-payment of excise and customs duties will be available to manufacturers of excisable goods and importers of cargo. It shall apply to those manufacturers or importers who have paid lower amounts of duty in respect of excise clearances or on import of cargo, upto the 31st december, 1984 consequent to declaration of incorrect assessable value or wrong classification under the tariff, where the transactions have been fully reflected in the accounts and balance-sheet, if any, of the assesseees. In such cases, the assessee should make a declaration on or before the 31st December 1986 before the Collector of Central Excise or customs giving a written declaration owning the liability on their part and indicating the amount short paid by them. The declaration will be verified and a demand under law will be issued asking the assessee to pay the amount along with interest at the rate of 6% per annum. On depositing the

amount, an order will be passed by the Collector of Central Excise or Customs compounding the offence and deciding not to proceed against the declarant both departmentally and in a court of law.

Where the amount involved is large, the facility for payment of the amount in instalments can be considered. In case the amount is not paid in time, the duty will be recovered as provided in the law.

I should clearly state that the scheme does not cover :-

(i) cases of suppression of production of excisable goods and clandestine removal thereof ;

(ii) Cases of smuggling ; and

(iii) cases of evasion of duty either by misdeclaration of value or wrong classification of goods under the tariff where the transactions have not been fully recorded in the accounts and balance-sheet, if any, of the manufacturer or importer.

The scheme of amnesty cannot be extended to condone criminal actions like smuggling or clandestine removal of goods without payment of excise duty from the factory. Again, if the transactions are not mentioned in the books of the company, then the funds are, to that extent, funnelled out of the business. In these circumstances, rights and the claims of shareholders of the company are also affected and there are serious violations of the provisions of the Company Law. In so far as these transactions are not reflected in the books, there is evasion of other taxes also like income-tax and sales tax, resulting in generation of black money. Hence amnesty scheme cannot be extended to such cases.

In respect of settlement of central excise cases, pending in courts of

law pertaining to post-manufacturing expenses, the assessee should give a declaration to abide by the decision of the Collector of Central Excise, who would work out the liability in terms of the principles already laid down by the Supreme Court. On payment of the amount of dues worked out by the Collector of Central Excise, the cases will be settled and cases filed by the Department will be withdrawn.

In central excise cases other than those relating to post-manufacturing expenses and in customs cases pending in courts, where the assessee expresses their willingness to make payment of the amount due from the party as already assessed by the appropriate assessing or appellate authority, the cases will be considered for settlement on payment of the amount.

SHRI A.G. KULKARNI (Maharashtra) : Mr Chairman, Sir, the hon. Finance Minister who has announced a scheme regarding compounding of offences and settlement of court cases relating to customs and excise, duties, I think personally, is a good and a right step in the right direction. This will create a favourable atmosphere for the industrialists in the country because of raids and court cases which has vitiated the atmosphere for more industrial production. Now a measure has been taken though it may not go to the facility of the cases to be compromised. Sir, I want to seek clarifications from the hon. Minister on two or three points.

First, one is, the Minister has stated that cases of smuggling will not be compromised. But I draw the attention of the hon. Finance Minister to the fact that there are certain industrialists who are subverting the economy of this country by clandestine means and tampering with the administration of the bureaucracy. Therefore, I want an assurance from the Minister that

such subversions will not go scot-free. He should declare it once for all.

The second aspect to which I want to draw the attention of the hon. Finance Minister is that on page 3, para 8, column (iii) he has stated, I quote :

“cases of evasion of duty either by misdeclaration of value or wrong classification of goods under the tariff where the transactions have not been fully recorded in the accounts and balance-sheet, if any of the manufacturer or importer.”

But what is happening, Sir, in many cases, as I know, in some cooperative based industries excise officers themselves have certified for the last five years that everything was all right. The value has been accepted, the bills have been examined and certified in respect of items like electrical motor or something like that. Then suddenly the Government deputes the Collector (Excise) and gives notice for the recovery of amount to the extent of Rs. 70 crores or Rs. 100 crores from the cooperative-based industries. I would request the Minister to kindly look into this aspect. The officers in the excise department certify the price in the bill which has to be charged to the customers.

Thirdly, regarding court cases, I was really surprised two days back that the Bombay High Court has taken a decision in a case from Pune wherein the Director who was an ex-Secretary of the Government of India was unnecessarily harassed by taking him to the court. I think the holier is the Government and the sinner is an industrialist. Sir, that attitude should be avoided and cooperation of honest industrialists should be taken by the Government. In our country there are many honest industrialists.

श्री प्रमोद महाजन (महाराष्ट्र) : सभापति जी, सर्वसाधारण रूप में बकाया वसूल करने की यह स्कैम निश्चित रूप से स्वागतयोग्य है। मैं माननीय मंत्री जो से केवल 2—3 छोटे स्पष्टीकरण इस सम्बन्ध में चाहूंगा। एक तो जैसे विभिन्न न्यायालयों में ढाई हजार करोड़ रुपये का बकाया रका पड़ा है उस प्रकार क्या मन्त्रालयों के स्तर पर इसमें कुछ रकम रकी पड़ा होगी, जिसका डिस्चार्ज या जिसका अपील मन्त्रालय के स्तर पर होती है कोर्ट में जाने से पहले क्या ऐसा कोर्ट रकम रका पड़ा है? क्या उस मामले में भी किसानों को अपनाया जायेगा? दूसरे मेरा सवाल यह है कि ढाई हजार करोड़ रुपया जो रका पड़ा है, क्या वित्त मन्त्रालय का कोई अनुमान है कि बोलेंद्रा डिस्कलोजर करने के बाद इसमें से कितने करोड़ रुपया ओपन होने की सम्भावना है।

तीसरा मेरा सवाल है और स्पष्टीकरण में यह चाहूंगा कि 31 दिसम्बर, 1986 के बाद जो लोग बैंक च्युल ऑफेंडर्स रहेंगे कोर्ट में बार-बार ले जाते रहेंगे क्या सरकार उनकी कोई ब्लैक-लिस्ट बनायेगी और ऐसी ब्लैक लिस्ट में आने वाले कम्पनियों और सिस्टर कम्पनियों को सरकार की ओर से, सभी मन्त्रालयों की ओर से तथा वित्तीय संस्थाओं की ओर से कोई ऐसा प्रतिबंध होगा जो पैसा बचाने की कोशिश करती है उन पर कोई अंकुश लगे? मैं यह तब स्पष्टीकरण चाहूंगा। धन्यवाद।

SHRI K. MOHANAN (Kerala) : Sir, the system of compounding is not a new one. We know that this system is prevailing in so many departments. It has its positive as well as negative effects. The positive part is that as our hon. Finance Minister has already stated, it is helpful to avoid unnecessary legal battle and harassment and enable collection of taxes in time. But Sir, the other side, the negative side of this compounding system, if I am correct, is that it is there for the forest produce, for sales tax or like that. To a certain extent, it depends upon the sincerity and integrity of the officer who is dealing with it. So, actually, this compounding system itself is a

source of corruption. That is my impression about it. So, Sir, we cannot depend upon the sincerity and integrity of the concerned officials alone. Now, I would like to ask the Minister whether there are any specific guidelines to take decision on what type of cases are there, whether there is any proposal on the side of the Government for strict vigilance and whether there is any proposal to set up any machinery for this vigilance check up periodically on each and every case? Thank you.

SHRI ALADI ARUNA alias V. ARUNACHALAM (Tamil Nadu) : Sir, our hon. Finance Minister after taking over this portfolio has done some radical things so as to improve the financial resources of the country. His declaration of long term fiscal policy was a clear indication of his perspective. His introduction of MODVAT is another record of his prudence towards his tax reforms. His firm steps to unearth the black money and raid against the smugglers, black-marketeers and tax evaders are unenviable evidence of his honesty and sincerity in the management of finance for the welfare of the country. But Sir, contrary to our expectation, now, he has proposed for compounding the offences and settlement of court cases under the custom and excise duty. Sir, how far it is going to be helpful, that will be seen? We have no objection to settle the cases of the tax payers who have not been charge-sheeted but after filing the charge-sheet against any tax evader to withdraw the case is injurious to our economy. So many big industrialists and industrial houses like Tatas, Kirloskar and RELIANCE have been charged for their economic offences. These industrialists have cheated the Government and the Banks. If the laws are amended so as to permit compounding of these offences, then the public will be tempted to evade the tax and smuggle the goods and process

the contraband. The income of the country will be seriously affected. The Minister expected that there will be an increase in the income of the country. No, on the contrary, it will affect tax collection. No society can survive in a civilised world without Punitive powers. If you remove the fear from the minds of the tax-evaders, automatically it means we are encouraging economic offenders. Economic offenders are more dangerous than criminals. Therefore, punishment is necessary. So my question is : What are the compelling factors for introduction of this scheme? Can the honourable Minister tell us to what extent there will be an increased tax collection?

SHRI SUSHIL CHAND MOHUNTA (Haryana) : I congratulate the honourable Minister for coming up with this policy statement. He has done well. I would like to know how many firms or persons are involved in these Rs. 2500 crores which are stated to be blocked in courts of law, what the number of people involved would be. Also, how does he propose to deal with those officers in the department who have colluded with and helped those parties either in wrongly describing certain articles or by levying less amounts of excise or customs duty? Because, if an article has not been properly described and consequently a less amount has been charged, then somebody must be responsible for it. Is it that nobody came to know of it or was it an inadvertant mistake or was it done deliberately? What is the approach of the Government in those cases where there is collusion of officers? Do those cases also fall within the purview of cases being compounded or is this relaxation applicable only to those people who did it *bona fide* because of wrong understanding and wrong interpretation of the various articles in the excise and customs law?

My specific questions are : What is the number of people involved and when were these cases detected, how long after the excise and customs duty was evaded?

श्री मन्मथराज मलिक (उत्तर प्रदेश) : श्रीमन्, पिछले एक-दो साल में जो मान-नोय वित्त मंत्री जाने काम किया है बड़े लोगों को पकड़ने-धकड़ने का मैं यह कह सकता हूँ कि हिन्दुस्तान के मामूली आदमी मैं उसने एक जबरदस्त विश्वास जगाया है। अगर आप को कभी मौका लगा हो शहर या कस्बे में सिनेमा देखने का तो आपने देखा होगा कि फिल्म में जो ताकतवर आदमी हो जाता है गलत तरीकों से उसको जब पिटाई होती है तो उस बूढ़े गरीब आदमी रिकशेवाला सबसे ज्यादा ताली बजाता है। ठीक यही मानसिकता देश के गरीब और मामूली आदमी की है। जब उसको लगता है कि आप बड़े-बड़े आदमी को पकड़ सकते हैं या इस देश में ताकतवर अब यह नक्शेवाजी नहीं कर सकता कि वह रुपये के बल पर दिल्ली के मंत्रालयों के कारोडोर में जो चाहेगा करा लेगा तो इससे जबरदस्त संतोष हिन्दुस्तान के आम आदमी को होता है। मैं पूरी ईमानदारी के साथ कह सकता हूँ कि यह विश्वास आपने देश में जगाया है कि आज बड़े से बड़ा आदमी रुपये के बल पर कोई काम दिल्ली की सरकार में नहीं करा सकता और इसके लिये मैं वित्त मंत्री जी को बधाई देना चाहता हूँ। और मैं निवेदन यह करना चाहता हूँ कि आप ने बहुत समझदारी के साथ कोशिश यह भी की है कि देश में उत्पादन भी बंद न हो, व्यापार भी चले लेकिन कानून को सर्वोपरि रख कर काम चले। मैं जो निवेदन करना चाहता हूँ वह यह है कि इसके तहत जो चीजें बच गयी हैं उन का क्या होगा। एक ही तरफ मैं वित्त मंत्री जी का ध्यान दिला कर अपनी बात खत्म कर दूंगा। जो सब से जबरदस्त चोरी इस देश में हो रही है वह उत्पादन को छिपाया जा रहा है। मैं मिताल के तौर पर कहना चाहता हूँ, नाम नहीं लूंगा, उत्तर प्रदेश में दस साल पहले विक्री कर के अधिकारियों ने सरकारी और गैर-सरकारी कारखानों में छापा मारा शराब के कारखानों पर छापा मारा और बियर और

शा.ब. को जितनी मोतलें बनती थीं उस का दस सैकड़ा कागज पर दिखाई जाती थीं यह पाया। शुगर फ़ैक्ट्री में शारा छिपाया जाता है, शुगर का उत्पादन छिपाया जाता है। एक खबर फ़ैक्ट्री जो सरकारों प्रतिष्ठान था, उस में भी उत्पादन को छिपाया गया था। वह रिपोर्ट मैंने देखी थी जब मैं वहां विधायक था। तो मैं मंत्री जो से निवेदन करना चाहता हूं कि उत्पादन की जो जगह है वहां पर जो जबरदस्त चोरी होती है उसको रोकने का वह कोई प्रबंध क (व्यवधान) वह कमनी आप के पुराने नेता से संबंधित है इसलिये मैं उसका नाम नहीं ले रहा हूं। (व्यवधान) उस कमनी ने हो जनता पार्टी को सरकार तुड़वाई। ज्यादा इतिहास बताऊंगा तो आप को ही दिक्कत होगी। मैं एक किसान परिवार से आता हूं। 5 रु० के बकाया, 200 रुपये के बकाया रहने पर किसान को तहसीलदार गिरफ्तार करके बंद कर देता है। बहुत तकलीफ होती थी यह देख कर कि ढाई हजार रुपये के कर चोर को नहीं पकड़ा जाता है। मैं वित्त मंत्री को को बधाई देना चाहता हूं कि मेरे जैसे आदमी को उस बात में विश्वास पैदा हुआ है कि जो लोकतंत्र और गांधी जी की पाठों ने दिया था कि अब 50 रुपये का बकायेदार हो गिरफ्तार नहीं होता है बल्कि ढाई हजार करोड़ के कर न देने वाले भी गिरफ्तार हो रहे हैं।

इन शब्दों के साथ ही मैं अपनी बात समाप्त करता हूं।

बहुत-बहुत धन्यवाद।

MR. CHAIRMAN : Yes, Mr. Gurudas Das. Gupta.

SHRI GURUDAS DAS GUPTA : (West Bengal) : Mr. Chairman, Sir, I am sorry, I cannot complement the honourable Minister of Finance.

AN HON. MEMBER : Why not ?

SHRI N.K.P. SALVE (Maharashtra) : Because it will not suit him.

MR. CHAIRMAN : Put your questions, please.

AN HON. MEMBER : He will get a blast. (Interruptions)

SHRI GURUDAS DAS GUPTA : There can be a counterblast also and you would like to have something of that also ? There can be a flare-up on that. (Interruptions)

MR. CHAIRMAN : Kindly come to your clarifications.

SHRI GURUDAS DAS GUPTA : Sir, I cannot compliment the Minister of Finance on this score because I believe that instead of enforcing the law on those people who violate the law, the Government is seeking to have a policy of appeasement under the pretext of having difficulties arising out of the court cases.

[Mr. Deputy Chairman in the Chair.]

I do not think there is any difficulty because of court cases. If there is any such difficulty, that should be solved by bringing about a proper amendment to the law and, if necessary, a proper amendment to the Constitution itself. You have been amending the Constitution on so many occasions. Therefore, in the case of these offences and in the matter of disposal of such cases, instead of adopting a policy of appeasement, that is, trying to settle the affairs outside the court of law, there should be a proper amendment. I will now say why I cannot agree to this. It is because I believe that this scheme is immoral. It is immoral because a person can commit an offence knowing full well that he can go scot-free because there is a provision in the scheme to settle the matter outside the court. The business community will commit more offences now than what it has been doing so far. My respected friend and colleague, the Finance Minister, knows himself more than anybody else in the House what the psychology of the business community is and what the

volume of such offences is which they are committing in the different sectors, in the different areas, of our economy. Therefore, such a measure by the Government will only encourage this psychology of the business community that with the power of money they can get away with any crime and they can go score free. Therefore, Sir, I beg to differ and I cannot compliment him on this.

In this connection, may I remind the hon. Minister that when you had taken to the policy of voluntary disclosures in the case of unearthing the black money, what was the amount that was recovered? Not even a fraction of the total black money ruling the country. The expert committee, the Government committee, the Government committee and everybody has been telling that Rs. 20,000 crores, even more than that, is the amount of black money ruling the country and there is a parallel economy. You cannot touch the fringe of the parallel economy. It is not the question of black marketeers; it is black money. Therefore, your proposal of unearthing black money through voluntary disclosure had been a colossal failure. Even that experience has not been a matter of education to you or to the Government. Even after that you are taking resort to voluntary disclosure to get rid of the difficulties. I understand, the difficulties are there because of delay in the disposal of cases. Therefore, Mr. Chairperson, I would like to ask our hon. Minister to tell me whether such a measure will provoke more violations in the business community, because we are given to understand that if they violate they will not go to jail but they can settle the matter outside the court. And everybody knows that a huge volume of corruption is rampant in the officialdom. Therefore, how easily they can get away with! Sir, without having lack of faith in the Minister himself because he has been doing

good job in a limited way, I do not see any reason for the scheme to be brought forward.

MR. DEPUTY CHAIRMAN :
Shri Babul Reddy. (*Interruptions*)
Chairman has decided that one Member from each party should speak. So Mr. Babul Reddy's name I called. (*Interruptions*).

SHRI A. G. KULKARNI :
Are we in a democracy or in Russia or China ?

MR. DEPUTY CHAIRMAN :
If time permits, I will call you.
Mr. Babul Reddy.

SHRI P. BABUL REDDY
(Andhra Pradesh) : The Minister has stated that the response to the Voluntary Disclosure Scheme with reference to direct taxes was very encouraging, and encouraged by that response he has now come out with this scheme in respect of excise duty and customs. Sir, to that extent I do not take any exception. But, Sir, I wonder the present scheme, the entire area of the present scheme, is covered by exceptions, So I want a clarification.

Sir, normally the excise duty is evaded either by suppression of production or clandestine removal in showing in the accounts. There are various alternatives by which customs or excise duty can be avoided. Here exceptions are given and this scheme does not cover cases of suppression of production of excisable goods and clandestine removal thereof, etc. etc. Here a list is given. Then, on page 4 it is said that if the transactions are not mentioned in the books of the company then the funds are, to that extent, funnelled out of the business. It is said that to transactions not mentioned in the books of the company this scheme will not apply.

My apprehension is that here what is given by the right hand is taken away by the left hand. The whole gemut of the scheme is covered by exceptions. So I want a clarification, Sir : Is there any area left for this scheme to operate ?

MR. DEPUTY CHAIRMAN :
The Finance Minister. (*Interruptions*).

SHRI JAGESH DESAI
(Maharashtra) : I was the first person to raise my hand.

SHRI N.K.P. SALVE : I also raised my hand and the Chairman nodded that he would call me up.

MR. DEPUTY CHAIRMAN :
I have a list passed on to me by the Chairman. He told me that specifically these are the two names, after which I can call the Minister, because the time is arranged in such a way.

SHRI JAGESH DESAI :
On a point of order. (*Interruptions*). I had given my name at the earliest opportunity.

SHRI JAGESH DESAI :
Sir, you have given a chance to everyone from that side and there is only one from this side. It is unfortunate.

MR. DEPUTY CHAIRMAN :
Your name must have been given. But it does not appear in the list. The list is before me. I am so sorry that I cannot accede to your request.

SHRI VISHWANATH PRATAP SINGH : I am thankful to the Hon. Members for the general support and the direction in which the steps have been taken. One question was asked as to why this scheme has been introduced at all.

We had introduced a scheme for the direct taxes where we gave exemption from penal procedure or penalty or criminal prosecution. We did not compromise on the amount of tax to be paid. We have not compromised on that point neither in the previous scheme nor in the present scheme. Under the scheme, no one would get any benefit on tax as compared to the honest tax payers. This has been our main thrust in the direct taxes. It is difficult to assess the amount that way. It is some rough estimate and rough estimates are dangerous to be given on the floor of the House. It is indulgence on my part. I can share with you the assessment we had. It is a rough assessment that about 300 crores of rupees have been collected on the direct tax side under the voluntary scheme. (*Interruptions*) These 300 crores would cover three times more. This will cover more than 1000 crores. This money is not in bonds that you have to repay with interest thereon. It is the total money coming in the kitty of the Government. On the same principle, we have extended that to the indirect taxes.

SHRI N.K.P. SALVE : I want to ask an extremely important question. The success that he has achieved is the result of a very pragmatic approach and he deserves our felicitations for that. I want to know why he has kept this scheme so unduly restricted. Excepting those matter which are in a court, it cannot cover more. Supposing there is surplus production, this surplus production should be linked with the evasion of income-tax and sales tax. The person will go and settle it with the income-tax and sales tax authorities. The quality of law being what it is the response comes in. If the quality of law is good, there is a larger response. The communists run with the hare and hunt with the hound. They condemn the existence of black

money and if we take measures, they again condemn us.

SHRI GURUDAS DAS GUPTA : The communists are not changing. I think he is not speaking on behalf of the Communist Party, nor is he speaking as a communist. He is under a spectre and the spectre is communism. I wish I could help him in this.

SHRI VISHWANATH PRATAP SINGH : Mr. Das Gupta, I assure you that there is no policy of appeasement. This I assure you. It is very clear that no tax concession is given in this. It is for a specific time. It is not an open-handed permanent scheme or policy that we have adopted. Now when we are enforcing the laws firmly, we have taken a practical view. All right, give a time window. If you want to come out clean, come. This will also give us a moral authority. After December when we tighten these laws and take firm action, nobody can say that it is something which suddenly came out and he does not subscribe to it. Even that pretext will not be there. And we can very firmly implement the law. So, here is an opportunity for them to come out. And so far as court cases are concerned, those are of civil nature where the Supreme Court has decided the principle. And in various High Courts people are contesting it on a writ petition. So, it is not the criminality of it which is comprised. But the Supreme Court principle has been enunciated. Now, if you want to conform to the Supreme Court principle and pay up your money, than a settlement procedure apart from the court has been announced. And that can be availed of. Now, the rationale that is being asked by Salveji; and also the other honourable Member asked why exceptions have been made and that there are more exceptions than what you have given. We have taken the principle where a person has not paid the tax that is due—what he has realised, he has shown in his books—maybe by

misclassification or otherwise. But the amount that he has received, he has shown in the books. But the tax he has not paid of what has been his due. So, this is confined. In fact, this is the only window that is being given. Now the question is: Why don't you widen the window to the others which Salveji said? On the other it is said where there is a clandestine removal of goods, as he has said. That is one more mode. I do not know. So, here is not only evasion of the tax but also when it is clandestinely removed then the proceeds are also not reflected in the books. When it is not reflected in the books, the share holder's right is also gone. How are we to compound the injury to the third party? So, it is a question of principle.

SHRI N.K.P. SALVE : What about non-corporate sector?

AN HON. MEMBER : When it is already in the books..

SHRI VISHWANATH PRATAP SINGH : That is a different thing. Where there is collusion, we will take action. But when it is clandestinely removed, it is not reflected in the books at all. So, here the third party's interests also come, violation of the company law comes, violation of the tax laws comes, and this whole circuit comes. Well, Salveji said that when the Government takes money, you can also take care of the company law and the tax law. But this third party's interests and of other investors also come in there. Even in a private firm..

SHRI A.G. KULKARNI : Mr. Minister, in the small scale industry there is no shareholder at all. It is only the entrepreneur.

SHRI VISHWANATH PRATAP SINGH : Well, in a small-scale sector, there are partnerships.

There are other partners whose interest is affected. Now, how do we compound or write off the third party interest? That is a question of principle.

SHRI N.K.P. SALVE : The partners are no different than the firm itself. That is the concept.

SHRI VISHWANATH PRATAP SINGH : We know that a few manage it. The others are there. And how much share they get out of it? These are the various things that can be raised. So, we have been cautious on that. Certainly smuggling we cannot control. There is no question. No one has pleaded for that. So, I don't have to argue that. So, this has been the broad framework of thinking in coming with the scheme. Now, Shri Kulkarni, while complimenting the scheme said that due to raids, the Industrial environment has been vitiated. I strongly differ with it. I strongly differ with it that industrial environments has been vitiated. The Latest quarterly figures have come. There has been a growth of 7.7 per cent in April in Industrial goods.

SHRI A.G. KULKARNI :
How the investment is there...

SHRI VISHWANATH PRATAP SINGH : Investment capital issues have gone up by 80 per cent compared to Last Year. And the Industrial growth of this country is not mortgaged to a few people of the country. Let it be very much known. And those people who evade the Laws, it is not mortgaged to them. There are millions of entrepreneurs in this country—small, big and large—who will contribute to the Industrial growth. And Let us not be in that illusion. I can not contribute to that line of thought. Those who are found subverting or compromising their position,

there is no question of tolerating them. If we find anybody subverting or compromising or involved in any other way, certainly we will take action.

Now, a point was raised, namely if excise officials have cleared and after then it is taken, then where it is cleared and shown in the books, certainly those cases will fall in this. They can avail of it so far as it is reflected in the books.

One court case Kulkarniji mentioned was about the secretary or a director of the Kirloskars.

In fact it is the case of an ex-secretary or director. We had to formally make him a party to it because the omission would have created a weakness in the case. Let it be known that even in appeal in Kirloskars, the Government's case has been admitted by the High Court. It is not that something has just been done perfunctorily.

SHRI A.G. KULKARNI :
I am not on the case of Kirloskars. The point is that cases have gone to courts, as if to harass.

SHRI VISHWANATH PRATAP SINGH : I will explain it. That legal technicality is there. Also I have to point out the admission of the case in appeal because it is said that the Government is going in for harassment. The court found a *prima facie* case and that is why it admitted it. The number is about three thousand cases are pending in various High Courts and the Supreme Court relating to the amount of 2500. So, it is a very large number. At Ministry level we do not decide the cases. The question was asked, how much is pending in the Ministry? We do not decide at the Ministry level.

A point was made that this will inculcate the habit of offence.

आदत बड़ जायेगी । आदतन करेगें तो इस्मानान रखिये कि हम आदत छुड़ा देंगे ।

SHRI GURUDAS DAS GUPTA :

I did not follow it, Sir.

SHRI VISHWANATH PRATAP SINGH : Now the other negative side was mentioned.

SHRI GURUDAS DAS GUPTA :

Why should I lose the privilege of listening to his sentence ?

MR. DEPUTY CHAIRMAN :

You should have used the earphone.

SHRI GURUDAS DAS GUPTA :

Kindly say it in a few words in English.

SHRI VISHWANATH PRATAP SINGH :

That is a very special sentence.

SHRI GURUDAS DAS GUPTA :

Special persons use special sentence.

SHRI VISHWANATH PRATAP SINGH :

You will endorse that sentence.

Then a point was raised that this compounding system will lead to corruption at officials levels. One thing, we are not compounding the tax dues. No officer has any authority to reduce the tax burden. That discretion is not there. Criminal prosecution or other penalties, that is the only area. That discretion is not there and guidelines are already given. That is already enunciated.

Now, a point was raised that it will not be proper that where a chargesheet has been filed and withdrawn, this will not be a good signal. Well, where a criminal prosecution has been filed, we are not going to withdraw that.

श्री राम अवधेश सिंह (बिहार) :
कितना पैसा आयेगा ?

SHRI VISHWANATH PRATAP SINGH :

I am coming point by point. Then about officers who have colluded, I have answered.

Now, a question was asked as to how much money would be coming.

It is very difficult to make a guess that way because had I known how much is evasion, evasion would not have taken place. That is the difficulty in answering this question.

श्री राम अवधेश सिंह : इस स्कीम के बारे में बात करते हैं । खोदा पहाड़ निकली चुहिया वाली बात है, आपको इस्टीमेट ही : ही है कि कितना पैसा निकाल सकते हैं तो इसका मतलब क्या है ?

श्री विश्वनाथ प्रताप सिंह : इसमें तो एक वातावरण बनाने की बात है । वातावरण चूहे और चुहिया से नहीं होगा (व्यवधान) एक बार उस वातावरण को समझिये उस वातावरण को बनाया जा रहा है जिसमें कम्प्लायेंस स्वयं भी हो और अच्छे ढंग से भी हो ।

श्री राम अवधेश सिंह : आप कह रहे हैं, इतनी लम्बी चौड़ी बात कर रहे हैं कि आप उनकी आदत छुड़ा देंगे, आप उनको ठीक कर देंगे । आपके पास इतना ही अनुमान नहीं है कि इस तरह से आप कितना पैसा निकालेंगे जो छिपा कर रखा हुआ है । आप किस जवाबदेही से यह बात बोल रहे हैं ।

श्री विश्वनाथ प्रताप सिंह : देखिये जो लोग कर चोरी करते हैं उनके दिल में भय तराजू, बर्ही-खाता से नहीं आएगा वह तो दण्ड से आएगा । वह कायबवाही करते रहेंगे । (व्यवधान)

SHRI JAGESH DESAI : The Minister made it very clear that taxpayers who evade taxes cannot be given a better treatment than is given to honest taxpayers. But in the proposal I find...

MR. DEPUTY CHAIRMAN :
It is already over ; he has answered it.

SHRI JAGESH DESAI : you have levied 6 per cent interest. I think it should be 12 per cent interest because you are paying 12 per cent interest on saving schemes. I do not understand the logic of levying 6 per cent interest. You should make it 12 per cent. This will be according to the spirit in which you have made it.