

RAJYA SABHA

Tuesday, the 18th December, 1973/
the 27th Arahayana, 1895 (Saka)

The House met at eleven of the clock,
Mr. Chairman in the Chair.

ORAL ANSWERS TO QUESTIONS Income-tax dues written off by the Central Board of Direct Taxes

*760. SHRI HARSH DEO MALA-
VIYA :†
SHRI SARDAR AMJAD
ALI :
SHRI N. R. CHOUDHURY :

Will the Minister of FINANCE be
pleased to state :

(a) the amount of income tax
written-off by the Central Board of
Direct Taxes during 1971-72, 1972-73
and up to 31st October, 1973 during
1973-74;

(b) the names of parties whose in-
come tax arrears were written-off and
the justification for writing-off the out-
standing dues in each case; and

(c) the present limit of income tax
dues which a Member of the Board is
entitled to write-off; when was the limit
raised and the reasons which necessi-
tated the increase in this limit?

THE MINISTER OF STATE IN
THE MINISTRY OF FINANCE (SHRI
K. R. GANESH) : (a) The total amount
of income-tax approved for write-off
by the Central Board of Direct Taxes
during 1971-72, 1972-73 and upto 31st
October, 1973 during 1973-74 is as
under :—

Period	Amount written off
	Rs.
1971-72	2,69,12,616.17
1972-73	1,92,77,806.37
1973-74 (Upto 31st October, 1973)	58,35,226.55

†The question was actually asked on
the floor of the House by Shri Harsh
Deo Malaviya.

1—14 R.S/7?

(b) A statement giving the names of
parties against whom the amount of
income-tax due was written off during
1971-72, 1972-73 and upto 31st Octo-
ber, 1973 alongwith the reasons for write
off is laid on the Table of the House.
[See Appendix LXXXVI, Annexure
No. I].

(c) A Member of the Board is at
present empowered to approve write off
of irrecoverable demand between Rs. 10
lakhs and Rs. 25 lakhs after the case
has been scrutinized and recommended
by the concerned Zonal Committee.
This procedure was evolved w.e.f.
7.7.1973 to streamline the procedure and
prevent avoidable delay in the disposal
of cases of write off.

SHRI HARSH DEO MALAVIYA :
Sir, with your kind permission I would
like to point out one thing. In reply to
another question, No. 562 on 20-3-73
by Shri Suraj Prasad, the total amount
of taxes written off during 1971-72 was
given as Rs. 4,75,37,980 and now,
in this statement, the total is about Rs.
2 crores or some such thing. Why is
this difference? This is one thing which
I would like to know. This is just for
my clarification. Now, Sir, my ques-
tion is this : There are reports, as you
might be aware, that there are Income-
Tax agents, a number of them in
Bombay, Calcutta and other metropoli-
tan cities who have links with persons
in the Income-Tax set-up at the Centre
and there is some collusion between
them and some palms are greased and
the taxes are written off. Of course,
this is only a rumour and I have noth-
ing to prove this. But this is a strong
rumour...

MR. CHAIRMAN : You have al-
ready said that. Please put the question.

SHRI HARSH DEO MALAVIYA :
So, Sir, I would like to know...

MR. CHAIRMAN : ... whether the
rumour is correct or not?

SHRI HARSH DEO MALAVIYA : I would like to know whether this is correct or not.

SHRI K. R. GANESH : Sir, as far as the first part of his question about the discrepancy is concerned, I would like to mention that the question relates to the amount of tax written off by the Central Board of Direct Taxes and this figure which we have now is the amount that has been approved by the Central Board of Direct Taxes for write-off. The reply to the earlier question which was referred to by the honourable Member refers to the total amount that has been written off by the Central Board of Direct Taxes and the Commissioner of Income-tax. It is the total amount written off.

Now, Sir, about the second part of his question, I do not think that the honourable Member is correct when he says that there is some collusion and that there are agents for write-off and all that. Sir, for write-off, there are certain procedures laid down and when the demand becomes absolutely irrecoverable, the procedure has been laid down for write-off and the procedure is streamlined from time to time and it is only when all efforts have been made for the recovery and when the demand is absolutely irrecoverable that the amount is written off by the various authorities under the powers given to them.

SHRI HARSH DEO MALAVIYA : Sir, with due respect to the honourable Minister, I would like to say that we are not convinced. I would like to ask one thing : Will the honourable Minister accept, as a suggestion for action, a proposal to get a big broom to clear the Augean stables of the Central Board of Direct Taxes and the Income-Tax set-up in the Finance Ministry?

SHRI K. R. GANESH : Efforts by the Government are always made to streamline the administration and to see

that the administration is made equal to the task. Sir, I would like to correct the impression, because the figures are given in crores of rupees and in lakhs. I would like to mention this for the benefit of the House, for instance, that in 1970-71 the percentage of taxes written off to the total collections comes to 0.60, in 1971-72 it is 0.47 and in 1972-73 it is 0.23.

SHRI N. R. CHOUDHURY : Sir, the statement shows that the tax arrears written off are long outstanding dues. The reasons for such write-off in vast majority of cases are non-availability of assets from which recovery can be made. The amount written off ranges upto Rs. 52 lakhs in one case. In view of this, it will not be wrong to say that there is something wrong somewhere either in the process of assessment or in the process of collecting taxes from the assessees. In view of this, may I know from the Minister whether he is agreeable to institute an enquiry regarding this and take steps to make the Income tax Department free from any such corruption in future?

SHRI K. R. GANESH : Sir, there are various factors for the accumulation of these demands. For instance, we are not only dealing with assessees who are established companies or salaried employees, but what happens in the process of assessment is we find persons who are speculators or persons who are smugglers whose smuggled property is taken over by the Customs Department. All these are brought to taxes. Therefore, certain demands remain. For instance, if you take the year 1970-71, 38 cases were written off amounting to Rs. 2.69 crores. If you see the break-up, you will find that some companies have gone into liquidation and the amount involved is Rs. 0.52 crores; assessees who died without leaving any assets are 12 in number and the amount involved is Rs. 0.96 crores and three are insolvency cases amounting to Rs. ...

SHRI N. R. CHOUDHURY : Sir, I seek your protection. The Minister has just now made a statement...

MR. CHAIRMAN : Has any part of your question been left unanswered?

SHRI N. R. CHOUDHURY : Yes.

MR. CHAIRMAN : What is that question?

SHRI N. R. CHOUDHURY : Sir, in regard to serial No. 38, M/s. Harold T. Smith Inc., Delhi, the reason he has given...

MR. CHAIRMAN : This was not part of your question...

SHRI N. R. CHOUDHURY : There seems to be some amount of malpractices...

MR. CHAIRMAN : No, no, please sit down. Mr. Kaul.

SHRI B. K. KAUL : May I know whether the Government have made any analysis? Is it not due to the fact that due to not realising the money in time, these arrears are accumulating? Is it not a fact that recoveries are not properly made at the appropriate time? Who is responsible? I would like the Government to analyse this as to who is responsible for not recovering the demand at the proper time. Has the Government taken any action against such ITOs?

SHRI K. R. GANESH : Sir, the hon. Member has been a former Finance Minister. He knows as to what happens in the whole process of assessment and collection. Of course, whenever any dereliction of duty on the part of any officer is found, action is taken against him. I have already indicated that in the process of assessment of lakhs of cases, there are bound to be some irrecoverable arrears. Sometime the assesses whose assessments get completed do not have any tangible assets. For instance, there may be some persons

who might have speculated or persons who might have made profits in the first 2 or 3 years, but later on they suffered losses. According to the provisions of the Income-Tax Law, these demands have got to be carried forward. Sometimes there is a smuggler involved. His smuggled goods are sized by the Customs Department. Tax is levied on him and he has no tangible assets left. There are also persons who have left India and gone to Pakistan. These arrears are continuing from 1937, 1938 and 1943 onwards. There are companies which have gone into liquidation. These are some of the reasons for the accumulation of arrears.

DR. R. K. CHAKRABARTI : In view of the fact that on the slightest pretext in order to increase revenues, you levy surcharge and increase the price of sugar and so on, may I ask the hon. Minister as to why in the case of S. Nos. 31, 32 and 38, it took 10 years from 1947 to 1958-59 to make the assessment and to collect these amounts of 2 lakhs, 2.17 lakhs and 52 lakhs? Why in the case of Item No. 38, i.e. M/s. Harold T. Smith Inc., was he allowed to leave this country without paying the taxes of 52 lakhs? Why does it take 10 years to assess and collect the arrears of big companies where as in the case of ordinary income-tax assessee, you extract the taxes soon?

MR. CHAIRMAN : All right. You have already said it.

SHRI K. R. GANESH : We have already given details in the reply. If the hon. Member wants more details, we can supply those details to him.

DR. R. K. CHAKRABARTI : You please explain as to why 10 years were taken.

SHRI K. R. GANESH : I will give full details as to how it happened and what action was taken at different stages.

SHRI N. G. GORAY : This is a long list and it takes a little time to scrutinise it. I would like to bring to the notice of the Minister that a large number of cases have been mentioned in which the outstanding amounts are very large, 2 lakhs, 5 lakhs, 18 lakhs, etc. There are also cases in which the assessee has died. I would like to point out that if proper measures had been taken to collect the income-tax in proper time, then this particular thing 'that the assessee died and therefore nothing could be recovered' would not have arisen. When a man is old, you must be very quick about him. You must try to recover the amount before he dies. I would like to know whether you are trying to see that this process is quickened and as soon as the assessment is made, the amount is recovered.

MR. CHAIRMAN : We have already taken 15 minutes and I think we must now go to the next question.

SHRI K. R. GANESH : As I indicated earlier, some of the backlog is being carried forward. Formerly, it was four years for completion of assessments. This period has now been reduced to two years. Therefore, Sir, some of these cases will be taken care of.

SHRI N. G. GORAY : Take the case of Capt. Dutta against whom 13 lakhs of rupees were pending. He died and you could not recover anything.

SHRI K. R. GANESH : Sir, each of these cases will have to be seen under whatever procedures that are there. And we have...

SHRI A. G. KULKARNI : Get their horoscopes also.

SHRI K. R. GANESH : ...as many factors as possible. What happens is that when a demand is raised, a notice is served, there are 35 days for the assessee to pay the demand. He can file the appeal. He pays the undisputed part of the demand. The disputed part of the demand goes into the various

provisions provided by the Income Tax laws. There are cases in which there are no assets available. And, as I have indicated, there are various types of cases. It will be very difficult for me to answer the whole question. If any question relating to a particular assessee or any assessee is asked, I can give the detail of the whole mill through which it has been passed.

MR. CHAIRMAN : Next question—
Dr. Bhai Mahavir.

श्री जगदम्बा प्रसाद यादव : इस तरफ आपने किसी को नहीं दिया।

MR. CHAIRMAN : You should have raised your hand earlier. You raised your hand at the last moment. Now, please sit down.

†दिल्ली के लिए शुष्क बन्दरगाह

*642. डा० भाई महावीर : ‡

श्री पिताम्बर दास :

श्री मान सिंह वर्मा :

श्री प्रेम मनोहर :

श्री वारेन्द्र कुशर सखलेचा :

क्या वाणिज्य मंत्री यह बताने की कृपा करेंगे कि :

(क) क्या दिल्ली के शुष्क बन्दरगाह घोषित करने के प्रस्ताव पर अब कोई निर्णय कर लिया गया है; और

(ख) यदि हाँ, तो उसका व्यौरा क्या है ?

§[Dry Port for Delhi

*642. **DR. BHAI MAHAVIR :**
SHRI PITAMBER DAS :
SHRI MAN SINGH VARMA :
SHRI PREM MANOHAR :
SHRI V. K. SAKHLECHA :

Will the Minister of **COMMERCE** be pleased to state :

†Transferred from the 12th December, 1973.

‡The question was actually asked on the floor of the House by **Dr. Bhai Mahavir.**

§[] English translation.