

(i) Assesseees have died leaving behind no assets.

(ii) Assessee companies have gone into liquidation.

(iii) Assesseees have become insolvent.

(iv) Assesseees have left India.

(v) Assesseees are untraceable.

(vi) Assesseees have no attachable assets.

(vii) Amount written off as a result of settlement with assesseees.

(viii) Demands found not due on the basis of subsequent information, such as duplicate demands, demands wrongly made, demands being protective etc.

(c) As stated in reply to part (b) above, it is not possible to presume that in a particular case the arrear demand will be written off. However, during the year 1971-72, write offs have been approved in 39 cases where the amount involved exceeded rupees one lakh. The names of these assesseees are given in the annexure. [See Appendix (LXXX, Annexure No. 23].

CONVERSION OF LOANS TO PUBLIC UNDERTAKINGS INTO EQUITY CAPITAL

295. DR. BHAI MAHAVIR :
SHRI PRANAB KUMAR
MUKHERJEE !

Will the Minister of FINANCE be pleased to state :

(a) whether it is a fact that Government have decided to convert loans amounting to more than Rs. 128 crores given to big public sector undertakings into equity shares ;

(b) if so, whether the propose thereof is to bring down the losses of those project;

(c) what is the ratio between loan and equity in case of these undertakings and the corresponding ratio in the case of comparable private sector undertakings in steel, ferti-

User and the like; and

(d) the likely effect of this conversion on the working of public undertakings ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI K. R. GANESH) : (a) Presumably, the hon. Members are referring to the proposed conversion of loans into equity in respect of the following public sector undertakings, mentioned in the Explanatory Memorandum on the Budget of the Central Government for 1972-73 :

<i>(Rs. in crores)</i>	
Name of the company	Amount provided in the Budget (R. E. 1971-72) for conversion of loans into equity.
1. Bharat Heavy Electricals Ltd.	15.00
2. Bharat Heavy Plate & Vessels Ltd.	1.18
3. Heavy Engineering Corporation Ltd.	59.00
4. Hindustan Machine Tools Ltd.	3.47
5. Hindustan Steel Ltd.	32.30
6. Mysore Iron & Steel Ltd.	11.23
7. Oil and Natural Gas Commission	6.10
	<hr/> 128.28

(b) On a recommendation of the National Commission on Labour, the capital structure of the Public Enterprises is to be reorganised, financing the expenditure on townships through equity, the balance of capital outlay being financed with equity and loan, by and large in the ratio of 1. Pursuant to this decision, the capital expenditure on townships in the case of Bharat Heavy Electricals Ltd., Bharat Heavy Plate

and Vessels Ltd., Heavy Engineering Corporation Ltd., Hindustan Machine Tools Ltd., and Hindustan Steel Ltd., has been converted into equity. In case of Heavy Engineering Corporation conversion of a sum of Rs. 50 crores has been made to give the company relief from the increasing interest charges. Government have also increased their participation in the equity capital of Mysore Iron and Steel Ltd., to 40% by such conversion. As regards Oil and Natural Gas Commission, the conversion reflects the decision to treat initial expenditure on offshore exploration as capital investment.

(c) The debt-equity ratio in respect of the above undertakings (except Mysore Iron & Steel Ltd.) as on 31-3-71 was as follows :

1. Bharat Heavy Electricals Ltd.	1.5 : 1
2. Bharat Heavy Plate & Vessels Ltd.	1.3 : 1
3. Heavy Engineering Corporation Ltd.	1.5 : 1
4. Hindustan Machine Tools Ltd.	1.3 : 1
5. Hindustan Steel Ltd.	0.8 : 1
6. Oil & Natural Gas Commission.	0.7 : 1

The ratio in the case of some of the major private companies is as under :

1. Coromandal Fertilizer (As on 31-12-71)	3.2 : 1
2. Hindustan Aluminium Corporation (As on 31-12-70)	1.3 : 1
3. Tata Iron & Steel (As on 31-3-71)	0.3 : 1

(d) The conversion of loans into equity as mentioned in part (a) above will not have any effect on the working of the undertakings; it is expected that in due course the enterprises would pay dividends on such increased equity capital.

INCOME-TAX ARREARS

296. SHRI SURAJ PRASAD : Will the Minister of FINANCE be pleased to state :

(a) what efforts have been made by Government to improve the collection of income-tax arrears;

(b) whether as a result of the steps taken there has been any improvement in the realisation of arrears during the recent years;

(c) if so, to what extent; and

(d) what is the total amount of outstanding arrears as on 31st March, 1972 ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI K. R. GANESH) : (a) The Government have taken the following specific measures to improve the collection of Income-tax arrears :

(i) Prior to 1961 recovery of tax arrears was done by State authorities who often failed to evince sufficient interest in the collection of revenue. The 1961 Act, therefore, incorporated a self-contained Revenue Code and made provision for Tax Recovery Officers who could be Departmental Officers. The Departmental Officers have taken over the recovery work fully or partly in all Commissioners' charges,

(ii) Introduction of the scheme of functional distribution of work. Here the collection to taxes is made the specific function of one or more Income-tax Officers in the Range.

(iii) Acceptance of crossed cheques — by the Department and opening of special receipt counters for this purpose in the Income-tax Offices.

(iv) Publication of names of assessee who are defaulters in the payment of taxes over certain prescribed limits.

(v) Arrear Clearance Fortnights are being observed all over the country. During these periods, special emphasis