

SHRI VIDYA CHANRAN SHUKLA : The very fact of the newspaper report would show that all the hon. Ministers are being treated as ordinary assesseees. No special concessions has been shown to anybody.

The question was proposed.

MR. DEPUTY CHAIRMAN : We will continue the discussion after lunch hour. Meanwhile we have got a statement.

STATEMENT BY MINISTER CONTRADICTING CERTAIN REMARK MADE BY SHRI RAJNARAIN

THE MINISTER OF STATE IN THE MINISTRY OF INFORMATION AND BROADCASTING AND IN THE DEPARTMENT OF COMMUNICATIONS (SHRI I. K. GUJRAL) : With your permission, Sir, I have noticed that in the Rajya Sabha proceedings of the 26th of this month the hon. Member, Shri Rajnarain, while speaking on the University Grants Commission report debate mentioned that I got pressurised Shri Salwan of Alwan College, Delhi, about the appointment of Principal. I would like to submit that his information is untrue.

MR. DEPUTY CHAIRMAN : The House stands adjourned till 2 P.M.

The House then adjourned for lunch at one of the clock.

The House reassembled after lunch at two of the clock, **MR. DEPUTY CHAIRMAN** in the Chair.

THE TAXATION LAWS (AMENDMENT) BILL, 1970—contd.

SHRI R.T. PARTHASARATHY (Tamil Nadu) : Mr. Deputy Chairman, Sir, I seek to make a few observations on the Taxation Laws (Amendment) Bill of 1970, partly welcoming some of its provisions and partly submitting to you that some of its provisions have been begun from the wrong end. They are not constructive by any manner or means though I would like to say that this Bill could have been approved by and large if the Government thought it fit to make all the provisions acceptable to the Opposition as well.

Sir, I would like to make an initial comment that the income-tax law, along with the wealth tax, the gift tax and the companies' profits (surtax) laws that are in existence today, is vexatious. It might be a very hard term to describe it as vexatious. But I have good reasons to make my submission to you and through you to the honourable House because I feel that the principles of public finance and taxation are honoured in their breach by this Government on diverse grounds. While that remains the saddest chapter of the financial history of our country, my complaint against this Government is that they have not come forward to remove the existing ills in the tax law and the other allied laws. The hon. Minister while initiating this debate this morning made a reference that all the assesseees will be treated on a par with the Ministers with reference to the application of the income-tax law. May I respectfully ask the Government whether the same concession that was shown to an hon. Minister who has submitted his return after a 51-month delay will be extended to all the citizens and assesseees of this country? Why has this Minister with 51 months' delay been given that exemption and what are the special reasons? Will the hon. Minister be prepared to place them on the Table of the House? That is why I say that the Government has been adopting double standards, one for the ordinary citizens and another for those who are Ministers and patrons of the Government. And with this, I leave that remark.

Sir, a little while ago, I described these four laws as vexatious because they do not correspond to the norms on which the principles of public finance should operate. The salutary principles of taxation should be that (1) it ought not to be vexatious; (2) the cost of collection of these direct taxes should not be high as compared to the returns; (3) it should not be penal; and (4) it should not throttle the development programme. And my submission to you is that in all these four respects, the income-tax law that is in existence today and even the amendment of the income-tax law that has been placed before the House today, have acted adversely to the public interest, not corresponding to these four norms on which all the democratic nations of the world have based their tax laws.

Sir, it appears to me that the Finance Minister, in bringing forward this law, wants to follow the principle evolved from

Prof. Kaldor's theory and the theory that was propounded first by the former Finance Minister, Shri T. T. Krishnamachari. But later the subsequent Finance Ministers have found that certain portions of Prof. Kaldor's theory could not operate in the interests of the country and they have given them up, for example, the expenditure-tax. I would like to ask what is the use of sticking so hard to Prof. Kaldor's theory by and large giving a loophole at every space that is available and ultimately making the legislation unworkable? And would it bring the desired results? May I know whether the Government in all its perspective is prepared to confine to the full application of Prof. Kaldor's theory? Or are we going to give up that theory altogether and bring forward a new law as such? According to me, the income-tax law and other allied laws that are in existence today are only piece-meal legislations that are not acting in furthering the productive interests of this country.

Sir, on this occasion I wish that this House should look at the revenue budget for the last 20 years. In the year 1950 the revenue budget was to the tune of Rs. 600 crores. In the year 1960-61, it was 1,064 crores. And in 1970-71 it has outgrown to Rs. 3,152 crores, almost five times, in a period of twenty years. This is the result of our taxation policy, particularly the direct taxation policy which has yielded a five-fold revenue. Correspondingly, I would like the Government to know that in the application and formulation of the taxation policy, as it will derive revenue on the one hand and as it would act adversely or progressively on the other, I must submit, Sir, that the Income Tax law has been generally oppressive particularly against the Individual and generally against the family. This cannot be denied. There is hardly any item of common use in this country—and this I say by way of illustration, not particularly dealing with direct taxes but also with indirect taxes—that is not taxed in some form or the other, indirect tax on matches, fuel, edible oils and all food articles with the exception of salt.

Sir, may I say very respectfully that the shortsighted taxation policy, from the day the Budget was introduced by the hon. Prime Minister on 28-2-70, has resulted in a price rise of 15 per cent. with reference to the essential commodities? This fact cannot be denied by the Government. If this is so, are you not going to rethink on your taxation policy and make

it less oppressive and more productive? In his reply I would like the hon. Finance Minister to give some valid points either to contradict me or to accept my argument.

Sir, I would also like to state that the one point which the hon. Finance Minister stated while initiating the debate is that this direct tax covers only $1\frac{1}{2}$ per cent. of the people of this country. May I ask him whether India is not the most highly taxed country in the world or may be, one of the most highly taxed countries in the world? If we take only the type of people affected by this double taxation, both direct and indirect, their property, their income and their resources, they would get a good case to plead with the Government for a rethinking on this whole issue.

The way in which the income tax and other direct taxes oppressively act on the assessee, it is only a small community as the hon. Minister himself admitted $1\frac{1}{2}$ per cent., and they are made to bear a disproportionate share of direct taxes in the name of some objective or other.

Sir, I very much regret to say that our direct taxation policy has reached a stage of stagnation in production and yielded a disincentive to produce more. When the saving incentive has been considerably brought down, investment-oriented economy cannot be made progressive and cannot be a flourishing one; this will retard its growth. It will create an inroad towards the all-round progress of the nation.

Following the very same arguments which the hon. Minister put forward a little while ago, may I ask whether the fixed income group, the salaried group and even the wage-earner are not hit very hard by these taxes? They are obliged to spend today 75 per cent. of their income on food for their family whereas 25 years ago they were spending only 50 per cent. of their income on that item. What is the corresponding position? This is how the Government should think in a relative way if we are to march towards a new economic and social order, about which both the Government as well as the Opposition are very much concerned. Now, if this is going to be the pattern which we will follow, the value of money, which has been eroded already, will be still more eroded. In spite of the five-fold increase in tax revenue during the last 20 years,

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we find that Government is spending crores and crores of rupees of this tax money that it is collecting from the assesses on objectives which do not give substantial production to the country. And when there is this non-productive expenditure, I am afraid the Government has no right to come before Parliament or before the public for enhancement of the rate of taxation by all manner or means.

Sir, when the Prime Minister put forward the Budget proposals before Parliament she gave an assurance, for keeping open a deficit of Rs. 225 crores, that there may be a stage when this amount of Rs. 225 crores will not be there as deficit. Sir, to-day if we examine the Reserve Bank chart, after eight months there is inflation already, due to a deficit of Rs. 250 crores and perhaps it may increase to Rs. 300 or Rs. 325 crores by the time the next Budget is presented. Is this the way finances of this poor country should be managed? Is there no remedy? I know the remedy, but I want the Government to answer this particular point. I would like to know what answer they will give.

Then, may I respectfully submit—and this cannot be disputed by the Government—that the National Income is about Rs. 30,000 crores at current prices, and in terms of constant prices, it is only Rs. 13,000 to Rs. 15,000 crores. Even as an instrument of promoting some intangible objectives, the taxation policy has not been successful because at the lower end of the spectrum, there has been no particular increase in the standard of living of the people due to the erosion of the value of money. The Government should take prime care to see that the value of money is protected and kept at the optimum level, instead of getting it eroded. At the other end also, due to the very high rate of taxation, new investment to enlarge the productive capacity of our country is tapering, which is not good for the country. Sir, all these are the result of the vexatious taxation law. I am not objecting to the principle of income-tax or the wealth-tax or the death duty or the super tax, but to the manner in which you are doing it. I am not sure if this Bill will go a long way to help you; it may put more spokes in the wheel of administration. (*Time-hell rings*).

Sir, I have got some more time of my party.

The taxation law is vexatious and hampers developmental programme. I say it hampers developmental programme because compared to last year, this year you have a drop in the industrial production. Though agriculture has benefited by and large, industrial production has gone down by two to three per cent. Has the Government ever thought whether the taxation policy has anything to do with that? It is a serious matter for which you alone can answer. Sir, I would submit that in taking care of the developmental programme, the taxation law, both in operation as well as in principle; should be made to suit with the circumstances, to suit with the economy of our country and made adjustable so that all the money that we may be collecting will not be under duress and the industries or the new entrepreneurs will not be made to work at a loss, which will ultimately retard the productive capacity of the industry. I would very much like that there should be some fresh thinking on this whole score. May I take the House into confidence and make a very humble submission that the time has come for the Government not only to rethink on this whole taxation policy and the entire financial structure, but the time has come for a national committee of experts to be appointed by the Government, an expert committee consisting of only three persons, persons of the stature of Shri Chintamani Deshmukh, of the stature of Shri T. T. Krishnamachari, of the stature of Shri K. Santhanam, who are experts on finance, and persons who had something to do with the Reserve Bank like the Governors of the Reserve Bank? Three persons of such stature should be appointed on this committee and the committee should go *de novo* into practically all the points connected with taxation and finance and see how best a taxation code could be evolved in conformity with the developmental programme of this country. The goose that lays the golden eggs should not be destroyed. That should be the prime concern of our country. And if the Government is pleased to accept this humble suggestion of mine, I am sure within six months or one year when we get the report of this committee, we shall be more educated and we shall do the right thing by the whole nation. Basic changes are needed in taxation laws, in their principle and the *modus operandi*. And I would very much like that whatever may be the nature of the taxation proposals that we might evolve in future, whatever may be the amendments the Government might propose to the law, the taxation policy should be production-oriented, and only then shall

we have secured the economic growth of our country. And if we do not work towards the betterment of the economic growth of the country, we will not succeed in the establishment of a stable social order in this country. Since we are all committed to a progressive policy, since we are all committed to a socialistic path, it is very necessary that there should be certain norms which the great financial experts of the world have always stressed upon, that we shall not tax the lower strata of the society and make them crippled because that way ultimately we shall not have delivered the goods by the people. While bringing forward this legislation which contains a few welcome measures, I hope, the honourable Minister will see that these provisions are not destructive in character and that ultimately all the assesses will be treated equally so that not only equality of citizenship is observed by the Income-tax Department, but the same norms that are applied to Ministers are applied to an ordinary assessee.

SHRI M. ANANDAM (Andhra Pradesh) : I congratulate Mr. Parthasarathy for having given a very good lead to this lively debate. The Taxation Laws (Amendment) Bill was with the Select Committee of the Lok Sabha for about two years. They have been deliberating over it for nearly two years, and during these two years we had two Finance Bills, one in 1969 and the other in 1970. While many of the radical things were considered by the Select Committee, some greater things were also brought before the House in the name of Finance Bills and we passed them. The ultimate result of it is that what we are discussing today is something very small compared to the various major changes that have been made in both the Finance Acts, in the Finance Act of 1969 and also in the Finance Act of 1970. Before I speak on the provisions of the Taxation (Amendment) Bill, I would like to make two or three general observations. The observations are on the basis of the remarks made by the hon. Minister for Finance while introducing the Bill. He says that this Bill is intended to simplify the tax structure. I just want to know what exactly he means by simplification of the tax structure. The Income Tax Act of 1961 which is in operation today had 298 sections when it was originally passed, apart from the various schedules appended to it. During the ten years between 1961 and 1970 there were about 400 amendments moved to this Act. Besides these, we have at least twenty volumes of income-tax reports which interpret the Income Tax

Act, 1961 for the benefit of the tax-payers and the income-tax department. If you take all the plethora of case laws into consideration, I would just like to know what exactly should be the attitude of the tax payers in the matter of complying with the tax laws. Today we are discussing the Taxation Laws (Amendment) Bill consisting of about 74 amendments to add to this galaxy of confusion. This is the first observation which I wanted to make.

Secondly, this income-tax law is in a language which the majority of the Indian community does not understand. It is in the English language. I must say that more than 90 per cent of the tax-payers do not understand it. In addition to this, it is drafted in a very complicated language and it is very difficult for anyone to comply with the law. During these 22 years after independence, government should have attempted to translate the income-tax laws into various regional languages contained in the Eighth Schedule to the Indian Constitution. When thousands of crores of rupees of revenue are collected by the Government, is it not the duty of the government to see that the law which requires strict compliance on the part of the tax-payers should be translated into a language which is understandable by the tax-payers? This, I must say, has not been done. At least now I feel that the hon. Minister will take to his heart what I say and see that the law is translated into the various regional languages in the country.

The third observation which I would like to make is that I agree that any statute, more so a fiscal statute, cannot be static. It has to change to suit changed situations; especially in a developing economy, it is essential that the tax policy must be related to the aspirations, to the existing environment and to the needs of society. But today to what extent the tax policy has been reflected in the various amendments which are in the forefront in the Parliament I am afraid that if we take the various amendments into consideration that have been passed during the last ten years, none of these would reflect the real tax policy of the government at all. They are either procedural amendments or they are to plug the loopholes with regard to tax evasion or they are there to change the law to suit the case law, decided by the courts.

Sir, as Shri Parthasarathy has put it India is one of the nations where the rate of income-tax are the highest and there are cases where the assesses have to pay their entire income as tax, when both the

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wealth tax and income-tax are taken into consideration. It is a feat of human imagination to understand the dilemma of a person who earns, say, a lakh of rupees and is asked to pay the entire sum as tax. It is really a test for human psychology if anybody says that he pays tax with as much ease as a person who earns, say five thousand or six thousand rupees. I mean, if the tax is so high, it is but necessary that some people practise tax avoidance. I am not trying to justify tax evasion, but I must say that if the law permits avoidance, a person in perfectly justified in tax avoidance.

Sir, apart from the heavy taxes that we have, I must also say that the law prescribes very heavy penalties and for the same default, there are two or three sections by which a person is penalised, whether it is by way of penal interest or penalties. A person if he is negligent, has to pay very heavy rates of penal interest and penalty. Sir, the penalties are not related actually to the tax that is due from an assessee. I do not know why the penal provisions are found so stringent as they are now. I mean to say that in the case of concealment of wealth, if a person conceals even deliberately fifty thousand, the penalty is fifty thousand, even though the tax is only five hundred. The tax provisions and the penal provisions are very heavy and confiscatory in nature and it is only, I venture to say, the very thin film of legality that separates this from highway robbery.

Why is it then that we should deprive the private individual of all his wealth? Sometimes, Sir, I begin to wonder whether we really require such a heavy taxation at all. Our country's economy is a mixed economy. It is not an economy like that of the Soviet Russia where all property is owned by the government; it is not an economy as that of the United States of America where it is more or less exclusively the private enterprise, and ours is an economy where we allow the private enterprise to exist along with the government enterprise. I know, Sir, when that is the case, the Government do require a lot of funds, a lot of resources, and it is necessary for them to mobilise resources. But, at what cost? Are we wanting that the private individuals also invest and contribute to the progress of the nation? Is it not necessary that private enterprise should contribute to the economic development of the country? If that is so, are we really leaving anything

to the private individual for the purpose of investment? I must say that it is not being done that way. And, even taking into consideration these very high rates of tax, I was just wondering whether the tax amount that we are now realising is commensurate with the high rates of taxes that we are charging. Just now, Mr. Parthasarathy has given certain figures about the tax revenues. He said that between 1950 and 1970, in these twenty years, the tax income has gone up five-fold. But, Sir, our national income has also gone up by nearly three to four times and at the same time, the tax rates have also gone up by four to five times. Is this a case where these high rates of taxes are reflected in the additional revenue that we are getting? I am afraid it is not so, which explains that there is a very heavy evasion of tax and checking evasion, it is not by having penal provisions that we can do it, it is by having a very moderate system of tax laws that we can do. I may cite at this stage the instance of Japan where at one time they had very heavy rates of taxes, going to nearly 90 to 95 per cent. They found, on a closer examination and review, that a rate of tax of 95 per cent had not been giving as much revenue as the rate when it was about 60 per cent. Therefore, after experimenting with this very high rate of tax of 90 per cent they reduced the tax rate to 60 per cent and I understand now the rate of 60 per cent gives more than double the revenue than what they were getting when it was 90 per cent. This is the thing, Sir, which probably we must examine and see whether by reduction of the rates of tax we will be able to get more revenue to the Government.

Sir, before I go to offer my comments on the provisions of the Bill, I would say only one thing. Any tax can succeed only if there is a proper tax laws compliance and tax administration. I must say, Sir, that both these things are lacking in our country. Today I read in newspapers that some of the Ministers themselves have defaulted in submitting their returns for wealth-tax. I do not blame the Ministers for this. I only want to draw a lesson out of it. If the educated persons are not able to comply with tax laws, what about the millions today in India who cannot comply in a proper manner?

Similarly, Sir, I may say with regard to tax administrators that they have not been as efficient as they ought to be. I do not blame the tax administrators for that. These Income-tax Officers are a lot which is terribly frustrated for want

of promotions. It is no exaggeration if I say that there are hundreds of writs in the High Courts involving almost all the two thousand and seven hundred to three thousand Income-tax Officers for something or other. Even the Assistant Commissioners, and members of the Board of Revenue, are not immune from it. Even they have gone to the courts for purposes of promotion and seniority. With this type of frustrated lot, I am afraid that whatever tax arrears we should have collected, have not been collected properly, because these officers are more interested in settling their service matters than administering the law.

There is also another suggestion I want to make here. Sir, the avenues of promotions, so far as the Department is concerned, have become very limited. When compared to their counterparts, say I.A.S., I.F.S. or I.A. & A.S., I must say that for these people who are doing an exceedingly onerous job, the promotion chances are very limited. That is also one of the reasons for their frustration. So I would appeal to the hon. Minister of Finance to go into their service matters to see that we have a very well satisfied, enthusiastic tax officers to administer the law, and also to see that from the side of tax evasion there is effective check from the administration also.

I will deal with the provisions of the Bill when I elaborate the amendments which I have moved...

MR. DEPUTY CHAIRMAN: Why don't you do that now?

SHRI M. ANANDAM: I will take only five minutes.

MR. DEPUTY CHAIRMAN: You have already taken 15 minutes.

SHRI M. ANANDAM: There are certain welcome features in the Bill, as also there are certain disappointing provisions.

One welcome feature is the one relating to the amortisation of preliminary expenses. I must congratulate the Government for the very bold step they have taken to introduce a provision for this purpose. But, Sir, I must say that what the Government is giving by right hand, they are trying to snatch it away with the left hand. The limit placed at two and a half per cent of the capital employed is rather very small. I have seen at least 30 or 40 Balance

Sheets during the last one week to find out what exactly would be the average preliminary expenses, and I found that it is between 4 and 5 per cent. So I would request the hon. Minister of Finance that he may consider this matter and see that this limit is increased up to 4 per cent.

But, Sir, there is another condition that has been placed here, that is, the marketability report, the feasibility report and the project report must be obtained from persons who are approved by the Board of Direct Taxes. I want to know, Sir, how many of these Chartered Accountants, Cost Accountants, Engineers, etc., who run into tens of thousands in number, would apply to the Board for this purpose. It would not be humanly possible for all of them to get the approval of the Board. What is the criteria for the Board to decide? Are they going to prescribe any qualifications here? Are they not trying to create a privileged class of people in this socialist pattern of society? Why do you want this type of restriction in this manner? I want the Minister to seriously consider this aspect and see that every person who is qualified to carry on the profession must be able to do this particular job of giving the project or feasibility report. If the Department feels that any industrial concern has not been using this device properly, they have always the right to reject it by saying that the report is not authentic and it is carried on by some fake persons. Therefore there is no need for them to approve of these professional people at all.

There is another provision introduced for assessing the Hindu undivided family. I welcome this provision in the sense that I know a lot of tax avoidance is going on by throwing self-acquired property into the Hindu undivided family but I understand that a survey has been conducted by the Government to find out to what extent this device has been utilised and to what extent by having this provision the tax revenues will improve. I understand from a survey conducted in Delhi, Calcutta, Bombay and Ahmedabad that even in the matter of tax that the Government would get, it would be about Rs. 40 lakhs over Rs. 400 crores of revenue we have been getting. Is it necessary for us to plug the loophole in this manner for a paltry sum of Rs. 40 lakhs when this provision is going to cut at the root of the traditional Hindu joint family system? I do not know what I should say here but I feel that this

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provision, through welcome, is not necessary but that there are certain difficulties in actually putting this provision into operation.

There are some problems that would arise. One is, where the strength of a Hindu joint family so far as co-parceners are concerned, is not the same. It varies with the birth of a person in a family or the death of a person. How are you going to decide what should be the share of the minor or the spouse in the circumstances? Secondly, when the Hindu undivided family has already some property and an individual throws his self-acquired property into the common property and both the converted property and the existing property are invested together and they are interwoven in such a way that it is difficult to say what is attributed as the income of the same property, how are you going to decide what should be the share of the individual or the minor or the spouse? Thirdly, the Income-tax has a very peculiar system where ready profit is separately taxed and speculation loss is separately carried over. What would happen if the Hindu undivided family has any profit and in the same year it has speculation loss? What would happen if the Hindu undivided family has suffered speculation loss? Will you carry it over or will you set it off against the individual income in that year of the person who has converted the property? There are similar types of problems that would arise in implementing this provision particularly. This provision is going to lead to a lot of litigation instead of simplifying the matter and plugging the loophole by way of tax avoidance. This is going to complicate the entire tax-structure of India and I am sure the Minister will come with an amendment to withdraw this particular provision.

Sir, with one thing I will close, and that is with regard to the registration of firms. There is a provision now introduced in the Act saying that, if any person is a partner in a firm and is *benamdar* for another person, that firm should be treated as a non-genuine firm and registration should be refused to it. The implication of it is that, if a person is *benamdar* for somebody else, the firm as an unregistered firm has got to pay the tax. Sir, I want to know whether, by introducing this particular provision, the Ministry of Finance has considered the implications behind it. There are two ways of creating *benami* partners.

One is to defraud the Government for evading tax. The other is by a person asking somebody else to act on his behalf, and that person, as a beneficial owner, admits very honestly that the share of profits of the other partner is his own. So far as the first case is concerned, Sir, where the idea is to defraud the Government, there is ample provision in the law even now for taking action against that unregistered firm saying that it is not genuine, and there is no need for any provision, for any amendment in the law in this regard. But so far as the second is concerned, Sir, I do not understand, when the beneficial owner himself comes forward and says that he is the partner and not the other one, and offers to pay the tax on that, what is the reason for the Department not to accept it and not to register the firm? This, Sir, is a very retrograde step so far as partnerships are concerned, and this has very serious consequences if you understand two factors here. One is, we know that Hindu undivided families have been partners in registered firms, and under the Partnership Act a Hindu undivided family cannot be a partner in any firm. It is only an individual who can be a partner, and the individual, if he is a partner by virtue of his being a representative of the Hindu undivided family, can ask that his share be taxed in the hands of the Hindu undivided family. Now with this provision does it not happen that, when a Hindu undivided family has a partner represented through an individual, this becomes a *benami* and therefore treated as an unregistered firm and also a non-genuine firm? What will happen to all the partnerships that have been registered these fifty years with the present Hindu undivided families existing as partners in firms? I would also cite another instance, Sir. There are various sub-partnerships, which have representation in the main partnership and there the individuals of these sub-partnerships have been recognised all these years. Now what will happen to this particular main partnership? Now A is a partner and he is representing a subpartnership and therefore a *benamdar* for the subpartnership. Are you going to refuse registration for these types of genuine partnerships also? I am afraid that, while introducing this particular provision, in the Act, the Department has not pondered over the serious aspects of it, and I am sure the Minister for Finance will come out giving the reasons for accepting this type of proposal for an amendment. Sir, there are other things which I would like to say but I shall do so later when the amendment that I have tabled come up for considera-

ion. I thank you for giving me this opportunity of speaking on this Bill at this stage.

SHRI M. K. MOF TA (Rajasthan) : Mr. Deputy Chairman, Sir, the Taxation Laws (Amendment) Bill which is before the House has been brought in according to the Government for simplification and rationalisation of the taxation structure. There are several welcome features in the Bill but as is usual with most Government actions some of the provisions are such that they do not go far enough to achieve the objective that is behind the framing of such provisions.

Sir, at the outset I must say that this question of tax avoidance and tax evasion must be viewed in the proper perspective. What I would like the Government to consider is whether in the general atmosphere that is prevailing in the country today, namely, that of contempt for law of all sorts, whether tax evasion is also not an extension of that contempt and whether it is not a fact that substantial improvement in this sphere can come about only if there is more respect for law in the country and if the Government policies were such that laws are respected and enforced equitably and justly and for the good of the community as a whole. In this respect I must also mention that leaders in public life must have a greater sense of responsibility for observing all kinds of laws very strictly. When we have instances of Central Government Ministers failing to submit their tax returns or failing in observing the provisions of income-tax and wealth-tax laws, naturally you cannot expect the man in the street to be treated any worse than the Ministers who are knowledgeable, who are intelligent people and who have the resources and the wherewithal to observe the laws.

Sir, the hon. Minister wants to lessen the burden of the Income-tax Department by proposing a procedure of summary assessments. I would like to submit, Sir, that a simple measure by the Government namely, that of increasing the tax exemption limit to Rs. 6000 or Rs. 7,500 would have decreased the burden on the Department to such a great extent that the Income-tax Officers would have had much more time to look into really worth while cases which require looking into in greater detail. This most reasonable demand has unfortunately been turned down by the Government.

Coming now to the various provisions in the Bill I would like to mention clause 3 of the Bill which restricts the field of technical competence. We agree with the spirit behind the clause; we agree that Indian technicians should be given a greater scope but we also cannot shut our eyes to the fact that in today's level of technical development in the country it is absolutely essential for the country to import technology from abroad from whenever possible and if we are going to do that we cannot restrict ourselves to third-raters who may be coming from abroad. What we really need is first-rate technicians who would impart the necessary technology to our own people and I venture to submit, Sir, that the bringing in of such technicians from abroad is in no way against the interests of our own technicians. We have much to learn from foreign technicians and we cannot afford to shut ourselves from the technical skill and the technical know-how which is available abroad at a comparatively low cost. Since it is extremely essential for us to attract the right kind of technicians to the country, and there again for a reduced period of 24 months as has been mentioned in the Bill, I am wondering whether the limit of Rs. 4,000 per month would prove sufficient or not. The sum of Rs. 4,000 per month is equivalent to something like 500 dollars a month or 125 dollars a week, as the Americans are accustomed to weekly payments. This amount of 125 dollars a week is paid there to an ordinary typist. What kind of technician can we attract for this kind of salary? If we want to shut ourselves to technical knowledge and expertise that is available in the developed countries of the world, I can only say that industrial development will suffer. The development of the economy will suffer. The most important criterion for any tax law, any taxation measure, is that it should serve the economy as a whole, that it should be a spur to economic development. From the point of view of that criterion this would be a bad measure.

Coming now to clause 8, it inserts new clause 35D. Here there are welcome features. Amortisation of preliminary expenses would now be allowed, but unfortunately here again the provision does not go far enough. To start with, as the learned speaker before me pointed out very correctly, the technical people who will be allowed to prepare such reports as feasibility reports or economic reports or technical studies or market research will have to be approved by the department before they carry out such surveys for any entrepreneur

[Shri M. K. Mohta]

I fail to understand how non-technical people sitting in the department are considered competent enough to pass judgement on technicians. Primarily it should be the concern of the client and the technician concerned and if a client thinks that a technician is good enough for his purpose to carry out the technical feasibility survey or market survey, or whatever report it is, it is none of the business of the income-tax department to say that such and such person is not competent enough to do so and that they would prefer another person to do so. I am afraid this kind of provision may give rise to favouritism and all kinds of unfair practices which we want to avoid in public life. Secondly, the kind of expenses that will be allowed to be amortised are extremely limited in nature, as they have mentioned in the Bill. I would submit, therefore, that whatever expenses are needed for the promotion of any business or industry for the promotion of a company or a business enterprise should be allowed to be amortised irrespective of any limitations. The second point I would like to mention in this connection is this.

The limit of 2½% of the capital costs that has been provided in the Bill is extremely inadequate.

3 P. M. I am not talking about big projects costing crores of rupees which may be undertaken by big business houses. I have now in mind small projects costing Rs. 10 lakhs or Rs. 12 lakhs or Rs. 15 lakhs, and the Government's avowed policy being one of encouraging such small and medium-scale industries, what can we do with 2½ per cent of Rs. 10 lakhs? It has been realised by our small-scale and medium-scale entrepreneurs that the value of these technical studies is extremely important for the success of their enterprise. It is only now that they have realised this. It is now that they are going in for such technical studies, studies by competent technical persons, whether in the accounting or in the engineering and other fields. This ceiling of 2½ per cent is going to work against the interests of these very small-scale and medium-scale people. After all nobody is going to throw away money just because the ceiling may be increased from 2½ to 5 per cent. We can depend upon these people to spend such amount as is necessary for the promotion of these projects. Therefore, I would submit that the ceiling must be increased to some reasonable level.

The next point I would like to mention is regarding transfer of property from in-

dividual hands to the hands of the Hindu undivided family. I think that the whole concept behind this clause is against the avowed policy of the Government itself. The Government wants a socialist order which means that there should be less concentration of wealth in one's hands. So, if an individual wants to give away his money to others, may be only his wife or children, this action should be welcome by the Government. This action should also be welcomed from another aspect. I will try to convince you, Mr. Minister. This action must be welcomed from another aspect also. The position of women in our society, particularly in the Hindu society.

SHRI BANKA BEHARY DAS (Orissa): That means from one pocket to the other pocket.

SHRI M. K. MOHTA : The pocket of the woman is not the same as the pocket of the man. You are underrating the woman. You have come across the power of women in politics.

SHRI BANKA BEHARY DAS: But loyalty in Hindu family is so ingrained that it is virtually shifting the money from one pocket to another.

SHRI M. K. MOHTA: I do not agree at all. The position of woman particularly her economic dependence on man in Hindu society for centuries together must be considered, and if we want the emancipation of woman, she must be allowed to hold property in her own right. Here is a way in which the wife of a person can acquire some property, can have some right over that property as a member of the Hindu undivided family. How many cases have you not come across where a man after some time loses interest in his wife and children and starts squandering away the money that is absolutely his own property? But he would be unable to do so if the property was that of the Hindu undivided family and not his own. From this angle, if not from any other, I would say that the transference of money from individual hands to the coffers of the Hindu undivided family must be welcomed, not penalised. As the hon. speaker before me stated, the total amount of avoidance is said to be only Rs. 40 lakhs. This is an extremely small amount of money if we consider the other aspects, namely, the social aspect, the position of a woman, the interests of minor children in the Hindu society, the necessity of going on with this institution of Hindu undivided family which has stood us in good stead. In many other

fields the Government advocates co-operative working. Our forefathers evolved this co-operative way, and now this particular co-operative way which is our traditional way of guarding against income individual hands, no income in the hands of another partner adverse conditions after some time, and so on and so forth, is being given a deadly blow by the Government. And I think the Government must consider this coolly before going ahead with this particular provision which is objectionable in more ways than one.

Sir, the object of any tax measure must be the development of the economy as a whole, as I said earlier, and unless the Government can think of more constructive ways to give the much-needed push to the economy, I am afraid the very laudable objective that the Government has at the back of its mind will not be served by a measure of this kind. As I said earlier, there are several welcome features in the Bill but the Bill does not go far enough.

SHRI BANKA BEHARY DAS: Sir, I will be very brief. This is a simple Bill. The avowed object of simplifying the procedure is to assist the income-tax, the gift-tax and the wealth-tax administrators. But I will not be very much irrelevant if I tread on those grounds which have some relevance to facts of administration. Though I agree with some of the points of my very valued friend, Mr. Parthasarathy, I want to start by saying that the object of a taxation measure is not only to see to the growth of the economy. Of course, its scope is limited, and I would not go into those aspects which Mr. Mohta has dealt with, just like the Government is increasing the indirect taxes without caring for their impact on the economy of the country, it is just to create more resources for the Government. But it will also be equally wrong if we look only to the aspect of growth in the economy without taking care of the other aspect of distributive justice. It was a very old theory; I remember, in the 19th century when income-tax laws were started in the western countries, even the liberal politicians opposed them on the ground that they interfered in the personal affairs of a citizen of the country. But the time has changed and now in the world nobody talks in those terms. Therefore, while the more important aspect of the development of the economy must come in in any taxation measure, we should not forget the other very important aspect—the objective of a tax law is that of distributive justice.

Mr. Deputy Chairman there are very welcome features in the Bill—I agree with my other friends—though their salant is a little bit different. But much more important for this country is to see how the tax-evasion, tax-dodging that is taking place, which is rampant in our country, is to a greater extent minimised. The one step that the Government is going to take under this law is to give less burden to the administration of the Income-tax Department by simplifying certain procedures. But I will be very happy... I say that I agree with Mr. Mohta. And the Bhoothalingam Committee also recommended that the best course would have been to increase the exemption limit by Rs. 500 or Rs. 1,000 so that a large number of people in the fixed income group at the lower level can be exempted, so that the Income-tax Department can devote more time to the other sections of the society. When you raise this, you give some solace to the lower middle class people in the society, though I know that the other persons who are not in the fixed income group will take advantage, as they are taking advantage of this measure even now. But that is a step that the Government should seriously consider if they want to lighten the burden of the Income-Tax Department. But I will suggest that the Income-tax Department in every zone should identify certain business houses and high income group people for their special attention. That is much more needed than anything else now. I know the Income Tax Department people. They are so much engrossed with the small people, those who cannot approach them, cannot oblige them, that the real tax-dodger in the society goes scot-free. So, the Government will be better benefited if they identify the business houses, the richer sections in the society in particular regions who are in the habit of tax-dodging in collusion with the administrative departments.

In this connection I want to give a small reference which I have raised so many times in this House. Take the case of Mundhra which has been debated so many times in this House. My figures show—and it has been corroborated in the other House a few days back—that this family owes an arrear to the extent of Rs. 2.5 crores. And this arrear starts from 1955. I am also further told that during these 14 years, between 1955 and 1969, he has not paid a single pie as income tax to the Government. So this is a clear case that there is collusion between

[Shri Banka Behary Das]

the Administration, between the Government and the business concern. You will be astonished to know that during this period, in which Mr. Mundhra has tried to avoid income-tax, the business concerns have gone up. In one of the replies the Minister told me only a few days ago that till June 1970 bank accommodation from the nationalised banks to these concerns is only to the extent of Rs. 1,89,60,000. The business house which has been avoiding taxes from 1955 and is not paying a single pie to the Government is going on increasing its empire not only with its own money but from the money of the nationalised banks to the tune of Rs. 1,89,60,000. So is it not proper now for the Government to see that any business concern or large business house who tries to avoid tax should not get any advantage from the nationalised banks or other institutions? Is it too much of a punitive measure to ask for?

SHRI MAHAVIR TYAGI (Uttar-Pradesh) : Are you sure about it?

SHRI BANKA BEHARY DAS : Because these are official figures, figures supplied to me by the Government. The L.I.C. holds preferential and equity shares to the extent of Rs. 42,06,000 in those concerns. The L.I.C., after it was nationalised, has taken many shares. And during this period loan has been advanced by nationalised banks, all the 14 banks which were not nationalised then, which are now in the nationalised sector. Is it to be neglected like this? On the one hand income tax arrears are mounting against this particular firm, on the other hand throughout these years so much accommodation and advances are being given to these concerns to a mass wealth, giving incentive to tax-dodging and tax-evasion. If the Government is true to this House, if the Government wants the economy of this country to prosper and if they want that the incidence of indirect taxation is not heavy and if they want to put a stop to the vicious circle in the economy, it is high time that they should identify these larger business houses everywhere and try to see that every pie from these concerns is collected in time. This was just one example. I have no time to speak about others on this occasion.

Mr. Deputy Chirman, Sir, I want to say that we hear so much about black money. In spite of all the methods and techniques

the Government have applied up till now, including voluntary confessions and all these things, nothing has happened in this country. I think now the Government should seriously consider demonetisation as the neighbouring country, Ceylon, has done recently, because black money is still there, it is having a great impact on the price spiral of this country to a great extent. I think whatever report we have read it has not affected their economy. So, I think the time has come when the Government should seriously think about this aspect also.

Secondly, I want to say that these big business houses nowadays have started diverting their money to the agricultural sector, because the agricultural sector has no income-tax.

SHRI MAHAVIR TYAGI : Demonetisation will only help in getting currency notes. What about gold?

SHRI BANKA BEHARY DAS : I am not going to give comprehensive solutions in this debate. I am only saying that the problems are so varied that only a multi-pronged attack can give us some solution. There cannot be any half-hearted solution to this complex problem. So, demonetisation is just one of the possible solutions. It is not enough, I entirely agree with you. We have to have a multi-pronged attack on the entire issue.

Now, I was saying that the big business houses are diverting their money to the agricultural sector; and they have sufficiently diverted. I think a time has come when the Prime Minister and the Finance Minister should sit with the Chief Ministers and the Finance Ministers of the States and see that the income-tax law also takes care of the agricultural income. I am not satisfied merely with the agricultural income-tax. Some of the States do have it. My State has been having agricultural income-tax for the last, I think, more than 10 years. But the income, I think, is hardly Rs. 8 lakhs. I think a time has come when income should be taken as a whole, whether it is from the agricultural source or the industrial source or any other source. By that only, I think, you can to a certain extent stop this diversion which is for *mala fide* purposes, not for *bona fide* purposes, because all these big business houses are now diverting their money to the agricultural sector only to divert

their black money and all their ill-gotten money. So, at least the Central Government should agree to this point. I know there will be some resistance from the States. This is just another way of plugging the loophole. Similarly, when Prof. Kaldor referred to the question of expenditure tax, he was never of the opinion that the expenditure tax will give us more money. He was of the view that the expenditure tax would plug the loophole in the income-tax law. That was the purpose. The purpose was not that it would give more money to the country.

Mr. Deputy Chairman, I agree with my friend that a time has come when the Government should look into the aspect of indirect taxes also. I have always demanded in this House that the Finance Ministry should take a survey to see how the indirect taxes, not only of the Centre but also of the States, are making an impact on the prices of consumer goods. I have some figures with me. On cotton textiles, the taxation is to the extent of 20 per cent; in the lower level, it is less and for super-fine textiles, the tax is a little high; on the average, it is 20 per cent. On matches, you will be astonished to know that the tax is 140 per cent; the cost is less than half. In the case of sugar it is more than 42 per cent. For cement, it is more than 44 per cent. In the case of tea, it is more than 35 per cent. For rayon yarn, it is more than 47 per cent. In the case of kerosene which is the poor man's fuel in the country, on the super-fine kerosene the impact of taxes is 92 per cent. On the inferior kerosene, which is nowadays not even used by our rural folk, the incidence is 37 per cent. These figures include excise duty, sales tax and other things. So, if the taxation structure in our country is so perverted that the consumer goods have such a heavy burden of indirect taxes, the natural conclusion is that the prices will go up. My friend has said that the prices of certain articles have gone up by 15 per cent. The figures show that the wholesale price has gone up by 7 per cent during the last one year. I was really astonished when two days back the Finance Minister of this country said there is no tendency of price rise. I am happy at least they have admitted it now because the Reserve Bank bulletin has come and contradicted their own version. I am not going into those details now because there is not much time for me. But when we discuss the taxation laws we should try to have more of resources from other

quarters for plugging the loopholes so that the evasion is brought down to the minimum. We will also have to review the tax structure if we want to stop the inflationary tendency that is growing in this country. Of course, I agree with my friend that this is not the only reason; there are other reasons also. Take the case of money-supply. During this decade the money-supply has gone up by three times of what it was in 1960-61. That is the greatest incentive to the price spiral; not so much the taxes, but the money-supply. But what has been the rate of growth? The rate of growth is not even 1 per cent per annum during this decade. Whereas it was a little more than 2 to 3 per cent in '50s, it is not even 1 per cent now. So on the one hand we have a growth rate of 1 per cent in the economy, and on the other we have the money-supply that has trebled within this decade. The natural consequence is that the consumer's pocket is fleeced by the Government through various dubious means. That is why I am making this suggestion because this is not the time when we can go into the entire tax structure in a comprehensive manner. What I am saying is that while you are going to simplify the procedure of tax assessment and thus lighten the burden on the Income-Tax Department, you should also see how you can stop this evasion to a great extent, how you can stop to a great extent the black money which is virtually running a parallel Government in this country. My friend, Mr. Mohta, may be angry with me when I say this because he wanted the people in higher authority to set an example. There is no doubt about it. The Ministers should first set an example to all of us. To a certain extent we are also guilty of not submitting our returns in time. But what about the business houses? What about the business magnates? What about the business magnates who are there both in politics and in the business world? Should they not have something to show to the people? Should they not both be open for criticism? After all, we are all born in one society and from that society itself come the business men who are also politicians, and from that society come the politicians who are also business men. Of course, I do not belong to that class. Some of us are there, but that has been the situation in this country...

AN HON. MEMBER : What about politicians who have become business men?

SHRI BANKA BEHARY DAS: That is what I am saying. Both of them are there. And there is no difference between them. So, Sir, these are the few suggestions that I wanted to make...

SHRI R. T. PARTHASARATHY : When you say there is no difference between them, do you mean to say both are bad and both are good ?

SHRI BANKA BEHARY DAS : I am not saying all that, whether both of them are good or whether both of them are bad. What I am saying is that the way the entire policy has been conducted and the way the business men or the politicians are behaving is ignominious and absolutely derogatory to the democratic structure.

SHRI R. T. PARTHASARATHY : Politicians in business will spoil the business.

श्री आर० पी० खंतान (बिहार) : माननीय डिपुटी चेयरमैन साहब, यह जो टैक्सेशन लाज अमेन्डमेन्ट बिल लाया गया है, इसको मैं सपोर्ट करता हूँ, इसमें साधारण लोगों के लिए जो नियम में चेन्ज किया गया है, उसको जो सिम्पलिफाई किया गया है, उससे जनता को लाभ होगा, ऐसा मैं मानता हूँ, लेकिन साथ ही साथ कुछ ऐसे नियम बनाए गए हैं, जिनके बारे में मैं थोड़ा सा क्लेरिफिकेशन चाहूंगा, जैसे कि जॉइन्ट फैमिली के बारे में यह रखा गया है कि 1969 के बाद जो जॉइन्ट फैमिली बनाई गई उनको इसमें जोड़ दिया जाएगा। क्या माननीय मंत्री जी यह बताएंगे कि जो पहले के हैं उसके ऊपर यह क्यों नहीं लादा गया है और यह डिफरेंस क्यों किया गया है; क्योंकि उनके लिए भी वही बात है कि जॉइन्ट फैमिली के लाभ के लिए करते हैं और यह भी जॉइन्ट फैमिली के लाभ के लिए है। तो इस तरह का डिसक्रिमिनेशन करने का क्या कारण है ? इस पर मंत्री जी जोड़ा सा प्रकाश डालें।

दूसरी चीज यह है कि जो इनकम टैक्स ऐसेस किया जाता है, उसमें छोटे-छोटे लोगों के ऊपर इनकम टैक्स बढ़ा देते हैं, जैसे कि आठ, दस हजार रु० इनकम है तो कह देते हैं हजार रुपये और ज्यादा होगी और उस हिसाब से जोड़ देते हैं।

इस तरह के कई केसेज देखने आते हैं जिसमें यह होता है कि जब हजार रुपए के लिए लोग अपील में जाते हैं तो उनका हैरासमेन्ट होता है। तो इन बातों के ऊपर आपको खयाल करना चाहिए, अगर किसी ने एक साल में ज्यादा खर्चा किया तो है कह देते हैं कि दूसरे साल में क्यों कम किया। जब बड़-बड़े लोगों का केस आता है, तो उनके खर्च के बारे में और दूसरी चीजों के बारे में इन्क्वायरी नहीं करते हैं, लेकिन छोटी आमदनी वालों को हैरान करेंगे। अगर सही इनकम के ऊपर टैक्स लगाएं तब तो बात समझ में आ सकती है, लेकिन अगर खर्चा किसी साल में हजार रु० कम हो जाता है, किसी में बेशी हो जाता है, तो उसे जोड़ना नहीं चाहिये। अगर आप इन्क्वायरी करेंगे तो यह पाएंगे कि जो छोटे-छोटे टैक्स देने वाले हैं, उनके ऊपर ही ऐसा होता है और अगर वह अपील करने जाते हैं तो बहुत खर्चा होता है और हैरान होना पड़ता है, इसलिए वह अपील करने भी नहीं जाते हैं और समझते हैं कि जो दे दिया ठीक है, क्यों और मुसीबत मोल लें। तो मेरी प्रार्थना है कि इस पर आप ध्यान देंगे और हैरासमेन्ट रोकने की चेष्टा करेंगे।

अभी हमारे साथी आनंदन साहब ने कहा जो इनकम टैक्स आफिसर होते हैं उनका प्रमोशन नहीं होता है। इसके बारे में मैं आपका ध्यान आकर्षित करूंगा कि पहले यह नियम था—अब कैसा है यह मालूम नहीं है—कि इनकम टैक्स आफिसर को यह कह जाता था कि आपको इतने केसेज तक करने पड़ेंगे, तो होता यह है कि लास्ट डेट के पहले वह केसेज का असेसमेन्ट कर देते हैं। वह ठीक से नहीं हो पाता, तो इसमें आपको देखना चाहिए कि उनका कितना-कितना असेसमेन्ट राइट होता है, साल में अपील में कितने छूट जाते हैं, उसकी ठीक से इन्क्वायरी करें इसके ऊपर उनको प्रमोशन दिया जाए, तब मैं समझता हूँ हालत सुधर सकती है। वैल्यू टैक्स के रूल्स आपके यहां बने हुए हैं। जो शेयर्स के प्राइसेज लिए जाते हैं वह मार्केट वैल्यू से दिए जाते हैं, जिनके कोटेशन शेयर बाजार में दिये जाते हैं, बाकी जो ब्रुक वैल्यू होती है लैस 15 पर

सेन्ट ली जाती है कितने ही कम्पनी के शेयर जिनके शेयर बाजार में नीचे दामों में कोटेशन हो जाते हैं, उनकी बुक वैल्यू फाइव, सेवन टाइम्स तक होती है, परन्तु उन कम्पनियों को जिनको नुकसान भी होता है उनकी शेयर वैल्यू, बुक वैल्यू लैस 15 परसेंट ही ली जाती है, इसको देखना चाहिए ।

गेस्ट हाउसेज के बारे में लास्ट टाइम में लिमिट किया गया था, गेस्ट हाउस मैनेजिंग डाइरेक्टर के लिए नहीं रखा गया । मैं आपका ध्यान इस तरफ आकर्षित करता हूँ कि जिनके गेस्ट हाउसेज अपने खरीदे हुए हैं उनके ऊपर खर्चा होता है, वह इनकम टैक्स में बाद में चला जाता है । उसमें यह देखना चाहिए, यह देना चाहिए या नहीं देना चाहिए । इन शब्दों के साथ मैं इस बिल को सपोर्ट करता हूँ ।

श्री बी० एन० मंसल (बिहार) : उपसभापति जी, जो विधेयक अर्थात् इस हाउस में प्रस्तुत हुआ है, मैं चाहता हूँ कि सरकार इस विधेयक को वापस ले ले, फिर दूसरा कोई विधेयक लाए । कहा गया है कि यह विधेयक इसलिए लाया गया है कि टैक्सेशन की जो स्कीम है, उसमें सिम्पलीफिकेशन और रेशनलाइजेशन हो, लेकिन चूंकि एक वांचू कमिशन वर्तमान विधेयक पेश होने के बाद कायम हो गया है और वह भी हाल ही में रिकमन्डेशन देने वाला है, तो फिर उसके लिए एक नया विधेयक लाने की जरूरत पड़ेगी, तो जिस मतलब से यह विधेयक लाया गया है, वह बिल्कुल फ्रस्टेटेड होगा, इसलिए मैं चाहता हूँ कि सरकार यह विधेयक वापस कर दे और जब उस कमीशन की रिपोर्ट आ जाए, तो उसके प्रस्ताव को साथ ही साथ लाकर एक विधेयक यहां रखे । जिस ढंग का यह विधेयक लाया गया है उसमें कितने ही दोष हैं । एक दोष तो यह है कि इस विधेयक में जेल की व्यवस्था का गई है जो बहुत ही अनुचित है सिविल लाँ में पहले से जेल जाने के संबंध में जो धारा थी, उसको भी हाल ही में उठाने का प्रस्ताव इस हाउस में पास हो चुका है । इसलिए मैं चाहता हूँ कि इनकम टैक्स के संबंध में जहां पर अरेस्ट करने या जेल में भेजना की कोई बात पहले से नहीं

थी, लेकिन इसमें वैसा नया प्राविजन दिया गया है, वह प्राविजन मैं समझता हूँ कि समय की स्पिरिट के खिलाफ है । इसलिए मैं यह सुझाव देता हूँ कि सरकार इसको वापस ले ले ।

एक दूसरा प्राविजन दिया गया है जो डाइरेक्शन के संबंध में है । टैक्सेशन के संबंध में कोई भी डाइरेक्शन या आर्डर होंगे बोर्ड की तरफ से तो वह नीचे के आफिसर को होंगे, उसको दिये जायेंगे और उसको पब्लिश नहीं किया जायगा । उसका पब्लिकेशन तब ही होगा जब कि बोर्ड उनको साफ तरीके से पब्लिश करने के लिए कहे, सिर्फ वैसी हालत में ही उसका पब्लिकेशन हो सकता है । मैं समझता हूँ कि यह एक गलत चीज है । सरकार के जो कानून बनते हैं, उन कानूनों की जानकारी लोगों को होनी चाहिए और उसी के आधार पर उनका कंडक्ट माडल होना चाहिए । इस तरह का जो प्राविजन इसमें दिया गया है, उसमें आफिसर को कानून को छिपा कर रखने का अधिकार मिल जायगा और उसके द्वारा मिसचिफ हो सकती है । इसलिए मैं चाहता हूँ कि इस तरह का जो प्राविजन है उसको सरकार को निकाल देना चाहिये । एक तीसरी बात की ओर भी मैं सरकार का ध्यान यह खींचना चाहता हूँ कि जहां तक ज्वाइंट फैमिली प्रापर्टी का सवाल है, अगर किसी कोपार्टनर की सेपरेट प्रापर्टी हो, तो जो अभी कानून है उस कानून के मुताबिक अगर उस प्रापर्टी को ज्वाइंट फैमिली के अन्दर दे देगा तो उसका अपना अलग अस्तित्व मिट जायेगा, वह को-पार्टनरी प्रापर्टी हो जायगा और उसका कोई अलग अस्तित्व नहीं रह जायगा । लेकिन जो अमेन्डमेन्ट लाया जा रहा है, उस अमेन्डमेन्ट के जरिये उसकी सेपरेट आइडेंटिटी बनी रहेगी, इस माने में बनी रहेगी कि वह को-पार्टनरी प्रापर्टी नहीं समझा जायेगा, जो ज्वाइंट प्रापर्टी है, उसमें सबका शेयर डिफाइनड रहता है, सिर्फ उसका इन्तजाम एक साथ रहता है, तो मैं यह निवेदन करना चाहता हूँ कि जो प्राविजन इस बिल में दिया गया है, उस तरह का प्राविजन नहीं रहना

[श्री बी० एन० मंडल]

चाहिए। ज्वाइंट फैमिली के संबंध में जो कानून पहले थे, उसी कानून को रहने दिया जाय, ऐसा हम चाहते हैं।

लेकिन ये सब तो टैक्सेशन की ऊपरी ही बातें हैं। मैं करारोपण की बुनियादी बातों को इस विधेयक में देखना चाहता था, इसलिए जिस तरह की उम्मीद हमें इस विधेयक में थी, वह पूरी नहीं हो सकी। होना क्या चाहिए? होना यह चाहिए कि हिन्दुस्तान के नागरिकों की जैसी स्थिति कांस्टीट्यूशन के जरिये बन गई है, जिसमें प्रत्येक आदमी को बराबर की मान्यता मिल गई है, इसको सामने रखते हुए ही टैक्सेशन का विधेयक आना चाहिए। मैं यह नहीं कहता कि देश में कमाने का सब साधन सरकार के पास चला जाय। मैं यह कहना चाहता हूँ कि जो प्राइवेट प्रापर्टी रखते हैं उनमें से कितने लोग हैं जो कि प्रति व्यक्ति राष्ट्रीय आय से अधिक इन्कम करने वाले आदमी हैं। ऐसे ही लोगों से किसी तरह का टैक्स लेना चाहिए। शायद इसी लिए इन्कम टैक्स का कानून भी बना था। लेकिन अभी ऐसा मालूम पड़ता है, हमारा इन्कम टैक्स इसलिए बना है कि सरकार को पैसा मिल जाय। लेकिन इतनी ही बात नहीं है। आज सरकार कौन है? आज सरकार की मालिक जनता है। आज जनता के ऊपर जिस तरह से इनडायरेक्ट टैक्स लगाये जा रहे हैं उन इनडायरेक्ट टैक्सेज का नतीजा यह होता है कि इस तरह के वे आदमी जिसके बारे में कहा जाता है कि वह एवरेज आदमी है, उनको भी उस टैक्स का भागीदार होना पड़ता है। उसकी जो इन्कम है, जो 'पर कैपिटल' इन्कम है, वह 221-223 तक मानी जाती है। अगर पांच आदमी की फैमिली हो तो इसका मतलब यह हुआ कि उनकी सालाना आमदनी करीब 1,500 रुपये है। अब सरकार को खोजना चाहिए कि 221-223 रुपये तक जिनकी 'पर कैपिटल' इन्कम है ऐसे कितने आदमी इस देश में हैं। इस तरह के आदमियों का सेन्सस लिया जाना चाहिए। दूसरे शब्दों में ऐसे कितने परिवार हैं जिनकी सालाना आमदनी

1,500 रुपये तक है, इसका पता लगाया जाना चाहिए। जिन परिवारों की सालाना आमदनी 1,500 रुपये है, उनसे इनडायरेक्ट या डायरेक्ट टैक्स नहीं लिया जाना चाहिए। इनडायरेक्ट या डायरेक्ट टैक्सेज लगाने का तरीका भी सोचा जाना चाहिए। एक तरीका यह हो सकता है कि जितने भी डायरेक्ट या इनडायरेक्ट टैक्स लगाये गये हैं, उनको उठा लिया जाय और एक ही पर्सनल टैक्स रहना चाहिए।

हर आदमी की हैसियत के बारे में सालाना रिपोर्ट हो कि किसकी क्या हैसियत है। जिनकी हैसियत 1,500 रुपये तक है, उनके ऊपर टैक्स नहीं लगना चाहिए। उससे ऊपर जिन लोगों की इनकम हो उन लोगों से ग्रेजुएटेड तरीके से टैक्स लिया जाय और इस तरह से सड़कार चलाने के लिए जितने रुपये की जरूरत है उतने रुपये का टैक्स लगाया जाय। टैक्स अधिक से अधिक कितना लगाया जाय, उसके बारे में सरकार को अपने बजट बनाने के समय एक बात देख लेनी चाहिए। इस देश में कितने ऐसे आदमी हैं, जिनकी आमदानी 1,500 रुपये के ऊपर है, ऐसे लोगों की लिस्ट रखी जाय और उनकी क्या आमदनी है वह रखी जाय और उन पर ग्रेजुएटेड तरीके से टैक्स लगाया जाय। अगर उन पर टैक्स लगाने सिलसिले में ऐसा देखा जाय कि 1,500 रुपये से उनकी आमदनी कम हो जाती है, तो उनसे और अधिक टैक्स लेना बन्द कर देना चाहिए। इस तरह से सरकार के ऊपर भी अंकुश लगना चाहिए कि कहां तक सरकार जनता से पैसा सरकार को चलाने के लिए उगाह सकती है। एक तो यह तरीका है या दूसरा तरीका यह हो सकता है कि अगर वैसे सरकार न कर सके तो कम से कम इनडायरेक्ट टैक्सेशन में 1,500 रुपये से कम आमदनी वालों का जो कन्ट्रीब्यूशन है, वह कन्ट्रीब्यूशन फिर लौट कर उनको मिल जाना चाहिए। वह अब कैसे मिलेगा इसका जो तरीका है उसको सरकार निकाले, लेकिन वैसे लोगों से जो टैक्स वसूल होता है, उस टैक्स की वसूली को इन लोगों को लौटा देना चाहिए, यह मेरा सरकार को सजेशन है। इसलिए आज जब सरकार मान

चुकी है कि समाजवाद समाज कायम करना हिन्दुस्तान की सरकार की ड्यूटी है, तो उसी दृष्टि से सारी चीजों को देखने की जरूरत है, यहां के टैक्सेशन का देखने की जरूरत है, किन लोगों पर टैक्स लगाना चाहिए, किन लोगों पर नहीं लगाना चाहिए किन लोगों के कमाने-खटाने के क्या साधन हैं, इन सब बातों को देखने की जरूरत है। इस देश में 55 करोड़ आदमी हैं तो पांच आदमियों के हिसाब से 11 करोड़ फैमिली होती है। तो मैं चाहता था कि सरकार 11 करोड़ फैमिलीज के लिए 11 करोड़ रोजगारों का इन्तजाम कर दे। जिन लोगों के पास रोजगार है उनके पास तो है ही, जिन लोगों को रोजगार नहीं है उन लोगों को एक और दस के हिसाब से जिन लोगों की बेरोजगारी है, उस आमदनी को लेकर जो नीचे के लोग हैं, उनकी आमदनी का जरिया कायम करना चाहिये। इसलिए आज फिर से हिन्दुस्तान के फाइनेन्शियल आधार पर सोचने की जरूरत है। अभी तक प्लानिंग कमिशन ने जो काम किया है उसका वह नतीजा नहीं हुआ है, जो आज के हिन्दुस्तान की सरकार की एनाउन्सड पालिसी के मुताबिक हो। जिस ढंग की योजना बननी चाहिए न उस ढंग की योजना बन सकी और न उस ढंग का टैक्सेशन का सिस्टम बन सका है। मेरा मतलब है कि सरकार की एनाउन्सड पालिसी और उसके इम्प्लीमेंटेशन में कन्ट्रिडिक्शन बराबर बना रहा है। क्यों कन्ट्रिडिक्शन बना रहा उसका भी कारण है और वह कारण मैंने बारबार इस हाउस में बतलाया है कि आज जो पालिसी बनाने वाले लोग हैं, वे लोग ऐसे हैं, जिन लोगों की आदत और एक्सपीरिएंस ऐसा रहा है कि समाज में जो इन-इक्वलिटी है उसको कैसे परपेचुएट किया जाय, वही उनका अभ्यास है। इसलिए स्वराज्य हो जाने के बाद भी देश में जनतंत्र कायम होने के बाद भी सरकार के सोशलिस्ट पालिसी एडाप्ट करने के बाद भी जिस ढंग से सरकार की कार्यवाही चलती है, उस कार्यवाही का नतीजा यह नहीं होता है कि इस देश में जैसा प्लान बनना चाहिए, जैसा टैक्सेशन का सिस्टम बनना चाहिए, प्रापर्टी रखने का जो कानून बनना चाहिए, उस

ढंग का कानून नहीं बन रहा है। इसी का नतीजा है कि आज 20-22 वर्ष देश के स्वतंत्र होने के बाद भी और समाजवाद का नारा देने के बाद भी देश की गरीबी दूर नहीं हो रही है और समाज में जो इनइक्वेलिटी है, विषमता है, वह विषमता ज्यों की त्यों बनी रही है। इसी लिए आज बंगाल में जो कुछ हो रहा है, केरल में जो कुछ हो रहा है या आन्ध्र में जो कुछ हो रहा है या दूसरी जगह भी जो हो रहा है, उस सारी चीज की जड़ में वही बात है कि जिन लोगों को नेगलेक्ट किया गया है आर्थिक दृष्टि से और दूसरी दृष्टियों से वे बतौर रिटेलिएशन के आन्दोलन चला रहे हैं। अगर सरकार अपना रवैया नहीं बदलेगी, तो मैं समझता हूं कि हिन्दुस्तान में जो भी डेमोक्रेसी है, जो भी समाजवाद की बात चल रही है, जो डेमोक्रेटिक समाजवाद कायम करने की बात है, वह नहीं होगी। भले ही डिक्टेटोरियल तरीके से समाजवाद यहां कायम हो जाय, लेकिन डेमोक्रेटिक तरीके से यहां समाजवाद कायम नहीं हो सकेगा, ऐसा मैं समझता हूं और इसलिए मैं मिनिस्टर साहब से कहना चाहूंगा कि जो असली दवाई हिन्दुस्तान की होनी चाहिए, वह दवाई इस बिल में नहीं है, इसलिए वे इस बिल को वापस करें और रेडिकल तरीके से सारी स्थिति पर सोच विचार कर एक ऐसा बिल लायें, जिससे हिन्दुस्तान के जो साधारण लोग हैं, जो अभी तक अपने सेल्फ को रियलाइज नहीं कर पाय हैं, जिनमें आत्म सम्मान भी नहीं आ पाया है उनकी अपनी आर्थिक दिक्कतों की वजह से या और दूसरी दिक्कतों के कारण, वे ऊपर उठ सकें। यदि इस तरह का बिल आये तो मैं समझता हूं कि ज्यादा अच्छा होगा।

श्री निरंजन वर्मा (मध्य प्रदेश) : श्रीमन् हमारे योग्य मित्र ने करों के बारे में सदन के समने बिल रखा है। मैंने उसका थोड़ा बहुत अध्ययन किया और मैं इस परिणाम पर पहुंचा कि न तो सरकार को ही इन करों के लगाने से कोई बहुत लाभ मिलेगा और न इनके द्वारा कर दाताओं को ही कोई बड़ी राहत दी गयी है।

श्रीमन्, हमारे देश में अनेक प्रकार के, भिन्न-भिन्न प्रकार के कर लगाये जा रहे हैं और सारी

[श्री निरंजन वर्मा]

जनता इन करों के बोझ से बराबर कराह रही है और हमारे देश में सरकार से यह भी बार-बार प्रार्थना की गयी है कि सरकार इन करों के बारे में पूरी तरह से छान बीन करे। विभिन्न प्रकार के कमीशन बैठे और उनकी जांच के परिणाम-स्वरूप यह विचार गया कि जो छोटे व्यक्ति हैं, जो छोटा वर्ग है, उस पर करों का भार कम से कम पड़े और बड़े-बड़े आदमी जो हैं, जो पूंजी का एकत्रीकरण कर रहे हैं, उन पर करों का भार ज्यादा पड़े। हमारे देश में और बाहर के देशों में यह अन्तर है कि बाहर के देशों में, इंग्लैंड इत्यादि कुछ ऐसे देश हैं जो औद्योगिक हैं, वहां पर कर अधिक लगाये जा सकते हैं, लेकिन हमारे देश में जहां पर कि खेती अधिक होती है, मैं समझता हूं कि खेती के मामले में भी समिति को कुछ बातें सोचनी चाहिए थीं और उसके अनुसार समिति ने कृषि के मामले में जो विशेष विचार नहीं किया उसी का परिणाम यह है कि आज देश भर में यह आशंका व्याप्त हो गयी है कि कृषि पर भी सरकार बहुत अधिक टैक्स लगाने जा रही है। हमारे माननीय मित्र ने अभी जो बात बतलायी कि हमने इसमें कुछ राहत देने का यत्न किया है, उदाहरण के लिए उन्होंने बताया कि इन्कम टैक्स के मामलों में बहुत दिनों तक लम्बे विवाद चलते रहते हैं और उसके कारण समस्याओं का समाधान बहुत दिनों तक नहीं होता, इसलिए उन्होंने समरी ट्रायल की योजना बनायी है। मैं समझता हूं कि समरी ट्रायल के बारे में भी हमको बहुत कुछ सोचना पड़ेगा। जैसा सब लोग जानते हैं, श्रीमन्, समरी ट्रायल जल्दी न्याय को देने का सिद्धांत है। किन्तु जो व्यक्ति वह समरी ट्रायल को करता है, अगर वह निष्पात न हो, योग्य न हो तो समरी ट्रायल का कोई अच्छा परिणाम नहीं हो सकता। यह समझ कर यह समरी ट्रायल का काम हमको योग्य और ऐसे व्यक्तियों को सौंपना चाहिए, जो इस विषय में विशेष जानकारी रखते हों।

इसी तरह मैं निवेदन करूंगा कि अपने देश में पूंजी कुछ आदमियों के हाथों में एकत्रित होती

चली जा रही है और उसके परिणाम दो हैं। एक तो यह है कि आदमी के पास जब धन संचय हो जाता है अधिक, तो उससे ब्लैक मार्केटिंग की सम्भावनायें बढ़ती हैं और ब्लैक मेलिंग शुरू होता है और दूसरी सम्भावना यह है कि पूंजी को अक्षुण्ण रखने के लिये सरकार के हाथ में कोई शस्त्र देने के लिये पूंजीपति लोग बहुत सोचते हैं, फिर जो कम्पनियों के डायरेक्टर्स होते हैं, उनमें सरकार अपने नोमिनेटेड व्यक्तियों को वहां पर रखती है और उसका परिणाम यह होता है कि उन डायरेक्टर्स के द्वारा वहां डोनेशन्स की प्रक्रिया चलती है। अभी पिछले समय में डोनेशन्स के बारे में यहां चर्चा हुई है। लेकिन हमारे मंत्री जी ने उस सम्बन्ध में पूरे ढांचे को बदलने का कोई यत्न नहीं किया, जिससे पूंजी एक समूह के हाथ में केन्द्रित होने से रक सके, यद्यपि उसको रोकने के लिये अनेक प्रकार के बिल यहां आये हैं, लेकिन कोई खास सफलता नहीं मिली और परिणाम यह है कि बड़ी-बड़ी राजनीतिक संस्थाओं को जब रुपया मिल जाता है, तो वह अपने डायरेक्टर्स को वहां बैठाने में लाभ उठा लेती है फिर उनके कहने के अनुसार इन संस्थाओं के ऊपर कराधान में किसी न किसी प्रकार की कमी करते हैं, जिसका परिणाम यह होता है कि उपभोक्ताओं की छोटी-छोटी चीजों पर कर अधिक लग जाता है और बड़ी-बड़ी चीजों पर नहीं पड़ता।

हमारे कुछ मित्रों ने कहा, जैसे कैरोसिन आयल पर टैक्सेशन का भार इतना लग गया है कि लोगों को उसके बारे में सोचना पड़ रहा है कि वास्तव में जो छोटे उपभोक्ता हैं और छोटे करदाता हैं, उनको किसी प्रकार की राहत दी जाय। इसी प्रकार कृषि के बारे में हमारा खयाल है कि हरी क्रान्ति को सफल बनाने के लिये जो औजार हैं, जो मकान हैं, जो उनसे आमदनी होती है और कृषि को बेचने के बाद जो किसान को रिटर्न मिलता है, इन सबको कर से अलग रखा जाना चाहिए, क्योंकि इस समय यह आशंका व्यक्त की जा रही है कि सरकार उन पर भी हैवी टैक्सेशन लगाने की सोच रही है।

इसी प्रकार से जो ज्वाइंट फमिली है, उसका कोई को-पार्टनर है और वह अलग हो गया है और जब वह फिर ज्वाइंट फमिली में सम्मिलित होता है तो उसके बाद उसका धन जब पूरे समूह की पूंजी में इकट्ठा हो जाता है, तो उसके ऊपर भी देख रेख रखनी चाहिये कि कहीं ऐसा न हो जाय कि इकट्ठा होने के कारण उसके ऊपर और ज्वाइंट फमिली की प्राप्ति पर अधिक भार पड़ जाय।

इसी प्रकार से जब कभी-कभी ट्राइब्यूनल्स या बेंच और दूसरे आदमी अनुचित निर्णय कर देते हैं, तो उनके लिये उस कष्ट को दूर करने के लिये बड़ी अदालतों में जाना पड़ता है। अभी हमारे मित्त ने जो संशोधन रखा, उसमें गिफ्ट टैक्स एक के अन्तर्गत अगर ट्राइब्यूनल के पास या एपीलेट जूरिस्क्शन के कोर्ट में कोई व्यक्ति जायगा तो अभी तब उसके लिये 100 रु० देना पड़ता था, लेकिन अब 125 रु० देने की व्यवस्था की गयी है। इस तरह से छोटे कर दाताओं का और छोटे व्यक्तियों का इस विल में कोई बहुत खयाल नहीं रखा गया है। और जो बड़े व्यक्ति हैं उन पर तथा उनकी पूंजी पर अधिक कर लगाया जाय, इसका भी किसी प्रकार का खयाल नहीं रखा गया है। इन दोनों का जब खयाल नहीं रखा गया तो परिणाम यह है कि हमारे देश में करोड़ों से जो राष्ट्र के लिये लाभ मिलना चाहिये था, वह पूरा लाभ नहीं मिल रहा है और उस लाभ के कारण छोटे कर दाताओं को मुक्ति मिलनी या विलकुल ही कर नहीं लगता, ऐसी स्थिति आ जाती। तो वह भी उस समुचित लाभ से वंचित रह गये हैं। इसलिये मेरी प्रार्थना है इसके विषय में सम्पूर्ण रीति से, जितना अभी तक आपने फाइनेंस कमिशन की या ए० आर० सी० की बात कही है, इसके अतिरिक्त भी एक पूर्ण प्रतिनिधित्व, पूर्ण समिति या आयोग नियुक्त करे, जो सारी बातों की जानकारी रखे और राष्ट्र के सारे घटकों की आवश्यकताओं को ध्यान में रखते हुए कि प्रत्येक व्यक्ति को जीवन यापन के लिये कम से कम कितनी वस्तुओं की आवश्यकता है, उसका लेखा जोखा ले और वर्ष भर में उसको कितनी आवश्यकता पड़ेगी

और उसके कुटुम्ब का कितना खर्चा होगा उस को प्लस, उसकी अन्य सुख सुविधाओं के लिये कुछ दे कर के उसके बाद जो सम्पत्ति बचे या जो आमदनी हो उस पर कर लगे तब तो ठीक तरह से संचालन हो सकेगा, अन्यथा कर के भार से छोटी जनता जो अभी दबी हुई है और दबती चली जायगी और राष्ट्र कभी आगे नहीं बढ़ सकेगा। यह मेरी प्रार्थना है।

SHRI BHUPESH GUPTA : Mr. Deputy Chairman, I should also like to make a few general observations on this Bill. Obviously, it is not possible for us as laymen and also in the time at our disposal to go into the details of the various provisions. In any case the Income-tax and other related laws are extremely complicated for people like us to express our opinion on. However, since some important issues have been raised with regard to the principles which should govern the taxation laws in the country I would like to offer some criticisms and suggestions. One object of taxation is to raise revenue and the other object is, as the hon. Minister himself said, to promote certain social objectives, namely, levelling of incomes. I do not know what exactly he means by it but I take it that he means that income disparities should be narrowed down and similar other objectives. Now, after so many years of independence we can safely say that in so far as raising revenue is concerned it has failed to achieve full success; in fact it is nowhere near the target that should have been achieved. As far as the social objectives are concerned, the taxation laws in the country have been retrograde, regressive and have indeed gone in the opposite direction. This is part of the capitalist planning and the taxes are so devised as to get resources from the common man and to give incentive and assistance and other help to the rich men, especially those who are in the top engaged in industry and commerce. I have in mind the big monopolist class. That is the basic drawback of the taxation laws. They have not got out of this fundamental commitment, which is reactionary and retrograde, that the poor people, the common man, must be fleeced and he must be made to pay for the national exchequer more and more and he must be made to pay for finding resources for our plans and for our development activities whereas the men at the top must be given more and more so-called incentive

[Shri Bhupesh Gupta]

that is to say, opportunities for concentration of wealth and economic power and for becoming richer day by day. Now, so long as we are stuck up in that state of affairs obviously there cannot be any material or radical improvement in the direction in which things should improve.

Now let us come to the question of indirect taxes which the common men pay, tax on soap, kerosene, cloth, tobacco, cigarette and so many other things. You will see that these taxes have gone up from year to year and today we are almost in the neighbourhood of Rs. 2,000 crores. We have almost reached that figure in respect of excise duties whereas the direct taxes which the rich and the not so rich people and even middle class people pay have not gone up. If the latter has not gone up it is because the Government does not want to tax the richer sections of the people, whether it is income of corporations or personal incomes. That is not being done and therefore I say that we are failing on that score and we are moving in the opposite direction. When we know that 82 percent of our population do not have even one rupee to spend per day it is absurd to think in terms of broadening the tax base and collecting money from the common man. It is impossible. You can do only by extortionate collections from them by putting heavy and intolerable economic burdens on them and depressing and depressing their living standards, whether they are peasants or agricultural labourers or middle class employees or Government servants or lower categories. And that is what is happening today. Now, at the top, of course, exemptions after exemptions have been given. I do not go into that. You will find from the recent papers that you got that the great family of Birla Brothers, four of them, four brothers, the Ministry of the Birla family, according to the recent tax returns and tax assessment, two of them are paying more or less the same taxes or a little more perhaps and two of them are paying less than before, although their wealth has gone up enormously during this period. Everybody knows it. For example, the industrial assets in the hands of Birla brothers today went up over the last four or five years, since the Monopoly Commission's Report, from Rs. 291 crores to Rs. 375 crores. Surely the Birlas are becoming richer and immensely richer. At the same time, if you look at their tax assessment, whether it be income-tax, wealth-

tax or other taxes, you will find the situation more or less to be static. If at all they have paid less taxes and levies to the Government and to the State than before. Now, this, in itself, is an illustration of how social justice is being meted out in the matter of taxation. Recently the Government, the Finance Ministry has circulated some papers and from these you will find that practically all the big business houses are in tax arrears. Once they let arrears to accumulate. Then, they go to the court to freeze collection, though it is against the tax laws, and it has become the practice with the Indian monopolist-class to go to court and even prevent assessment nowadays. That is what we see. It is not merely Mr. Mundhra. Practically all the big business houses are resorting to this practice. Therefore, it is very necessary for the Government to think of devising measures to forestall this kind of resort to court with a view to frustrating assessment and collection from the big business houses.

Here I have got the Report of Prof. Kaldor, which was actually published in 1956 and which we discussed in the Houses several times. According to this Report, and it is a conservative estimate given at that time when the Report was given fourteen years ago, our resources were much less our rich people were not so rich as they are today. Even then Prof. Kaldor estimated that as a result of the wealth tax which he fixed at a very low rate, India should get, the Central Government should get, the exchequer should get between Rs. 15 to Rs. 25 crores. Nowadays we get barely Rs. 10 crores. Prof. Kaldor estimated from the expenditure tax another Rs. 10 to Rs. 15 crores. It was abolished. From the gift-tax Prof. Kaldor estimated, according to the old figures and taking the facts into account some fourteen years ago, that the exchequer should get Rs. 30 crores. We are not getting it. Therefore, Prof. Kaldor's recommendations, conservative as they were, moderate as they were, erring on the side of leniency towards big money, have not been even implemented by this Government and yet those recommendations were intended to plug the loopholes—a favourite expression in the Finance Ministry. Actually we are not plugging the loopholes. We are broadening the channel of tax evasion. We are allowing more and more taxes to be evaded. Actually it is a drainage of tax evasion, if you like. It does not plug the loopholes. Where there were loopholes big dents have been made by the capitalist-class, by the monopolist

class, to get out of the clutches of the existing tax laws and they are evading these taxes. So, I need not go into

4 P. M. this thing. Why I am mentioning this is because even these recommendations have not been implemented. Here is the report on Central Direct Taxes Administration, the so-called report of the Administrative Reforms Commission. This report is not at all progressive, it is conservative. You know who are the signatories to this report : the hon. Shri Hanumanthaiya, by no means known for his very radical views ; Mr. H. V. Kamath who is always in front of the American Embassy to support them against practically all good causes in the country ; Mr. Debabrata Mukherjee, a former Judge of the Calcutta High Court, who was sitting in the Congress Benches. Mr. T. N. Singh, now by the grace of Mr. Charan Singh and Mr. Chandra Bhan Gupta the Chief Minister of Uttar Pradesh, he is another signatory to this report ; and one Mr. Shanker, he may be an officer. These are the people who signed this report. You can understand that you cannot get much from them. Even the recommendations made by them are not being fully implemented in so far as they are good recommendations. Therefore, there is tardiness on the part of the Government to go ahead in this matter in a very vigorous way.

[THE VICE-CHAIRMAN (SHRI BANKA BEHARY DAS) IN THE CHAIR.]

Now you will find that wealth tax assesses in the country in 1957-58 were 37,906 ; today the figure is 154,130. Regarding wealth tax, whose wealth is Rs. 1 lakh and more he pays wealth tax, he is supposed to pay wealth tax. Do you think this covers all cases ? Many are evading the wealth tax. You will find many big business people, well known multi-millionaires, do not pay wealth tax ; either they evade it or they have avoided it by making trusts and various other things from which they get benefits without having to pay the wealth tax. Wealth tax is an important source of revenue and we do not get it, and yet we can hit the rich people. As far as the Rajas and Maharajas are concerned, they have been left free. Even now, Mr. Vice-Chairman, after the passing of the Bill abolishing the privy purses and special privileges they are enjoying practically everything they used to enjoy, excepting that the privy purse is not being paid. My friend comes from Madhya Pradesh.

It is a jungle of Rajas and Maharajas. The wolves are around there. The Rajmata of Gwalior still flies her royal flag on her palace, and yet I find it is not being hauled down. Flying the flag only shows the mentality of defiance. At the same time everybody knows, his brother, the State Chief Minister certainly knows, Mr. Shyama Charan Shukla knows more than I do, that the Rajmata had grabbed much land in Gwalior and other places by cheating the law and through collusion. I came across papers which would show how the land had been settled with them and illegally land had been grabbed by them for their own ends. Crores and crores of rupees worth of land had passed into their hands . . .

SHRI KALYAN ROY (West Bengal) : What about the land owned by the Ministers of Madhya Pradesh and Rajasthan ?

SHRI BHUPESH GUPTA : I am just talking about the Rajmata. Ministers come and go but the Rajmata remains. Even after the Privy Purse Abolition Act the Rajmata remains. I do not know her name...

SHRI A. D. MANI : Vijaya Raje Scindia.

SHRI BHUPESH GUPTA : Anyway some lady there in Madhya Pradesh she used to be called Rajmata in Madhya Pradesh.

THE VICE-CHAIRMAN (SHRI BANKA BEHARY DAS) : Will you kindly wind up ?

SHRI BHUPESH GUPTA : I am in the process of winding up. So that is the position. It is happening. Of course my friend did not like this thing because the Rajmata's raj has joined now the Jan Sangh. To what extent she is evading taxes it is not for me to say. But obviously they are number one tax evaders. There is not a crime on earth they have not committed. This nobility is guilty of murder, guilty of banditry, guilty of rape, guilty of alcoholism, guilty of every kind of crime on earth. You can know how they will cheat the income-tax laws and other laws. I think now the Government should . . .

THE VICE-CHAIRMAN (SHRI BANKA BEHARY DAS) : They do not pay income-tax.

SHRI BHUPESH GUPTA : Well, that is what I say. Now I should say, he is no longer in the Home Ministry. The Home Ministry is issuing circulars to the State Governments asking them to go slow with the full implementation of the abolition of privy purses and other privileges. The princes—they are even regarded as gods—say that if they pay the money the policeman will be there, guarding as usual, the whole day. It is being done. It is a shame. This is the sort of attitude of the Government towards the people.

Sir, you come from Orissa. You have got 12 rajas and maharajas. You know very well how they are behaving but Madhya Pradesh has the maneaters. The maneaters in that category in Madhya Pradesh are prowling around all the time and all of them are being helped. Take Rajasthan. Why action is not being taken? What about their wealth tax? Whether assessment has been made or not, I want to know. I gave a question, whether their lockers in the banks have been opened in order to find out the jewellery belonging to them. I am told that they have not done it; they had not been examined. How you get the assessment I do not understand.

Therefore, I can give many instances. But I do not wish to do so. This source should be tapped. Now, my suggestion is this: Do not be rigid at the bottom—the low-income bracket. Concentrate your fire at the top in the higher-income bracket, say, Rs. 50,000 and above. You should concentrate there and the energies of the Ministry should be spent on that rather than distributing and dissipating them in chasing the small assesseees. These potential assesseees are very important. I am not suggesting the raising of, what is called, the exemption limit of the taxes but, surely, these people should be taken care of. These are the people apart from the princes—the big princes—and the big business people. We should take care of them more and we should have a special cell.

You have cells for everything. But you do not have any special cell for big business. You name 75 persons. They are there. You should appoint a cell in the Finance Ministry or the Central Board of Revenue with the necessary intelligence and outfit to see that they do not escape taxes. You can easily do it. You do not spread your fire. You do not widen your range of activities. You should concentrate, making a list of 200 families in the

country, and then go after them. They should include big business people and, of course, the princes—the big princes. Then, the film stars. Some top film stars are evading taxes and we suddenly saw in the paper that Shrimati Mala Singh . . .

THE VICE-CHAIRMAN (SHRI BANKA BEHARY DAS) : Mala Sinha, not Mala Singh . . .

SHRI BHUPESH GUPTA : I do not go to films. Therefore, I stand corrected.

THE VICE-CHAIRMAN (SHRI BANKA BEHARY DAS) : So you should not talk about it.

SHRI BHUPESH GUPTA : We saw that in her bathroom Rs. 20 lakhs were found. Well, I do not know how many bathrooms are to be searched. Now this is happening. Therefore, you should go after them, but not in the bad sense of the term. I do not ask Mr. Shukla to go after them in the wrong way. I ask him as a tax collector to go after them and collect the money from them.

Then, the top lawyers. Now these gentlemen—some of them, not all of them—evade taxes. And they are past-masters in the evasion of taxes. It is amazing that a lawyer wants Rs. 30,000, to amass a fortune that way; he evades income-tax. I know some, but I do not wish to name anybody. I think that also should be carefully gone into. It should be made a penal offence for any top lawyer to accept money except through crossed cheques.

If anybody violates it he should go to prison and he should not merely be penalised by fine and so on. Then, I am sure, the lawyers would be a little careful, specially those who are making black money in the legal profession. In the legal profession they are indulging in illegality. Therefore, that has to be stopped also. I think these are the categories of people you should concentrate upon.

Since we are speaking in the last session before the next Budget Session, my suggestion would be this. There will be many other amendments to the law. Four hundred odd amendments had been made to the Income-tax Law of 1961 which was passed here. Many more amendments will be made. I think the Government should discuss the question of radically orienting the taxation policy of the Government, and the sources of revenue should be, the public sector mainly and also the

big business sector and the wealthy sections of the people, side by side with concessions and tax-relief to the common man. How it is to be done, it is not for me to say. But the approach should be clear that in the next Budget the common man should get more relief, the richer people must be made to pay more taxes and especially—I suggest—now that the Privy Purses and the special privilege are gone, you should put the Princes—the big ones, the rich ones among the former Princes, in a special category, and put some kind of tax on them in order to tap the resources with them, including their accumulated wealth. Now, this should not be confused with the other category of people taxable. This is a new point and after the abolition of the Privy Purses and special privileges, I assume that we shall continue this thing. Whatever the Supreme Court may say, we will find out other remedies also. That should be done. That is very, very essential. This money must be found from the richer sections of the communities side by side giving concessions to the poor, and the public sector must yield a greater share of revenue than it is yielding today. It is very important today in a developing economy like ours with certain social objectives to reconstruct that our budgetary structure should be in such a manner that it would show that the money is brought without hitting the interests of the wellbeing or living standards of the common man and by tapping the affluent Sections of the community, especially the very rich at the top. That is how it should be done.

So far as the Income-Tax Department is concerned, I think there should be an award given to those income-tax officials who show efficiency, courage and devotion to their assignment. Mr. Vice-Chairman, in the list of awards given by the President, I see policemen getting them and so many C.D.s getting them. Why should not some income-tax officers' names appear? I do not know. I am suggesting this thing because I believe that there are some good officials also. Many are good, many are honest also. But those who are right, those who show initiative, those who are resourceful, those who are devoted to the task, those who are especially adept at finding out and catching big fish in big business, they all should be given rewards. They should be promoted and their services should be nationally recognised. That is what I want. I do want that these people whether in the Customs Department or in the Income-tax Department, those who

give meritorious service in administering the existing laws, in exposing the evaders or dodgers of taxes, they should be given rewards and nationally acknowledged.

These are some of the suggestions which should be considered by the Government. But I do not realise that so long as they do not change their basic economic outlook and their basic economic policy, so long as they remain wedded to the policy of placating and appeasing big business, nothing would come out. All the same, we are making these suggestions in the hope that national opinion will be more and more pronounced in forcing this Government at least to move in this direction step by step. We know that they will not go the whole length. But it is quite possible. If we all in the House join our forces together, we can certainly, today in the changed political situation, force this Government to take certain measures which some ten years ago they would not have taken at all whatever we might have said then. Today, the political condition and the political setup are favourable to us in order to impress upon the Government to take better measures.

SHRI A. D. MANI : Mr. Vice-Chairman, Sir, I wish to extend to this Bill my support in general terms. This Bill is a serious, conscientious attempt to overhaul the taxation laws, particularly the Income Tax Act of 1961. As has been pointed out by my hon'ble friend, Mr. Bhupesh Gupta, the Income Tax Act has been amended more than four hundred times though this Act was passed in this House only about nine years ago.

Sir, I wish the hon. Minister of State, in piloting this Bill, had taken note of the great feeling behind the demand in this country that the minimum limit for income-tax should be raised to the level recommended by the Bhoothalingam Committee, namely, Rs. 7,500. Prices have been rising in the country and neither the Government nor the industry have been able to offset the increase in prices by the increase in wages. It is well known that increase in wages will only chase the prices and prices again will chase the wages, and thus the prices will go on spiralling. The only way in which the Government can give relief to, what we call, the middle class is to raise the income-tax limit to Rs. 7,500. It has already been raised in the last year's Budget to a level which is generally appreciated in the country. But in the overall taxation laws, in this Bill the Government should have

[Shri A. D. Mani.]

implemented the recommendation of the Bhoothalingam Committee and raised the income-tax limit to Rs. 7,500.

Sir, another demand that has been made over the years in regard to the amendment of the Income Tax Act is that the Income Tax Act of 1961 does not give any exemption to trust-owned newspapers. Till 1961, trust-owned newspapers were exempt from income-tax, a position which was fortified by the judgment of the Supreme Court in the All-India Spinners Association case and also in the case of the Tribune. In 1961, the then Finance Minister, Mr. Morarji Desai, said that newspapers which are owned by trusts should not get income-tax exemption. Against this stand of the Government a small delegation waited on the hon. Prime Minister some months ago. I would like to mention that the delegation was led by Mr. Diwakar. I was a member of the delegation, and other representatives of newspapers owned by trusts also waited on her. We told the Prime Minister at that time that the Press Commission had recommended that the trust form of ownership was the best form of ownership in this country, and if the Government is going to withdraw the income-tax exemption, there will be no incentive to newspapers converting themselves into trusts. We are looking forward to the day when the big national newspapers of India like the *Statesman*, the *Times of India* and the *Indian Express* will become trust-owned. But when we put this idea to the owners of the big newspapers they always say, "What is the advantage of becoming trust-owned newspapers what the income-tax exemption is withdrawn?" In order to see that the newspapers controlled by big business are taken out from their control, it is necessary that the Government should restore the exemption from income-tax which the newspapers enjoyed prior to the Income Tax Act of 1961.

SHRI M. N. KAUL (Nominated)
What is the position of *London Times*?

SHRI A. D. MANI : I do not know. Now that you ask me, I believe, trust-owned newspapers in the U. K. do get exemption. We were getting exemption till 1961. I had to oppose the clause in the Income Tax Act at that time, and Mr. Morarji Desai had said that any person, any newspaper, which makes profit, should pay tax. But this was contrary to the recommendations of the Press Commission.

Sir, I would like to go on to the provisions of the Bill. A reference has been made by previous speakers to the concession given to the foreign technicians for a period of 24 months in respect of exemption of Rs. 4,000 per month from tax. Sir, the hon. Minister should bear in mind that the rupee has been devalued and when he thinks in terms of rupee he should see what is its equivalent in foreign currency. Rs. 4,000 would work out to £ 200 in England and perhaps a little more than 400 dollars in the United States. This will not be a sufficient incentive for foreign technicians to come to India. I do want a situation to arise in this country when our industry will be run, supervised and serviced by our own technicians. But we are not self sufficient in know-how in all spheres. It is necessary for us to take foreign help and in order to attract foreign help, we must offer terms which will be generally acceptable to foreign experts. I wish the Minister of State would tell us on what basis this figure of Rs. 4,000 was chosen. Was any study made to see whether this figure would attract the best talent from abroad? I think there is a very good case for raising this limit because these people are going to be here for a short term only, for a period of two years. This limit of Rs. 4,000 per month may actually serve as a disincentive to persons coming to India to work.

Another point that I would like to mention is with regard to clause 8 of the Bill which refers to section 35 of the Income-tax Act, relating to amortisation of expenditure. Sir, I welcome the novel scheme which the Government is trying out for amortising the expenses on project and feasibility reports. This is the first time that this device is being tried out in our taxation laws, though it is widely prevalent in the private sector, to amortise expenses in this manner. But, Sir clause 8(2) limits the freedom of the person running an enterprise in respect of the choice of persons who will carry out the project reports. I would like to point out here that according to clause 8(2), the exemption will be available only if the work in connection with the preparation of the feasibility report or the project report or the conducting of market survey or of any other survey or the engineering services referred to in this clause is carried out by a concern which is for the time being approved in this behalf by the Board of Direct Taxes. Now, the Board of Direct Taxes is not an engineering consultancy firm. This is a matter where the person who engages the services of consultancy experts must

decide whether the person is qualified or competent to undertake the work. Does the Minister expect that the Board of Direct Taxes will have sufficient engineering experience to decide these matters at the Board level? I think this is a very indefensible infringement of the right of a person to run his business. Now, regarding amortisation expenses, this 2½ per cent, considering the money that is spent on feasibility reports and project reports, is a little on the low side. It should be made four or five per cent. Now that the scheme is being tried out for the first time in our country, I hope that the hon. Minister would consider favourably the demand of a large number of people in the country connected with industry, that amortisation expenses should be raised to four per cent.

Then, Sir, I would like to refer to the point made by previous speakers regarding the writing off of dues and the penalties to be imposed on those who do not file income-tax returns. We in Parliament, I am sorry to say, are observing certain standards for ourselves but are applying different standards to others. I understand that a large number of Members of Parliament also have not filed income-tax returns in time. The matter was raised in the other House. There was a legitimate anxiety—a defensible anxiety—that the matter should not be publicised. Now in the other House the Minister has revealed that certain Ministers were holding important positions have not filed their income-tax returns. I want Mr. Shukla to place himself in the position of an industrialist who does not file his income-tax return. His head will be demanded on a charger on the floor of the House and demands will be put forward that the heaviest penalty should be inflicted on him. If you want to maintain the scales of justice even, even persons in authority, whether they are Ministers or Members of Parliament or persons of influence, should subject themselves to the penalties which are inflicted on other people.

Sir, I would like to make only one suggestion before I close — I do, not want to take more time of the House — and that is regarding the writing off of income-tax dues. At present the practice is this. I believe, I saw advertisement in the Hindu. The Hindu carried advertisements of a large number of persons whose incomes had been assessed at a certain figure, say, Rs. 1 lakh or so, and it gave an opportunity to the public to scrutinise the income-tax assessment.

Similarly when large sums are written off, these sums also should be advertised. We should have the right to know whose dues are being written off so that if any person has got some information which had not made available to the income-tax authorities, he can be in a position to place that information or forward that information to the authority concerned and ask him to revise that opinion. I am mentioning this because it will be a safeguard in the interests of the public if the amounts written off over a certain figure, may be Rs. 50,000 or Rs. 1 lakh, are published in newspapers and newspapers also can get some revenue in the form of advertisement.

These are the suggestions I wanted to make on this Bill. I generally support this Bill because it does make a welcome departure from the existing taxation laws. And subject to the observations I have made, I support the Bill.

SHRI VIDYA CHARAN SHUKLA : Mr. Vice-Chairman, Sir, I am very thankful to the honourable Members who have participated in this debate for keeping the level of the debate at a very high level and contributing substantially to the consideration of this matter. Mr. Parthasarathy while opening the debate on this Bill made a few points of general economic policy which I do not want to touch upon here because it will take the time of the House and it will not be strictly relevant to the matter before the House. I concede that all these matters impinge on the taxation and do have a bearing on those economic policies and these economic consequences. But still rather than engaging myself in an abstract discussion of those economic policies, I would try to meet the points which have been made regarding the provisions contained in this Bill which is before honourable House.

The first point that the honourable Shri Parthasarathy made was that India was the most highly taxed country in the world. I would respectfully invite his attention to a booklet, a very scholarly treatise, that has been published by one of the honourable Members of Parliament, Mr. N. K. P. Salve, of the other House. He has very convincingly made out that India is not only not the most highly taxed country in the world, but even among developing nations — I am not talking of the developed nations — India is the twentythird in the list. It all depends on how you look at the problem.

[Shri Vidya Charan Shukla.]

Mr. Salve has given facts and figures taken from the official figures that have been supplied to Parliament from time to time and also from various economic journals and in his own way proved that India is not the most highly taxed nation and that there is ample scope for increasing the taxation in many spheres. Therefore, this oft-repeated propaganda that India is the most highly taxed nation is not absolutely correct. It all depends on how you look at it. Mr. Salve — I do not want to go into the details of the matter, but I have read his booklet and have found — has argued in a way which shows that apart from the slabs of the highest income level, there are many other slabs where adjustments can still be made to provide for better taxation administration and proper tax collection. Mr. Parthasarathy was again pleased to say that we should not kill the goose which lays the golden eggs. Here firstly we do not regard anybody as laying golden eggs. Nobody is laying golden eggs for the public or for the Government. But it is the duty of the government to charge tax in such a manner that those whose ability to pay tax is the highest should be required to pay a higher quantum of tax. If the hon. Member's argument is accepted, then it would mean that those people who can pay tax — those, in his words, who are laying golden eggs — should be spared. I am not saying that those who lay golden eggs should be killed. But we should collect all those golden eggs and none of the golden eggs should be left for them. By this enactment we are closing all the loopholes by which they may keep some golden eggs for themselves.

Our taxation laws are development oriented. Shri Parthasarathy, Shri Anandam and other friends who take special interest in taxation matters spoke about it. Not only development rebate is given for industrial development, but there are all kinds of rebate and relaxation that have been given for people who not only start now industry, but who take the industries in a progressive trend and in such fields where industrial development is surely needed. Therefore, I can claim that the taxation laws in our country are definitely production oriented and progressively oriented. None of them is such which retards the growth of the industry.

Another argument that we commonly hear often is that the taxation is so high that it kills the initiative or incentive to

learn more. If you see the practical results of our taxation policy during 1947-1970, you will see that this kind of taxation has had no effect on those people who had the capacity to earn money. They have been complaining about this and writing in their articles in the newspapers: "Why should we do anything? Everything is taken away by the government. We do not want, therefore, to increase industries or expand our industries". These people who write these articles claim that they are not interested in expanding their industries and earn more money. But it is these very people and only people who are growing by leaps and bounds economically. Their income has been growing and their industrial empires have been growing. These are the people who always say that there is no incentive. I do not know how they can speak in such contradictory terms. They say that they cannot earn, but they go on earning. They are the ones who find that there is a great deal of incentive to earn money and they continue to earn money. Nobody can blame us for collecting a part of their earning, particularly at the higher income level, for purposes of public good. Therefore, it is wrong to say that the taxation laws do not take into account the actualities of life as they exist.

Another point made by the hon. Member was that taxation at the lower level should be avoided so that the quantum of work before the income-tax officer becomes less. As a matter of theory or principle, we have no quarrel with this. And we do want it. Hon. Members might have seen that in the last Finance Act, the quantum was raised from Rs. 4,000 to Rs. 5,000. But there is an optimum point where this income has to be fixed. Some people think that it should be Rs. 7,000. Some are very liberal and go even beyond that. But I think that this limit of Rs. 5,000 that has been kept is a reasonable limit taking into account the actualities of life in India. We already know that a very, very small section of our population is affected by the direct taxes — maybe half percent of the total population including women and children. But here I would bring one factor to the notice of the hon. Members and that is the process of summary assessment. The process of summary assessment has been devised in this particular Bill to avoid accumulation of taxation cases, taxation arrears, and so on. This has been done in such a way which will obviate any injustice to the small assessee so that a small assessee, if he finds that the ITO in the summary assessment has assessed

to him some taxes and other things which are not really due from him, he can make an application and he can have a hearing and the whole thing can be re-heard and the tax liability can be refixed. In the same way, the ITO has been given powers under the new provisions added in this Bill to re-open cases where he finds that the summary assessment has resulted in gross under-assessment or there has been some wrong assessment or some unholy collusion between the tax officer and the assessee so that he can reopen assessment and he can again see the whole thing. But, all this has to be done within a period that has been prescribed, that is, a period of two years.

Sir, some hon. Members mentioned about the tax returns, etc. of the Ministers. Now, Sir the very fact of notices having been issued and the due process of law being followed in the case of Ministers will show that the exception is sought to be made for anybody, for any assessee, whether he occupies, for the time being, the position of a Minister or of a Member of Parliament or of a businessman or of any other person, and who so ever he may, the law of the land will prevail and I can assure the hon. Member that nobody is going to be let off just because he occupies a particular position?

SHRI A. D. MANI : I hope you don't approve of it.

SHRI VIDYA CHARAN SHUKLA : No. As a matter of fact, there is a curious story behind the statement that has appeared in the newspapers today. This particular assurance was given about a year back. Then, the information was collected in May 1970 and it was sent to the Department of Parliamentary Affairs in July 1970. Now, this information is as old as that. I do not know how that information which was sent to the Department of Parliamentary Affairs in July 1970 has been laid on the Table of the House on the 20th November 1970. In the meantime, many of these people to whose notice the default was brought have paid their money or have responded to the notices and the picture, if you take today, would be very different from what it was when this original information was given and it was collected. It was collected, may be in about March or April, it was put before the then Minister of Revenue and Expenditure in my place, it was approved by him and then, it was sent to the department of Parliamentary Affairs and for some unknown reason—that I

do not know—it came before Parliament only as late as the 20th November 1970. Therefore, Sir, I would like to go into this matter and find out as to what the position today is, how many Ministers have still not responded to the notices and what the present case is regarding the wealth-tax or income-tax assessment in respect of the Ministers. I have already conceded that the Ministers have a special responsibility and a special duty to see that they do not default.

SHRI MAHAVIR TYAGI : The convention in such cases, wherever any part of a Minister is found, is that immediately a confidential communication is sent to him to make good the default. Was that done in this case?

SHRI VIDYA CHARAN SHUKLA : That is why I am saying that as soon as this was found out, we actually sent information to every individual Minister whose name figured in our records and tried to find out from him what the actual position was.

SHRI BHUPESH GUPTA : Sir, there are investigations by the CBI . . .

THE VICE-CHAIRMAN (SHRI BANKA BEHARY DAS) : Mr. Bhupesh Gupta, he has not finished . . .

SHRI BHUPESH GUPTA : Sir, in Bihar, the house of Shri Ram Lakhan Singh Yadav was being searched in Patna. Do you know what happened? Another Minister went by car and scuttled other things. Everybody knows it.

SHRI VIDYA CHARAN SHUKLA : Sir, I was saying that the Ministers, whether at the Centre or in the States, do owe a special responsibility to be correct. They must not only be correct, but they must also appear to be correct in such matters and therefore, I would say that the vigilance of the hon. Members regarding this matter is most welcome. It will help Ministers to be more vigilant. It will help them to be more correct. But the way this news-item has appeared in the newspapers is misleading, because the report that has been presented to Parliament is rather out of date; it is not up to date.

Sir, Mr. Parthasarathy also mentioned that a committee should be formed to go into these matters. Mr. Bhupesh Gupta also referred to various committee that have looked into these matters. The

[Shri Vidya Charan Shukla.]

Committees do not solve it. We still have a committee under the former Chief Justice, Mr. Wanchoo, who is looking into the matter. Hon. Member, Shri Tyagi, was Chairman of one of these committees which enquired into the Direct Taxes administration. And these committees have given reports, and those various amendments have come into this Indian taxation law as a result of researches, recommendations, etc.

AN HON. MEMBER : What was Mr. Tyagi ?

SHRI MAHAVIR TYAGI : I was the Chairman of the Study Group of the A.R.C. on the side of Direct Taxes.

SHRI R. T. PARTHASARATHY : What I suggested was the appointment of a national committee of financial exports with the sole view of making an assessment of the entire tax structure and finance, in the light of the new social order that is existing today and in relation to the developmental programme of the country. That is what I wanted.

SHRI VIDYA CHARAN SHUKLA : What I am saying is that all these things have been done and they will continue to be done. But I do not think there is any special need for a special committee to go into this now.

Shri Anandam, when he started his speech, said that this Bill was before the Select Committee of the other House for two years. As a matter of fact, if he checks up his record, he will find that this Bill remained with the Select Committee of the other House only for less than a year, not two years. And very valuable contributions were made during the consideration of this Bill by the Select Committee and very many important improvements were effected.

Then, I would say that when one gives the example of another country, this should be a parallel example. You cannot compare the taxation structure or the taxation policy with those which are being followed in developed countries like Germany or the USA or the United Kingdom or Japan. Mr. Anandam was comparing the taxation policy of Japan with India. When Japan was a developing country in early 1950's then it had a very high slab of personal income-tax. Later on when they reached the stage of a developed country and their

economy become a viable economy, it might have reduced this amount. I think the countries where the personal slab of income tax has been reduced are the countries where a very high level of income and personal living has been reached. But in India we have not reached that stage where even such things can be considered. That is not the position which we have reached today. And, therefore, I do not think it is at present feasible at all to think in this terms.

Sir, amortisation is being introduced in our taxation structure for the first time. Various suggestions have been made by the hon. Members. I would say that we should act cautiously in this matter. Two-and-half per cent that is being fixed for preliminary expenses, I think, is fair enough and there should be no misgivings in the minds of the hon. Members that this is going to be anything less than what is required. As a matter of fact, after we see how it works then we will think what further is to be done with this concept of amortisation. If this is misused for tax evasion or tax avoidance purposes, then we will have to remove this provision of amortization. But if it leads to a healthy growth in the industrial economy or healthy growth of smaller and middle-class entrepreneurs, we shall think how to further fortify it and how to get further benefits of this. Therefore, Sir, I would say that caution is needed whenever you put new things in tax laws. We have to be careful as far as the concept of amortisation is concerned.

Some hon. Members criticized the provision of the Bill in regard to the approval of the Board for technical consultants and experts. Those who are familiar with the normal practice of the Government know that the authorities which receive these applications for recognition, etc., would not be the authorities who would actually do it by themselves. For instance, if we receive an application for recognition by people who are experts in petrochemicals or in chemicals or in chemical matters, then we shall consult the Ministry of Petroleum and Chemicals and the other technical Ministries like the Iron and Steel Ministry, to which ever Ministry that particular application is concerned, and in consultation with that Ministry, the Board of Direct Taxation would approve of such people who are considered to be persons above board and who would

not enter into a holy collusion with people, which will again open the floodgates of tax evasion by utilising people and making closely-knit consultancy firms, and without approval by anybody, just because they say that so much has been the preliminary expenses and then we will allow it as amortisation—that cannot be done. Therefore this precaution has to be taken. Therefore the Board's competence is not to be questioned because it will not be the Board who will be deciding the matter all by themselves. They shall, in consultation with the technical and administrative Ministries concerned, who will know the people in this line of field, decide which consultancy firm or which firms can be recognised for these purposes and which cannot be recognised for such purposes. Therefore there should be no difficulty about the recognition by the Board.

Certain Members mentioned the provision that is being made about Hindu Joint Family. Here all kinds of untenable arguments have been given by Members. Hon. Members know that this concept of Hindu joint family has been widely used for tax evasion purposes and now if we do want to plug the loopholes for tax evasion, we must see that where this is being used for purposes of tax evasion, that must be stopped. Here what are we doing? Here we are only equalising those who are running genuine H.U.F. and those who are misusing it. Now we want to see that nobody is able to misuse it. I will give an instance of how it was misused. According to the Law of Income-tax which is in currency for the last 30 years, the property of the individual when it is transferred to his spouse or minor children is taxed at the hand of the transferor. To avoid this, what they started doing was that they did not transfer the property to the spouse or to the minor children. They first transferred the property to the H.U.F. and then the H.U.F. was partitioned either fully or partially and then it was held, not only by the Income-tax payers but also subsequently by the courts that such property which was routed to the minor children or the spouse of the H.U.F. through the joint family was not taxable at the hand of the tax-payer. If my income was Rs. 10 lakhs and I transferred it directly to my children or spouse, then I would be taxed for the income that was derived out of that property but if it was routed through the H.U.F., then they will be taxed and my tax liability will go down. This was the misuse they

were putting this provision to and with the provision we have made now, we are plugging this loophole. The concept of H.U.F. is not . . .

SHRI BHUPESH GUPTA : It has taken you so long to find this out.

SHRI VIDYA CHARAN SHUKLA : Now, the date has been fixed with effect from a date in 1969 from when this provision will come into force and any transfers made after that date will be covered by the provisions that we have made in this Bill and therefore the concept of H.U.F. is not being destroyed. The genuine H.U.F. will continue to drive the legitimate tax relief, etc. but an artificial H.U.F. tax evader would not be allowed to avoid and evade the taxes as they have been doing so far. Therefore this criticism that the Hindu undivided family is being destroyed or the a e-old tradition is being destroyed by this enactment is completely unfounded. I was surprised that certain hon. Members tried to defend the institution of *benamdars*. Now, *benamdars*, I do not know how they can be permitted in income-tax. It is true that so far there was a provision and certain people put some others in charge of their shares in a partnership. The latter were not the beneficial owners. The former were the beneficial owners because they were still owning the shares and it was declared so. But now we do not want any institution of *benamdars* to be encouraged in taxation laws. Therefore we are providing in this . . .

SHRI BHUPESH GUPTA : One current case is the 'Basumati' case. You take it up right now and you will find so many *benamdars*.

SHRI VIDYA CHARAN SHUKLA : We are therefore providing in this law that in case any firm has any *benamdars*, that firm shall not be a registered firm, that firm shall lose registration and all the consequences, benefits, because we do not want legal or illegal *benamdars* to continue in this country any more. Therefore, nobody should plead for the institution of *benamdars* to continue. As a matter of fact, *benamdars*, whether in business, whether in industry or in politics, should all be eliminated as quickly as possible, and therefore this provision should be welcome to the hon. Members. In politics also there are lots of *benamdars* that you see here, and they should also be eliminated as quickly as possible.

SHRI BHUPESH GUPTA : I think it is a very good suggestion. Let him name the *benamdar*s on this side and let them name the *benamdar*s on their side. And all the *benamdar*s should sit in the middle.

SHRI VIDYA CHARAN SHUKLA : This can be best done in the Central Hall.

SHRI BHUPESH GUPTA : We should do it here. If I am named a *benamdar*, I shall sit in the middle. If all the *benamdar*s are found out, we shall know how to assess them.

SHRI VIDYA CHARAN SHUKLA : I shall now go on to technical experts. Here we do not want as a matter of policy to encourage foreign technicians to come to India. We also do not want to prevent their entry into India where they are absolutely necessary in certain sophisticated fields, or fields where we do not have technical experts of our own. There it would be necessary for some time to allow foreign technicians to come to our country, whether in the public sector or in the private sector. And these technical experts are allowed to come into India only after a great deal of scrutiny is made by the concerned administrative machinery or the technical machinery in this particular matter. Here I do not know how informed Members like Mr. Moha criticised it. And one or two other hon. Members did so. They said that here the tax exemption limit of Rs. 4,000 per month was too little. I would say that it is not too little. As a matter of fact it is very generous. Nobody in the particular companies, which employ the foreign technicians, should expect that all the liability of the foreign technicians will be born by the Government. A part of it must be borne by the employing company also. For instance, if Mr. Moha starts a new industrial enterprise and wants to employ a technical expert by paying him Rs. 7,500, then with this exemption of Rs. 4,000 that we are providing for in this Act, he will have to pay the tax on Rs. 3,500. He will be entitled to the deduction of this tax on Rs. 3,500 as his normal business expenditure and it will be duly deducted from his taxable income. So the total incidence that will ultimately come on him or his company would be Rs. 500 or so. So it is not that we are fixing the limit at Rs. 4,000. They are most welcome to get people and pay them Rs. 9,000 and Rs. 10,000, but the extra liability must

be born by the company which drive the benefit of the technical advice of that particular individual. And they are not going to pay all that themselves. As a matter of fact, they will be entitled to get the reduction on that particular salary that they pay to the expert as *bona fide* business expenditure, and they will get the taxation deduction, and so the ultimate liability on them will be very little. Therefore, this limit of Rs. 4,000 that has been fixed is in no way a limit which is inhibiting the inflow of good technical know how into our country which is not actually indigenously available and therefore this question of raising the limit from Rs. 4,000 does not arise.

Sir, I do not know how to deal with the points that you yourself raised when you were speaking; the from floor of the House: you are now presiding over the deliberations.

SHRI BHUPESH GUPTA : You forget that part of it.

SHRI VIDYA CHARAN SHUKLA : I would cut out all the points that were made except one which I think would generate general interest in the country and that is regarding Mr. Haridas Mundhra. Sir, this is a classical case of how by using highly-paid taxation experts and by using the various judicial forums one could avoid taxation and tax liabilities indefinitely. That has been done in a very expert and quite an illustrative manner by this gentleman. Here I do not know whether I should call him a gentleman but in this House we regard everybody as gentlemen and call them gentlemen. This particular assessee has been successfully avoiding tax liability...

SHRI BHUPESH GUPTA : Mr. Mundhra is no less a gentleman than Mr. Birla. If one is a gentleman the other is also a gentleman.

SHRI VIDYA CHARAN SHUKLA : The point that I am trying to make is there are a number of difficulties before the taxation authorities and the various case laws that have been made are so very complicated that they have made our tax collection effort so very difficult that people like Mr. Mundhra whose total tax liability comes to nearly Rs. 2 crores have not paid tax for many years. Not a single pie has been paid by him for many years notwithstanding the fact that all his property, all his income has been

attached, a good deal of which has been auctioned. Some of it has not been auctioned because nobody was coming forward to purchase it. There are many difficulties in the way but still the provision that we are making in this Act would make operations like this very difficult now.

I would refer to another provision that we are making here and that is in regard to stepping up the punishment for defaults in furnishing the returns of income or in the production of accounts or documents called for by notice, previously the punishment given was Rs. 4 per day or Rs. 10 per day for each day of default or something like that. Now we are providing for one year's rigorous imprisonment. If the income-tax return or if the account books are not produced by the assessee when a notice for such purpose is issued by the taxation authorities, previously what used to happen was that they would normally be punished or some heavy taxation might be imposed but they used to indefinitely delay the submission of the returns or they did not even care to submit their books of account and ultimately it resulted in a good many cases in *ex parte* assessments which in many cases were underassessments. Even *ex parte* assessments were not proper assessments and therefore they could get away with a number of things like that. Here now we are providing that those people who do not produce their account books or who do not submit their returns after a notice for that purpose has been issued by the Department, would be liable to be sent to jail for one year's rigorous imprisonment or a heavy penalty or both and this I hope in a way would meet the situation.

5 P.M.

श्री निरंजन वर्मा : जिन्होंने अभी पिछले वर्षों में नहीं दिया और जिनके केसेज अभी लटके हुए हैं, उनके बारे में भी क्या कोई योजना है ?

SHRI MAHAVIR TYAGI : Failure to submit their returns can rightly be penalised, but in case there is delay in the submission of their accounts, etc., that will be too severe a punishment.

SHRI VIDYA CHARAN SHUKLA : Yes, there would be severe punishment. I have touched upon most of the points that were raised here. About the former Maharajas and the special treatment meted out to people who are listed in

the list of the Monopoly Commission and others I would say that we have made special efforts for recovering taxes and to see that there are no tax arrears from such sources. There are certain special circles formed where cases from all over the country have been pooled together, identical cases, cases belonging to the same industrial houses, so that they do not escape assessment by dividing between various assessment officers. They come to a central pool where handpicked officers, who are of impeccable integrity, go through these things. We have obtained very good results out of this. The former Maharajas were liable to pay income-tax on their income except from their privy purses. Many of them had income from many other sources, apart from their privy purses. They had to pay income-tax on that and they had to pay wealth-tax also. Now, if everything goes well, they will have to pay tax on every income they receive from any source.

Sir, the last point that I want to make is that these taxation laws are never complete. It is a continuous process. It is a ding-dong battle which goes on between the tax-evader and the taxation authorities. We are trying to plug the loopholes. They are trying to find out more and more loopholes. We have to see to it constantly. That is why you will find so many amendments in the Bill. It may go on like this. The amendments which I have brought here to plug the loopholes are not going to completely stop the activities of the tax-evaders or tax-avoiders. They will find new ways and as soon as they find loopholes, we will be trying to plug them. Therefore, nobody should say that this is the end of everything and complain that there are so many amendments. In a complicated situation like ours, in the complicated economic situation of our country, it is impossible to have a simplified taxation law. We try to simplify it as much as possible, but our efforts do not bear fruit. The people who have to pay taxes adopt complicated methods for evading taxes. Then, we have to adopt more complicated methods for plugging the avoidance of taxes and every one of the loopholes. That is how the whole thing keeps on going and gets complicated. I am glad that this measure has been welcomed more or less generally by all sections of the House and I hope that this measure will be passed unanimously.

SHRI M. K. MOHTA : Sir, I have a submission to make. There are several amendments in my name. I would like to ask the hon. Minister whether he is in a mood to accept any of them. Otherwise, I do not want to waste the time of the House by pressing them.

It is well known what the Government has a majority. My amendments are very reasonable they are fair and I wish to know if the hon. Minister is in a mood to accept any of my amendments.

THE VICE-CHAIRMAN (SHRI BANKA BEHARY DAS) : The question has to be put. That stage has not come yet.

SHRI M. K. MOHTA : If he does not accept any of my amendments, I do not want to waste the time of the House.

SHRI BHUPESH GUPTA : They should be summarily rejected.

SHRI VICE-CHAIRMAN (SHRI BANKA BEHARY DAS) : It is for the Minister. I cannot compel him.

Now, the question is :

"That the Bill further to amend the Income-tax Act, 1961, the Wealth-tax Act, 1957, the Gift-tax Act, 1958 and the Companies (Profits) Surtax Act, 1964, as passed by the Lok Sabha, be taken into consideration."

The motion was adopted.

THE VICE-CHAIRMAN (SHRI BANKA BEHARY DAS) : We shall not take up the clause by clause consideration of the Bill.

Clause 2 was added to the Bill.

THE VICE-CHAIRMAN (SHRI BANKA BEHARY DAS) : Clause 3, there is one amendment by Mr. M. K. Mohta. Are you moving it?

SHRI M. K. MOHTA : Are you going to accept any of my amendments?

SHRI VIDYA CHARAN SHUKLA : No.

THE VICE-CHAIRMAN (SHRI BANKA BEHARY DAS) : Are you going to move this?

SHRI M. K. MOHTA : If he is not in a mood to accept it, I am not.

THE VICE-CHAIRMAN (SHRI BANKA BEHARY DAS) : So, you are not moving it.

Clause 3 was added to the Bill.

Clauses 4 to 7 were added to the Bill.

CLAUSE 8—INSERTION OF NEW SECTION 35 D AND 35E

SHRI M. ANANDAM : Sir, I move :

3. "That the Rajya Sabha recommends to the Lok Sabha that the following amendment be made in the Taxation Laws (Amendment) Bill, 1970, as passed by the Lok Sabha, namely:—

'That at page 9, lines 2 and 3, for the words 'or by a concern which is for the time being approved in this behalf by the Board, the words 'or by a Chartered Accountant or by a concern of Engineering Consultants with professional standing of at least five years or by a concern which possesses the requisite qualifications prescribed by the board in this behalf' be substituted.

5. "That the Rajya Sabha recommends to the Lok Sabha that the following amendment be made in the Taxation Laws (Amendment) Bill, 1970, as passed by the Lok Sabha, namely :—

'That at page 9, for lines 18 to 20, the following be substituted, namely:—
(d) such other items of expenditure (not being expenditure eligible for any allowance or deduction under any other provision of this Act) as may be laid out or expended wholly and exclusively in connection with the extension of his industrial undertaking or in connection with his setting up a new industrial undertaking."

7. "That the Rajya Sabha recommends to the Lok Sabha that the following amendment be made in the Taxation Laws (Amendment) Bill, 1970, as passed by the Lok Sabha, namely :

'That at page 10, for lines 29 to 34, the following be substituted namely :

(ii) any moneys borrowed or debt incurred by it in respect of the purchase of capital plant and machinery, where the terms under which such moneys are borrowed or the debt is incurred provide for the repayment thereof during a period of not less than seven years."

Sir, so far as the first amendment is concerned, the objection is with regard to approval by the Board of these experts. I submit that in spite of what the hon. Minister of Finance has said that the approval would be made by whoever is the specialist, I wish to say that in respect of Chartered Accountants or professional engineers who have established themselves for some time, there is no need for any type of approval. I want an assurance from the hon. Minister that he would consider this aspect and see what can be done.

With regard to the second amendment the real objection is with regard to item (d) of this clause : "such other items of expenditure as may be prescribed" I just cannot comprehend how this Board of Direct Taxes can think of all types of expenditure of every type of industrial unit. There are different classes of industrial units and it is not possible for the Board of Direct Taxes to think of expenditure for every type of thing and prescribe the expenditure for that. What my amendment says is if it is incurred wholly and exclusively for extension or for setting up a new industry and if it is found to be legitimate, then it must be allowed. That is what I have said. After all the Income-tax Officer has discretion. If he finds that the expenditure is not properly incurred or it is not incurred for a legitimate purpose, then he can disallow it. He always has that discretion. The question of prescribing expenditure is impossible. I can quote hundred instances where there is a similar provision for prescribing, the Board have so far not done it at all. I can say this with authority. Therefore, I want the hon. Minister to just see that, after some time in the next session or whatever it is, this word "prescribed" is removed and some such expression "expended wholly and exclusively for the purpose of the business" is substituted. If that provision is there, I will be satisfied.

The other one is with regard to the definition of "long-term borrowings." The meaning of "long-term borrowings" is given, and it is said : "any moneys borrowed or debt incurred by it is a foreign country in respect of the purchase outside India of capital plant and machinery" etc. I do not know why borrowing made for purchase of machinery outside India alone should constitute long-term borrowing. The Hindustan Machine Tools, I understand, are giving machinery on de-

ferred payment. Why should it not constitute capital employed for the purpose of business ? I do not know why they should discriminate between purchase outside India and purchase within India. This invidious distinction, I am afraid, would lead to various complications and may also lead to a lot of protests from even machinery manufacturers in India. Therefore, I wanted the words "outside India" to be deleted from this definition of "long-term borrowings".

These are the three amendments which I wanted to bring to the notice of the Minister.

The questions were proposed.

SHRI VIDYA CHARAN SHUKLA : I do not wish to go into the details of these suggestions that have been given by the hon. Member in his amendments. I will only say that Mr. Anandam is a very knowledgeable Member and he knows these matters very well. We shall consider his suggestions with due respect and see what can be done about this matter.

SHRI M. ANANDAM : Sir, in view of the assurance given by the hon. Minister, I beg leave to withdraw my amendments.

**Amendment Nos. 3, 5 and 7 were, by leave withdrawn.*

THE VICE-CHAIRMAN (SHRI BANKA BEHARY DAS) : The question is :

"That clause 8 stand part of the Bill."

The motion was adopted.

Clause 8 was added to the Bill.

Clauses 9 to 24 were added to the Bill.

CLAUSE 25—SUBSTITUTION OF NEW SECTION FOR SECTION 119

SHRI M. ANANDAM : Sir, I move :

10. "That the Rajya Sabha recommends to the Lok Sabha that the following amendment be made in the

For text of amendments, *vide* col. 168 *supra*.

[Shri M. Anandam.]

Taxation Laws (Amendment) Bill, 1970, as passed by the Lok Sabha, namely :—

“That at page 18, line 21, after the word ‘manner’ the words ‘without the prior consent of the person to whom the matter related’ be inserted.”

Sir, this is an authority given under this clause for the Board to give direction to the officers subordinate to it and give instructions in respect of making assessments. Where an assessee agrees to the instructions given by the Board to any income-tax officer for making an assessment in a particular manner, why should there be any objection? That is exactly what I said—if there is consent given by the assessee affected for accepting the instructions given by the Board or the Government to its subordinate officers, there should not be any objection to such instructions being given. That is the purpose of this amendment. I am sure that the hon. Minister will get it examined and see that this is implemented at least some time later.

The question was proposed.

THE VICE-CHAIRMAN (SHRI BANKA BEHARY DAS) : He is interested in its examination.

SHRI VIDYA CHARAN SHUKLA : Sir, even here it is well established by case laws that the Board cannot issue instructions to other authorities in the discharge of their quasi-judicial functions. The hon. Member knows it. In any case, he has posed this question and we shall definitely give due attention to it.

SHRI M. ANANDAM : Sir, I am not pressing it.

**Amendment No. 10 was, by leave, withdrawn.*

THE VICE-CHAIRMAN (SHRI BANKA BEHARY DAS) : The question is :

“That clause 25 stand part of the Bill.”

The motion was adopted.

Clause 25 was added to the Bill.

CLAUSE 26—AMENDMENT OF SECTION 139

SHRI M. ANANDAM : Sir, I move :

11. “That the Rajya Sabha recommends to the Lok Sabha that the following amendment be made in the Taxation Laws (Amendment) Bill, 1970, as passed by the Lok Sabha, namely :—

That at page 20, for lines 7 to 10, the following be substituted, namely :—

‘Provided further that the Income tax Officer shall waive the interest in such cases where a penalty under clause (a) of sub-section (1) of section 271 was imposed and such a penalty was more than the interest payable under the provisions of this sub-section.’ ”

The question was proposed.

SHRI M. ANANDAM : The only purpose of moving this amendment is this that there is a plethora of authorities under the Income-tax Act . . .

SHRI BHUPESH GUPTA : You do not move. Make only a speech because you are going to withdraw it in any case.

AN HON. MEMBER : But he cannot make a speech otherwise.

THE VICE-CHAIRMAN (SHRI BANKA BEHARY DAS) : But it depends upon him.

SHRI M. ANANDAM : There is also penal interest under the Act. So my submission is that where the penalty is more than the interest, one of these two things should be waived. If the interest is more than the penalty or if the penalty is more than the interest one of these two things should be waived. There should not be double punishment for an assessee. That is the purpose of this amendment. I am sure that the hon. Minister will give consideration to this suggestion.

SHRI VIDYA CHARAN SHUKLA : Sure.

SHRI M. ANANDAM : Sir, I am not pressing my amendment.

**Amendment No. 11 was, by leave, withdrawn.*

THE VICE-CHAIRMAN (SHRI BANKA BEHARY DAS) : The question is :

“That clause 26 stand part of the Bill.”

The motion was adopted.

Clause 26 was added to the Bill.

CLAUSE 27—SUBSTITUTION OF NEW SECTION FOR SECTION 140A

SHRI M. ANANDAM : Sir, I move :

“That the Fajya Sabha recommends to the Lok Sabha that the following amendment be made in the Taxation Laws (Amendment) Bill, 1970, as passed by the Lok Sabha, namely :—

“12. That at page 20, for lines 33 to 43, the following be substituted, namely :—

“(3) If an assessee fails to pay the tax or any part thereof in accordance with the provisions of sub-section (1), he shall, unless a regular assessment under section 143 or section 144 has been made before the expiry of the thirty days referred to in that sub-section, be liable to pay by way of simple interest of nine per cent, per annum on the amount payable in accordance with the provisions of sub-section (1).”

SHRI BHUPESH GUPTA : Sir, on a point of order. It is quite clear from the repeated conduct of the hon. Member that he does not intend to move the amendment; yet he moves it. And when he moves it, he has the intention of withdrawing it. Therefore I do not know whether a fraud on parliamentary procedure should be permitted in this manner. It is something like the fraud on the Income-tax Law. Therefore, it would be better if either he does not speak or you just call him to say something and sit down, because then we can avoid all those utterances by you like “Has he the leave of the House to withdraw?” and all the rest of it.

THE VICE-CHAIRMAN (SHRI BANKA BEHARY DAS) : I am happy, it is not a fraud on your humour.

SHRI M. ANANDAM : Sir, I am moving this. It is a something like tax-avoidance, not tax-evasion.

I just wanted to say that this is a provision where, when a self-assessment is made, he has to pay tax within thirty days. I want to know—when an assessee files a return, why should any income tax officer be negligent? Immediately he can send a demand notice and demand the tax from the assessee. For the lethargy of the income-tax officer or the Department, the assessee is made to pay the penalty, for not paying the tax within thirty days. I am afraid there are a number of penalties, as I said earlier, where for default, for non-payment of tax, he has already been penalised. And for self-assessment, I feel that it is enough if there is the interest clause and not the penalty clause, that is the purpose of this amendment.

The question was proposed.

SHRI VIDYA CHARAN SHUKLA : This is not acceptable because it will very considerably water down the penalty provision that we are introducing in the Act. Therefore, I would request the hon'ble Member not to press for this.

SHRI M. ANANDAM : I am not pressing. I beg leave to withdraw my amendment.

**Amendment No. 12 was, by leave, withdrawn.*

THE VICE-CHAIRMAN (SHRI BANKA BEHARY DAS) : The question is :

“That clause 27 stand part of the Bill.”

The motion was adopted.

Clause 27 was added to the Bill.

Clauses 28 and 29 were added to the Bill.

CLAUSE 30—SUBSTITUTION OF NEW SECTION FOR SECTION 148

SHRI M. ANANDAM : Sir, I would like...

SHRI BHUPESH GUPTA : Sir, you allow Mr. Anandam to make a consolidated speech at the time of the Third Reading.

THE VICE-CHAIRMAN (SHRI BANKA BEHARY DAS) : I am prepared provided he agrees.

**For text of amendment, vide col. 173 supra.*

SHRI BHUPESH GUPTA : Mr. Anandam, you make a consolidated speech at the time of the Third Reading. Do not move anything now.

SHRI M. ANANDAM : This is my only amendment and I have finished. I move :

14. "That the Rajya Sabha recommends to the Lok Sabha that the following amendment be made in the Taxation Laws (Amendment) Bill, 1970, as passed by the Lok Sabha, namely :—

'That at page 22, lines 45 to 49 be deleted.' "

15. "That the Rajya Sabha recommends to the Lok Sabha that the following amendment be made in the Taxation Laws (Amendment) Bill, 1970, as passed by the Lok Sabha, namely :—

'That at page 23, lines 6 to 11 be deleted.' "

Sir, there are four types of assessments in the Income-tax Law—summary assessment, self-assessment, best-judge assessment and regular assessment. This clause relates to summary assessment. This clause was there even earlier but the position was that if an assessee filed a return and if the income was acceptable to the Income Tax Officer, he was allowed to make an assessment on the basis of the return. But there were certain smaller adjustments that had to be made for which this provision now enables the Income Tax Officer to make an adjustment of the income-tax return so that the assessee may not be asked to come to the Income Tax Officer's office to see that the income-tax assessment is completed. When such a provision is there, I do not know why there is need for the Income Tax Officer to go and ask the Assistant Commissioner for getting this type of summary assessment re-opened. The mischief of the clause is evident. So far as this particular section is concerned, for re-opening there is no time-limit. For assessing escaped incomes, there is a time-limit of four, eight or sixteen years. But for making an assessment under section 148 there is time limit; whereas under this section, it is perpetual time that the Income Tax Officer gets to re-open this assessment. This is begging the issue and coming from the back door. I do not think that

this type of power to the Income Tax officer to re-open an assessment should be allowed. That is the purpose of my amendment. I request the hon. Minister to see that it is not allowed.

The questions were proposed.

SHRI VIDYA CHARAN SHUKLA : Sir, in my main speech I had explained how difficult it was, because of the various case laws, to re-open assessment proceedings in cases under sections 147 and 148. And, therefore, this new provision has been added here. This is done mostly to avoid cases where we find that in summary assessments the assessments have been grossly under-rated or they have been grossly under-assessed. And, therefore, this power that has been given, I think, is absolutely essential for we want to reform our taxation structure and particularly make the summary assessment effective. Therefore, I request the hon'ble Member not to press for this amendment.

SHRI M. ANANDAM : I am not pressing. I beg leave to withdraw my amendments.

**Amendment Nos. 14 and 15 were, by leave, withdrawn.*

THE VICE-CHAIRMAN (SHRI BANKA BEHARY DAS) : The question is :

"That clause 30 stand part of the Bill."

The motion was adopted.

Clause 30 was added to the Bill.

Clauses 31 to 33 were added to the Bill.

CLAUSE 34—AMENDMENT OF SECTION 185

SHRI M. ANANDAM : Sir, I move :

16. "That the Rajya Sabha recommends to the Lok Sabha that the following amendment be made in the Taxation Laws (Amendment) Bill, 1970, as passed by the Lok Sabha, namely :—

'That at page 25, after line 24, the following proviso be inserted namely :

'Provided that where registration has been granted to any firm for any

**For text of amendments, vide col. 175 supra.*

assessment year prior to 1st day of April, 1971 the renewal of registration shall be granted irrespective of the fact that any partner is considered as a benamidar of another partner.

Provided further that the explanation shall not apply to any person who is a partner in a firm representing a Hindu undivided family or a sub-partnership, duly constituted under an instrument of partnership, which has applied for registration under the provisions of this Act.' "

SHRI BHUPESH GUPTA : Save your Government's time. Suppose we oppose it, then ? You can speak on the clause, I suggest. He can always speak on the clause rather than on the amendment. Anyway

SHRI M. ANANDAM : There are certain difficulties with regard to two types of *benami* transaction. One is an individual representing the Hindu undivided family and an individual representing sub-partnership. All these 50 years, it has been recognised that the HUF can be a partner only through an individual and also sub-partnership can be represented only through an individual. That being the case, I want that at least protection should be given to those registrations which have already been accepted in all these years, so that they can continue to get registration in future also. This is a very serious thing, Mr. Vice-Chairman. I want that the Minister should apply his mind and issue instruction to see that registrations are not refused in respect of at least these two categories of *benami* partners.

The question was proposed.

SHRI VIDYA CHARAN SHUKLA : Sir, I had referred to this matter in my speech earlier. I said that we do not

wish any kind of *benamis* to exist. I am quite sure that this is going to be uncomfortable to many people. But such a discomfort should be welcome and we should try our best to discard this institution of *benami* as far as possible. Therefore, I would request the hon. Member not to press his amendment.

SHRI M. ANANDAM : Sir I am not pressing my amendment

**Amendment No. 16 was, by leave, withdrawn.*

THE VICE-CHAIRMAN (SHRI BANKA BEHARY DAS) : The question is :

"That clause 34 stand part of the Bill."

The motion was adopted.

Clause 34 was added to the Bill.

Clauses 35 to 74 were added to the Bill.

Clause 1, the Enacting Formula and the Title were added to the Bill.

SHRI VIDYA CHARAN SHUKLA : Sir, I move :

"That the Bill be returned."

The Question was put and the motion was adopted.

THE VICE-CHAIRMAN (SHRI BANKA BEHARY DAS) : The House stand adjourned till 11 A.M. on Wednesday, the 2nd December, 1970.

The House then adjourned at twenty-two minutes past five of the clock till eleven of the clock on Wednesday, the 2nd December, 1970.

**For text of amendment, vide cols. 176-177. supra.*