

in the hands of the sugar industrialists and the Government is not able to realise them.

MR. CHAIRMAN: They are being realised, I understand.

SHRI CHANDRA SHEKHAR: What are the difficulties there in recovering them? Such a huge amount, near about Rs. 8 crores, is lying there. It is not a small amount.

SHRI MORARJI R. DESAI: It is being realised.

SHRI BHUPESH GUPTA: The hon. Minister said 'being realised'. We would like to know at what tempo, in what manner, under what instalments and by when the task will be completed because this makes a serious impact on the other aspects of the economy. If the money is left in their hands, the Government have to put more taxes in order to find resources, etc. Therefore, we want a clear and definite idea.

SHRI MORARJI R. DESAI: I may assure the hon. Member that no tax will be levied on account of these arrears.

SHRI BHUPESH GUPTA: How do I know, Sir . . .

MR. CHAIRMAN: Next question.

**ASSESSMENT OF PUBLIC LIMITED COMPANIES WITH HEAD OFFICES AT GWALIOR FOR THE PURPOSE OF INCOME TAX AND SUPER TAX**

♦439. SHRI R. S. KHANDEKAR: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that certain Public Limited Companies having their head offices and places of business at Gwalior are assessed for purposes of Income-Tax and Super-Tax outside Gwalior; and

(b) if so, what is the reason therefor?

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE (SHRIMATI TARKESHWARI SINHA): (a) Yes, Sir.

(b) On requests made by the assessee concerned, the cases were transferred having in view the place where the principal business is carried on and the accounts are kept.

SHRI R. S. KHANDEKAR: May I know what are the recommendation\* of the Taxation Enquiry Committee in this respect?

SHRIMATI TARKESHWARI SINHA: The Committee's recommendations are already before the hon. Member and he should know what the recommendations are.

SHRI R. S. KHANDEKAR: May I know the number and names of those companies which have asked for their cases to be transferred outside their places of business?

SHRIMATI TARKESHWARI SINHA: There are six companies: —

1. The Pilani Investment Corporation.
2. The Gwalior Finance Corporation, Ltd.
3. The Indore Exporting and Importing Co., Ltd.
4. The Ujjain General Trading Society, Ltd.
5. The Gwalior Commercial Co., Ltd.
6. The Central India General Agencies, Ltd.

SHRI R. S. KHANDEKAR: Is it not a loss to the State Government on account of these companies being assessed outside the State?

SHRIMATI TARKESHWARI SINHA: They said that their head offices were at Calcutta and their account books were kept in Calcutta. They were given consent after consultation with the Commissioner because we also thought that for revenues sake also, it would be better that the department should have a better checking of the accounts.

SHRI A. D. MANI: The Minister said 'just now that the recommendations of the Taxation Enquiry Committee were before the Member. I happen to be an ignorant person. Would she tell us what those recommendations are and whether the Government have given effect to them in respect of income-tax?

SHRIMATI TARKESHWAR SINHA: The assessee can make a request that the assessment can be transferred from one centre to another centre. If the department feels it desirable, they can do so.

SHRI BHUPESH GUPTA: If in any case there is any occasion for suspicion or presumption that these requests might be made with a view to evading certain taxes, may I know whether that aspect was taken into consideration while deciding as to where the assessment should be actually made?

SHRI MORARJI R. DESAI: If there is any suspicion, the requests are not granted.

SHRI BABUBHAI M. CHINAI: In view of the fact that the division of income-tax pool to different States is being done on the basis of the registered office being located in that particular State, and difficulty arises in those States and those States have been insisting that where the industries are situated, there and there only *the* registered office should be put, is it under the consideration of the Government that the division of the income-tax pool be on the basis of the industry where it is situated?

SHRI MORARJI R. DESAI: That is according to what the Finance Commission has decided, not according to what I am saying or what the hon. Member may say.

SHRI BHUPESH GUPTA: In view of the fact that the division takes place on the basis of certain arrangements, percentages and so on, on the *basis* of collections from a given

State, may I know, Sir, whether the Government has considered in the present case how the interests of that particular State of Madhya Pradesh will be affected as a result of shifting the cases from there for making the assessment on the basis of which the income-tax will be divided, whether Madhya Pradesh is not going to suffer on account of that?

SHRI MORARJI R. DESAI: I am not sure about this, but I have no doubt that even according to ordinary arrangements, wherever these are examined, when the tax is recovered, it is recovered from the registered office, and therefore it is bound to be credited in those accounts. Therefore, there will be no effect on the States in this matter.

SHRI DAHYABHAI V. PATEL: May I ask the hon. the Finance Minister to clarify what he meant by *the* last answer that the allocation is dependent on the recommendations of a certain committee? There have been cases where the industries have been started, for instance, in the bilingual State of Bombay, where their head offices were in one part of the State and the industries themselves were located in another part—in Gujarat—and where new industries were coming up but their head offices were located in Bombay as a matter of convenience. Now, to what State will the income-tax proceeds be credited? To the State where the industry functions, or to the State where the head office functions? Will the hon. Minister clarify?

SHRI MORARJI R. DESAI: To where the head office is,

SHRI A. D. MANI: The Minister in answer to a question said that the Taxation Enquiry Commission stated that the Department agreed that this might be done. In this case all these industries constitute the industrial wealth of Madhya Pradesh. There is a Circle operating in Nagpur, which has got jurisdiction over their accounts, and this is a Circle away from these industries. I would like to ask the

Government why they took this case out of the hands of the Income-tax Circle at Nagpur and handed it over to another Circle

SHRIMATI TARKESHWAR! SiftHA: The as-sessees themselves wanted it. They gave certain reasons that the directors were living in Calcutta, that their main business was in Calcutta, that their books of accounts were being maintained in Calcutta and they also said that they were going to shift their offices to Calcutta, and that is why these cases were transferred. Naturally, the Government takes all these relevant factors into consideration when deciding accordingly,

SHRI PANNALAL SARAOGI: For the purpose of the head office of a company to be transferred from one State to another State it is incumbent on the company concerned to apply to the High Court of that State first, and then and then only permission is granted, but would the Finance Minister consider that in circumstances where the revenues of a particular State are really being affected in this "manner whether Government have to bring out a law whereby such a transfer would be allowed?

MR. CHAIRMAN: You are making a suggestion.

SHRI MORARJI R. DESAI: It is a suggestion for action.

SHRI BHUPESH GUPTA: Although I come from Bengal and my State will be the gainer, still I would like to ask the question. Since the industries are located there and the income-tax is derived actually from the earnings there, why in that case should Madhya Pradesh suffer just because the head office happens to be in Calcutta or some other place. May I "know, Sir, if this important aspect of public interest, and the interests of Madhya Pradesh in this particular case were duly taken into account "before accepting the request for the transfer of the assessment from that State to West Bengal?

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SHRI MORARJI R. DESAI: It is very difficult to answer such an involved question.

MR. CHAIRMAN: He wants to know whether the interests of the State in which the industry is situated will suffer on account of this arrangement.

SHRI MORARJI R. DESAI: I have no complaints from any State in this regard.

SHRI R. S. KHANDEKAR: May I know where these companies pay their tax, in Calcutta or in Gwalior where their registered office is located?

SHRI MORARJI R. DESAI: This will have to be found out. I cannot say offhand.

#### **GOLD BONDS SCHEME**

f SHRI M. N. GOVINDAN

\*w\* 1 SHRI B. D. KHOBARA-(  
GADE:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that response to the Gold Bonds Scheme has not been satisfactory:

(b) if so, what are the reasons therefor;

(c) what is the quantity and value of gold so far deposited under the Scheme; and

(d) what is the estimated total value of private holdings of gold in India?

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE (SHRI B. R. BHAGAT): (a) and (b) The Gold Bonds Scheme is one of the measures taken by Government for dissuading the public from the uneconomic habit of hoarding gold. The response to the Gold Bonds Scheme cannot, therefore, be judged in isolation, at any rate,

\$The question was actually asked on the floor of the House by Shri M. N. Govindan Nair.