

THE VICE-CHAIRMAN (SHRI B. C. GHOSE): Mr. Ranawat, will you take more time?

SHRI M. S. RANAWAT: I do not think I have got much to say.

THE VICE-CHAIRMAN (SHRI B. C. GHOSE): Any way, you continue in the afternoon.

MESSAGE FROM THE HOUSE OF THE PEOPLE

THE APPROPRIATION (No. 4) BILL, 1953

THE SECRETARY: I have to report to the Council the following message received from the House of the People signed by the Secretary to the House:—

"In accordance with the provisions of Rule 115 of the Rules of Procedure and Conduct of Business in the House of the People, I am directed to enclose herewith a copy of the Appropriation (No. 4) Bill, 1953, which has been passed by the House at its sitting held on the 15th September 1953.

The Speaker has certified that the Bill is a Money Bill within the meaning of article 110 of the Constitution of India."

Sir, I lay the Bill on the Table.

The Council then adjourned till four of the clock.

The Council reassembled at four of the clock. MR. DEPUTY CHAIRMAN in the Chair.

SHRI M. S. RANAWAT: Mr. Deputy Chairman, Sir, I was dealing, when the House rose this morning, with clause 64 under which 'High Court' in relation to Part C Ajmer State meant the High Court at Allahabad.

Another thing about which I am rather apprehensive—which is not an objection in the law but my experience in the past few years of the administration of the country makes

me feel—is this, and I feel I am justified in being a little bit nervous about the valuation officer who is going to be the Controller. It is this man on whose efficiency, on whose honesty and on whose working will depend the success or I should say, the reputation of the whole of this measure. It is some relief that this is being taken up by the Central Government. Therefore, there may be a chance of the officers taking a little bit dispassionate view; but so far as I know of my State of Rajasthan and for that matter all Part B States, I am doubtful whether he will actually be able to come to such a level of efficiency. These States have been coming out of their medieval past; for the past five hundred years there have been constant fights amongst them, they have been encountering various raids on their territories, and they have, therefore, developed their places as self-protection centres. People have built forts and fortresses costing lakhs and lakhs of rupees. Now if you take stock of this wealth, this is worth nothing. A man who is in possession of a fort, costing probably ten lakhs of rupees, is not worth anything now, the fort has no sale value at all. Nobody will take it even for a rent of Rs. 5 a month. A man keeping it does not propose to have a new building because it will cost him fresh investments. A property worth Rs. 10 lakhs, is now reduced to Rs. 5 to Rs. 500 in the open market. The market value of house property has been reduced so much. We will have a whole team of 'karyakartas', who will like to blackmail these people. They will say: How do you say this fort which is worth Rs. 5 to 10 lakhs, is now not even worth Rs. 5,000. So strong nerves will be required for an officer to get out of such insinuations. With this background, we are so near the change that there is bound to be lot of local jealousy; the jealousy of the political parties is too strong, personal jealousies are still persisting. So, I request the Finance Minister to see that he should use his very best judgment or power of selection to find out a large number of officers who will be above board and whose

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integrity will be beyond question, and who will not get muddled up in the State's local politics.

Again, Sir, when change comes in, the jealousy among the men who have or among those who have not, particularly among the people who want to make money out of these jealousies will always try to let the officer down. This is really a very very big problem. I can give you my own instance. In my own family, my elder brother succeeded to all the properties, he got a house, a hunting villa and so many other things, the whole property goes to him and the second man gets nothing. I have got nothing while my brother gets everything. All this property is absolutely of no value to him now. Therefore, this point is very very important that the officers to be posted in Part B States have to be above board.

There is another thing; the change of the times, particularly in these States where there are no rich people, except only the people, with past traditions and certain things; these people have realised that the times have changed, and they are changing; they showed that they could also sacrifice for the nation. When the call came, the princes have, all of a sudden, magnificently parted with their rights, properties and money. They have made sacrifices of their things in the same way as other people who have sacrificed by going to jail for six months or one year. Then, the zamindars and the big jagirdars are prepared to part with their jagirs. But, with all this, there is a section of people who are out to belittle them to bring them low, to reduce their sacrifices to nothing; it is not like that. They are people who hold the enormous confidence of the masses. It is very creditable to many of these people that they did not come out in the political field for the benefit of Congress Party. They have thousands and lakhs of people behind them. If you are going to be unnecessarily hard or severe on them or insult them or do something undesirable, it will not be proper because it will be a mishandl-

ing of the situation; there will be unpleasantness, friction, a revolution in our country. It is, therefore, very necessary that we not only pass the laws but we implement, and translate our laws and ideas by very honest and sincere methods.

PANDIT S. DUBE (Madhya Pradesh):
Mr. Deputy Chairman, Sir, I am in the happy position of not going to be very seriously affected by this Bill; so, I am sure to be able to represent more or less a balanced view and an independent view, and I trust and hope that it will reach the ears of the hon. Finance Minister. The manner in which the Bill has been introduced, I am not happy about. I am not happy because I have heard it said by other friends also that since this House is not given the opportunity of expressing its views and that any views we express are not to be conveyed to the House of the People that appears to me to be a kind of constitutional impropriety. It is, if not exactly, a fraud on the Constitution it at least appears very much akin to it. Let me hope that this Bill will be passed by this House and it will not be necessary to go to the Lower House. It is a case against the decency of constitutional procedure that we should assume to ourselves a state of things in which it will not be possible or necessary even to send it to the Lower House for their consideration; supposing that this House decides to do so, and in the unlikely event of the hon. Finance Minister of accepting any amendment, it would not be possible to send the Bill to the other House in this session. And when I have said that I fancy that I have dealt with this aspect which appeared to me to be more or less an aspect which should appeal to the dignity of the Members of this House.

This Bill, Sir, has met with more or less a mixed reception. Some people have welcomed it wholeheartedly; some say it has not gone far enough and that it is too little. Some others have said that the Bill is not required at all. I have also noticed that some Members would welcome the Bill with open arms. I am, however, inclined

not so much to stretch my arms as to express my dissatisfaction at the measure. I realise to the full, and absolutely the almost perfect presentation of the Bill by the hon. Finance Minister. Nothing could be clearer to carry conviction. Unfortunately, however, to my thinking there is one thing which strikes me as a matter to which we should give more or less serious attention and it is this. Every time a progressive legislation is sought to be enacted for the country it is said that we must keep pace with the other progressive nations of the world and that on this account we should not be counted as unprogressive or as a people who are not keeping pace with the time. And this feeling prompts us to initiate measures which really speaking we are not actually fit for, and this Bill is an instance of that kind. We have been told that we are having this Bill in consonance with what is existing in the United Kingdom and in fact most of this Bill has been copied from the United Kingdom. What is the history behind the United Kingdom legislation? England has been prospering for hundreds of years. It has built up an industry which is practically second to none in the world. The standard of living of the people in England so far as I am aware, is about ten times as high as the standard of living in India. The national income, compared to India, is enormous; the entire income of the London County Council is equal to the income of the whole of India. It is in those circumstances that the estate duty has been prospering there and been a success in English economy. Are we in the same position? Only the other day I read in the papers that a very important Member of the House of the People stated that we have 99 per cent. of people who are beggars. If that is so, I am surprised that there should be an attempt to bring the one per cent. of the rich men to the level of that 99 per cent. Sir, it is a matter to be considered whether we are really a capitalist country in the sense in which capitalism is understood in Europe or in America. We have no idea of the enormous sums running into millions

of dollars in America or of the millions and millions of pounds in the United Kingdom which go to make capital. Where have we got all the money? How are we going to compare ourselves with those countries and to say that by taxing the rich who die—the so-called rich who die—we will be able to equalise wealth in this country? Because one of the main objects that has been shown to be the reason for this Bill is that we are going to reduce inequality of wealth in this country. Shall we succeed by this method in doing so? Many of my hon. friends have explained the view that we will not. Even the best supporters of the Bill, Khwaja Sahib for instance, said that the Bill would never be able to achieve the objective we are aiming at. If that is so, I fail to see any necessity for this experiment. It has been said, Sir, *experimentum incorpori vilo* making experiment on vile bodies. Is the body so vile as to make this experiment on the economic system of India? Is it possible that within a measurable distance of time, in the foreseeable future, we shall succeed in reducing the so-called accumulation of wealth in the hands of a few persons so as to make it equally available to the rest of the population? I venture to think that this is a very big problem and it is not likely that there is any possible chance of success in the near future. For, it must be remembered that whatever we may say, for the progress of the country capital is absolutely necessary. We all want capital. Whatever is the purpose, we must have capital. If you have no capital, where are you?

Then the most important point that I can see in this Bill is that it does not encourage private capital coming in—what is called the 'risk' capital. How are you going to ensure that this 'risk' capital is going to come in? After all, all this industrial capital comes in from the savings of large estates. You know what happened when you abolished the *malguzari* system. Before the *malguzari* system was abolished, the bigger land-

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lords subscribed to the loans that were floated by the Government of India. All those Rajahs and Maharajahs, all those big people subscribed and the loan was subscribed in full in a matter of hours. Now you have to wait for days for the loans to be subscribed. That indicates how far you are able to collect capital. In fact, we are so much after this capital hunting that we have to start a national savings drive. All kinds of institutions and associations are set up throughout the country for collecting money from the poor people. The poor people have got to be persuaded to do it and the rosy picture held out by the hon. the Finance Minister that the poor man, the common man will subscribe to these loans, I think, is far too rosy a picture and it will be very difficult for that picture to materialise. Consequently I submit that, if it is only a matter of experiment, as it professedly is, that experiment is not likely to have as good consequences as are anticipated by those who are the sponsors of this Bill.

Then there are a few other aspects also. Let us approach the question from a realistic point of view and objectively. The fact is this. Some people say that joint families are good and some people say that they are not good. Some say that joint families would give social security. So far as I have been able to notice, the trend of the legislation has been to disrupt joint families. Take the income-tax laws, for instance. There was a larger incidence of income-tax on joint families but what is the result now? The result is that these families disrupt themselves and make out deeds of partnership in which all the members are partners and thus escape liability for the payment of income-tax. This breaks up joint families. And similarly this also is likely to break up joint families. Again, so far as this provision is concerned, the joint family is not likely to last long, because I understand the Hindu Code Bill is coming into operation and if that comes to pass,

if it gets the approval of Parliament, then the principle of survivorship will be more or less abolished. Therefore, if that is so, then where is the question of a joint family? It will disappear altogether. Therefore, I venture to think that that aspect of the joint family in the prospective legislation has not been kept in view.

Sir, I do not propose to go into the various details in connection with the Bill. But there are one or two points in regard to which I cannot help drawing the attention of this House and of the hon. Finance Minister. There is almost a universal demand that house property should be exempted from this kind of taxation. Sir, over and above the arguments that have been put forward both in the Lower House and in this House, may I put the House in possession of certain concrete examples? I am talking of my own town in Nagpur. The Improvement Trust of Nagpur sells plots and these plots are sold for whatever premium they take. And the rental that has got to be allowed is 6½ per cent. In the case of a plot, for instance, which has been purchased for Rs. 16,000—about 19,000 sq. feet of land—the annual rental that has got to be paid to the Improvement Trust is about Rs. 1,000. In addition to that, there is a property tax of about Rs. 475 plus water tax which has now been raised for the last two or three years from Rs. 56 a year to Rs. 360 a year. Then, in addition to that there is the electricity bill to be paid, conservancy bills to be paid. Altogether it comes to something like Rs. 1,700 to Rs. 1,800 to be paid upon the land which has been purchased for Rs. 16,000. Now, Sir, under the rules of the Improvement Trust we have got to build a double storey. A single storey in Nagpur costs about Rs. 8 to Rs. 10 per square feet, and a double storey costs about Rs. 15 to Rs. 16 per square feet. And as one-fourth of the total area is available for building, we have got 4,000 square feet of land upon which we should build a single storey. If we build a single storey,

it costs Rs. 32,000 and if we build a double storey, it costs about Rs. 60,000. Now, so far as I have been able to notice, I have seen that all the people who have retired, all the people who are in service, all the people who are in the top ranks of middle classes, have taken plots in that area and have built upon that land. These houses never cost less than Rs. 40,000 to Rs. 50,000 and their value is now increasing. Now, I want to submit that if you have the house tax in the manner you propose now in the Bill, then, after the death of the owner, his sons may not be able to have sufficient means to earn their livelihood, and they may be depending upon the rent of that house for their maintenance. After all, there are widows; there are daughters; there are other people who are depending upon the family, and they can only subsist if their houses are available for being rented out. Then, are you going to deprive all those people of their usual income and take away the means of their livelihood by a measure of taxation like this? So, all kinds of complications are likely to arise. And therefore, I would request the hon. Finance Minister to keep his mind open upon that point and not be like an iris upon which the more light is thrown, the greater is the contraction. And that is why I was deploring the fact that the manner in which this Bill is brought is not appreciated by me. We have this feeling that this House by its majority will pass the Bill and because it will pass the Bill, therefore, it will not be necessary to send it to the House of the People and because it will not be necessary to send it to the Lower House, therefore it will not be necessary for the Lower House to exist, and so on and so forth. I submit that this psychology tends to close the mind of those who are in charge of the Bill. They will never admit the necessity for a change. And the stronger the argument for a change, the greater will be the resistance offered to it. Anyway, that is the position so far as house property is concerned.

Then, Sir, there is a provision in the Bill that you must pay up those taxes before you make an appeal. Now, Sir, I have got my experience of the income-tax work, of the sales tax work. And when these are required to be paid in advance, it is with very great difficulty that we get some kind of remission from the Sales Tax Officer or from the Income-tax officer. My submission in this connection is that power should be given to the High Court where in suitable cases they could grant a stay in the same manner in which a stay for execution of decrees is granted, i.e., to say, that where they find sufficient cause, the proceedings should be stayed.

Then, Sir, in respect of exemptions, we find that exemption has been made in respect of tools by which person who is dead made his living. Now, Sir, I know of a case in which a private gentleman has set up an X-Ray apparatus and is doing work in his T. B. clinic. And he has invested as much as Rs. 25,000 on that X-Ray apparatus. God forbid, if he dies, he will be given an exemption for Rs. 2,500 and the rest will be forfeited. That is absurd. Then, Sir, take the case of a practitioner—in neuropsychiatry—who sets up an electrical instrument—The Electro-Encephelograph—costing about Rs. 35,000. Are you going to sell it for the sake of realising your tax? The limit of Rs. 2,500 is therefore a very poor limit, and I am sure that it could not be the intention or the object of the hon. Finance Minister, and I feel that this aspect of the question has probably escaped his attention. I can only say, Sir, that so far as the income from the property or the income from this tax is concerned, for long years to come, it will not at all be within the expectations that are made, and the only consolation that perhaps we may have is that the sum of about Rs. 8 crores or Rs. 10 crores that may be realised in the next six or seven years, may go up in some measure to make up the losses or the misappropriations that

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we have suffered in the Hirakud and other projects which have been put up by our Government. This is all that can be said in respect of that income. And so far as the larger expectation of income is concerned, I can well see that it will not at all help in augmenting the resources of this country. I was surprised to hear from one of my friends that the money that would be realised from this tax would be used for feeding and clothing the poor. It is nothing of the kind. The money will go to the general exchequer, and the general exchequer will use that money for purposes of its larger projects and larger plans.

KHWAJA INAIT ULLAH: Using it for the larger projects will mean feeding the people.

PANDIT S. DUBE: Probably it will come about in the course of a century. If there is any hope that this tax is likely, as soon as it is raised, to be used for feeding the poor, I submit that it is a chimera, an Utopia which is not likely to happen. But in the end, I cannot conclude without saying that to the extent that it goes, this Bill is a masterly presentation of the case for estate duty, however difficult it may be to realise within any short compass of time our expectations through it.

KHWAJA INAIT ULLAH: On a point of order, Sir. Every Member of this House says that the other House will not be sitting and so there will be no chance of any of the amendments being accepted by the Government.

MR. DEPUTY CHAIRMAN: Why do you assume it?

KHWAJA INAIT ULLAH: Is it not possible for the Government to bring any amendments passed here before the other House in the next session?

SHRI B. C. GHOSE: Everything is possible. It is for the Congress Party to decide this.

KHWAJA INAIT ULLAH: Everybody is saying that the Government is not going to accept any amendment.

MR. DEPUTY CHAIRMAN: I think it is only an unfounded assumption.

SHRI D. NARAYAN (Bombay):

श्री डी० नारायण (बम्बई) : उपाध्यक्ष महोदय, इस वक्त जो विधेयक हम लोगों के सामने है, वह कुछ देर से लाया गया है हालांकि इस से पहिले ही इसको प्रस्तुत करने की आवश्यकता थी। आपको याद होगा कि कई वर्षों से कांग्रेस की ओर से यह कहा जाता रहा है कि हम जब अधिकार में होंगे तो इस तरह का इस्टेट ड्यूटी या "डैथ ड्यूटी" लगायेंगे।

SHRI M. S. RANAWAT:

श्री एम० एस० रानावत : इस तरह से चोरी भी की जायेगी ?

SHRI D. NARAYAN:

श्री डी० नारायण : जब तक मुल्क में चोर हैं, चोरी होगी।

कांग्रेस ने और हम लोगों ने पिछले चुनावों में मतदाताओं से यह वायदा किया था कि हम जल्दी इस तरह का बिल लायेंगे और मुझे हर्ष है कि वह वायदा आज कांग्रेस वाले पूरा कर रहे हैं।

यह तो मानी हुई बात है कि आजादी आ जाने के बाद सबसे पहिली बात जो हमने की, वह यह की कि यहां जनतंत्र कायम किया यानी पोलिटिकल इक्वैलिटी (political equality) हमने सब लोगों को दी। परन्तु आप जानते हैं कि पोलिटिकल इक्वैलिटी से किसी को संतोष नहीं हुआ करता है। आम जनता की निगाह तो आर्थिक समानता की ओर जाती है और जब से यह देश आजाद

हो गया तब से इस बात की ओर आम जनता का ध्यान ज्यादा जाने लगा। कांग्रेस सरकार इस आर्थिक समानता की ओर कदम ब कदम आगे बढ़ रही है। हमारी कांग्रेस सरकार ने इसी निगाह से रियासतें खत्म की, जागीरें खत्म की, जमींदारी खत्म की। जैसा कि अभी हमारे भाई कह रहे थे, मध्यप्रदेश में वहां की मालगुजारी खत्म की, वह भी इसी इरादे से की। समानता और विशेषतः आर्थिक समानता कांग्रेस का उद्देश्य रहा है और उसी निगाह से मैं समझता हूं कि यह बिल पेश किया गया है।

माननीय अर्थ मंत्री जी ने यह कहा कि इस बिल के दो उद्देश्य हैं। पहिला उद्देश्य यह है कि आज देश में जो विषमता है, वह विषमता कुछ कम की जाय। हां, प्रयत्न तो है कि विषमता कम हो लेकिन यह कहना मुश्किल है कि जो कदम इस विधेयक के द्वारा उठाये जा रहे हैं उनसे यह आशा पूरी होगी या नहीं। परन्तु हमें यह देखना है कि हमारा उद्देश्य क्या है। आपने देखा कि जमींदारी नष्ट करने के बाद हम यह कोशिश कर रहे हैं कि जमीन की सीलिंग (ceiling) निश्चित हो जाय, टैनन्सी एक्ट्स पास हो रहे हैं, उसका मतलब यही है कि जो जमीन किसानों के पास है उसमें जो विषमता है वह कम हो। जिस वक्त जमींदारी नष्ट करने का कानून पास हुआ, उस समय हमसे कहा गया कि धनवानों के, व्यापारियों के और कारखानेदारों के कारण जो विषमता है, उसे आप क्यों नहीं हटाते हो। बात सच्ची थी उन्होंने जो कुछ कही। वह दिन आ रहा है और मैं नम्रतापूर्वक कहना चाहता हूं कि वह दिन कुछ न कुछ इस बिल के कारण करीब आ गया है।

सबसे पहिले इस विधेयक के सिलसिले में यह देखना है कि आखिर सम्पत्ति क्या है,

सम्पत्ति किसकी है। कहा जाता है कि सम्पत्ति उसकी है जो कमाता है। थोड़ी देर के लिये मान लीजिये कि हां, सम्पत्ति उसकी है जो कमाता है, तो फिर उसकी तो नहीं है जो कमाता नहीं है। आज कहा जाता है कि बाप की सम्पत्ति बेटे को मिल जाती है, बेटा भले ही लायक हो या नालायक हो। और सम्पत्तिवालों के लड़के अधिकतर नालायक होते हैं। मैं तो यह सोचता हूं कि इस बिल में ऐसी तजवीज भी होती कि जिन धनवानों की सन्तानें बेकार निकलती हैं और जो समाज की सम्पत्ति को बर्बाद करती हैं, उनसे अधिक सम्पत्ति-कर लिया जाय या उनके ऊपर अधिक रेट लगाया जाय। तो सोचना यह है कि आखिर सम्पत्ति है किस की?

AN HON. MEMBER:

एक माननीय सदस्य : कांग्रेस सरकार की है।

SHRI D. NARAYAN:

श्री डी० नारायण : कांग्रेस सरकार की नहीं है, यह जनता की है।

DR. P. C. MITRA:

डा० पी० सी० मित्रा : जनता के माने क्या हैं?

SHRI D. NARAYAN:

श्री डी० नारायण : वह भी मैं कहना चाहता हूं, आप थोड़ी देर सब्र कीजिये। तो सम्पत्ति धनवानों की नहीं है। यह बात आपको जान लेनी होगी कि कोई भी आदमी कमाई अकेले नहीं करता है। सम्पत्ति जो पैदा होती है, वह अकेले किसी आदमी की मेहनत से नहीं पैदा होती है, अनेकों के श्रम उसमें काम आते हैं, तब सम्पत्ति पैदा होती है। पूज्य महात्मा गांधी जी ने इसलिये यह ठीक ही कहा था कि सम्पत्ति धनवान की नहीं है, यह तो एक ट्रस्ट धरोहर है, क्योंकि वह किसी अकेले की कमाई नहीं है।

AN HON. MEMBER:

एक माननीय सदस्य : गांधी जी का नाम मत लीजिये ।

SHRI D. NARAYAN:

श्री डी० नारायण : यह तो आप जल्दी ही जान जायेंगे कि गांधी जी का नाम लिया जाना चाहिये या नहीं ।

यह सोचने की बात है कि सम्पत्ति किसी अकेले की कमाई नहीं है, वह तो अनेकों के श्रम और मेहनत से ही पैदा होती है । तो पूज्य महात्मा जी ने जो यह कहा कि सम्पत्ति किसी एक अकेले की सम्पत्ति नहीं है, वह किसी धनवान की नहीं है, वह तो जनता के ट्रस्ट की है, ठीक ही है । वह सम्पत्ति समाज की समझी जाय और समाज के उपयोग के लिये काम में लाई जाय और यदि उसे समाज के उपयोग और हित के काम में लाना है तो फिर चाहे सम्पत्ति किसी के घर में रखी हो, परन्तु किसी को इसीलिये वह सम्पत्ति न दी जानी चाहिये कि वह किसी का लड़का है या गोद लिया गया है । आश्चर्य की बात है कि जिन्होंने सम्पत्ति पैदा की, उनकी तो वह रही नहीं और जिन्होंने पैदा नहीं की उनको मिली । भाग्य से जो गोद में आ बैठा उसकी हो गई । इस दृष्टि से मैं आप से कहना चाहता हूं कि यह जो कदम रखा है, इसमें यह एक तत्व, ग्रथित है, सूचित है कि आखिर में सम्पत्ति किसकी है ? इस विधेयक से हम सारी दुनिया को यही तो सुझाना चाहते हैं कि सोचिये, यह सम्पत्ति किसकी है ? वह देश की है, जनता की है, न कि उसकी ही, जिसके पास आज किसी कारण से वह पहुंच गई है । यह सबसे बड़ा सवाल है, यह मनोविज्ञान का प्रश्न है, और इस निगाह से आप देखेंगे तो मैं समझता हूं कि कांग्रेस सरकार जो कदम आगे बढ़ा रही है उसकी आप कद्र करने लगेंगे ।

जमीन के बारे में आपने सुना होगा, महात्मा जी कहते थे और हमारे पूर्वजों ने भी कहा है : "सब भूमि गोपाल की या मैं अटक कहाँ ?" सब भूमि गोपाल की है । किसकी भूमि है ? कसने वाले की है, जो जमीन कसेगा उसकी है । गोपाल की है । इसी तत्व के अनुसार यह धन, कारखाने और सम्पत्ति तो उन्हीं की होनी चाहिये कि जिनकी मेहनत से वह पैदा हुई है ।

आज भूदान के लिये पूज्य विनोबा जी प्रान्त प्रान्त में घूम रहे हैं । इसका क्या मतलब है ? वह यह मानते हैं कि आखिर में जमीन गोपाल की है । इसी दृष्टि से वह सब के पास जाते हैं और कहते हैं "भाई, यह जमीन तुम्हारी नहीं, सब की है और यदि सब के हित के कारण तुम्हें आज देना मुश्किल मालूम देता है, तो अभी छठा हिस्सा ही दे दीजिये ।" इसी तरह से उन्होंने सम्पत्ति का भी छठा हिस्सा लोगों से देने को कहा है । जिस तरह से भूदान, उसी तरह से सम्पत्तिदान । आप इस विधेयक की ओर इस निगाह से देखिये कि आखिर यह सम्पत्ति किसकी होने जा रही है ? मुझे आश्चर्य हुआ और खास करके इस तरफ के कुछ भाइयों के व्याख्यान और भाषण सुनते हुए, जब कि कांग्रेस के इलेक्शन मैनीफेस्टो (election manifesto) में यह बात साफ कर दी गई थी कि इस्टेट ड्यूटी बिल और डैथ ड्यूटी बिल हम लायेंगे और उसको कामयाब बनायेंगे । मुझे दुःख होता है कि जब ऐसा होते हुए भी कांग्रेस पार्टी से कोई उठकर इस विधेयक का विरोध करता है ?

अभी यह जो विधेयक हमारे सामने है, मैंने कहा यह बहुत संतोषजनक तो नहीं है, क्योंकि जिस रफ्तार से हम जाने की कोशिश कर रहे हैं, उससे हमारे उद्देश्य तक पहुंचने में बहुत दिन लग जायेंगे । जैसा कि आज माननीय अर्थ मंत्री जी ने कहा

कि वर्तमान रेटों में कई वर्षों तक कोई परिवर्तन नहीं होगा, मैं तो यह चाहता हूँ कि इन रेटों में जल्दी परिवर्तन हो क्योंकि जब आपको इस गरीब देश की उन्नति करनी है, ३५ करोड़ जनता को उठाना है तो आपको आसमान में बैठे हुये धनवानों में उनकी सम्पत्ति का हिस्सा लेना ही होगा, चाहे आप टैक्स के मार्फत लें, ड्यूटी के मार्फत लें या इनकमटैक्स से लें, किसी न किसी रूप में आपको लेना होगा। इसीलिये मैंने आपसे कहा कि मुझे सम्पूर्ण संतोष इस बिल से नहीं है।

बाद में आपने देखा होगा कि बहुत से डिडक्शन्स, गिफ्ट्स (deductions, gifts) और कई एक्जम्पशन (exemption) रखे हैं जिनके द्वारा धन को बाहर निकालने का सुभीता कर दिया गया है। अच्छा होता कि ये जो एक्जम्पशन और डिडक्शन्स और गिफ्ट्स वगैरह हैं ये बहुत कम कर दिये जाते। उस के बाद जो डर लगता है हर कानून के बनाते समय वह यह है कि इस कानून को अमल में लाने के लिये जिन अधिकारियों में काम लिया जायगा, उन अधिकारियों का आज का रवैया क्या है? इनकमटैक्स आफिसेज में जब मैं देखता हूँ तो मुझे निराशा होती है और डर लगता है कि ये इनकम टैक्स की बड़ी बहन होने वाली है। अधिकारी और धनवान के एकत्र आने में यह समझ लीजिये कि करप्शन बढ़ेगा। अधिकारी जब वैल्युएशन (valuation) करने जायगा, उस वक्त क्या क्या होगा इसकी आप कल्पना कर सकते हैं। जिन लोगों ने नजदीक से इनकम टैक्स आफिसेज का काम देखा होगा वे समझ सकते हैं कि आज इनकमटैक्स के जरिये जितना करप्शन होता है शायद उतना और किसी डिपार्टमेंट में न होता होगा और वही डर मुझे इस डैथ ड्यूटी और इस्टेट ड्यूटी के नाते जो डिपार्टमेंट पैदा होगा, जो कम्पट्रोलर पैदा होंगे और उनके ऊपर के अधिकारी पैदा होंगे, उनमें मालूम

होता है। इसलिये इस विषय में जितनी भी सावधानी रखनी आवश्यक हो सकती है, उतनी रखी जानी चाहिये।

इस विधेयक को देखकर सबसे बड़ी खुशी हो रही होगी, हमारे वकील भाइयों को। जब कोई कानून बनता है, और खास कर के जिसे कम्पलीकेटेड (complicated) कहा जा सकता है जैसा कि यह है तो उन्हें बड़ी खुशी होती है, और जहां भाग्यवानों से सम्बन्धित कानून बनते हैं तब तो उनकी खुशी का कोई पारावार ही नहीं रहता। मुझे डर है कि जिस तरह से यह कानून लिखा गया है उसमें जितनी धाराएं हैं उनका अर्थ लगाने और स्पष्टीकरण करने में वकीलों का काफी काम चलता रहेगा, कोर्टों का और हाईकोर्टों का भी काम बहुत बढ़ जायगा। इस देश की निगाह से कानून ऐसे बनने चाहियें जो साफ और सीधे सादे हों और उन्हें सर्वसाधारण अच्छी तरह समझ सके।

SHRI M. S. RANAWAT: What will happen to the poor lawyers?

SHRI D. NARAYAN:

श्री डी० नारायण : मुट्ठी भर तो लौयर्स हैं और जनता है करोड़ों की संख्या में। करोड़ों की जनता के हित के लिये मुट्ठी भर लायरर्स यदि मिट भी गये तो हिन्दुस्तान का कोई अहित होने वाला नहीं है और यदि महात्मा गांधी के शब्दों में कहूँ तो यह कह सकते हैं कि हिन्दुस्तान का भला आज के वकीलों के जरिये कभी नहीं हो सकता, माफ कीजियेगा। (Interruptions) तमाम सवालों का मैं जवाब दे सकता हूँ परन्तु यह मौका नहीं है और यह जगह नहीं है।

SHRI J. S. BISHT (Uttar Pradesh):

श्री जे० एस० बिष्ट (उत्तर प्रदेश) : आप डेन्जरस ग्राउन्ड (dangerous ground) में जा रहे हैं। आप वकीलों को गाली दे रहे हैं।

SHRI D. NARAYAN:

श्री डी० नारायण : नहीं मैं डेन्जर्स ग्राउन्ड में नहीं जा रहा हूँ और न वकीलों को गाली दे रहा हूँ। मैंने एक भी गाली का शब्द नहीं कहा। मैं तो यह कह रहा था कि हमें हर एक प्रश्न की ओर जनता की निगाह से देखना चाहिये, जनता की सरकार के निगाह से देखना चाहिये। जनता के लिये ऐसा रास्ता निर्माण करना चाहिये जिससे वे बेचारे चक्कर में न फँस जायें।

DR. P. C. MITRA:

डा० पी० सी० मित्रा : जनता तो हम भी हैं।

SHRI D. NARAYAN:

श्री डी० नारायण : आप हैं या नहीं यह तो आप खुद से पूछिये कि हम कौन हैं।

तो इस विधेयक के बारे में अर्थमंत्री महोदय को बधाई देते हुए आखिर में यह प्रार्थना करूंगा कि इस विधेयक में जो ऐसी बातें हैं जिन से कि मुकद्दमेबाजी बढ़ने की या अधिकारियों में करप्शन (corruption) बढ़ने की संभावना है, उन सब बातों को दूर करें। यह विधेयक तो ऐसा होना चाहिये कि जिससे जनता में, अधिकारियों में और सम्बन्धियों में प्रामाणिकता बढ़े।

कहा गया कि समता के लिये या विषमता को कम करने के लिये यह विधेयक है। जरूरी बात है कि हमें विषमता कम करनी है, इस देश में समता लानी है और उसके लिये यदि हमें धनवानों को नाराज भी करना हो तो भी हम किये बगैर नहीं रहेंगे। यह बिल्कुल साफ साफ बात है कि जब आप ने जनता का राज्य कायम किया है तो बतलाइये कि यह कैसे चल सकता है कि राज्य का जो मालिक है वह तो भूखा रहे और राज्य के अधिकारी और कुछ मुट्ठी भर धनवान चैन करें। यह

हो नहीं सकता, यह हमें समझ लेना चाहिये। आज या कल जनता जो चाहेगी सो होकर रहेगा। जनता आज किस हालत में है? सम्पत्ति का बटवारा आज आप भले ही न करें परन्तु आप जनता को भूखा नहीं रहने दे सकते और जनता के हित के लिये आपको धनवानों को नीचे खींचना ही होगा। जिस तरह से आपने रियासत वालों को, जागीरदारों को और जमींदारों को नीचे खींचा है वैसे ही धनवानों को भी, भले ही वे गिड़गिड़ाते रहें, कुछ नीचे खींचना होगा। उनकी मुहब्बत आप ज्यादा दिन तक कर नहीं सकते। यदि आप धनवानों से मुहब्बत करेंगे तो जनता का द्रोह आपको मोल लेना होगा। इसी दृष्टि से आपको इस विधेयक के ऊपर विचार करना चाहिये।

जैसा कि मैंने शुरूआत में कहा कि इस विधेयक ने एक सवाल पैदा किया है कि सम्पत्ति किस की है और किसकी होकर रहेगी। क्या यही सम्पत्ति का उद्देश्य है कि जिसने उसे पैदा की वह उससे वंचित रहे और एक अनायास बिना खबर के बच्चा पैदा हो, वह लायक हो या न हो और उसको सम्पत्ति मिले? यह हो नहीं सकता। यह अब जनता पसन्द नहीं करेगी। इसी विचार से मैं इस विधेयक का स्वागत करूंगा, हालांकि

आप इसमें त्रुटियां निकाल सकते हैं और त्रुटियां हैं, परन्तु मनुष्य की बनाई हुई किस चीज में त्रुटि नहीं है। हर एक चीज में त्रुटियां निकाली जा सकती हैं, परन्तु त्रुटियों के होते हुए भी हमने इस विधेयक में एक सिद्धांत मान लिया है कि बाप के मरने के बाद उसकी इस्टेट में जनता का भी हिस्सा है, केवल बेटे का ही हिस्सा नहीं है। हां, आज यह दो आने है तो कल चार आने होगा और परसों आठ आने होगा और कोई दिन आयेगा कि पूरा रुपया ही सरकार का हो जायेगा।

DR. W. S. BARLINGAY (Madhya Pradesh):

डा० डब्लू० एस० बारलिंगे (मध्य प्रदेश): सरकार का नही जनता का हिस्सा है ।

SHRI D. NARAYAN:

श्री डी० नारायण : सरकार तो जनता की है ।

SHRI C. G. K. REDDY:

श्री सी० जी० के० रेड्डी : आज तो नहीं है, शायद कल हो जायेगी ।

SHRI D. NARAYAN:

श्री डी० नारायण : हां, हो कर रहेगी । महात्मा जी ने साफ लिखा था कि जनता का राज्य होते हुए भी सच्चे मानों में वह जनता का राज्य हो नहीं सकता जब तक कि जनता उसके योग्य नहीं बनती । आज कारखाने मिलमालिकों के हैं । गांधी जी कहते थे कि मिलें मालिकों की नहीं हैं ये मजदूरों की मिलें हैं । यह मजदूरों की तब होंगी जब मजदूर यह समझ लेंगे कि उनके श्रम के बिना मिल चल नहीं सकती । आज मजदूरों में इत्तिफाक नहीं है । हम समझ नहीं हैं । मजदूर आज एक दूसरे से इत्तिफाक नहीं करते । ये जो आज मालिक बने हुए हैं वे किसलिये बने हुए हैं, इसलिये कि मजदूर जागृत नहीं हैं, शिक्षित नहीं हैं, वे यह नहीं समझते कि हम सब एक कुटुम्ब हैं । परन्तु यदि वे इस सिद्धांत को समझ लेंगे कि यह मिल उनके श्रम का फल है, उन की मेहनत का फल है तो जिस दिन यह जानकारी और जागृत मजदूरों में पैदा हो जायेगी उस दिन के लिये महात्मा जी ने यह कह रखा है कि मिलें मजदूरों की होकर रहेंगी और मालिकों की नहीं रहेंगी ।

SHRI J. S. BISHT:

श्री जे० एस० बिष्ट: इंग्लैंड व अमेरिका में क्या हालत है ?

SHRI D. NARAYAN:

श्री डी० नारायण : वहां भी मजदूरों की यही हालत है ।

MR. DEPUTY CHAIRMAN: Mr. Deoki Narayan, please do not be side-tracked.

SHRI D. NARAYAN: Yes, Sir, I am coming to the point

SHRI B. C. GHOSE: He has not yet come to the point.

SHRI D. NARAYAN:

श्री डी० नारायण : चूंकि मुझमें सवाल पूछे गये, इसलिये उन सवालों की निगाह से मैंने जवाब दिया, परन्तु जवाब देते हुए भी मैंने इस विधेयक को कभी गैर निगाह नहीं किया क्योंकि विधेयक का जो उद्देश्य है वह है विषमता को दूर करना । इसलिये उसी हिसाब से मैं यह कह रहा हूं कि विधेयक को हमें इस निगाह से देखना चाहिये कि हजारों वर्षों से जो यह परम्परा चली आ रही है कि बाप की मिल्कियत बेटे की है, वह लायक हो या नालायक, बाप की मिल्कियत गोद भी लिये हुए बेटे की है, इस बात में आज हम शंका पैदा कर रहे हैं, इसमें एक सवाल पैदा कर रहे हैं । इस निगाह से मुझे यह विधेयक सब से ज्यादा पसन्द है और इसलिये मैं माननीय मंत्री का अभिनन्दन करता हूं ।

[For English translation, see Appendix V, Annexure No. 104.]

SHRI M. MANJURAN (Travancore-Cochin): Mr. Deputy Chairman, when the Finance Minister said that the total outcome of this enterprise would be about Rs. 10 crores I started thinking what would be the portion that would come to my State. If all that you get is only Rs. 10

[Shri M. Manjuran.]

crores, then on the basis of population, the population of my State being one-fortieth of the total population of India, its share would be Rs. 25 lakhs, I think. The people there pay about Rs. 18 crores for the State Government to function and probably about Rs. 12 crores for the Central Government and in that big scheme of things, I was wondering what this sum of Rs. 25 lakhs would do for Travancore-Cochin with all its problems. Well, I am not going to speak about that State, I am going to speak on the Estate Duty Bill. The objects of this Bill, he stated are two and they have been often repeated here. It was, they say, with an idea of bringing about an amount of equality in the distribution of wealth as well as for development purposes that this enterprise called the Estate Duty Bill is launched. The hon. the Finance Minister was very modest in his pretensions about it because he said that it might not succeed well. I hope it may not succeed at all. Many comparisons were given and in all comparisons that were given by the Finance Minister in the Lower House the reference was to the United Kingdom and the United States of America. Well, I should say this, that capitalism has flourished in both these countries and concentration of capital has taken place to a great extent and inequalities have reached their greatest heights; and I am not sure, when I look back on history whether this kind of a duty will bring about a desirable end. I am not going to suggest an alternative because there might be a lot of suspicions about it but experience would tell one that death duty instituted in England so long back and with the good advice of so many eminent persons, has not created that amount of equality in the distribution of wealth as would be desirable. England is an advanced industrial country, having a *per capita* income with which ours is not comparable, with a budget completely out-distancing ours and it could institute so many social services at least guaranteeing a type

of minimum comfort to the people there. We are going, I am afraid, always in a lopsided manner. I say this because here the succession law is not common to all the people.

When they instituted death duty in England, probably the succession law was the same for every man in England and the tax was payable by every man in the same manner. This tax is not going to be paid by every man in the same manner and by no stretch of imagination, unless we were to make a common succession law, a common civil code, will we be able to justify such a duty as this. It is just putting the horse after the cart. Here, the Finance Minister was very generous to give an exemption of a lakh for people following the *Dayabhag* system. But what happens in a family where there are five members following the *Mitakshara* law of succession when its total assets amount to two lakhs of rupees? They are not liable to taxation at all whereas in *Dayabhag* or some other succession system, they are liable to taxation which brings inequality in the incidence of taxation which, according to any canon of taxation, should be first eliminated or obviated. Suppose a family whose total assets can be valued at Rs. 2 lakhs is to be distributed among four people under the *Mitakshara* system. They are exempt from this taxation and a family with one lakh limit comes to pay tax for the other lakh under the *Dayabhag* system. So, this inequality cannot be obviated so long as these several systems of succession are in existence. The first canon of taxation should be that it should be equal to the category of people. Just because you could not get that done, I would say that you should not have done this; you should have enforced that law first. If you don't enforce that law injustice will always be meted out to some people. It is not that the law-makers want that injustice; they have got so many Bills—the Hindu Code Bill is probably one of them. At all times when Estate Duty Bill was brought into consideration it seems to me that it was postponed because of this initial

difficulty—and so long as that difficulty remains, I am not very keen about exemptions. It is very necessary that we bring in everyone under the same scheme of things and tax them by the same yard. When there are divergent systems of succession a common estate duty is not at all a legal affair. You have got in a Mitakshara family a man getting a portion of its estate to be divided by the number of members in the family on his birth. You do not have it in the Davabhag system, they get it when the father of that family dies. So there is this extreme differentiation in one case succession takes place at the moment of birth and in the other at the moment of death. This makes all the difference and that difference puts this law on a very inequitable basis. What should have been done first has not been done. A common system of succession is necessary for estate duty as otherwise the estate itself cannot be explained well. Where is the estate in the case of a member of a Mitakshara family when he dies? A child is born and dead in the vast stretch of India and I feel that it may not be possible to tax them even if it came within the taxable limit. Information may be wanting at the time a child died that actually a child of two days was also a coparcener and, therefore, that child's property was liable to be taxed.

SHRI C D DESHMUKH A minor's death does not matter

SHRI M MANJURAN A minor's death may not matter but when he becomes a major? In the latter case information may not be available immediately and it might come late. So there are a lot of complications. Until this law of succession is made equal to everyone it is unequal therefore the incidence of taxation is unequal and an unequal incidence of taxation is illegal and, therefore it should not have been resorted to. Not that estate duty is not welcome, it is very welcome but, if it only means that Rs 10 crores will be the total annual outcome of that, I think it was not worth such a great fanfare as all that Rs 10 crores in today's India, accord-

ing to me, means nothing. Government should have told us why they want this Rs 10 crores. For instance, my own State of Travancore-Cochin wants Rs 25 lakhs more annually—what they will do with that? We are confronted with several problems, I quite agree, but what are the immense problems confronting our country compared with a meagre income of Rs 10 crores? It may not be anything at all but it is a pleasure and a satisfaction to the progressive people to some extent to say that we are going to tax the capitalists. We are going to tax them and we are going to get their estates down, but, even then we may not possibly gain the objective. Mr Ranawat's objection seems to be very pertinent. He stated that our administrative machinery is nothing so efficient, nothing free from corruption, and that a duty like this will be a great botheration for people at large. The Finance Minister has also agreed that he has not got sufficient people to work this measure. At the same time I quite understand that we should have this duty and we should work it, but, how, is a matter that requires great consideration. What is to be done with the amount so collected is also a matter of great importance. It is not that I apprehend that the imposition of estate duty would retard formation of capital. It cannot retard the formation of capital but it can breed a scheme of dishonesty both in the administration as well as in the public at large. All these Valuers Commissioners and the people will create such a situation as our experience in income-tax shows. There have been very great people at the top who were trying to evade taxes and efforts have been made to unearth incomes. We have had to get into a lot of unconstitutional methods to get out hidden incomes. Now, another set of informants, another set of baiters should go out to the public to know things, because a lot of transactions might take place in a shady manner to avoid payment of death duties.

Coming to the question of litigation, I was surprised that my hon friend

[Shri M. Manjuran.]

Mr. Ghose suggested that we should have an additional tribunal also. I do not believe in these tribunals because litigation expenses, the most unproductive form of social expenditure, has ruined this country and, suggesting a tribunal is, according to me, an injustice to the people. You are not going to change it. It may be that an estate is valued a little more; it may be that another estate is valued a little less. That kind of injustice is found in the conception of this Bill because, at the root of it, the difference between the Mitakshara and the Dayabhag families exists and, therefore, more injustice cannot be done by any Commissioner or any Valuer.

SHRI RAJAGOPAL NAIDU: What about your own system, Marumakkattayam?

SHRI M. MANJURAN: That comes, more or less, under the Mitakshara system. There cannot be much of a difference, I do not belong to that. It is also breaking up. So the question is: We want an Estate Duty Bill but it should bring us more returns. We want an Estate Duty Bill which could be expeditiously administered. We want an Estate Duty Bill the outcome of which will be used for the building of a greater nation. But that is what we always don't have. A plan was brought before us costing 2,069 crores of rupees but we are told after three years that no target has been attained. Can the Finance Minister assure us that with this additional ten crores of rupees—I would ask him to raise fifty crores more if he could get so much out of this country—that he can deliver us the goods as contemplated even in that very very conservative modest plan. That is the point. What are you going to do with it, I ask, if you are only to tell us at every stage that unemployment has increased and "we cannot do anything in the matter" and if Mr. Bimal Comar Ghose would send in a resolution the Finance Minister would send in an amended resolution. That is the position where we are because we

are all seized with the same problem and we are all groping in darkness. We want that more light should be thrown on the activities of the kind of administration that you have. As so many people pertinently pointed out you have been setting up some taxation enquiry committee to look into the structure of taxation and make recommendations and if at that stage you are instituting a fresh taxation we should demand an explanation for the matter. You have said that you are not going to have a better distribution of wealth because of this tax. You are not going to discharge your obligations in regard to the plans or anything you have on hand. We want to know what you are going to do with this money and how you are going to do it? We want an assurance that you would get us greater employment, that you would give us bigger factories and more number of factories and enable the unemployed people to go and work there and that you will give them proper wages. These are the things for which taxes should be collected. But you have such a top-heavy administration that most of the amount that is collected from the people is running riot with the officers themselves. It does not go back to the people. The only result is that more luxuries have to be imported for which more money has to be sent to outsiders while economically we are being drained off at every stage because more motor-cars will be brought in and more things that the foreigners manufacture will be brought into this country. This aspect affects the economic life of a country adversely. I am not concerned particularly with this estate duty or that duty, but all the taxes that we collect and all the economies that we effect should produce us more so that our country could get itself regenerated. On the contrary what we are doing? What we are actually seeing being done? We spend money on all unproductive ventures and lose all the capital we have and then having consumed the little we have, we look up and blink for foreign help. We would like the Finance Minister and other Ministers

[Shri S Mahanty]

fore one should not expect that this should be an all-embracing step or the only one step which will go towards fulfilling those very laudable objectives. Now, Sir, though I do not oppose this Bill in principle, still I must say that I am not in perfect agreement with the manner in which this Bill has been presented. My humble submission is that instead of an estate duty, we could have imposed a succession duty which would have gone a long way in mitigating the inequities which have crept into this piece of legislation. Well, Sir, we all know that we have Hindu law, we have the personal law, we have the Muslim law and even in our personal law which is very tribal in conception and character, it varies from man to man. The Sunni Muslims have four sub-sects and the Shias have three sub-sects. All the sub-sects have their own inheritance laws. The Hindus have their Mitakshara, Dayabag, Aliyasantana, etc., a confusing panorama of legal names. Now what happens? In clause 6 of the Estate Duty Bill it is said

"Property which the deceased was at the time of his death competent to dispose of shall be deemed to pass on his death"

That means that portion of property should come under the estate duty which passes on after the death of the owner. Let us take the case of a Mitakshara family. A man has four sons—A, B, C and D—all having coparcenary rights. Now C dies or D dies. As soon as he dies, his portion of the property which is say Rs 51,000 comes up for accounting for the purposes of levying an estate duty. But the point that remains to be considered is, in a Mitakshara joint family, was he competent to dispose of that portion of his property while he was alive? Certainly not. I will be very happy to be corrected. My contention is, if D dies, his share in the joint family property amounting to Rs 51,000 will immediately come up for accounting for the purposes of levying estate duty, but was he competent

to dispose of that property while he was living under a joint family?

SHRI C D DESHMUKH The matter is covered by clause 7

SHRI S MAHANTY That is not my question. I ask you whether a man living under a Mitakshara joint family is competent to dispose of his portion of the property unless he breaks away from the Hindu joint family? You have got to dismember him from the joint family system. If you had succession duty, well that portion of his property would have come up for accounting if he lived to inherit it at all. None would hesitate to pay whatever duty might be imposed commensurate with the amount of property which he inherits. That would have gone a long way to mitigate the inequities that have crept into this Bill. Sir, after having heard so much about Mitakshara and Dayabag both in this House and in the other I am reminded of the story in Aesop's Fables of the father, the son and the donkey. That story is quite familiar to us all and it has the moral that a man who tries to please everybody ends by pleasing none. Obviously the hon. Finance Minister was trying to please both the Mitakshara school and the Dayabag school and in the end his fate has been that of the

AN HON. MEMBER The old man?

SHRI S MAHANTY I won't say of the old man because the hon. Finance Minister is too sportive to be old, so I call him the young man. Whatever that might be, the intentions of imposing the duty could have been amply fulfilled if instead of an estate duty the Government had levied a succession duty or an inheritance duty and I think the Government have yet to convince us why instead of a succession duty they have had recourse to the estate duty with all the complexities that it has necessitated.

Secondly, unless and until we have a common Civil Code as contemplated in the Directive Principles of the

ideas of our friends on the right, is certainly conscious of its duties and is inclined to take right steps in the right direction at all times. Sir, I would emphasise that the Government has given ample proof of its intentions to improve the lot of the common man, and we shall always appreciate any constructive suggestions that the hon. Members on the right would care to make from time to time. We have, Sir, in the recent Cricket Match that was played for a very laudable object, given ample proof that in this country we cannot only co-exist, but we can co-play as well. And I hope our friends on the other side will always be assured that if they come forward with any constructive suggestions to improve the lot of the common man, this Government will co-operate with them and will receive them sympathetically at all times. Sir, with these words, I support the Bill.

SHRI S. MAHANTY: Mr. Deputy Chairman, at the outset I must frankly confess that I stand here under a sense of my own limitations. I am a victim of circumstances, inasmuch as this piece of legislation, a monument of complex sentences and ambiguous words, consisting of 85 clauses and extending over 40 pages reached me only day before yesterday when we were engaged in a matter which transcends all financial considerations, viz., marriage and special marriage at that. Therefore, I do not want the Finance Minister to expect, at least me, to speak as a man who has devoted a considerable amount of time and thought over this unique piece of legislation. However, I would prefer to talk as a layman and I hope that this House will bear with me in that matter.

Sir, I consider it the unique fortune of the hon. Finance Minister to have come to this House with a piece of legislation over which so much unanimity has been expressed on both sides. The idea of an estate duty is not new, nor its principles so complex as to warrant any marathon sitting of the Indian Parliament. The pro-

position is very simple. I am reminded of an eminent social philosopher who said:

“The earth belongs usufruct to the living; the dead have neither powers nor rights over it. The portion occupied by an individual ceases to be his when he himself ceases to be, and reverts to society.”

There is nothing new about it. There is nothing revolutionary about it. My esteemed friend, Khwaja Inait Ullah, was brandishing a fountain pen at the Communists and was saying, “By this we have ushered in a new chapter of social revolution, a non-violent social revolution.” But I may tell him that there is nothing to be exuberant over it. As early as the 6th Century A.D., Augustus proposed some sort of death duty or estate duty, whatever you may call it. The much-maligned British Government in the year 1859, when income-tax was first introduced in India, also indicated some sort of death duty or estate duty. As late as 1925 the Taxation Enquiry Committee recommended the imposition of a death duty or estate duty. In 1948 this Bill was introduced in the Provisional Parliament and two years after the Select Committee submitted its report, but the whole thing, if I may be permitted to say so was pigeon-holed for obvious reasons. I do not blame the hon. Finance Minister for it. After all, he is also a victim of circumstances. Therefore there is nothing new about this. There is nothing revolutionary about this. All the capitalist countries in the world, even countries like Chile, have estate duty or death duty. Therefore, this is the time, this is the hour when we should, in all humility, recognise our own limitations and realise that so far we have taken no steps to extinguish the glaring inequalities in wealth between man and man. As a matter for that, the very aims and objects of this Bill are very limited and I am very much thankful to the hon. Finance Minister that he has expressed it in very modest terms. He has said that this is only a step in extinguishing the inequities of wealth between man and man. There-

[Shri O. Sobhani.]

Then, Sir, clause 36 on page 22 says: "The principal value of any property shall be estimated to be the price which, in the opinion of the Controller it would fetch if sold in the open market at the time of the deceased's death." Sir, this gives wide powers to the Controller and all I can say is that I hope that the Controller will exercise these wide powers sympathetically, because the value of a property, sometimes, is estimated by people in different ways, but if you go to sell it for the purpose of collecting estate duty and the property market happens to be in the doldrums, then the actual amount that the property may fetch would be wide of the mark. Therefore it would be a hardship if the value of the property was made arbitrarily without taking into consideration the actual reality of the circumstances and the actual value which it would fetch if it was sold or auctioned.

Now coming to clause 47 on page 25, it says "Debts to persons resident in foreign country not to be deducted in first instance except from duty-paid property in that country." Does this mean, Sir, that if a person has actually, not for the purpose of evading estate duty, incurred some debt *bona fide* in foreign countries, his heirs would not get any exemption on that account? If that is so, I think it would be a hardship because the foreign debtors are not going to let the heirs go scot-free.

Clause 51 on page 26 deals with the method of collection of duty. "Estate duty may be collected by such means and in such manner as the Board may prescribe." I wish, Sir, that this clause had been a little more specifically worded so that the people would know how exactly the duty was to be collected. If the Finance Minister would clarify or elucidate this point, I shall be grateful.

Then I come to page 29—clause 61. It says that if the Controller is of opinion that the value of the property has been under-estimated, he may require the person delivering the ac-

count to amend the valuation and if he does not amend the valuation to the satisfaction of the Controller, the Controller may determine the valuation on the basis of which estate duty is payable after giving the person accountable an opportunity of being heard. Here again, Sir, I would submit that directions may be issued to the Controllers to deal sympathetically with the public and not arbitrarily. I have finished with the clauses, Sir.

Now, Sir, I would say a few words with regard to the appointment of Valuers. The Finance Minister assured us this morning that due caution would be exercised in the selection of Valuers; if they are not scrupulously honest, they might play havoc with the people that they have to deal with. And that is an essential point the Administration will have to give consideration to. If there is any corruption, it would bring discredit to the department and involve the parties concerned into undue hardship. I have heard the speeches made on the other side, particularly that of my friend, Mr. Bimal Comar Ghose. I liked his tone. He paid a well-deserved compliment to the hon. Finance Minister. The only thing he said against him was that the hon. Finance Minister was not running fast enough. Well, that may be so. But we are certainly now walking in the right direction. As far as my friend, Mr. Manjuran is concerned, he talked about unemployment and topheavy administration and so on and so forth. We are dealing with the problem of unemployment separately. And we are also dealing with the problem of topheavy administration. I can assure this House that any constructive suggestions that my friend on the right would make, would be sympathetically considered. This has been well demonstrated by the fact that the hon. Finance Minister had himself moved an amendment to Mr. Sundarayya's resolution on the subject matter of unemployment. That constructive attitude shows that the Government, although it may not be able to run and keep pace with the

'best advantage of the average citizen, which cannot be expected from a private individual or a private company. The capitalist system had its days, but in the interests of the country it has got to be changed. We are in the process of transformation. On account of certain reasons, all the industries cannot be nationalised; but this is an accepted principle that in the long run key industries have got to be nationalised. Not only that; the Government has got a right to regulate the industries which are found wanting, and where they are not working in the interests of the people. It is only a question of time. The concentration of wealth in the hands of a few will not lead to the prosperity. This Bill gives a hope to those who are smarting under the sense that in this country there are, on the one hand, millionaires, and on the other, very poor people who do not know how to eke out their existence. It gives hope and confidence to them. It is a recognition of the principle that the wealth in the hands of the nation belongs to the nation. Any man who wants it has got a right to use it for legitimate purposes; he has got a right to say that his heirs or descendants should inherit; but the State also has got a right to use it in building up the nation.

For these reasons, Sir, I welcome this Bill, and I hope it will go a long way, and a time will come when this society will be based on socialistic principles and there will be prosperity in the land.

SHRI O. SOBHANI (Hyderabad): Mr. Deputy Chairman, Sir, I rise to support this Bill and to welcome it. When this Bill is passed, it will bring the law of the land nearer to the Islamic conception of non-concentration of wealth. 1400 years ago the Quranic law was introduced and the tendency was to discourage concentration of wealth. You are aware, Sir, that according to Islamic law, the widow as well as the daughter have their share and this helps towards distri-

bution of capital. So I welcome this Bill wholeheartedly.

There are, of course, certain provisions which I would like the hon. Finance Minister to explain because I am not able either to understand them thoroughly or I have some doubts as to their operation.

Page 14, clause 21 refers to "Exemptions from the charge of duty." Clause 21 says: "There shall not be included in the property passing on the death of the deceased—immovable property situated outside the territories to which this Act extends." Does it mean that people who have taken the precaution of removing their assets from this country and investing them in foreign countries like America or England or Switzerland would go scot-free? The other day the hon. the Deputy Minister for Finance in answering a supplementary question put by me stated that there were certain Rulers who had taken away before August 1947 certain amount of money and invested them in countries outside India.

Then, Sir, clause 33 on page 19 deals with exemptions. I would respectfully draw the attention of the Finance Minister to the hardship that would fall on the widow and the children of certain people who may have no liquid assets but only a residential house. Sir, I know of several cases in Hyderabad and elsewhere where people who might have been very well off a few years ago, have been reduced to an impoverished state. There are people who possess large immovable properties which are in a dilapidated condition spread over a very large area which have fallen into a state of disrepair, but the widow and children in many cases are not employed. Now, if they are not exempted, the result will be that those properties will have to be sold for the collection of estate duty and this may inflict a real hardship on the heirs of the deceased. I hope, Sir, the Finance Minister will sympathetically look into such cases.

[Shri Sumat Parsad]

position to contribute and appeals to them to contribute for the economic independence and economic development of their country according to their capacity.

If a man having Rs 50 crores pays to the extent of 40 per cent he will not suffer much. Then there is another aspect of the question. The income to be derived from this duty is going to be invested in the development of the country, and the economic development of the country will lead to the prosperity of the people and it will add to their purchasing capacity. It will give more business to the businessman, and a ready market will be available for the industrialists for the manufactured goods. Now, there is not so much scarcity as there was two or three years back. The problem at the present time is that the purchasing power of every citizen is going down. The question is, how to increase his purchasing power? So many Community Projects are in hand, they will add to the sources of irrigation, and more power will be generated and it will lead to the establishment of more industrial concerns and there it will give employment to more people. So what these people are paying in one shape by the imposition of this duty will be reaped by them in the long run when the country is prosperous.

Sir, doubts have been raised that this Bill will stand in the way of the formation of capital. There are certain other circumstances which certainly discourage the formation of capital. Formerly, industrialists used to amass money, they had no regard for labourers. Now, planned economy is the order of the day under planned economy, the industrialists cannot have everything their own way. However, after paying duty they save enough money, what will they do with it? They will not hoard it, for in that case they will not get any return. Ultimately they will have to invest it in one industry or the other.

Then, Sir, if the source of income of an average citizen is augmented it will lead to formation of capital. They will be able to collect the small savings and start small industries. The question of dispute regarding distribution will be diminished. Thus, labourers in the long run will be owners of their industries and they will have additional incentive to produce more.

Something has been said of corruption and inefficiency among the officers. We will have to deal with this. True there are some cases of corruption but you will find that in every branch. We have got to tackle this, to uproot corruption. This cannot be allowed to stand in the way of the development of the country.

Sir, much has been said about the inconvenience which a man has to face who has got to pay the duty and has got no ready money and it is said that he will suffer. I would suggest that in case a man has got no ready money and if he has got enough of property, persons who will value it will fix some values for that property. If he has got no money, then the State may have that property and that may be auctioned and they will get money and in certain cases this will avoid hardship.

The general experience is that tribunals inspire greater confidence. They look at the thing dispassionately. A man who is interested in the levying of the duty generally has not got the dispassionate outlook to decide a dispute between the estate and the citizen. Therefore, to inspire confidence if it is possible to appoint tribunals to deal with appeals, that will be much better.

This Bill, Sir, is a very wise step; it is a step towards a socialistic state of society. In a planned economy, private enterprise cannot go long towards the building up of a country. The Government has to assume responsibility and has to finance schemes involving crores of rupees. Such a concern will be worked to the

to give us something tangible and tell us "We are going to do something like this." Such a constructive attitude and such a specific thing from the Government have become very necessary. It is not for the Opposition now to give constructive suggestions because the Opposition's suggestions can never be constructive in the eyes of the Government and will never be accepted by them. So we and the people are always suspicious of the activities of Government. Otherwise one has to welcome this Bill because I could understand its modesty. The modesty lies in the fact that for the first time you are going to levy this duty. All other explanations become relevant. You must have sufficient people before the rate of taxation is made high. You must have sufficient people to go round and collect it. You want to get people experienced in it. All these are right. But for what? That is the question. That question to my mind has so far not been answered. So we want an answer on that and then only you get the right to collect—not until then. Of course you can collect because there is the majority behind you in this House but if those collections do not bring a national regeneration we have to oppose it. This Estate Duty Bill should also be not given a great publicity in the manner to suggest that it is an outcome of independence. I do not think that independence and Mahatma Gandhi have got anything to do with estate duty. I am wonder-struck at this Congress propaganda. We can see the Estate Duty Bill. It is a simple thing and it says that the property is to be taxed in a particular manner, and that the tax so levied must be paid. What have independence and poor Mahatma Gandhi to do with such matters. It is because mere politics is brought when discussing this Bill that we are suspicious that this whole affair is only for the propaganda of the Congress that "we are going to do something; we are going to do something great and we are going to do this thing and that thing." We want the Finance Minister to categorically state that that is not his

intention although nobody from his experience can say that that is the intention because this is a palliative to hoodwink the people and to say "Oh, we are going to bring down capitalism with a crash." You are not going to bring down capitalism with a crash. You are going to instal it more firmly by making the people believe "Oh, they are also contributing very heavily for the country's benefit." It does not seem that at any time the estate duty would do what is necessary. I am not concerned with any other aspect of it but I will again stress that the differentiation between the Mitakshara and the Dayabhag systems or for the matter of that in any systems of succession should be obviated before this Bill is actually put into operation. Otherwise it becomes iniquitous. I again stress that particular point.

SHRI SUMAT PRASAD (Uttar Pradesh): Mr. Deputy Chairman, this Bill has been welcomed by all progressive sections of society. Some of them hold that it does not go far enough. There has been opposition from some Members of this House. We have adopted the Five Year Plan and we have to find finances for that. We have gone to the extent of borrowing and we are going to adopt the device of deficit financing. Under these circumstances the Government wanted to explore every avenue of raising finances to implement this plan. The implementation of the plan is essential for the very existence and development of this country. Such is the backward condition of the country that we have to depend even for food on foreign countries. This state of things cannot be allowed to exist. Apart from the financial side there is the psychological aspect of this Bill. There is the recognition that the State has a right to share a part of the inheritance for the development of the country. Shri Vinoba Bhave is going from place to place appealing to the people for charity and he says that he should be treated as one of the members of their families entitled to a share of property. Here the State goes to those people who are in a

Constitution, the present Bill is definitely going to give rise to a number of complexities and legislations. Therefore, as has been pointed out on this side, as a first step towards the evolution of a common Civil Code a common law of inheritance, we should have equated Mitakshara, Dayabhag and all the other schools and placed them all on one common footing. This could have been done by the imposition of an inheritance duty or tax.

A good deal of concern has been expressed that this estate duty is likely to hinder capital formation in our country. But this danger lies, I think more in the imagination than in the realm of reality. It is a hypothetical proposition. We just say that it is going to hinder capital formation. Now, let us take the case of U.K. It is no good saying that India is not U.K. and you cannot compare the two countries. In that case no country is capable of being compared to any other country; but we should try to benefit by the experience of other countries also. What do we find in the United Kingdom? I have here some figures. In the United Kingdom where the rate is 80 per cent. on more than £1 million the inequality of wealth still persists in all its rigour. In 1911 to 1913, 5 per cent. of the people owned 85 per cent. of the total wealth. In the period 1926 to 1937, 5 per cent. of the population owned 80 per cent. of the total wealth and in the period 1940 to 1947, 5 per cent. of the people owned 70 per cent. of the total wealth. Therefore, in the United Kingdom where the total collection from this duty is of the order of, I think, £85 millions, the estate duty has not stopped or hindered the formation of capital. I can do no better than quote from the minority report of the Calwyn Committee which investigated this aspect of the question. Here are some excerpts from that report of a committee of experts:

6 P.M.

"Though death duties are assessed on capital, they destroy not the

existing capital, it means they absorb potential capital by diverting to the payment of duties incomes which would otherwise have gone into new services. The property sold must eventually be bought by some one who has free income for investing and the only effect is to divert income from the creation of a new to the purchase of an existing investment. There is no reduction of actual capital."

In the circumstances, I am not convinced that estate duty is going to hinder the capital formation. Again, if we look to eminent economists like Mr. Dalton and Dr. Pigou, we will find that they dismiss this apprehension as baseless that estate duty is going to hinder capital formation. Much also has been said about the injustice that is being contemplated in not establishing a separate tribunal. If we examine this question from the point of view of equity and justice there might be some strength in this argument because the Central Board of Revenue cannot both be a party and an appellate authority but, Sir, why are such copious tears being shed for property? After all, is not property a theft? Let us analyse the position without importing any sentimentalism or subjectivism into the question. A man cannot acquire property unless he takes to some very reprehensible means. Take the case of an industrial concern. If the management is going to pay one rupee extra to the labourers then the entire profit is sure to be wiped out. I think the labourers probably earn that much increment of which they are robbed to swell the property of others. Therefore, all property is theft. This is not my statement; this is the statement of an eminent philosopher, Bentham who has guided the Jurists all over the world. According to Bentham all property is theft. If the accumulation of property or wealth is the result of the consummation of certain injustice, then certainly some other injustice can be pardonable if we take recourse to it in mitigating an earlier injustice. Moreover, Sir, justice is a very relative concept.

[Shri S. Mahanty.]

Where can you draw the line between justice and injustice? A man goes to a law court for seeking justice. But if he loses his case, he comes back with a sense that he has been denied justice; similarly if he can afford eminent advocates, then, well, a murderer is going to be let off scot-free. I have many eminent lawyer friends. What are they? They are middlemen between justice and crime. They get their commission; that is all.

(Interruptions.)

Let us have a little bit of a sense of humour in these afternoon sessions at least.

So, what I intended to submit was that justice is a very relative concept. I admit and I quite conceive of such a case in which the balance of justice may be tilted in favour of the Government by the Central Board of Revenue but that will be for the maximum good of the maximum number. There is nothing to be afraid of. After all, property has been accumulated by theft and a little bit of injustice will not do much harm. After all, if there is an abscess you require a surgeon's knife, however painful and however repugnant it may be.

Then, Sir, another reason why I do not approve of a separate tribunal is this. The financial implication of this duty is expected to be of the order of Rs. 19,70,000 or something like Rs. 20 lakhs. This is the financial implication of working the machinery which is going to be set up for the collection of the duty. This does not take into account the litigation expenses which the Government would have to bear when a number of litigations will crop up in course of administering this law. Therefore over and above all these things if we are going to set up a tribunal and spend a few lakhs over it, well, that will not reflect the wisdom of the Government. Then regarding exemption limits, I am tempted to agree with my Communist friends. Sir, Rs. 50,000 has been fixed

as the exemption limit for the Mitakshara joint Hindu families and Rs. 1,00,000 for the Dayabhag Hindu joint families. But may I ask, have the Government any statistics to show how many families there are in India who conform to these standards?

KHWAJA INAIT ULLAH: Very few.

SHRI S. MAHANTY: Well, Sir, it is strange that when the *per capita* income in this country is Rs. 250 per year an eminent industrial magnate Shri Tulsidas Kilachand, in the other House should have drawn a comparison between America and India. In America the exemption limit can be Rs. 5,00,000. It is one lakh dollars. In America the minimum holding is 60 acres whereas a man with 60 acres in India is considered to be a big landlord. It is absolutely insane, if I may say so, to compare India with America. May I ask the Government if they have any statistics to show how many families there are in India which conform to these exemption limits. Therefore if we are in right earnest to do away with the existing inequalities between man and man, then let us be sincere and mean business. Therefore I plead that this exemption limit should be further lowered down so that really we will be able to raise some amount of money to meet the developmental expenditure under our Five Year Plan.

KHWAJA INAIT ULLAH: In the next year.

SHRI S. MAHANTY: Then, Sir, in Ceylon I think the exemption limit is Rs. 25,000. In the U.K. the exemption limit is 2,000 pounds which can be equated with, I think, Rs. 27,000. Now this can be argued and this is argued that in the U.K. and in Ceylon there are social security measures, that a man gets free education, even free higher education, free treatment and so on and so forth. But are we not arguing in a vicious circle? Here the Government pleads "that we cannot bring about social security unless we have sufficient funds in our hands" and in order to bring sufficient funds—then it is argued—"we

want constructive suggestions." My friend Mr. Sobhani wanted constructive suggestions which would be welcome but he has left the Chamber when a constructive suggestion is coming from this side. So we give the 'constructive suggestion' to further lower the exemption limit so that more money could come into the State exchequer and so that all the social security programmes can be worked out. But then they compare India with America. Then they say that the conditions that exist in India are non-existent in the U.K. or in Ceylon. Well, Sir, this is arguing in a vicious circle. In order to break that vicious circle we shall have to fix the limit at Rs. 25,000 taking the example of Ceylon at least so that we will be able to raise sufficient funds from this particular taxation for our social security programmes.

Then, Sir, I will come to clause 33. Of course I propose to move some amendments to the clauses and at that time I will have another opportunity to speak on them but at this stage I shall take up only clause 33 dealing with 'Exemptions'. I think in all fairness this clause should have been deleted.

Now, I would like to draw the attention of the hon. the Finance Minister to sub-clause (f) of clause 33. It says:

"moneys payable under one or more policies of insurance effected by the deceased on his life for the purpose of paying estate duty or assigned to the Government for the said purpose, to the extent of the amount of duty payable but not exceeding rupees five thousand".

My question is: Is not an insurance policy a property? I can quite understand if the Estate Duty Bill had eschewed from its scope incomes for the purpose of assessment of estate duty; the income-tax laws will take care of it. My question is whether an insurance policy effected from savings for whatever purpose it might have been made, is a property or not? The whole purpose is that the society

should be brought to a state of equality. What happened in the Moghul period? There was the law of escheat; all property was escheated to the State. Therefore in the Moghul period we find Shershah, the son of a petty Jagirdar could be the emperor of India. Todar Mal and Man Singh and the host of other celebrities also come from the lower rung of the economic ladder. But they had all an equal opportunity. If our whole purpose is to afford equal chance to everyone in society then, why this provision which will mean taking away with the left hand what you give with your right hand. An insurance policy of Rs. 50,000 is really a property, and what right have you got to exempt it? Similarly, sub-clause (g) also.

Then, Sir, I will come to one of the most interesting exemptions—sub-clause (k). It reads:

"moneys earmarked under policies of insurance or declarations of trust or settlements effected or made by a deceased parent or natural guardian for the marriage of any of his female relatives dependent upon him for the necessities of life, to the extent of rupees five thousand in respect of the marriage of each of such relatives".

Now, Sir, our lady Members—they are more Communists when it comes to a question of divorce, when it comes to special marriage, when it comes to sterilization—say: "We have got equal opportunities"; and the Government plays down and says "Yes. Men and women are equal in our eyes". If you are going to make a provision for my daughter, Rs. 5,000, why not also exempt a similar amount of Rs. 5,000 for my son's marriage? After all, marriage cannot be unilateral; he has also got to marry.

SHRI GOVINDA REDDY (Mysore): Your son will be inheriting property whereas your daughter will not.

SHRI S. MAHANTY: Sir, in course of time the daughters also will be inheriting the property.

SHRI C. D. DESHMUKH: Your son will marry a girl for whom a provision will have to be made!

SHRI S. MAHANTY: It may be. It also may be that he may sow his wild oats. But let alone marriage; I am not keen about marriage; it is a very delicate subject. What about my son's education? Why debar this boy from getting a similar amount of Rs 5,000 for his education?

SHRI C. G. K. REDDY: So that he may get it through his wife?

SHRI S. MAHANTY: Sir, I am in all seriousness. It is fit and proper that we should conceive and enunciate the contours of the ideal society after our heart and then tend all our legislations towards that end. It is no good making provision for dowry as contemplated under the sub-clause under reference and then simultaneously proposing abolition of dowry. Before closing I have got one suggestion to make and one question to ask. The suggestion is that there should be economy in Administration. In this context I am reminded of the fact that Napoleon also proposed some sort of an estate duty to meet the mounting war expenses of France. Similarly, if our hon. Finance Minister wants to raise some money to counterbalance the waste and extravagance in the Administration, well, it is calamitous, it is catastrophic and I think we should oppose this Bill tooth and nail. It is a shame that three committees and Mr. Appleby to boot have already examined the Administration in India and submitted their reports. But they are still under examination. They will be under examination till the very doomsday and the waste and extravagance spiral will go on increasing. Therefore it is my humble plea with all prayerfulness, if prayer need be, that this waste and extravagance should be stopped so that the money that we are going to raise out of this estate duty really goes to meet developmental expenditure.

Now, I have got one question to ask. I find in the First Schedule that except all Part C States, only nine States that is, five Part A States and four Part B States have passed resolutions authorising the Indian Parliament to pass legislation to levy estate duty on agricultural lands. Part A States are—I am happy to read out the name of Orissa first as I have the honour to belong to it—Orissa, Bombay, Madhya Pradesh, Punjab and Uttar Pradesh and the Part B States are Hyderabad, Madhya Bharat, Rajasthan and Saurashtra. I will first deal with the Part B States because Part B States are under some sort of control of the States Ministry. If our friend Dr. Kailas Nath Katju can be so keen to maintain law and order and send his *danda* Constitution to far-off corners like PEPSU and unnecessarily interfere with the autonomy of the States, why cannot he bring some pressure on those remaining Part B States to pass necessary resolutions? Then, what about Part A States—the rest of them? It is scandalous. The Congress Party, its President and its big leaders do not hesitate to go and interfere with the administration of the respective States when it suits their purpose. They do not hesitate to issue *firmans* and summon the Congress Minister to Delhi to do this and to do that. May I ask the hon. Finance Minister in all humility.....

SHRI C. G. K. REDDY: You should ask the Prime Minister. He is the President of the Congress.

SHRI GOVINDA REDDY: The history of *firmans* is closed now.

SHRI S. MAHANTY: Well, it is being opened in a new set-up. So, may I ask why only five Part A States have so far passed resolutions and why the other six have not. In the case of Part A States I can understand; there may be some logic. But what about Part B States? What about Travancore-Cochin? What about Mysore? I hope the hon. Finance Minister will enlighten me and this House on this aspect. Sir, I

think I have covered all the points I had in mind

SHRI GOVINDA REDDY Mr Deputy Chairman, Sir, while welcoming this measure, I cannot help saying that it is a measure which was long overdue. Even during the time of the British rulers in this country it was recognised that the incidence of taxation was uneven, that those who had not the ability to pay were made to pay more than those who had the ability to pay were not paying enough and that the burden of taxation rested on shoulders which were too weak. The masses in this country have been for a long time suffering from this injustice just as it was in France before the French Revolution. There the poor people were bearing a wide range of taxes. The priestly class served the State by offering prayers to the success of the King and the aristocrats or the wealthy class served the King by sending men to fight for the King. But all the State expenditure was to be borne by the poor who had no means, no wherewithal to pay anything. Here although it was not as bad as that it was pretty bad. The rich were taxed here no doubt but the taxation came down heavily upon the poor man. This cry, Sir, of unjust and unfair incidence of taxation was there for nearly half a century. As long ago as 1925 the Government have recognised that the taxation structure should be changed and should be altered suitably and relief given to the overtaxed. The Taxation Enquiry Committee was appointed. They went into this question at great length and they recommended the levy of some such thing like estate duty. The Government of the day took that aspect very seriously but somehow some forces worked adversely to that attempt of the Government, and the Government had not the courage to act upon the recommendations of the Taxation Enquiry Committee. But later they thought of introducing a measure but then again either vested interests or lack of seriousness on the part of the then Government, discovered that there was some loophole

in the Government of India Act and that the Government of India had not got under the Act enough powers to levy estate duty, and on that ground that attempt was given up. It was not until 1946, Sir, that this question was again taken up and the Bill was introduced by having got the Government of India Act amended by Parliament. But there again some unlucky event and some adverse forces worked up and the Bill lapsed. And as the hon. Finance Minister was saying the Bill was introduced in 1948. When we look at the chequered career of this Bill we can understand what an amount of obstruction in the country has been there. As far as the foreigners were concerned, they recognised the need for the introduction of such a measure as this. But their concern was not so immediate as the concern of the people. And they yielded to pressure—I believe, I do not know if I am right. I believe that they yielded to the pressure of vested interests and then the whole matter was delayed. But it must be said to the credit of the rulers, Sir, that they did recognise the justification for the levy of a duty like this. The Todhunter Committee went into this question at great length, Sir Walter Layton who was the Financial Adviser to the Simon Commission also recognised the justification and the need for such a measure. Lord Eustace Percy considered this question in 1932. Sir Alan Lloyd to whom reference was made by the Finance Minister also did recognise it and went into this question. But they all came to the conclusion that the complex texture of the Hindu Code did not permit of such a measure to be introduced and that Hindu society as it was constituted did not admit of the imposition of a death duty. When the climate was so unfavourable and it continued to be so unfavourable, it will be seen that the Government of India have had a lot of courage to take up this measure and to go on with it. I must therefore congratulate the hon. the Finance Minister for having weathered the storm—I do not know what storm was brewing but he

[Shri Govinda Reddy] has weathered it. He has introduced this welcome measure to which there can be no opposition from any quarter. One need not go far to seek the justification and the sanction for this measure. Indian society, as it is constituted, is a victim of mal-distribution of wealth. We have the very rich and we have the very poor, absolutely poor. In the European countries society is not such a complex structure as ours is. They have only three classes, the rich, the middle class and the poor, artisans and others coming under the middle class but here our economic levels just like our social levels are too varied, the gulf between one class and the other being too wide. Lakshmi is said to be a flirt by our poets. I do not know the Sanskrit verse. There are some Members here who are well-versed in Sanskrit. The hon. Finance Minister himself is well-versed in it and can quote these verses. Flirt may not be a good translation of the Sanskrit word, but she is said to be 'chanchala'. Although I cannot call Lakshmi a flirt she is very capricious in her blessings on the different classes of society. Some poets have also said that she favours the most undeserving and that she favours those who cannot make use of her.

SHRI S MAHANTY She has no aesthetic sense.

SHRI GOVINDA REDDY We cannot fully agree with this view, because many who are rich are also deserving just as many who are poor are also deserving but everybody should recognise that Lakshmi is not blessing those who have the most need for her. In European countries she is not so capricious as she is here. There also wealth no doubt is concentrated in the hands of a few but there wealth does not stagnate. Unfortunately in this country wealth is stagnating. There, the aristocracy was making use of the wealth either in financing business or in letting it out for circulation as currency. But here although wealth is serving this purpose, still there is a lot of wealth

which is stagnant. If one were to consider that wealth is a result of not only the effort of the individual but also the result of social co-operation we can at once understand why this stagnation in wealth should not be allowed.

[THE VICE-CHAIRMAN (SHRIMATI VIOLET ALVA) in the Chair]

Nobody can accumulate wealth, just as nobody can accumulate profits, if he does not have social co-operation. If the businessman does not have a free way to carry on his trades and earn profits and if the money-lender has no free way to charge interest and to collect his lendings, neither the money-lender nor the businessman can thrive. This wealth, whatever be the individual's effort in earning it, is the result of social co-operation, the co-operation of all classes of society, and therefore, society has a right to demand that due share of the society should be recognized and that wealth should be ploughed back into society for social good. This of course, as can be easily seen, is not recognized by those classes in which wealth has concentrated. This Bill, to a limited extent, makes them recognize it. When we consider, Madam that the objective of our State has been social welfare and when the Government have taken up numerous commitments for the development on the industrial side, on the agricultural side and generally on the economic side, on the education and social side, they need resources and it is no new information to the House that they are now at the end of their resources and we have had, for the purposes of the Five Year Plan, to resort to deficit financing. When we are in this position, it is but fair and just that we should explore every means of increasing our revenues. In this connection, I would like to refer to what my hon. friend Mr. B. C. Ghose said. He said that the measure was too late but he also said the measure is too little. When we say that the measure is too little, that it brings too little revenue, we forget the background of the country, we forget that this is a

new and first measure of the kind, we forget that our society takes this as a new surprise and that this measure, if it were too stringent would rather shake their faith and confidence. I don't mean to say that I agree with this view. On the other hand I agree with the view that if we have to achieve social good in a large measure we have to change the scheme of things and if we don't change it, somebody else will do it and we will be thrown off in that attempt. But better we do it ourselves than allow somebody else to do it to change the scheme of things here.

SHRI S N MAZUMDAR: You may join hands to do that.

KHWAJA INAIT ULLAH: Not wrong things.

SHRI GOVINDA REDDY: But then we have to recognise our limitations. We cannot change the order of things as if we can do by magic. In some countries that has happened but in those countries the composition of society was different. Society is not divided there into numerous bits as our society has been. It is not obsessed with all sorts of religious and superstitious feelings as our society is. Whether for good or bad these limitations are there upon us, and in a vast country like ours, with 35 crores of inhabitants could we get on with a radical measure? Would it be practicable? Would you have there such a revolution like that and sweep off all existing things and bring in a new order of things? I submit that although it may be aimed at, it is not possible for us to do it all at once within a short space of time. So it can be done only by stages. We cannot precipitate revolutions here. We can create and work up for social elevation and that can only be done slowly. Therefore this is my reply to hon. Members on the other side, not only to Mr. Ghose but to Mr. Manjuran and Mr. Mahanty and others, that this measure although it is a very humble beginning will achieve our end to a limited extent. The hon. Finance Minister was very modest himself in assessing the results of this measure. The returns from it are not going to be

very large. They will not add much to our resources. Taking into consideration our development commitments, Mr. Ghose said it is just a drop. It is so and I agree with him. He made another point that these resources are not only small, but they are not regular and they are not of a permanent nature. Therefore, he said, he did not expect much from this measure. There is some force in that argument. If the Government were to rely upon this source of revenue and base their development plans on it, then that would not be right, because this is a source which must come to an end some time. As we go on taxing the estates these estates would melt away and at some point they would liquidate themselves if not fully, at least they would be reduced to a minimum. And then our estate duty receipts would be either very much diminished or extinguished. So if we take this as a permanent source of revenue, as one which would last long, then we would not be quite right as I have already said. I agree with Shri Bimal Comar Ghose in that respect. As far as the financing of our development activities is concerned, instead of depending upon such uncertain, irregular and small revenues, we should explore avenues of getting larger and permanent revenues. And I also agree with him in that one of the ways is to nationalise the insurance companies and banking concerns. It is not my purpose here to describe to the House how deep these institutions have left their roots in our society and in how many ways they are drawing out and sucking up wealth from society.

But, suffice it for the present to say that these are institutions where wealth is concentrated, where wealth is comparatively little let out for circulation and where we have possibilities of earning more and where we have possibilities of conferring large benefits on the citizens of the country, we should nationalise these institutions. But, I will not press for it as an immediate and urgent measure. It should come some day. I would only appeal, on this occasion,

[Shri Govinda Reddy]
to the Government to examine seriously this question and to find out how far our economic structure can be strengthened by resorting to these means

Having said so much generally about the Bill Madam, I would like to come to some of the important arguments that have been advanced against it and also some of the advantages that result from it. One of the most important arguments that have been advanced against it both in this House and in the other House is that it is a measure which will discourage capital formation. Well, this, as anyone would see, is a capitalist argument. Capital formation can never be so discouraged by this measure. If you look at other countries, the 40 or 43 countries in which estate duties have been in force for long, we see that the capital formation is still there. The private sector is teeming with industrial and business activities and they are going on unaffected. Well, we must understand the psychology of society to be re-assured that it will have no adverse effect on capital formation. Every human being has got the craving, an urge in him to earn and to save. This urge does not leave even those who were once rich, it continues with them as well as with others also and because of this urge they will continue to earn. Maybe they will be fleeced to the last pie but that does not discourage them, because, wealth, whether it continues to remain with them ultimately or not, is a source of power, it is a source of influence. It gives them mastery of the means of production. It gives them mastery over men, the employees and it gives them the power to have many things and, it gives them the scope for enjoyment and deriving pleasure and good from it. Therefore, the fact that ultimately nothing will be left in their hands will not dissuade them from that attempt. That is a thing which is going on from the very beginning of society and will go on till the end of society. Simply because we have brought in a mild way

this measure of taxing estates let nobody imagine that it would be of such a disincentive character as to discourage the capital formation altogether.

One thing we must remember, Madam. In this country, the private sector cannot have a large scope. Its sphere is becoming diminished. Our goal is to make use of the means of production for the national good and that can only be done in one way and that is by socialising the means of production. That goal we may not be able to reach today or tomorrow but that is our goal and we are advancing to it and we have to advance towards it and if we keep this before our mind's eye we cannot forget the fact that private sector must diminish in its scope, it must shrink. Therefore the argument that this may be a disincentive to the development in the private sector is not a good ground to attack the Bill with nor is the duty that is sought to be imposed is such a serious blow to the private sector. The Planning Commission which has felt the necessity of such a measure as this has allowed large room for the development of the private sector. Let it not be an argument to be advanced against the Bill that it will discourage capital formation.

The other argument that is advanced against is the disruption of the Hindu joint families. Well, joint family has been a very ancient feature of the Hindu society and the joint family cannot be broken up simply because this measure is there. The Government have conceded the justice of the demand of the joint family structure and so they have liberalised the exemption limit and it has been raised to Rs. 50,000 and in the Mitakshara family for instance the share of the coparcener, which vests in him even during lifetime of the deceased is not taxed by the death of the head of the family. Only the share which belonged to him is taxed. So how could a joint family be disrupted? On the other hand I should think that this would in some way encourage continuance of the joint family. I

also welcome the generous gesture that has been shown towards Dayabhag families.

SHRI M. C. SHAH: Towards all non-Mitakshara schools of Hindu law.

SHRI GOVINDA REDDY: I stand corrected. A generous gesture has been shown towards all non-Mitakshara schools. Therefore when the whole property descends to the heirs without their shares being vested in them during the lifetime of the deceased the exemption limit has been raised to a lakh of rupees. I think that would meet the case. So there would be no injustice on them as well.

The other point that I would like to refer to is the inclusion of agricultural property for the purpose of aggregating the estate amount. Some States have agreed to the inclusion of agricultural property whereas other States have yet to pass resolutions. In this regard a concession has been shown. ...

SHRI M. C. SHAH. The concession is one-fourth of the estate duty ordinarily payable in respect of agricultural lands where the principal value of the estate does not exceed two lakhs of rupees.

SHRI GOVINDA REDDY: So the concession in rate has been shown in respect of agricultural lands and so that would not levy a burden on them.

With regard to aggregation of these amounts and assessment of the value of the estate a very serious criticism has been advanced, both serious and severe, that the assessments may be arbitrary and that because no provision has been made in the Bill for testing these assessments or these valuations, in a court of law it may result in injustice and that the provision made in the Bill for appeals against the Valuers to the Revenue Board is not enough. Well, there is some force in that argument that when a valuation is made by the Controller and then when appeals are carried on to the Revenue Board, the Revenue Board being in the nature of an executive body may not yield

to the justice of the case. It is very difficult to say now how it will work. But the provision that has been made in the Bill for arbitration—the assessee to nominate a Valuer and the department to nominate a Valuer—should be sufficient assurance that there would be no case of hardship. To remove any fears in this regard I think the system that is prevailing in England could be introduced here. In England, before an assessee is assessed, he will have to file an Inland Revenue Affidavit. On the death of the head of the family, the assessee must file this. Therein, he discloses all the property—real and personal—of the deceased, and there also he will enumerate the expenses that he will have to incur on the death of the deceased and his debts and that statement will be gone into by the revenue department. It is said there the revenue department accepts it as a matter of course and assesses the amount to be paid. That does not mean that they do not make enquiries; they do make enquiries; at the same time, they accept it as a matter of course and assess him. If, at a later stage, it should be discovered that the entire assets were not disclosed, that there were some more assets to be disclosed, and so on, a corrective affidavit will be filed and the taxation will be enhanced on the basis of that correct statement. This is not only for non-disclosure or failure to disclose additional assets; but this is useful also for claiming rebates. If, for instance, a wrong assessment has been made or a wrong affidavit is filed, or in the affidavit the assessee has made or shown excess assets—more than what it really is—in that case, on the basis of the correct statement or affidavit, so much of the duty that has been collected on the excess discovered, will be refunded.

This system is a fair system. That is because when once the duty goes into the coffers of Government, it is common knowledge that the fist of the treasury is closed tightly on it and the Government is very unwilling to give it back. If this system is adopted, any additional duty that could be

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levied could be levied later on. This also solves, in a way, the grievance of those who feel that the assessment may be arbitrary. Here, the affidavit is taken as the basis and it will be taxed, whereas, according to the present Bill, a valuation has to be made and the Valuers assess, and then on the declaration of the assessee, the duty will be fixed. I see an advantage. I am not sure of my position but from what little examination I have given to this question I see an advantage in this and I leave it to be examined by the hon. the Finance Minister.

The question of exemption of residence and personal jewellery has also been raised. Well, Madam, in our country we have houses and houses. There are palaces in which one or two men or three men reside. Nobody can seriously say that such palaces should be exempted. And jewellery and personal effects in our society may amount to anything. If these should be exempted, then the Government would be defrauded certainly of a very large amount, because Indians as we are, we are used to jewellery. Our jewellery not only consists of silver and gold but of precious stones also and we have such a nature as to reduce as much of our wealth as possible into this movable jewellery which has the advantage of being rushed to anywhere, being transferred to anybody and being sent out, as some friend here said, even to foreign countries. Well, the Government would certainly be taking a risk if they were to exempt the jewellery of the assessee.

Then there is a point in saying that large families which are known for their status and dignity, for their respectability, should be shown some consideration. If a Valuer should go and try to inspect and if they will

have to display all their jewellery and household things apart from those which are exempted here, then it would not be consistent with the dignity of the family. That is true. Social as we are, this status, dignity and respect, this outward show is necessary of course. There are people who even today die because of some such disgrace like their household things being dragged out and displayed to an evaluator. There is this force in that argument, but how it could be helped, I do not see. We have no other means of getting out these things from them. We have no other means of making them declare. An argument may be advanced that because they are men of position and because they are known to have occupied a sufficiently high status and because they are known to have been in possession of sufficient wealth, it could be easily expected that they would not hesitate to declare all their jewellery and all their valuables, that it is sheer commonsense that they would declare a large part of them at least so as to make people believe that when a person is worth a lakh of rupees, he must have so much of jewellery with him. That cannot be; that should not be made a shelter.

THE VICE-CHAIRMAN (SHRIMATI VIOLET ALVA): Mr. Reddy, it is just one minute to seven. You will take more time?

SHRI GOVINDA REDDY: Yes, I will take some more time.

THE VICE-CHAIRMAN (SHRIMATI VIOLET ALVA): Then you can continue tomorrow.

The Council stands adjourned till 8-15 A.M. tomorrow morning.

The Council then adjourned till quarter past eight of the clock on Friday, the 18th September 1953.