

him that I cannot go there in view of the wishes of this House.

MR. CHAIRMAN: I shall communicate this to him.

SHRI RAJAGOPAL NAIDU: I move that the discussion on this subject be closed.

**THE INDIAN INCOME-TAX
(AMENDMENT) BILL, 1952—continued.**

MR. CHAIRMAN: Mr. Kishen Chand. Amendments to clause 4 of the Bill.

SHRI RAJAGOPAL NAIDU (Madras): There is another matter

MR. CHAIRMAN: No. No.

SHRI RAJAGOPAL NAIDU: It is a very important matter. Sir.

19 A.M.

SHRI KISHEN CHAND (Hyderabad): Sir, I was saying yesterday that the Appellate Assistant Commissioner is the only final authority for determining matters of fact regarding any assessment and that he should be independent of the control of the Department in ascertaining and finding out those facts. This can be achieved by two or three ways one of which is suggested by my amendment by placing the Appellate Assistant Commissioner under the Law Ministry. Another method would be that the Appellate Assistant Commissioner be given the grade of the Commissioner and that he may not have further chances of promotion so that his independence is guaranteed. The hon. Finance Minister pointed out that the Appellate Tribunal has upheld the judgment of the Appellate Assistant Commissioners thereby proving that the Appellate Assistant Commissioners are independent. I would request the hon. Finance Minister to go to any sitting of the Appellate Tribunal. He will find that the cost involved to the poor assessee in engaging suitable lawyers

and accountants to appear there which is always situated in the four big cities of Madras, Bombay, Calcutta and so on, is so heavy that a large number of cases don't go there. There are several advocate Members of this House who may have experience of the Appellate Tribunal and they will certify that these cases are heard *in camera* which is against the practice of all judicial courts. If they are held in the open courts, the proceedings will be a matter of public property and will get due publicity in the papers and therefore justice would be fully meted out to the assessee. The proceedings are held *in camera* and often in half an hour 5 or 6 cases are disposed of hurriedly. I submit that there is a feeling of dissatisfaction in the assessee that only law points are dealt with by the Appellate Tribunal and therefore if we want full justice to the tax-payers of this country, it is very essential that the Appellate Assistant Commissioners are brought under the Law Ministry. There is no difficulty if they are in the same grade as Commissioners and they are permanently transferred from the Board of Revenue to the Law Ministry. I agree with the hon. Minister that they should be drawn from the I.T.O.s' ranks because only then they will have the necessary experience and detailed knowledge of the working of the Income-tax Act. In so far as he says that they should be recruited from the I.T.O.s I entirely agree, but his next conclusion is not correct that after recruiting them from I.T.O.s they cannot be transferred to the Law Ministry permanently. I don't see any force in that argument. I certainly agree that the salary of the Appellate Assistant Commissioner is less than that of the Commissioner and if it remains thus, anybody becoming an Appellate Assistant Commissioner would not like to come there because his prospects are barred. Therefore naturally we will have to raise the salary of the Appellate Assistant Commissioners to that of the Commissioner. In this Bill several Commissioners are being

(Shri Kishen Chand.) appointed for the same area. So Government cannot complain that it leads to extra expenditure when in the same area a large number of Commissioners are appointed. Let one or two of them be called Appellate Commissioners and perform the duties now being performed by the Appellate Assistant Commissioners. With these words I move my amendment that the Appellate Assistant Commissioners should be under the Law Ministry.

[MR. DEPUTY CHAIRMAN in the Chair.]

THE DEPUTY MINISTER FOR FINANCE (SHRI M. C. SHAH): I have already explained in detail why Government are not prepared to accept the amendments. One point raised by Mr. Kishen Chand yesterday I find is not correct. He said the Appellate Assistant Commissioners were the final fact-finding body. That is not so. It is the Appellate Tribunal which has the powers to go into the facts and the Appellate Tribunal is the final fact-finding body. So that point that he raised was not a correct one. As a matter of fact, if my hon. friend refers to section 5, sub-clause (viii) of the Income-tax Act, he will find that there is the explicit provision that the C.B.R. is precluded from giving instructions or directions to the A. A. Commissioners in the exercise of the appellate functions. So, as I already pointed out yesterday—I do not want to take up the time of the House any more—those Appellate Assistant Commissioners can act quite independently of the C.B.R. and there will not be any difficulty whatsoever as far as the assesseees are concerned. As I said yesterday, it is in the interest of the assesseees themselves that the Appellate Assistant Commissioners should be as they are, under the C.B.R.

MR. DEPUTY CHAIRMAN: Do you want, Mr. Kishen Chand that I should put the amendment to vote?

SHRI KISHEN CHAND: Yes, Sir.

MR. DEPUTY CHAIRMAN: The question is:

"That in clause 4 of the Bill, in sub-clause (d), at the end of the proposed sub-section (3) the following words be added, namely: —

'The Appellate Assistant Commissioners shall be under the Ministry of Law.' "

The motion was negatived.

MR. DEPUTY CHAIRMAN: The question is:

"That clause 4 stand part of the Bill."

The motion was adopted.

Clause 4 was added to the Bill.

Clauses 5 and 6 were added to the Bill.

MR. DEPUTY CHAIRMAN: The question is:

"That clause 7 stand part of the Bill."

Mr. Kishen Chand has got an amendment to this clause.

SHRI KISHEN CHAND: Sir, I beg to move:

"That in sub-clause (1) of clause 7 of the Bill, after part (a), the following new part be inserted, namely: —

'(aa) in sub-section (1), at the end of clause (iii) the following words shall be added, namely: —

and the amount of municipal or corporation tax payable by the owner of the property.' "

May I say a few words on my amendment, Sir?

MR. DEPUTY CHAIRMAN: I shall place it before the House.

Amendment moved:

"That in sub-clause (1) of clause 7 of the Bill, after part (a),

the following new part be inserted, namely:—

'(aa) in sub-section (1), at the end of clause (iii) the following words be added, namely:—

and the amount of municipal or corporation tax payable by the owner of the property.' "

The amendment and the clause are open for discussion.

SHRI KISHEN CHAND: Mr. Deputy Chairman, In this matter of taxing properties, I may refer to section 9 of the Indian Income-tax Act, 1922. If you refer to that section it will be found that two months' rent is given as allowance for repairs, maintenance etc. Later on, under sub-section (2) clause (a) it is stated:

"(a) One-half of the total amount of such taxes or one-eighth of the annual value of the property, whichever is less, shall, notwithstanding anything contained in such law, be deemed to be the tenant's liability for such taxes, and

fb) in determining the annual value of the property with reference to the rent payable by the tenant, a deduction shall be made equal to that part, if any, of the tenant's liability which is borne by the owner."

I do submit. Sir, that a great deal of hardship and inequality would be created between the property-owners of one city and another city by the proposal now made. If the rate of taxes in one city is higher than that of another, then the rebate allowed to the landlord will likewise differ. That can never be the intention of the law-makers, that there should be differences between city and city wherever there is any variation of the corporation and municipal taxes.

Further. Sir, there are several lease agreements between the tenant and the landlord whereby the tenant pays the municipal tax. In such cases, the landlord is really benefited

for instead of half the amount, the total amount is paid by the tenant and, therefore, for the sake of uniformity of law it is very essential that sub-section (2), clause (a) and (b) here be modified for they will naturally become redundant if my sub-clause is added to section 3.

SHRI P. V. NARAYANA (Madras): What does it say?

SHRI KISHEN CHAND: My subclause states that the amount of the municipal or corporation tax payable by the owner of the property be deducted from the annual rental value before the property income is added to the assessable income. Further, Sir, in this very Act it will be found that in the case of business concerns depreciation charges up to 15 per cent, are allowed and they are fully allowed to count all municipal and corporation taxes towards their expenses., so that they get the benefit of 15 per cent, plus all these while the property owner gets only two months' rent. Therefore, I submit and I press my amendment to the consideration of the hon. the Deputy Minister for Finance that for the sake of uniformity and greater justice to the assessee my amendment may be accepted by him.

SHRI P. V. NARAYANA: On a previous occasion, Sir, I had given an amendment to clause 3 of the Finance Bill, The hon. Minister raised a point of order and that was rejected by the Chair. Of course that was not acceptable to the Government and this amendment of the hon. Mr. Kishen Chand also speaks of the same thing. Here, Sir, unless all the taxes paid or payable to the local authority are deducted from the gross income the net income cannot be arrived at and it is only just that the Income-tax authorities, should assess only on the net income so that no injustice will be done to the assessee. Now, by taking about two months' rent or something like that from the gross income, the Income-tax authorities have been assessing on the tax paid or payable

[Shri P. V. Narayana.] to the local authorities also. The net income only is subject to taxation, Sir, and I hope the Government will see reason to accept the amendment moved by my hon. friend Mr. Kishen Chand. It is because the local boards provide so many amenities to these properties that these properties are fetching a very decent income and when they are fetching decent income, higher taxes also are paid. If the local boards do not give all these amenities the annual rental value of that property will be much less and consequently the tax also that goes to the Income-tax authorities will be much less. It is in the public interest that the taxes are being paid and the local bodies are also quasi-Governmental bodies and there is no meaning in taxing the tax paid to these authorities. When they are allowing about 1/6 of the rental value for carrying out repairs, I do not see any reason why they should not accept these taxes, the money paid by way of taxation to these local bodies and, therefore, I request Government to see their way to accepting Shri Kishen Chand's amendment.

MR. DEPUTY CHAIRMAN: Has the hon. Minister got to say anything?

SHRI M. C. SHAH: Government are not apt the amendment. I have already given the reasons when the matter was discussed at the time of the Finance Bill. All these taxes are local taxes and are for services rendered and even under section 10 (4), for business we do not allow cess or rate paid and so, we cannot accept, on principle, any such further exemption.

" SHRI P. V. NARAYANA: If the services are not rendered probably they do not fetch higher incomes.

SHRI M. C. SHAH: Anyway, the principle is the same.

MR. DEPUTY CHAIRMAN: The question is:

"That in sub-clause (1) of clause 7 of the Bill, after part (o), the following new part be inserted, namely: —

'(aa) in sub-section (1), at the end of clause (Hi) the following words shall be added, namely: —

and the amount of municipal or corporation tax payable by the owner of the property.' "

The motion was negatived.

MR. DEPUTY CHAIRMAN: The question is:

"That clause 7 stand part of the Bill."

The motion was adopted.

Clause 7 was added to the Bill.

Clauses 8 and 9 were added to the Bill.

MR. DEPUTY CHAIRMAN: The question is:

"That clause 10 stand part of the Bill."

There are two amendments to this clause in the name of Shri Kishen Chand.

SHRI KISHEN CHAND: I shall not move No. 6. I shall move No. 7.

I beg to move:

"That in clause 10 of the Bill after sub-clause fa) the following new sub-clause be inserted, namely: —

'(aa) after sub-section (2), the following new sub-section shall be inserted, namely: —

f2a) This section shall apply to all small-scale industries which employ greater number of workers in proportion to the cost of plant and machinery, the

same being determined by the fact that cost of plant and machinery per worker is below Rs. 500.' "

MR. DEPUTY CHAIRMAN: Amend-ament moved:

"That in clause 10 of the Bill after sub-clause (a) the following new sub-clause be inserted, namely:—

'(aa) after sub-section (2), the following new sub-section shall be inserted, namely:—

(2a) This section shall apply to all small-scale industries which employ greater number of workers in proportion to the cost of plant and machinery, the same being determined by the fact that cost of plant and machinery per worker is below Rs. 500.' "

The clause and the amendment are open to discussion.

SHRI KISHEN CHAND: Mr. Deputy Chairman. I have already advanced some of the reasons when the Bill was being discussed in the first reading. I have only to point out what hon. members have often stressed, namely that 'small-scale industries should be encouraged in this country. With growing unemployment in our country if we go on replacing human labour by machinery this growing unemployment will be further augmented. In the countries of Europe and in America where the population is less. the tendency naturally is towards more mechanisation, but in a country with 36 crores of people and with this huge amount of unemployment in our urban and rural areas—particularly in the rural areas where there is continuous under-employment— unless and until we discourage the use of machinery or the replacement of human agency by machinery, there is no solution for our country. The Father of the Nation always laid stress on cottage industries and

small-scale industries, but our income-tax law gives every encouragement to mechanisation by giving extra depreciation, double depreciation and an additional 20 per cent, depreciation on all new machinery installed in this country. The tendency is that any factory or an industrial concern at present employing a large number of people is always trying to replace those human workers by machinery because they find that by importing foreign machinery they get all the advantages, they save labour charges, they get extra depreciation and therefore they are greatly benefited. So in order to carry out the general wishes of the masses of our country I have suggested that the income-tax law be so amended that while the big industries go on getting the privilege of extra depreciation, the small-scale and the medium-scale industries which do not have the same amount of machinery and which do not claim from Government the same amount of depreciation, may get the privilege of this Section 15-C which states that 'investment in these concerns will be free of income-tax to the extent of six per cent, of the capital for a certain number of years'. This is only for a certain number of years and it will encourage these medium and small-scale industries to get established and compete with the large-scale and highly mechanised industries. Further the industrialist who has a mind to go in for mechanisation and import the machinery will consider the fact that if he does not import machinery and uses more human labour he will get certain privileges and advantages. Therefore there is the natural tendency in the mind of the industrialist to go on employing a large number of people and give greater employment to our workers. Therefore I have suggested "in all industries where the cost of plant per worker is less than Rs. 500." Here it may be interesting to see that in many large-scale industries the value of plant is something like Rs. 10,000. per worker. Towards depreciation on a plant of Rs. 10,000 the Govern-

[Shri Kishen Chand.] ment is allowing about 20 per cent. which means Rs. 2,000 a year. Therefore I have suggested that in place of giving any financial support to these medium and small-scale industries, only a slight variation in our income-tax law will give greater encouragement to these industries. I therefore beg to move my amendment.

SHRI M. C. SHAH: I am afraid we are not in a position to accept the amendment. As the law stood these exemptions were given to those who were employing more than 50 persons. Now we have brought it down to 20 and 10 as required by the Factories Act. Otherwise it would be administratively impossible to ascertain whether an industry is entitled to the exemption or not.

SHRI KISHEN CHAND: On a point of order, Sir. I have not raised any question about the figure 50. I was only saying

MR. DEPUTY CHAIRMAN: Mr. Kishen Chand was speaking about amendment No. 7.

SHRI M. C. SHAH: Yes, Sir, I am talking about No. 7 and am saying in that connection that it is not possible for us to accept the amendment because, as I said, we have already brought it down to 10 and 20 as required by the Factories Act and in order to have it administratively possible we have gone for this limit and we want to help the small-scale industries. There seems to be some administrative disability and therefore we cannot accept this amendment.

MR. DEPUTY CHAIRMAN: I will put the amendment to the House. The question is:

"That in clause 10 of the Bill, after sub-clause (a) the following

new sub-clause be inserted, namely:—

'(aa) after sub-section (2), the following new sub-section shall be inserted, namely:—

(2a) This section shall apply to all small-scale industries which employ greater number of workers in proportion to the cost of plant and machinery, the same being determined by the fact that cost of plant and machinery per worker is below Rs. 500.' "

The motion was negatived.

MR. DEPUTY CHAIRMAN: The question is:

"That clause 10 stand part of the Bill."

The motion was adopted.

Clause 10 was added to the Bill.

Clauses 11 to 21 were added to the Bill.

MR. DEPUTY CHAIRMAN: Clause 22. There is an amendment by Mr. Gupta, but he is not here. The amendment is not moved. There are no amendments to the other clauses also.

Clauses 22 to 31 were added to the Bill.

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

SHRI M. C. SHAH: Sir, I move:

"That the Bill be returned."

MR. DEPUTY CHAIRMAN: Motion moved:

"That the Bill be returned."

SHRI H. P. SAKSENA (Uttar Pradesh): Sir, I rise to make a few observations with regard to this Indian Income-tax (Amendment) Bill, 1952. This Bill took 30 years. From infancy to adolescence it has taken full 30 years. It was first passed in 1922 and then last year in 1952 it was thought fit to bring an amendment to

the Indian Income-tax Act. Sir, the hon. the Deputy Finance Minister has himself accepted that this is again a temporary measure and not a comprehensive Bill, covering all aspects of the Indian income-tax system. Sir, I have listened with respectful attention to the reasons that he advanced for bringing in this Bill and for not bringing in a comprehensive measure, but in spite of all the arguments given by him, I remain unconvinced. It would not do to take up these measures—so important as income-tax measures—in dribbles. It would have been much better to wait for a little more time and then bring forward a comprehensive measure.

Now, this amending Bill, incomplete as it is, does bring some beneficial points to the persons who stood in need of that assistance, and more particularly the charitable endowments.

I find that this Bill is mostly composed of Income-tax Officers and Appellate Assistant Commissioners and a number and variety of other officers, so much so that the whole thing appears to be a big jumble. I wonder what this multiplicity of officers would do with regard to income-tax assessment. It appears that the Bill was not intelligently conceived. The result is that more and more officers will be added. Already there was a lot of harassment of the assessee, and the larger the number of officers, the greater the volume of harassment.

Sir, this income-tax is the milch cow of every Government. It brings in revenues to a very large extent. Unfortunately our country is so poor that the total number of assessee in India is very, very small. Still the dissatisfaction that the operation of this Income-tax Department causes to the assessee can be better imagined than described. There is a universal complaint that the officers of income-tax look upon the assessee as thieves, as rogues, as robbers. To

some extent the assessee themselves are responsible for the manner in which they are treated, because if they were honest, straightforward and fair in their dealings, no income-tax officer would be able to lay hands on them, I would suggest that a simple machinery for the levying of income-tax, in which there will be no loss of revenue and at the same time no harassment of the assessee, should be devised by our very eminent and experienced and expert Finance Minister, so that this multiplicity of duties and responsibilities and the additional harassment of the assessee will come to an end.

SHRI K. S. HEGDE (Madras): Mr. Deputy Chairman, I extend a grudging welcome to this more or less halting measure. When the Varadachari Committee was appointed, it was anticipated that we would have a comprehensive piece of legislation touching income-tax. The country is grateful for the very useful and intelligent report of the Committee. But unfortunately the Government found themselves unable to accept the report in its entirety. It accepted the report only in particular respects, and probably some of the very useful recommendations that have been made by the Committee have not been accepted by the Government. Taking the national income and the per *capita* income into consideration, there can be no two opinions that the incidence of taxation in India today is almost oppressive.

SHRI M. C. SHAH: Oppressive?

SHRI K. S. HEGDE: Undoubtedly it is, Sir. But taking also our needs and the requirements of our programme of work for the coming years, it is not practical politics to expect any appreciable reduction in the incidence of taxation. I do know, Sir, that there are very important items of development work for this year and the coming years and our national finances will have to be strengthened in all respects.

[Shri K. S. Hegde.] and as such it might be too much of a risk for the Finance Ministry to inaugurate any expensive reforms in the income-tax law or to grant any substantial relief to the assessee. If the nation is given the satisfaction that every pie of the tax collected is put to its optimum use, then there is a general satisfaction. The country is prepared to back up the Government and undergo all the necessary sacrifices if our sacrifices are harnessed and made the best use of in the national regeneration that is to come. I am sure the hon. Finance Minister with his capacity will try to put the taxes collected from us to the optimum use.

Sir, a few things still stare at our face. My friend Mr. Saksena just now complained that the income-tax law is almost ununderstandable. Ex-Chancellor Dalton once is reported to have said that the income-tax law in England was cumbersome and elephantine. In the very nature of things it is so and I do not expect, even in any golden age in the future, the law relating to income-tax to be simple because it is dealing with a complex problem and as such the law is bound to be complex as well. But what we are concerned with is that the income-tax law must mould the character of a nation. It is not merely a machinery to collect as much money as is possible, but it must be an instrument in shaping the character of a nation. It is an old saying and it is almost right to say "Trust begets trust". Undoubtedly, Sir, I am conscious of the fact that people are not very enthusiastic in paying taxes and devise are found to evade, if possible, or avoid, if necessary. But as the report of that Committee says, there must be at least a quantum of grudging co-operation that must be forthcoming from the assessee public. At present, as has been forcefully expressed by my friend Mr. Saksena, the officers of the income-tax department almost deal with their assessee public as culprits and not worthy of trust. That type

of treatment invariably compels the assessee in their turn not to be honest but only try to be as clever as possible, in maintaining the accounts. I am therefore sure that a new orientation will be given in dealing with that situation. Every step must be taken to tighten up the collection of the income-tax legitimately due to the Government. What is Caesar's must be Caesar's. But at the same time, let there not be a feeling going that the tax-gatherer is merely intended to be almost a looter and not an impartial judge between the Government of the day and the assessee.

In fact, the report of the Committee to which I have referred in more than one place has emphasised the fact that the more the tax collector becomes an arbiter between the Government and the assessee, the more pleasant will be his job. Before trying to build the character of the assessee, we must try to build the character of the income-tax officers. The character of the income-tax officers is an important factor. It is more or less a question of tradition: it is not a matter of rules. We must take every step to build a tradition among our income-tax officers to deal with their assessee as men of character, as men worthy of respect, but at the same time, they should also take every step to see that whatever is due to the Government is collected. In this connection, I am rather unhappy that the Government has not been able to accept the recommendations of the Sir Varadachari Committee to separate the Armellate Department from the regular administrative side. In fact, the Committee recommended that the Appellate Commissioners should be directly under the Law Ministry. For one reason or another, the hon. the Finance Minister was unable to accept that recommendation. In the course of the discussion in the other House, he was pleased to say that in all other countries the first appeal is always to me officers of the Department. It seems that he is unaware

of the difficulty experienced by the ordinary assessee in this country. The first appeal comes for hearing at the end of two or three years. By the time the first appeal is disposed of, practically three or four assessments are made, and as such, it would be too much to expect that an ordinary assessee who has got a legitimate grievance will have either the time or the patience or the money to go to the Tribunal or the High Court. As I said, it is only fair that justice should be done to the assessee. Impartial justice should be vouchsafed to him at the earliest possible stages. Anyway, it is too late to press this point, so far as the discussion at the present stage of the Bill is concerned. I have been emphasising this fact only to persuade the Finance Ministry to see their way to concede this demand of the public which has been more or less suppoed by more than one Committee. Even the Ayres Committee which was appointed in 1935 had in more than one place indicated that it would be desirable to dissociate the Appellate Commissioners from the administrative side or the administrative control.

There are a number of other important points but at this third reading stage. I would only make one more request to the Ministry of Finance to implement as many of the recommendations of the Sir Varada-chari Committee as possible both in the interests of the Government and in the interests of the assessee. It is no good treating the assessee as a mere milch cow. Let us treat him as an honest citizen and, as I said, let us mete out that justice to him which is due to him under law.

SHRI R. C. GUPTA (Uttar Pradesh): In this third reading stage of the Bill, I would confine myself to a few observations only on one aspect, and that is that the Appellate Assistant Commissioners should not be under the Central Board of Revenue but that they should be under the Law Ministry.

MR. DEPUTY CHAIRMAN: That point has been discussed sufficiently.

SHRI R. C. GUPTA: I would take only three or four minutes. The hon. Deputy Minister for Finance in the course of his reply advanced two arguments. One was that in about 86 per cent, of the cases decided by the Income-tax Officers, their decisions were acceptable to the assessee and that in only about 13 per cent, of the cases, appeals were preferred against their decisions and that in about only 3 per cent, of the cases disposed of by the Appellate Assistant Commissioners, the decision on second appeal to the Appellate Tribunal was reversed in favour of the appellants and that the position is therefore satisfactory. The other point that the Deputy Finance Minister made was that the Appellate Commissioners acquire sufficient experience for deciding such cases on account of their training as Income-tax Officers.

My submission is that both these arguments are untenable. In fact, it is common experience that appeals are not preferred by a majority of persons not because they are satisfied with the decisions but because of various other reasons. As regards his second argument, nobody has said that the Appellate Commissioners decide the cases wrongly. The whole object is that the assessee should feel that he is getting justice. That is the point of view which I want to press. If the appeals are heard by the Appellate Assistant Commissioners, it does not inspire confidence in the minds of the assessee. The crux of the question is that, there must be confidence inspired in the minds of the assessee that they are getting justice. This demand is a very old one and it has been repeated more than once, and so many Committees appointed by the Government have admitted that this demand has been practically unanimous. The Income-tax Investigation Commission has reported:

[Shri R. C. Gupta.]

"Opinion was practically unanimous that the Appellate Assistant Commissioners should be removed from the control of the Central Board of Revenue."

If that be so, I cannot see any reason why the Government should not concede this demand of the public. This demand is parallel to the demand for the separation of the judiciary from the executive. I do not think that this will mean any extra expenditure to the exchequer, and if the public can be satisfied by the Government conceding this demand, I think it will be worth while for the Government to consider this question when they bring forward the contemplated comprehensive Income-tax Bill in the near future.

SYED MAZHAR IMAM (Bihar):

سید مظہر امام : (بہار) : مسٹر

چیمبرمین - میں اس بل پر اس وقت کوئی خاص تقریر کرنا نہیں چاہتا ہوں - متض ایک سنجیدگی حکومت کے سامنے رکھنا چاہتا ہوں - حکومت کے سامنے اکثر یہ شکایت رہا کرتی ہے اور جیسا کہ ہمارے اور دوستوں نے بھی اپنی سہیل میں کہا ہے اور اس میں شک نہیں کہ یہ شکایت ایسی ہے کہ جس کو رفع کرنا حکومت کے لئے آسان نہیں ہے یہی جتنا انکم ٹیکس ہوتا ہے اس کو تاجر لوگ نہیں دیتے ہیں اور اسکو بچانے کی کوشش کرتے ہیں - اس معاملہ میں حکومت کے سامنے میں یہ سنجیدگی رکھنا چاہتا ہوں کہ تاجروں کے جو کیش میمو ہوتے ہیں ان کو گورنمنٹ کی طرف سے سہل

کرانا چاہئے تاکہ یہ پتہ چل سکے کہ کتنی رقم کا مال پرچیز کیا گیا اور کتنے کا سہل کیا گیا - لوگ اکثر کہا کرتے ہیں کہ تاجر لوگ جو حساب انکم ٹیکس ڈیپارٹمنٹ کو دیتے ہیں وہ دوسرے طریقہ کا ہوتا ہے اور ان کا کاروبار دوسرے طریقہ کا ہوتا ہے - ہمارے خیال میں سب سے اچھی صورت یہ ہے کہ جن پر انکم ٹیکس لگتا ہے ان کے پاس صرف گورنمنٹ کے سہل کئے ہوئے کیش میمو ہوں تاکہ آسانی سے ڈیپارٹمنٹ جان سکے کہ کتنا فائدہ ہوا ہے - ایسا کہ نہ سے اب بہت بڑا فائدہ یہ ہوگا کہ تاجر اپنی انکم کو اور اپنی ایکسپنڈیچر کو چھپا نہیں سکے گا -

یہ بھی شکایت ہے کہ بڑے بڑے تاجران پر تو ٹیکس کم لگایا جاتا ہے اور جو چھوٹے چھوٹے تاجر ہوتے ہیں ان پر بہت زیادہ ٹیکس لگا دیتے ہیں - میں حکومت سے کہوں گا کہ اس چیز پر بھی وہ غور کرے اور تحقیقات کرے کہ نوٹس کتنے روپے کی ایشو کی جاتی ہے اور اسکے بعد اسی آفس سے کتنا روپیہ فائنل اکسائمنٹ کا رکھا جاتا ہے - اگر اس طرح جانچو گے تو آپ کو پتہ چل جائے گا کہ اس کے اندر کیا ہوتا ہے اور وہ کیوں ہوتا ہے - میں امید کرتا ہوں کہ مسٹر صاحب

اس طرح کی تحقیقات کے لئے اپنے
یہاں سے سرکار جاری کریں گے تاکہ
ان کو صحیح پتہ چل سکے کہ
قیامت کی کس طریقہ سے کام کو
رہا ہے۔

اگر گورنمنٹ میرے اس سنجیدگی
کو مان لے اور کیش میمو کو سیل
کرائے تو اس سے بہت فائدہ ہوگا۔
ایک تو یہ ہوگا کہ اگر کسی تاجر
کی موافقت میں کمشنر فیصلہ
نہیں کر سکا تو وہ ٹریبیونل میں اسی
کیش میمو کو لیکر جا سکتا ہے اور
انصاف کرا سکتا ہے۔ اس سے بہت
ریاضی ہوگی اور میرا دعویٰ ہے کہ
شاید گورنمنٹ کی انکم بی بی نہ
بڑھ جائے گی۔

دوسری چیز متحدہ انڈیا منسٹر
سے صوبہ بہار کے متعلق عرض کرنی
ہے اور وہ یہ ہے کہ معلوم ہوا ہے
کہ انکم ٹیکس آفس کا ہیڈ کوارٹر
بہار سے بدلتا چاہتے ہیں۔ میں
عرض کرنا چاہتا ہوں کہ صوبہ بہار
ایب بڑا پروانس ہے اور اس کی
چار کروڑ کی پاپولیشن ہے۔ اگر ہیڈ
آفس کو کلکتہ ٹرانسفر کر دیا گیا
تو بڑے بڑے تاجروں کو تو دقت نہ
ہوگی لیکن جو چھوٹے چھوٹے تاجران
ہیں ان کو پتہ نہ یا دوسرے علاقوں
سے کلکتہ جانے میں اور وہاں جا کر
پرووی کرنے میں بہت تکلیف ہو
گی۔ یہ قیامت کی جب سے بہار

میں قائم ہوا ہے تب سے اس کا
ہیڈ آفس وہاں ہی رہا ہے۔ ایک
زمانہ سے ہیڈ آفس بہار میں ہے۔
اس لئے میں حکومت سے درخواست
کروں گا کہ وہ اس چیز پر غور کرے
اور ہیڈ آفس کو صوبہ بہار سے نہ
ہٹائے۔

[For English translation, see Appendix IV, Annexure No. 176.]

SHRI T. S. PATTABIRAMAN (Madras):
Sir, I support the Bill that has been brought
before this House. I would like to confine my
remarks to a few suggestions with regard to
amending section 24 of the Bill and 49 (d) of
the original Act. Sir, it is common knowledge
that the amending section has not been of
much use to the South Indian merchants who
have large-scale investments in Burma,
Ceylon and Malaya. The section is in one way
an improvement and in another way it is not.
This section as it originally stood admitted of
relief though the extent of one half of the
lower of foreign or Indian tax, to all classes of
tax payers. But now the section seeks to give
relief to the full extent of the tax on the
foreign income at the Indian rate of tax or the
foreign rate whichever is less only to persons
who are resident in India. It is not understood
why this concession is not made applicable to
non-residents and there are many Indians who
are in Burma and Ceylon who have large
establishments for the past so many years and
when they bring their money to India—and it
is the object of this measure to see that there is
flow of capital into India—they are taxed
fully. So I would like to appeal to the Minister
to consider whether it would not be possible
in the future at least to see that this provision
is extended to non-residents also.

There is also another proviso in the above
amendment which seeks to exempt only so
much of the foreign income which accrued
after 1-4-53

[Shri T. S. Pattabiraman.] but was not chargeable to tax. In other words, the benefit of this section will be enjoyed by the class of taxpayer known as "Resident but not ordinarily resident". It is but fair and reasonable that all persons must be enabled to take advantage of the concession. This has been of much help in bringing capital into this country. In the past few years the condition of merchants who have invested crores of rupees in Burma, Singapore and other places has become difficult and they have found great difficulty in carrying on their business there and they have been forced rather to curtail their establishments there and bring their capital to India. On the 20th May 1952 a Press Note was issued by the Government of India saying that the Government would encourage persons resident in India to establish branch business in foreign countries, which implies that the residents of India who have business elsewhere will be able to get enough money to this country. With that object in view. I understand, this section has been brought here. In so far as the income accruing or arising in U.K. is concerned, the Central Government has taken further power to make this unilateral basis of relief applicable, if necessary, to the assessment years 1949-50, 1950-51 and 1951-52 viz. for the account years 1948-49 to 1950-51. But this concession has been extended only with regard to U.K. and I will request the Minister for Finance to consider what are the serious objections to extending this concession to countries like Burma, Ceylon and other places. On the same analogy the Government of India should be pleased to include Burma in making this unilateral basis of relief applicable retrospectively for the years 1948 to 1952. By Double Income-tax Relief Order, 1936 between India and Burma a double income-tax relief arrangement had been agreed to between the two countries. But with the attainment of independence by Burma the agreement was terminated and it is not enforced, but on the

other hand the Burma Government is not prepared to help by coming into an agreement with us. I am informed that for the past 3 years the Government of India have been in consultation with the Government of Burma for coming to an agreement with regard to double income-tax relief, but the Government of Burma is not anxious to do so because there are a very negligible number of firms of Burmese in India. On the other hand thousands of Indians—South Indian Firms—have large establishments of long standing in Burma. By not coming to an agreement the Government of Burma is able to gain but the India Government is not able to help our merchants. So I would request the Government to consider the advisability of extending this relief to the income accrued from the assessment year 1948/49 from Burma and Ceylon as in the case of U.K. Otherwise, the Government will find that the Indian merchants will not be able to profit much because the relief is only from 1952. As a matter of fact it is known that for the past one or two years the income is very little and so the profits will be less. If the concessions are not extended to previous years, the money will not be brought here because even if they are to bring say a lakh of rupees, they will have to pay a huge sum as tax and so the Indian business in Burma will be closed down and there will be hardship to our people. So I would appeal to the hon. Minister to use his persuasion with the External Affairs Ministry to see that an agreement is effected. The two Prime Ministers have recently met and there has been good and frank talks with regard to co-operation and other things. I would like the hon. Finance Minister to urge upon the External Affairs Ministry to include this agreement with regard to the relief from double taxation as a major item in the Conference to be held in the future between the Government of India and the Government of Burma. With this I trust that the hon. Minister will be able to extend

the same privilege that is to be shown to the income from U.K. also to the income of persons who have got business in Burma, Ceylon and other places. I can assure him that this will to a very great extent relieve the sufferings and the financial stringency that is being experienced by the business interests of South India.

SHRI C. P. PARIKH (Bombay): Mr. Deputy Chairman, I had no intention of speaking at this third reading stage of the Bill, but because of some remarks made about the working of the Income-Tax Administration, I thought I would say a few words about them. Of course, if more attention is given to the collection of taxes on the hidden incomes and also on the big cases, after proper scrutiny, I am sure the Finance Minister will be able to get more income than at present. It is, *at* course, no use concentrating on cases which are comparatively small. If the necessary instructions are issued to concentrate on the bigger cases where bigger amounts are involved, there will be much better receipts and more money obtained for the Government. The hon. Finance Minister himself knows very well from which *corv* cerns or quarters more money can be got. He also knows that there are people in this country who are living beyond their means. This is a generally known fact and if such cases are properly examined, more and more money will come to Government. I think the hon. Finance Minister knows that there are many businessmen of that kind in his own State and outside. I hope more and more attention will be directed in this direction by the Income-Tax Department and that this will lead to increased revenues of the Government.

With these words, I close my remarks.

MR. DEPUTY CHAIRMAN: Dr. Mitra, come on, this is the third-reading stage.

DR. P. C. MITRA (Bihar):

डा० पी० सी० मित्रा (बिहार) : डिप्टी

चेयरमैन साहब, मुझे इस बारे में यह कहना है कि इंकमटैक्स डिपार्टमेंट में जो आफिसर रखे जाते हैं वे टेम्पोरेरी (temporary) होते हैं और उनको परमानेंट (permanent) करने के लिये जो क्वालीफिकेशन (qualification) है वह यह है कि ज्यादा से ज्यादा इंकमटैक्स रियलाइज (realise) करें तो परमानेंट होंगे। इसी वास्ते तमाम हैरसमेंट (harassment) होता है। आज हालत यह है कि अगर किसी ने इंकमटैक्स आफिसर के घर में जो दूध दिया उसमें पानी दे दिया या कम दे दिया तो उसके पास नोटिस जाता है कि तुम इंकमटैक्स क्यों नहीं देते हो अगर वह कहता है कि हम आठ सेर कर के दूध देगा तो उसका नोटिस खत्म कर देता है। इस तरह का हैरसमेंट होता है और इन्नोसेंट परसंस (innocent persons) का हैरसमेंट होता है। जैसे एक पेट्रोल की दुकान है अगर पेट्रोल उसे मुफ्त देता है और गाड़ी भी मुफ्त देता है तो इंकमटैक्स माफ और अगर नहीं देता है तो नहीं माफ। गरीबों का तो बहुत हैरसमेंट होता है, उसको वकील के पास जाना होता है और वकील बहस करता है, इसमें उसका १०, १५ रुपया खर्च हो जाता है और बाद में यह होता है कि वकील भी आपस में मिल जाना है और उसको इंकमटैक्स देना पड़ जाता है। तो जो इंकमटैक्स आफिसर हो उसके लिये यह न रखें कि जितना ज्यादा से ज्यादा रियलाइज करोगे उतनी जल्दी परमानेंट होंगे बल्कि मेरिट (merit) पर उसको परमानेंट करें।

आजकल बहुत से टैक्स हैं, जैसे सेल्स टैक्स होता है और दूसरा टैक्स होता है और इंकमटैक्स होता है लेकिन इंकमटैक्स के माफिक किसी में हैरसमेंट नहीं है। जो आनेस्ट

[Dr. P. C. Mitra.]
 (honest) हैं, जो ईमानदार हैं उन का भी एकाउंट इंकमटैक्स आफिसर नहीं मानते हैं और कहते हैं कि उतना नहीं, इतना टैक्स होगा। वह किसी का एकाउंट नहीं मानते हैं क्योंकि वह अपने दिल में यही सोचते हैं कि सब चोर हैं, सब चोर हैं, किसी का एकाउंट नहीं मानते। गवर्नमेंट को इसके ऊपर नज़र रखनी चाहिये कि कितने आदमियों का हेरासमेंट हुआ है और क्यों हुआ है। इसको जो बड़े बड़े आफिसर्स हैं उनको देखना चाहिये। मैं यह मानता हूँ कि इंकमटैक्स की दरकार है क्योंकि उसके बिना गवर्नमेंट कैसे चलेगी। इंकमटैक्स बहुत पहले शुरू हुआ था, जब अफगान बार हुई थी तो एलान किया था सरकार ने कि फर्स्ट अफगान बार में जो खर्चा हुआ है उस को मीट (meet) करने के वास्ते यह टैक्स है और तबसे यह चला आ रहा है। तो गवर्नमेंट को चलाने के लिये इंकमटैक्स की दरकार है लेकिन इतना हेरासमेंट करने से लोगों को बहुत दुख होता है इसलिये गवर्नमेंट उस पर नज़र रखे ताकि गरीबों को तकलीफ न हो।

[For English translation, see Appendix IV, Annexure No. 17JM]

DR. SHRIMATI SEETA PARMA-NAND (Madhya Pradesh): Sir, I have only one or two observations to make, arising particularly after the reply of the hon. Deputy Minister that we had yesterday.

11 A.M.

One point that he mentioned was about the conditions regarding hospitality trusts and their operation outside the country. The other was about the revocable trusts and their assessments later on. I would like to ask him one or two questions with regard to the hospitality trusts, and the other charitable trusts. It is not understood how the question of these

trusts being operative outside the country comes in here at all. The question in connection with such trusts is that though «astensibly they are for a charitable purpose, they are used for the benefit of the family under the guise of charity and the main point is that the income-tax authorities at the district level are usually under obligations to them and they find it inconvenient to do anything, in view of all this going on as charitable trusts.

Then about the trusts being made revocable I would like to ask the Deputy Minister one question. If a family makes a trust in favour of a charity and later on, say after ten or fifteen years, it has to be revoked because 'the family's income has come down, how can the income-tax that has to be paid on that income really be so much and so heavy as the Deputy Minister said, as to be paid out of the very corpus? I fail to understand how the taxes on the accumulated income can come up to such a high level.

Then the other observations that I have to make relate to the statement that Government intended to bring in a comprehensive legislation at a later stage and that legislation would give due attention to all the various suggestions made. May I ask the hon. Deputy Minister why even with these comprehensive suggestions of the Income-tax Investigation Commission, the Act was passed and again when this Amending Bill has been brought in, why all the clauses that will be incorporated in that comprehensive legislation have not been brought in now? Two years is a very long time in which the Government should have been able to bring in a comprehensive legislation. If the hopes raised by the Income-tax Investigation Commission are to be realised, if the people are to believe that Government are determined to tackle corruption and income-tax evasion seriously, I would request the Deputy Minister to take into consideration the question, why this thing has not yet been

done. It has been mentioned even on the floor of the House during last year's Budget discussion and I am sure the hon. Deputy Minister is aware that a number of officers as has been said by Mr. Parikh, are living beyond their means. Why have not Government taken power, without making de-facto charges, under the Income-tax Law, to call for an inspection of all their accounts? Government could easily have done that and all the necessity of framing charges, holding enquiries and finally failing for lack of adequate evidences which are cleverly concealed, could have been avoided.

Secondly, with regard to businessmen, when people talk of them and accuse them, it is understood that the entire business community is not meant. Only those who are guilty of malpractices are meant. But with regard to the incomes of the business community, the Government as well as the general public and also the income-tax officers really know fully well that there are many businessmen whose incomes during the last fourteen years, that is to say, since 1939, have gone up a hundred or even a thousand fold. Is it not then, the duty of the Government to take powers as has been suggested by the hon. Member Shri C. G. K. Reddy, to do the needful?

It should have been done in this little amending Bill that has been brought. The I.T.Os. should have been given the powers so that the second or the third sets of accounts books could have been taken and investigations could have been made. If Government makes a clean sweep of 100 or 200 cases like that, we will have bidden good-bye to corruption and we would have shown to all and sundry that Government meant business and had no compunction for those who were guilty even if they were highly placed. I do not know when this comprehensive legislation is to come before the House. As it is, we have seen that this is such a subject that even for a few amendments two 36 CSD

days of the House have been taken and I am quite sure that if that comprehensive legislation had been brought before the House today, all that could have been passed within the same time. The hon. the Deputy Finance Minister is aware that each day's sitting of this House means Rs. 10,000 to the tax payer and from that point of view as also from the point of establishing Government's determination to act according to its profession, if this thing had been brought this time it would have been better; but I would appeal to the hon. the Deputy Finance Minister to tell us within what time we may expect this comprehensive Income-Tax Bill.

SHRI RAJAGOPAL NAIDU (Madras): Mr. Deputy Chairman, at this stage I do not want to inflict any speech but I only want to invite the attention of the hon. the Deputy Minister to the fact that yesterday he was saying that subsequent to the recommendation of the Varadachari Committee, there was another Committee which had recommended

SHRI M. C. SHAH: Not another Committee but the Members of the Investigation Commission. The Commission is a continuing body.

SHRI RAJAGOPAL NAIDU: The hon. Minister says that the Members of the Income Tax Investigation Commission had recommended that they can continue to remain under the C.B.R. and that they need not be placed under any other Ministry.

Sir, I tried to go through the report of the working of the Income-Tax Investigation Commission during 1951 and 1952 and, if I remember right, the hon. Minister was saying yesterday that it was in 1951 or 1952 that the Investigation Commission had recommended that they need not be placed under the Ministry of Law and I would like, Sir, the hon. the Deputy Finance Minister to enlighten us as to in which year it was and if so whether he can read out that portion and for what purpose the subsequent Commission went back upon the recommendations of no less a Committee than

[Shri Rajagopal Naidu.] the one presided over by Mr. Chief Justice Varadachan. It is only that doubt, Sir, that I want cleared up in this matter.

SHRI K. S. HEGDE: Apart from that, Sir, there are two things: one is under section 3, that is a report which will be complete and the other is under section 5 whereunder they constitute themselves into a Commission for the purpose of investigating individual cases.

SHRI M. C. SHAH: Sir, the points that have been raised were replied to by me yesterday and I don't think it will be necessary for me to reply at length, on those points. My friend, the last speaker, Mr. Rajagopal Naidu, raised the question about the statement that I made. I will read that. This is dated 30th September 1952, from two Members of the Income-Tax Investigation Commission. Shri Vishwanatha Sastry as well as Shri Govindan Nair. Perhaps my friend is quite aware that the Income-Tax Investigation Commission is a body continuing: some Members resign and others take their places but what they stated on 30th September 1952 is this: A division of income-tax administration between the Finance and Law Ministries even at the Appellate Assistant Commissioners' level does not seem to be called for either on the principle or upon the result of past experience.

SHRI RAJAGOPAL NAIDU: I would like to know, Sir, whether they had discussed the report of 1948 threadbare and come to the conclusion that it was absolutely unnecessary to place them under the Ministry of Law and that they should continue under the Ministry of Finance.

SHRI M. C. SHAH: I say, Sir, that they knew about this and, therefore, they referred about this very matter.

SHRI K. S. HEGDE: As a point of information, Sir, may I ask the hon.

Minister, if this matter was referred to the Sastry Commission?

MR. DEPUTY CHAIRMAN: That is a subsequent report of the same Commission.

SHRI K. S. HEGDE: There cannot be any subsequent report in these things. There are two things: one is under section 3 and the other is under section 5. Under section 3 of the Act, the Commission was called upon to submit a report on certain aspects, which were referred to them under the Terms of Reference. Under section 5 of the Act, they themselves were constituted into a Commission for the purpose of investigating individual cases. Now, so far as the report that they submitted is concerned, that was final. There was no further Committee or Commission appointed, for the purpose of either for reviewing the report or for submitting a fresh report.

SHRI M. C. SHAH: I do not understand this. I have already replied and I am reading the report. Government have taken a decision that they do not want to change it. What is the use of this argument? We are not asking whether this implementation of the recommendations should be there or not; we say that we are strengthened by the observations made by Members of the Commission as late as 30th September 1952. Government do not consider it necessary. Both these friends are lawyers and so I have not called for the books but I recommend them.....

SHRI RAJAGOPAL NAIDU: Does the Hon. Minister think that the lawyers are a nuisance.

SHRI M. C. SHAH: No. I am not telling that.

SHRI G. RAJAGOPALAN: He himself is a lawyer.

SHRI M. C. SHAH: No. I have left it so many years ago.

SHRI K. S. HEGDE: That is the mistake.

SHRI M. C. SHAH: I would ask them to go through the judgement of Sir Cecil Watts and Iqbal Ahmed re: Bhagat, I.T.C. p. 51 and judgement of Lord Hainsworth, Master of Rolls in Commissioner of England *versus* Smith, 17 T.S- page 16. and they will find that this principle is a very sound principle as far as the income-tax matters are concerned. Further, I may recommend to them another authority on Public Finance, by Lutz. His book is in the Library, 'Public Finance', 4th Edition, page 314. From it they will find that this is a practice which is a very sound one and which has been accepted by all advanced countries: even the U.K. has accepted this condition that the Assistant Appellate Commissioner should not be under any other Ministry except, the Finance Ministry. Therefore, Sir, instead of going through all these things I would recommend to my hon. friends the instances that I have cited and, oerhaps after going through these three books they will revise their opinion.

SHRI K. S. HEGDE: In turn we will suggest that you read the Varadaehari Committee Report.

SHRI M. C. SHAH: That we have read and, thereafter, we have come to the conclusion.

SHRI RAJAGOPAL NAIDU: Sir, May I know what are the.....

MR. DEPUTY CHAIRMAN: Order, order, Mr. Naidu; let him finish. This has been sufficiently discussed.

SHRI RAJAGOPAL NAIDU: What are the special reasons for this to remain under the Finance Ministry?

MR. DEPUTY CHAIRMAN: He has replied in extenso.

SHRI M. C. SHAH: In extenso I have replied and I do not think I should take more time of the House. I don't know whether he was here

when I replied. There are so many reasons. I have stated and I still state that it is in the interests of the assesseees themselves that the Appellate Assistant Commissioners should not be under any other Ministry except the C.B.R. or the Finance Ministry.

SHRI B. C. GHOSE (West Bengal): How?

SHRI M. C. SHAH: I have replied in extenso and I am convinced also about it. This matter has not been raised just now; it had been raised in the Select Committee and for hours together they discussed there. It was raised in the House of the People and it has been raised here and we have tried to give a satisfactory reply. If Members continue to ask, I cannot help them but that is the decision that the Government has taken.

Now, Sir, the Hospitality Trust referred to by Dr. Seeta Parmanand, I don't think that can come under the charities. I don't think the question need be pursued further. About the Revocable Trust also, I think, Sir, under the Indian Income-Tax Act, if the trust is for a period less than six years then that income is being taxed. Then she said that a comprehensive Bill should have been taken on hand. As a matter of fact I know how difficult it was for us even to have this Bill given priority and passed by the House of the People. Let me also say that the Taxation Enquiry Committee has been appointed and that committee will go very fully into all these matters and see the point raised by my friend Mr. Reddy, namely whether the taxation at present is oppressive or not and whether the incidence of taxation is much more than what it ought to be. All these questions will be gone into by the Taxation Enquiry Committee and perhaps it will be better for my friend to represent his views there.

There were also remarks about (he income-tax officers. I may assure the House again that there are specific instructions to the income-tax officers to be very courteous to tie

[Shri M. C. Shah.] assessee. They are not considered as criminals. As a matter of fact on this side it has been said that the income-tax officers treat the assessee as criminals whereas on the other side it has been said that there is so much income-tax dodging and the income-tax officers are not taking proper action. In between these I should think that the work is going on progressively because there are two extreme views.

Now, Sir, with regard to Burma and Ceylon, after the constitutional changes all old arrangements cease to exist. Now we are trying to have arrangements with them and we hope by negotiation we shall be able to reach an agreement with those countries. In the meantime all those advantages that accrue at present will be continued during this transitory period. About the non-residential persons even if they remain, no tax is to be paid because that tax is paid there only in the case of 'residence'. Up-till now 50 per cent, tax relief was given and now we propose to give 100 per cent, tax relief.

Now I do not think that there are any other points which were not replied to by me the other day, and therefore, Sir, I hope that the House will accept the motion that this Bill be returned.

MR. DEPUTY CHAIRMAN: The question is:

"That the Bill be returned." The

motion was adopted.

PAPER LAID ON THE TABLE

THE RESERVES AND AUXILIARY AIR FORCES ACT RULES, 1953

SHRI M. C. SHAH: Sir, on behalf of Shri Majithia, I lay on the Table of the Council a copy of the Reserve and Auxiliary Air Forces Rules, 1953, as required under sub-section (4) of Section 34 of the Reserve and Auxiliary Air Forces Act, 1952. It is placed in Library. See No. S-38/53.]

MOTION OF PRIVILEGE

SHRI RAJAGOPAL NAIDU: Sir, I sent in a Privilege Motion.....

MR. DEPUTY CHAIRMAN: The matter will be enquired into.

SHRI RAJAGOPAL NAIDU: Sir, I want to make a brief statement in that connection.

MR. DEPUTY CHAIRMAN: Not necessary just now. You will be called upon to make it in due course.

SHRI RAJAGOPAL NAIDU: I shall take only 3 minutes. Sir and I shall just explain under what circumstances I have given the Privilege Motion.

MR. DEPUTY CHAIRMAN: Please be very brief.

SHRI RAJAGOPAL NAIDU: Sir, the House would have been aware of a very serious statement that has been published in the 'Statesman' of this morning, which concerns the dignity and the privileges of this House, not only of the Members of this House but also of the officers of this House. Sir, the very serious matter which involves breach of privilege is that the official version of the Proceedings of this House have been verbatim given in this morning's paper which, according to me, would amount to a breach of privilege. Sir, the Proceedings that are laid on the Table are uncorrected and it is definitely written upon them "Uncorrected—Not for publication". While that is the case I do not know under what circumstances it came to be reported in this morning's paper and it is there clearly stated 'official version'. Sir, I pass on the newspaper.....

MR. DEPUTY CHAIRMAN: I have got it here. An enquiry has to be made and the matter will be taken up after the enquiry is made.

SHRI RAJAGOPAL NAIDU: There is another point also which I would like to invite the attention of the hon the Deputy Chairman to, and that is