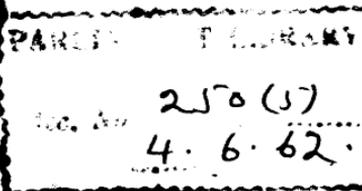


Friday, 9th March, 1951

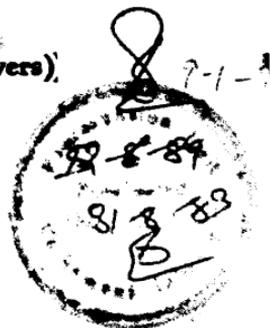


PARLIAMENTARY DEBATES

(Part I—Questions and Answers)

OFFICIAL REPORT

VOLUME VI, 1951



(5th February to 31st March, 1951)

Third Session (Second Part)

of the

PARLIAMENT OF INDIA

1951

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**THE
PARLIAMENTARY DEBATES
(Part I—Questions and Answers)
OFFICIAL REPORT**

2059

2060

PARLIAMENT OF INDIA

Friday, 9th March, 1951

*The House met at a Quarter to Eleven
of the Clock.*

[MR. SPEAKER in the Chair]

ORAL ANSWERS TO QUESTIONS

IMPORT OF MILK POWDER

*2019. **Shri Sidhva:** (a) Will the Minister of Food and Agriculture be pleased to state the quantity of Milk powder imported into India during the years 1947, 1948, 1949 and 1950, each year separately?

(b) Is this milk powder sold by State Governments at profitable price to consumers?

(c) What profit is made by State and Central Governments in this respect?

(d) What is the cost of imported milk powder in India?

The Minister of Food and Agriculture (Shri K. M. Munshi): (a) A statement showing the quantities of milk powder imported into India during 1947, 1948, 1949 and 1950, as recorded in the Sea-borne Trade Accounts, is placed on the Table of the House. [See Appendix XIV, annexure No. 28.]

(b) and (c). Except in the case of Bombay, milk powder was imported on private account and sold through normal trade channels in the open market. In Bombay certain quantities of milk powder are sold by the State Government as a part of the Milk Supply Scheme for Bombay. Figures of milk powder imported by the Government of Bombay or taken over from licence holders are not readily available. The Government of Bombay have, it is understood, fixed the sale price of milk powder in relation to the

Milk Supply Scheme so as to reduce the losses as far as possible over the scheme as a whole.

(d) A statement showing the cost of milk powder landed in India is placed on the Table of the House. [See Appendix XIV, annexure No. 28.]

Shri Sidhva: The hon. Minister stated that the price fixed by the Government of Bombay is just to cover the loss that is sustained in the big Milk Supply Scheme for Bombay. May I know whether they have made any profits last year or in any earlier year or whether they have undergone a loss in the import of milk powder?

Shri K. M. Munshi: I have already stated that the Bombay Government have made a considerable profit in this milk powder business.

Shri Sidhva: You did not say that.

Shri K. M. Munshi: The profits made are as follows:

		Rs.
1946-47	..	23,20,750
1947-48	..	26,63,991
1948-49	..	22,69,041
1949-50	..	44,80,272
TOTAL		1,17,34,054

Shri Sidhva: Out of the total imports amounting to Rs. 1,82,11,308 in 1950, may I know how much was imported by other States than Bombay? Or can he give the figure of import for Bombay?

Shri K. M. Munshi: You mean imported in point of quantity?

Shri Sidhva: Quantity as well as price, if you have got the information.

Shri K. M. Munshi: I have not got the figures here.

Shri Sidhva: May I know whether the customs duty is paid on this by the Bombay Government or is it free?

Shri K. M. Munshi: I am not aware of it. I would like to have notice.

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Shri Sidhva: May I know whether the other importers have to pay customs duty and whether the Bombay Government are exempt?

Shri K. M. Munshi: I would like to have notice.

Shri Sidhva: What is the landed price per ton of this imported milk powder?

Shri K. M. Munshi: The landed cost ranges from ten annas to twelve annas per pound.

Shri Sondhi: Is it not a fact that one of the Ministers of the Bombay Government during discussion in the State Assembly admitted that last year they made as much as Rs. 65 lakhs of profit?

Shri K. M. Munshi: My figure for 1949-50 shows that they made a profit of Rs. 44 lakhs.

Shri Sondhi: In view of the large profits made, will the Government take up the question with the Bombay Government that they should not profiteer on it?

Shri K. M. Munshi: The Bombay Government's case is that they have spent over Rs. 2 crores for improving the Bombay Milk Supply and that this amount is applied towards that scheme.

Shri Syamnandan Sahaya: Will the Government be pleased to state what was the total investment of the Bombay Government which brought to them a net profit of Rs. 44 lakhs last year?

Shri K. M. Munshi: There cannot be investment because the milk powder is brought in and sold.

Mr. Speaker: Both the question and the answer do not arise.

Shri Syamnandan Sahaya: By investment I mean that the Government of Bombay may have had to pay for buying the milk in the first instance.

Mr. Speaker: The reply given is that as they purchase, they sell. It is a small investment.

Shri Kamath: Is it a fact that an Indian firm called National Nutrimentals Ltd. has got two factories, one at Dum-Dum, the other at Banaras, manufacturing milk powder, and what steps have Government taken to cut down imports by purchasing from these Indian factories?

Shri K. M. Munshi: I have no information with me here. If the hon. Member puts a separate question I will have enquiries made.

Prof. K. T. Shah: May I know what was the total turnover during 1949-50 on which a profit of Rs. 44 lakhs was made?

Shri K. M. Munshi: Unfortunately I have got here the total quantities for the whole of India and not separately.

श्री अचिन्त राम : क्या गवर्नमेंट ने हिन्दुस्तान में मिल्क पाऊडर पैदा करने की स्कीम पर गौर किया है ?

[**Lala Achint Ram:** Have the Government considered any scheme for the manufacture of milk powder in India?]

Shri K. M. Munshi: I would like to have notice of it.

Shri Sidhva: May I know whether apart from the Government of Bombay any other State Government is doing business on profit like this?

Shri K. M. Munshi: No, Sir.

LONG-RANGE RADIO-TELEPHONE SYSTEM

*2020. **Dr. Ram Subhag Singh:** Will the Minister of Communications be pleased to state:

(a) whether it is a fact that the United Nations International Civil Aviation Organisation is planning to have a long-range radio-telephone system for use by commercial air liners in the Middle East; and

(b) whether it is a fact that one of the Flight Information and Rescue Coordination Centres of that organization will be in Bombay?

The Minister of Communications (Shri Kidwai): (a) Recommendations to this effect have been made at a recent Regional Meeting of the International Civil Aviation Organization. The necessary facilities are to be provided by the States concerned, not by the Organisation.

(b) A Flight Information Centre and a Rescue Coordination Centre, as recommended by the International Civil Aviation Organisation, exist at Bombay. These Centres have been established by the Civil Aviation Department of the Government of India.

Dr. Ram Subhag Singh: May I know the estimated cost of establishing that Flight Information Centre and Rescue Coordination Centre at Bombay?

Shri Kidwai: They have been in existence for long—they have not been recently established on account of that recommendation.

Dr. Ram Subhag Singh: When was that Centre established in Bombay?

Shri Kidwai: It was one of the schemes implemented when civil aviation was started. It existed at several places in India and not at Bombay only.

Dr. Ram Subhag Singh: May I know whether the cost of establishing that Centre was fully borne by the U.N.O. or by the Government of India?

Shri Kidwai: It was borne by the Government of India. Every country provides such centres in its area.

Dr. Ram Subhag Singh: At which other stations do such Centres exist?

Shri Kidwai: Delhi and Calcutta.

RICE RESEARCH INSTITUTE, CUTTACK

*2021. **Shri Barman:** Will the Minister of Food and Agriculture be pleased to state:

(a) the research results obtained in 'Rice Research Institute, Cuttack' in 1950;

(b) nutritional value of raw rice and parboiled rice, and their vitamin contents;

(c) the methods evolved, if any, for increasing the crop yield; and

(d) the machinery adopted by Government for propagating the result in the rural area?

The Minister of Food and Agriculture (Shri K. M. Munshi): (a) A statement is laid on the Table. [See Appendix XIV, annexure No. 29].

(b) Research in this direction has not been done at the Central Rice Research Institute but work done elsewhere in India has established that raw rice, milled and polished, is less nutritious than parboiled rice. Some recent preliminary studies have shown that the vitamin B₁ contents vary from 2.0 to 4.5 micrograms per gram in the unpolished state while in the commercial parboiled and raw rice the figures are roughly 2.1 and 1 respectively.

(c) The methods advocated are (i) judicious application of fertilisers and manures; (ii) growing of improved varieties; and (iii) transplanting the crop instead of direct sowing wherever conditions permit.

(d) Such of the results, as are of practical value and are capable of adoption by the cultivators are demonstrated at the intensive cultivation centre started from this year under the direct charge of the Institute, comprising 4,000 acres in 21 villages within a radius of seven miles from the Institute.

The State Governments also distribute improved seed, manures, implements, etc. and carry out demonstrations of improved methods on cultivator's fields.

Shri Barman: With reference to the answer to part (b) of the question, what active steps have Government taken to increase the use of parboiled rice in this country?

Shri K. M. Munshi: It is only done by propaganda so far.

Shri Barman: Has there been any experiment undertaken so far in the Cuttack Research Institute with the immediate object of enhancing the acreage yield?

Shri K. M. Munshi: As I pointed out, under the intensive cultivation scheme the Institute has been supervising the production of rice by approved methods in 4,000 acres near the Institute. There is also another attempt made at a demonstration cultivation of a second crop of rice between January and April in an area of 200 acres at this intensive cultivation centre.

Shri Barman: My question is specific. Did the Institute undertake any extension work in a particular area, say, fifty acres, in Cuttack under this intensive cultivation scheme in 1948-49 and if so, what is the result of that scheme in 1950-51?

Shri K. M. Munshi: I do not know what happened in 1948-49, but I know that the present scheme converts an area of 4,000 acres into a kind of demonstration farm and out of this 200 acres are set apart for double cropping.

Shri Barman: What is the service personnel employed in that experimental farm and from what class of society have the lowest grades of the service personnel been drawn?

Shri K. M. Munshi: If the hon. Member would give me notice, I shall ascertain.

Shri Barman: After ascertaining, will he circulate the information?

* **Shri K. M. Munshi:** Yes.

Shri Kishorimohan Tripathi: May I know if the Rice Research Institute at Cuttack cultivated some Chinese variety of paddy during the last two years, and if so, what were the results?

Shri Sondhi: The Mao Tse Tung variety?

Shri Kishorimohan Tripathi: Red variety.

Shri K. M. Munshi: I think the Chinese variety is being experimented upon.

Shri R. Velayudhan: May I know whether any experiment has been made by which three or four crops can be grown in a year?

Shri K. M. Munshi: The only experiment that we are trying is two crops a year. If we succeed in that, it will be a great achievement.

बाबू रामनारायण सिंह : गत वर्ष यानी सन् १९५० की साल में कितने अनुसन्धानों का फल किसानों के पास पहुंचाया गया है ?

[**Babu Ramnarayan Singh:** What is the number of research experiments the results of which have been communicated to the cultivators during the last year, i.e., in 1950?]

Shri K. M. Munshi: As I said, the results of research are contained in the statement which I placed on the Table.

बाबू रामनारायण सिंह : मेरे पूछने का मतलब है कि कितने अनुसन्धानों का नतीजा किसानों के पास पहुंचाया गया है। टेबिल पर रखने का सबाल नहीं है।

[**Babu Ramnarayan Singh:** What is mean to ask is as to what was the number of the research experiments the results of which have been communicated to the cultivators. This is no question of placing the information on the Table.]

Shri K. M. Munshi: Extension work is going on on a large scale in most of the States which are growing rice and apart from the agricultural staff we do this work through the several Agricultural and Animal Husbandry Departments. Then there are various non-official organisations like the Land Development scheme in Madras, the Sarvodaya Scheme in Bombay, the Pilot Project in Gorakhpur, the Gram Panchayat in Bihar and Village Improvement Scheme in Delhi.

ACREAGE STATISTICS

-2022. **Shri Barman:** Will the Minister of Food and Agriculture be pleased to state:

(a) the steps taken so far to ensure accuracy of acreage statistics;

(b) what method is adopted in areas where the Patwari system does not exist or where the Permanent system obtains;

(c) how the mixed crop area is assessed;

(d) how many millions of acreage of former "Indian States" are yet unclassified; and

(e) what method is being adopted to find out the food crop acreage in those areas?

The Minister of Food and Agriculture (Shri K. M. Munshi): (a) The acreage statistics in the temporarily settled areas are fairly accurate. In other areas, steps are taken to set up a special reporting agency or to undertake Sample Surveys. The Crop Surveys undertaken by the I.C.A.R. also provide for a supervisory check.

(b) Of the permanently settled areas, Bihar has now set up an elaborate reporting agency for complete enumeration, while Orissa and West Bengal are carrying out random sample surveys of the acreage under different crops. The other areas included in this category are either non-reporting or give figures on the basis of Chowkidars' reports.

(c) Two methods are in vogue viz. either (i) assessment of the gross area under the mixtures and allocation thereof between the component crops by applying certain fixed ratios; or (ii) eye-appraisal by the patwaris of the area under different crops in the mixed fields at the time of inspection.

(d) About 164.2 million acres.

(e) Estimates are framed on the basis of the returns submitted by the district officials.

Shri Barman: By what percentage will the estimated acreage and the eye estimates now collected are likely to vary in the light of the defects that exist at present?

Shri K. M. Munshi: Where crop cutting experiments are taking place, there has been a variation of about 15 per cent. either way from the eye estimate.

Shri Barman: What sort of methods do Government propose to resort to in order to have some accurate estimate of our acreage for new crops in the States that have been hitherto unclassified?

Shri K. M. Munshi: As I have already said, Bihar has already created an organisation for the purpose. So have Orissa and West Bengal done. Similar plans for crop cutting surveys are also being formulated in two major States, Rajasthan and Travancore-Cochin. This forms part of the five years co-ordinated scheme of crop cutting

experiments being conducted by the I.C.A.R.

Shri Barman: What about the other States which form a large part of India?

Shri K. M. Munshi: I have already said that we have 164.2 million acres still to be classified. It cannot be done in two years time.

Shri Sidhva: May I know whether any non-reporting States are still existing and if so what is the acreage of the non-reporting area? What was the unclassified area before last year and what is it today?

Shri K. M. Munshi: Before 1947-48 agricultural statistics were available for 580 million acres out of a total of 801 million acres. That left an area of 221 million acres which were not classified. Out of this unclassified area, we have now only 164.2 million acres to be classified and out of this figure 49.89 million acres are in Jammu and Kashmir.

Dr. Deshmukh: May I know what is the percentage of accuracy of acreage statistics that has been attained as a result of the steps taken by the Ministry recently?

Mr. Speaker: I think he has already answered it—that there is a margin of 15 per cent. either way.

Shri K. M. Munshi: In some cases eye estimates are more; in some cases eye estimates are less than the results of the surveys.

Shri Satish Chandra: Am I to understand the hon. Minister as saying that acreage of crops can be determined by crop cutting experiments and random sampling method? The question related to area and not to yield of crops.

Shri K. M. Munshi: Nobody suggests that. As to how much crop is under what crop is a matter of assessment.

Shri Poonacha: May I know what total acreage was under main food crops for the last three years?

Shri K. M. Munshi: I think a statement was placed on the Table on one of the earlier days. I have not got it here.

SUBSIDIARY FEEDS FOR CATTLE

*2023. **Prof. S. N. Mishra:** Will the Minister of Food and Agriculture be pleased to state:

(a) whether a number of 'subsidiary feeds' for cattle from hitherto untapped sources has been recommended by the Animal Nutrition Committee of the

Indian Council of Agriculture Research; and

(b) if so, what steps have been taken by Government to popularise such subsidiary feeds?

The Minister of Food and Agriculture (Shri K. M. Munshi): (a) Yes, the Committee has recommended a number of subsidiary feeds, such as Mangoseed Kernel and Jaman seed etc. which can be fed, after due processing to adult animals in famine and drought areas.

(b) A proposal for setting up a pilot station around Jabalpur to work out the economics of processing such 'subsidiary' feeds on a commercial basis is under the consideration of Indian Council of Agricultural Research and details of the scheme are being worked out. In the meantime the results of the researches done at the Indian Veterinary Research Institute are being pictorially exhibited at the Cattle shows in the country. These results were pictorially exhibited at Jaipur also on the occasion of the last session of the Indian National Congress in that city.

Prof. S. N. Mishra: May I know if any of these subsidiary feeds are also imported from abroad?

Shri K. M. Munshi: I do not think so: I have no information on that.

Prof. S. N. Mishra: May I know if Government have made any arrangements for their production in any appreciable quantities?

Shri K. M. Munshi: These foods which I have referred to are already there and about 37 million maunds can be used every year for feeding cattle. No steps have yet been taken for the purpose of expanding their production. But they have to be processed and that is why the research stations have been set up.

Prof. S. N. Mishra: May I know if any diversion of human food may also be needed for this purpose?

Shri K. M. Munshi: I do not know whether any diversion of human food is necessary. But I know that cattle are being fed with human food by some people in this country.

Shri Sondhi: What are the financial implications of this new experiment?

Shri K. M. Munshi: I would require notice of that question.

Shri Sidhva: In reply to Prof. Mishra's question the hon. Minister stated that some edible grain is consumed by cattle. Is there any figure

of the quantity of edible grain at present consumed by cattle?

Shri K. M. Munshi: No figures are available, unfortunately.

Dr. Deshmukh: Is it not a fact, Sir, that mango seeds can be used for human consumption also and if that is a fact what portion will be reserved for human consumption and what will be available for animals?

Dr. Ram Subhag Singh: May I know whether mango seed is used for feeding cattle in Government dairy farms?

Shri K. M. Munshi: It is not used now. This is in a stage of experiment and research.

Shri Sondhi: In view of our having lost Rs. 3½ lakhs on subsidiary food for human beings, will Government take jolly good care to see that another loss of same kind does not take place?

Mr. Speaker: Order, order.

Shri K. M. Munshi: Government have all along been taking care.

Shri V. J. Gupta: Is it a fact that Government are considering a scheme to ration fodder to the animals?

Shri K. M. Munshi: I do not know of any such scheme.

DELHI SAFETY FIRST ASSOCIATION

*2025. **Shri R. Velayudhan:** Will the Minister of Transport be pleased to state:

(a) whether the Delhi Safety First Association offered help to Government in the training of traffic police men; and

(b) what type of training is given to the Delhi Police for traffic control at present?

The Minister of State for Transport and Railways (Shri Santhanam): (a) Some of the members of the Association at its last annual meeting, while discussing ways and means to improve traffic control in Delhi, stated that they had some experience of traffic control in Bombay and certain foreign capital cities and offered to assist the Delhi Police authorities in the training of traffic constables.

(b) Police constables selected for traffic control are given an extra course of six weeks in addition to nine months training given to all police constables. During this extra course of six weeks, besides practical training, they are given training in motor transport, traffic law, general knowledge about motor vehicles and topography of Delhi, at the Traffic Training School in Delhi Police Lines.

Shri R. Velayudhan: May I know, Sir, whether this training is imparted by the Safety First Association?

Shri Santhanam: No, Sir. It is done by the authorities of the Traffic Training School in Delhi Police Lines?

Shri R. Velayudhan: May I know, Sir, whether the traffic control system in Delhi is in any way similar to the system obtaining in Bombay, Madras or Calcutta?

Shri Santhanam: I do not think there is any difference. The general rules are the same.

Shri Rathnaswamy: May I know, Sir, whether there were any accidents during the past few years in which the D.T.S. vehicles were involved, and if so, how many?

Shri Santhanam: I have no information on that; nor do I think it arises out of this question.

Shri Sidhva: Is it a fact that the Passengers' Association have made a representation to Government that the Delhi Police are not trained in traffic control properly and that they must obtain the services of some persons from Bombay? If that is so, have Government taken any steps in this direction?

Shri Santhanam: I do not think the Safety First Association has made any such offensive remarks. They made an offer to place their services at the disposal of Government. But it was found that whatever training they could give was being imparted at the Traffic Training School.

Shri Sidhva: My question was not understood by the Minister.

Mr. Speaker: I do not propose to allow any further cross-examination.

Shri Sidhva rose—

Mr. Speaker: Whatever it may be his reply is there.

Shri Shiva Rao: Has my hon. friend drawn the attention of the Defence Ministry to the fact that military truck drivers are the worst offenders in regard to traffic control regulations?

Mr. Speaker: I think the hon. Member is giving information.

Shri R. Velayudhan: May I know whether in the cities of Bombay, Madras and Calcutta it was the Safety First Association which gave training to the traffic police in regulating traffic?

Shri Santhanam: I am not aware of it, Sir.

DUAL-PURPOSE COW

*2026. **Shri B. R. Bhagat:** Will the Minister of Food and Agriculture be pleased to state:

(a) whether experiments for evolving a dual-purpose cow are being continued;

(b) if so, in what states; and

(c) what progress is made in each one of the States?

The Minister of Food and Agriculture (Shri K. M. Munshi): (a) Yes.

(b) In Madras and Punjab.

(c) The progress made is detailed in the Annual Report of the Indian Council of Agricultural Research for 1949-50, a copy of which is available in the Library of the House. It is premature to draw any final conclusion from results obtained so far.

Shri B. R. Bhagat: May I know, Sir, what results have been achieved in the increase of yield of milk and improvement in the quality of breed?

Mr. Speaker: The hon. Minister has already said that it is premature at this stage to come to a conclusion.

Shri B. R. Bhagat: Is there any likelihood of this experiment being carried out in other States?

Shri K. M. Munshi: It is found that moderate increase in milk production is achieved without deterioration in bullock quality. I may say that in my part of the country, at the Anand Institute experiment has been carried out with considerable success.

Dr. Deshmukh: May I know, Sir, if the hon. Minister has held any consultation with my hon. friend Seth Govind Das before putting this double burden on the poor cow?

Mr. Speaker: Order, order.

Shri Sonavane: What is this, the dual-purpose cow?

Mr. Speaker: He may enquire about it from the hon. Minister.

Shri Kamath: Are Government considering the evolution of a scheme for a multi-purpose cow?

Mr. Speaker: Order, order.

SELF-SUFFICIENCY IN WOOL

*2027. **Shri B. R. Bhagat:** Will the Minister of Food and Agriculture be pleased to state:

(a) whether efforts to enable India to be self sufficient in the finer types of wool are under consideration; and

(b) if so, what steps are proposed to be taken up in this direction?

The Minister of Food and Agriculture (Shri K. M. Munshi): (a) Yes.

(b) A five-year regional plan under which it is proposed to set up a regional Station in each of the three well known wool producing tracts (i) Sub-Himalayan region, U.P., (ii) Dry Northern region, Rajasthan and (iii) the Deccan Plateau, with a view to producing rams and ewes with finer quality fleece and higher yield of wool is under the consideration of the Indian Council of Agricultural Research. Each region will have (i) a sheep breeding research station, (ii) a small fleece-testing laboratory and (iii) a sub-station attached to it.

Shri B. R. Bhagat: What is the cost of this scheme?

Shri K. M. Munshi: The cost of the scheme will be Rs. 10,35,100 of which the Council's share will be Rs. 4,62,800.

Shri B. R. Bhagat: May I know in what time India is expected to be self-sufficient in fine wool?

Mr. Speaker: It is a vague and general question.

Shri B. R. Bhagat: May I know what are our total requirements of fine wool and what is at present produced in the country?

Shri K. M. Munshi: Sir, I should like to have notice of that question.

Shri Kamath: Among the wool-producing States in India which State, proportionately to its size and population, has the most numerous sheep, and which sheep yields superior or finer quality of wool—black sheep or any other variety?

Shri K. M. Munshi: rose.—

Mr. Speaker: No answer need be given. I might point out to hon. Members that when we are putting questions for information, we are expected to be serious about them.

Shri Kamath: I meant it in earnest.

Mr. Speaker: He might be in earnest, but I am very sorry to note that sometimes questions are repeatedly put for the sake of joke and fun. We are not here for creating peals of laughter but for eliciting seriously information which would be helpful to hon. Members in the examination of Government policies. I do not propose to call upon Members who put such questions.

Shri Kamath: I must protest.

Mr. Speaker: Order, order.

DEEP-SEA FISHING

*2028. **Dr. M. M. Das:** Will the Minister of Food and Agriculture be pleased to state:

(a) whether it is a fact that the Director-General of Fisheries made an extensive tour in Europe last year for the selection of two trawlers and their personnel for deep-sea fishing in the Bay of Bengal on behalf of the State of West Bengal; and

(b) whether deep-sea fishing by trawlers is practised anywhere else in India?

The Minister of Food and Agriculture (Shri K. M. Munshi): (a) Yes; the Fisheries Development Adviser to the Government of India, and not the Director General of Fisheries, was deputed to visit Europe for the purpose.

(b) Yes; at Bombay.

Dr. M. M. Das: May I know whether the Fisheries Development Adviser to the Government of India had any other purpose to serve in Europe in addition to the one mentioned in my question?

Shri K. M. Munshi: At the request of the Chief Minister of West Bengal his services were placed at the disposal of the West Bengal Government for going to Denmark for the purchase of these two trawlers and for selecting the crew after discussions with the local government and other authorities.

Dr. M. M. Das: Am I to understand that the West Bengal Government paid the expenses for this officer?

Shri K. M. Munshi: I am speaking from memory, but at one time the question was raised and ultimately some part was borne by the Provincial Government.

Dr. M. M. Das: May I know whether the two trawlers which were purchased were new trawlers or old ones re-conditioned and repaired?

Shri K. M. Munshi: Again I am speaking from impression that they were not brand new but were already in service in Denmark.

Dr. M. M. Das: May I know the purchase cost of these?

Shri K. M. Munshi: The cost was paid by the West Bengal Government and I do not think I have got any materials with me here.

Shri Abdus Sattar: Will the hon. Minister be pleased to state the quantity of deep-sea-fish supplied to the Calcutta market?

Shri K. M. Munshi: I must enquire that from the West Bengal Government.

Shri Barman: May I know how many students were sent abroad, and to Great Britain in particular, in order to learn this technique of deep-sea fishing and what was the expenditure incurred thereon?

Shri K. M. Munshi: If the hon. Member would give notice I shall enquire.

Shri Sonavane: May I know by what percentage production has been increased by this method of deep-sea fishing in Bombay?

Shri K. M. Munshi: So far as Bombay is concerned it is a research station run by the Government of India, and I can only mention to the House the figures connected with the research station. I do not know what private agencies are doing in this matter. So far as the research station run by the Centre is concerned, work was started in 1948 and up to January 1951, 330.75 tons of fish of the value of Rs. 1,85,650 was recovered.

Shri Sidhva: May I know whether these two trawlers working in Bombay were purchased by the Government of India and given to some private agency or whether they are run by the Government?

Shri K. M. Munshi: As a matter of fact there are four of these trawlers, and not two, and they are being controlled by the Government of India. It is a research station meant not for the purpose of recovering fish but for research with regard to fish—where they are, how they are breeding, what are the places etc.

Shri Poonacha: Are there any proposals to arrange for refrigerator railway wagons or refrigerator railway lorries with a view to transport the fish inland, along with the scheme of deep-sea fishing?

Shri K. M. Munshi: For the moment the number of these centres in India is so small that the fish which is recovered is eaten up on the spot.

Shri Syamandan Sahaya: Will the hon. Minister be pleased to state what is the contribution that the Government of India have made to the West Bengal Government for the purchase of these two trawlers and what was the actual cost on the tour of the personnel which went round to Europe to purchase these trawlers?

Shri K. M. Munshi: As I explained, the whole expense was incurred by the Government of West Bengal. They sent one of their officers themselves, but they wanted Dr. Bains Prasad, the

Fisheries Development Adviser to the Government of India, to accompany him because he could guide the officer in the purchase of the trawlers as well as in acquiring the services of the staff. So I do not think there are any figures in the possession of the Central Government about this except that, as I pointed out, the question arose whether the salary of Dr. Bains Prasad was to be recovered from the West Bengal Government or not, and I remember that in view of the request of the West Bengal Government that was not pressed. I do not think the Government of India incurred any special expense.

Shri Sidhva: So it means that one officer went as a guide and another for purchase.

Mr. Speaker: I am going to the next question.

VIZAGAPATAM AIRPORT

*2029. **Dr. M. M. Das:** (a) Will the Minister of Communications be pleased to state whether there is any proposal before Government for the development of Vizagapatam airport?

(b) If so, what will be the capital and recurring expenditure for the development and maintenance of the airport?

The Minister of Communications (Shri Kidwai): (a) Yes, Sir.

(b) The matter is under examination. Development, if undertaken, is estimated to cost about Rs. 23 lakhs and the maintenance to cost about Rs. 99,000 as against the present expenditure of Rs. 54,000 per annum.

Dr. M. M. Das: May I know whether there is any existing regular air service connecting Vizagapatam with other Indian States?

Shri Kidwai: No.

Dr. M. M. Das: May I know whether it is proposed to develop Vizagapatam into a night airport with night-landing equipment?

Shri Kidwai: The development is proposed because the Defence Ministry which has handed over this airport to the Civil Aviation Department want to make certain use of that port and if they finally decide to develop that port for their necessities, then the additional expenditure will be incurred.

Dr. M. M. Das: May I know whether it is proposed to carry Air Mail from Calcutta to Nagpur via Vizagapatam?

Shri Kidwai: There is no such proposal.

Shri V. J. Gupta: May I know whether there is already a proposal with the Government to connect Vizagapatam with Nagpur?

Mr. Speaker: He is making a suggestion.

LAND ADJOINING KANDLA PORT

*2030. **Dr. M. M. Das:** (a) Will the Minister of States be pleased to state the total area of land adjoining the port of Kandla, whose land values have been frozen by Government at the time when the decision to develop Kandla into a major port was taken?

(b) What was the value of land per acre before the development of Kandla and what is the present value per acre?

(c) How many acres of land have been disposed of by Government and how?

(d) At what rate have the lands for the development of a displaced persons township known as 'Gandhigram' been given by Government?

The Minister of States, Transport and Railways (Shri Gopalswami): (a) Two hundred square miles.

(b) The value of the land frozen varied from Rs. 85 to Rs. 161 per acre. There has been no change in valuation.

(c) No land has been disposed of by Government, but about 5,300 acres of land have so far been acquired for the Township, Kandla Port and Railway tracks.

(d) This is still under consideration. The township is known as 'Gandhidham'.

Dr. M. M. Das: May I know the total amount Government had to pay for the acquisition of the land and the amount that Government hope to realize by sale of the land?

Shri Gopalswami: The amount that is to be paid by Government has not yet been finally fixed, and therefore, I am not in a position to give that information.

Dr. M. M. Das: May I know whether any amount has been realized by the sale of lands?

Shri Gopalswami: I have said that Government have sold no land yet.

Dr. M. M. Das: May I know whether no money has been paid for the land that has been offered to 'Gandhidham'?

Shri Gopalswami: There is a separate Corporation for that.

Dr. M. M. Das: May I know the total area of land that has been given to the authorities of 'Gandhidham' township?

Shri Gopalswami: Out of 5,300 acres of land already acquired, 1,400 acres

have been handed over to the Resettlement Corporation for pipe-lines and brick factory and for the construction of 4,000 houses for displaced persons, factory quarters, etc.

Dr. M. M. Das: What was the rate charged?

Shri Gopaldaswami: As I said that has not yet been finally settled. I have not got the figure here.

Shri Sidhva: Arising out of answer to part (d) the hon. Minister stated that 4,000 houses for displaced persons are built; may I know how many have actually been built and whether the Kutchies who have come from Karachi have been given permission to stay in that 'Gandhidham'?

Shri Gopaldaswami: I think a substantial number of houses have been built. I am not in a position to give you the actual number.

Mr. Speaker: The latter part of the question was whether Kutchies coming from Karachi have been permitted to occupy any of these houses.

Shri Gopaldaswami: I do not know if any of them have been occupied by Kutchies. Some of them have been occupied.

Shri Sidhva: May I know if the hon. Minister will inquire whether the Kutchies who had stayed in Karachi for over 50 years have been refused and only Asal Sindhis have been allowed to stay there? *

Shri Gopaldaswami: I shall make enquiries.

Shri Sondhi: Is it not a fact that 15,000 acres were given as free grant by the Ex-Maharajah of Kutch for this development.....

Shri Gopaldaswami: I believe so.

Lala Achint Ram: May I know whether any land would be made available for agricultural purposes also near the township?

Mr. Speaker: It is a township obviously.

Lala Achint Ram: Some land also can be given for agricultural purposes.

Shri Gopaldaswami: I cannot give definite information, but I believe there is a scheme for reclamation of some land there and that scheme is being worked out by the Agriculture Ministry.

COMMUNIST MENACE IN HYDERABAD

*2031. **Shri R. Velayudhan:** Will the Minister of States be pleased to state

the expenditure for the Military used in checking the communist menace in Hyderabad borne by the Centre alone?

The Minister of States, Transport and Railways (Shri Gopaldaswami): The entire expenditure on the Defence Forces stationed in Hyderabad State is borne by the Centre.

Shri R. Velayudhan: May I know whether it is possible to give the actual expenditure borne for the Police as well as for Military separately?

Shri Gopaldaswami: The expenditure on the Police would be available in the Hyderabad Budget. So far as the expenditure on the Military is concerned, it is not in the public interest to disclose it.

Shri R. Velayudhan: May I know whether there is any decrease in the Communist activities in the State?

Mr. Speaker: Order, order. It would hardly arise.

Shri M. L. Gupta: May I know if the military is being employed in this Communist area or the Police?

Shri Gopaldaswami: It is mostly the police. The military goes to the help of the Police whenever it is required.

Shri R. Velayudhan: May I know whether there is any truth in the press report that on the recent visit of the Home Minister to Hyderabad State, the Hyderabad leaders, the President of the State Government and Swami Ramananda Tirtha suggested the banning of the Communist Party of Hyderabad?

Mr. Speaker: How does it arise out of this?

Thakur Lal Singh: May I know how is the military used in actual practice to combat Communism?

Shri Gopaldaswami: I may tell the hon. Member that the military hardly goes into action just at present.

ORANGE PRESERVATION

*2032. **Shri Alexander:** Will the Minister of Food and Agriculture be pleased to state:

(a) whether it is a fact that orange cultivation is very much hampered because of a particular kind of pests;

(b) the measures taken, if any, to prevent the pests; and

(c) whether it is a fact that the establishment of cold storage in producing areas will conserve without deterioration of the fruits so as to make it available throughout the year?

The Minister of Food and Agriculture (Shri K. M. Munshi): (a) Yes. There are about half a dozen categories of pests which are very serious enemies of citrus cultivation.

(b) With the assistance of the Central Directorate of Plant Protection, some State Governments have, in the past two years, undertaken a campaign for the spraying of trees with insecticides.

(c) Oranges can be preserved in cold storage only for a maximum of about three months.

Shri Alexander: Are the Government in a position to give approximately the total production of oranges in the country and the area under cultivation and the yield per acre?

Mr. Speaker: He wants figures for the entire country.

Shri K. M. Munshi: I should like to have notice.

Shri Alexander: Do Government propose to have researches made to evolve a better yielding variety?

Shri K. M. Munshi: I do not think there is any research being carried on that I know but I speak subject to correction.

Shri Alexander: Do the Government propose to have cold storage vans in trains to transport these oranges to various parts of the country?

Shri K. M. Munshi: The Railway Board has placed eleven refrigerator vans for transport of perishables by rail.

Shri Poonacha: Do Government propose to take any measures to combat the spreading menace to citrus trees called "the Frenching disease", a disease which the Government of India have not been able to combat properly so far?

Shri K. M. Munshi: Research is being carried on and as I said the Directorate of Plant Protection have analysed the different kinds of pests which affect citrus production.

Dr. Deshmukh: May I know that since Nagpur is a very big centre of orange production whether any cold storage arrangements are there and what assistance has the Central Government given to these cold storage arrangements?

Shri K. M. Munshi: There are two cold storage plants in Nagpur, one of which is subsidized by the State Government. The capacity of both the plants is to store about 64,800 millions but the total quantity of oranges stored

was only 1,200 millions in 1949-50. I know assistance is given by the Centre.

Shri Hussain Imam: Can the hon. Minister give information about the special research refrigeration which is being carried out in Mysore or Bangalore at the food research laboratories?

Shri K. M. Munshi: Research work is being carried on for the control of Fluted Scale on its wild hosts in Mysore under the Ministry of Agriculture.

Mr. Speaker: I am going to the next question.

INDIAN MERCHANT SHIPPING

*2034. **Shri B. R. Bhagat:** Will the Minister of Transport be pleased to state:

(a) whether the question of expansion of Indian merchant shipping has recently come under the active consideration of the Government of India;

(b) if so, whether any Government proposal for shipping expansion has been drawn up;

(c) if the answer to part (b) above be in the affirmative, what is the financial and other implications of the proposal; and

(d) the time by which the expansion proposal is expected to be effected?

The Minister of State for Transport and Railways (Shri Santhanam): (a) The question of expansion of Indian shipping has in recent years constantly been under the consideration of the Government of India and various steps have from time to time been taken to further the objective of an adequate mercantile marine.

(b) to (d). Shipping is in the private sector of our economy. Government are however alive to the need for the rapid development of Indian shipping and have, from time to time, taken and are taking active steps to assist in this process. Nevertheless acquisition of additional tonnage is primarily a matter for the Indian shipping companies themselves. For shipping, which requires a large capital and which reacts acutely to changing internal and world conditions, it is difficult to make any rigid plans or to adhere to them rigidly. For example, although Government had planned to set up two or three shipping corporations on a State-private ownership basis to facilitate the participation of Indian shipping in the overseas trades, they had for the present to cut down the scheme to only one corporation.

Some of the steps taken by Government to assist the development of

Indian shipping for the present are to set up a Shipping Corporation on a State-cum-private ownership basis, to arrange to include a provision of Rs. 10.5 crores in the Colombo Plan to cover a period of six years from the middle of 1951 to enable the purchase of vessels, to reserve for sale to Indian companies ships built at Vizagapatam Yard at world parity prices, recoveries being made in instalments, and to make a provision of Rs. 1 crore in the Budget for 1951-52 for loans for the purchase of tonnage for overseas trade.

Shri B. R. Bhagat: May I know whether any target has been fixed for building ships?

Shri Santhanam: Yes; various targets have been fixed by the Committee which went into the question. But, the difficulty is to realise those targets.

Shri B. R. Bhagat: May I know whether this matter has been taken up by the Planning Commission and if so, whether any priority has been given to this development?

Shri Santhanam: I believe the Planning Commission finalised the Colombo Plan and 10.5 crores were allotted in accordance with the recommendations of that Plan.

Shri Kamath: Has any decision been taken by Government with regard to the reservation of coastal trade for Indian shipping, and if so, what steps have been taken by Government to implement that decision?

Shri Santhanam: Yes, Sir. A decision was taken and it has been implemented. Now, 90 per cent. of coastal shipping is already in Indian hands. It is expected that about some time this year, 100 per cent. will be realised.

Dr. Ram Subhag Singh: May I know the total tonnage of shipping added to our merchant marine in post-war years?

Shri Santhanam: Tonnage both for coastal and foreign shipping?

Mr. Speaker: For coastal shipping only.

Shri Santhanam: In 1950, the total tonnage was 200,595.

Shri Sidhva: May I know whether the Training Centre for the training of officers for shipping is sufficient to meet the requirements of the country?

Shri Santhanam: Yes; we are developing our institutions which are at present capable of turning out all the officers required in the immediate future.

Shri Jnani Ram: What is the target year by which India will become self-supporting in mercantile marine?

Shri Santhanam: No country can be absolutely self-supporting. So far as coastal trade is concerned, we will be self-sufficient by the end of this year.

Shri B. R. Bhagat: Is the hon. Minister in a position to give any indication whether this expansion work will be done through the construction of new Indian ship-building yards, or in foreign yards?

Shri Santhanam: We are constructing some ships in the Vizagapatam yard and smaller vessels in other places. But, our capacity for ship-building will not be sufficient for a long time to come.

मूंगफली की खेती

*२०३५ श्री जांगड़े : क्या साहब तथा कृषि मंत्री यह बतलाने की कृपा करेंगे कि :

(ए) भारत में इस समय कितनी भूमि में मूंगफली की खेती की जा रही है ;

(बी) क्या गत तीन वर्षों में मूंगफली की खेती में कोई वृद्धि हुई है ?

GROUNDNUT CULTIVATION

*2035. **Shri Jangde:** Will the Minister of Food and Agriculture be pleased to state:

(a) the area of land at present under groundnut cultivation in India; and

(b) whether there has been an increase in the groundnut cultivation during the course of the last three years.]

The Minister of Food and Agriculture (Shri K. M. Munshi): (a) 9.7 million acres in 1949-50.

(b) No.

श्री जांगड़े : क्या माननीय मंत्री बतलायेंगे कि बनावस्पति के तैयार करने में जब मूंगफली की मांग की जाती है, तो वह कहां से पूरी होती है ?

[**Shri Jangde:** Will the hon. Minister be pleased to state the source from which the demand for the supply of groundnuts used in the manufacture of Vanaspati is being met?]

Shri K. M. Munshi: From the groundnut grown in this country.

श्री जांगड़े : क्या यह सच नहीं है कि मूंगफली की खेती होने पर भी हमारे यहां मूंगफली के तेल की कीमत बढ़ती जा रही है ?

[**Shri Jangde:** Is it not a fact that the prices of groundnut oil are going on increasing notwithstanding the fact that it is being cultivated here?]

Mr. Speaker: He is asking for an opinion.

Shri K. M. Munshi: I think that is more or less an opinion. But the prices have risen, as I pointed out on the last occasion when I answered a question.

Shri Sonavane: What is the quantity of groundnut used for the manufacture of Vanaspati in the country?

Shri K. M. Munshi: On the last occasion, I answered this question in detail. Those figures are in the records of the House. I have not got those figures here.

श्री जांगड़े : क्या हिन्दुस्तान से विदेशों में मूंगफली बाहर भेजी जाती है ?

[**Shri Jangde:** Is groundnut being exported from India?]

Shri K. M. Munshi: Not for the moment.

Mr. Speaker: I think we may go to the next question. This question has been dealt with sufficiently on a former occasion.

LAND UNDER COTTON CULTIVATION

*2036. **Shri Balmiki:** Will the Minister of Food and Agriculture be pleased to state:

(a) the area under cotton cultivation in all States;

(b) whether it is a fact that the area under cotton cultivation is decreasing year by year in the last six years; and

(c) if so, what are the reasons therefor?

The Minister of Food and Agriculture (Shri K. M. Munshi): (a) The final forecast for the year 1950-51 is not yet available; the acreage in 1949-50 was 11.79 million acres.

(b) and (c). No. A statement showing the State-wise acreage for the last six years is placed on the Table of the House. [See Appendix XIV, annexure No. 30]. The fluctuation is negligible; except in 1947-48.

The reduction in the acreage during 1947-48 was due to adverse seasonal conditions and the post-partition disturbances in some cotton growing tracts.

श्री कन्हैया लाल बाल्मीक : क्या माननीय मंत्री यह बतलाने की कृपा करेंगे कि मुल्क की जरूरत को देखते हुए कपास की खेती के एरिया को बढ़ाने की कोई कोशिश की जा रही है ?

[**Shri Balmiki:** Will the hon. Minister be pleased to state whether in view of the need for cotton in the country any attempt is being made to increase the area under cotton cultivation?]

Shri K. M. Munshi: Efforts are being made to increase the cultivation of cotton.

श्री कन्हैया लाल बाल्मीक : इस एरिया को बढ़ाने के लिये किसान को क्या सहुलियतें देने की तरफ सरकार का ध्यान है ?

[**Shri Balmiki:** What are the facilities which the Government contemplate to give to the cultivators for increasing its acreage?]

Shri K. M. Munshi: As a matter of fact, certain subsidies are given for seed and for manure. As the House is aware, the price of cotton was raised in last June or July.

Shri Sidhva: May I know whether in the last year, certain acreage under cotton was put under food crops, and if so, may I know whether Government have a definite plan for five years to come whereby areas under food crops and cash crops may not be disturbed?

Shri K. M. Munshi: As a matter of fact, during the last year, under the integrated production programme, a certain limit was set for growing the different kinds of crops, that is, food-grains, cotton, jute, etc. Since then, there has been no conflict between cotton and foodgrains.

Shri Sidhva: The second part of my question, regarding the five year plan, Sir?

Shri K. M. Munshi: Government has got a plan by which, as I pointed out in the debate on the last occasion, cotton could be grown on a larger scale to meet the deficiency in the country.

Dr. V. Subramaniam: Is the Planning Commission doing crop planning work for this also?

Shri K. M. Munshi: It should be addressed to the Planning Commission.

Shri K. C. Sharma: What is the quantity of improved cotton seeds imported from abroad?

Shri K. M. Munshi: I should like to have notice of the question.

Shri S. C. Samanta: Is it a fact that the Central Government has issued special instructions to the West Bengal Government for growing more cotton?

Shri K. M. Munshi: I do not know whether any specific instructions have been issued. But, it is likely that under the scheme for producing more cotton of the proper variety, certain allocations of acreage might have been required of them. I am not sure of it.

Shri Ramaswamy Naidu: What steps are Government taking to increase the acreage under superior varieties of cotton?

Shri K. M. Munshi: Under the I.C.A.R. scheme, several areas have been earmarked where specific good quality cotton has to be grown.

Mr. Speaker: The Question-hour is over.

WRITTEN ANSWERS TO QUESTIONS

LAND DEVELOPMENT BOARD

*2024. **Shri Deshbandhu Gupta:** Will the Minister of Food and Agriculture be pleased to state:

- when the Land Development Board, Delhi was formed;
- the expenditure so far incurred on the same by way of salaries etc;
- the work done by it; and
- how much additional land has been brought under cultivation due to its efforts?

The Minister of Food and Agriculture (Shri K. M. Munshi): (a) The Land Development Board, Delhi was fully constituted on 14th June, 1950.

(b) The expenditure incurred on the pay, etc., of the staff during 1950-51 amounts to Rs. 18,190.

(c) The details of the work done by the Land Development Commissioner are as under:

3,456 acres surveyed;

954 feet of diversion channels constructed;

641 feet of contour bunds made;

10 gullies plugged;

29,411 trees planted;

6,400 tree stumps distributed for plantation;

More than 50,000 plants of twelve different species have been raised in a nursery.

(d) 2,055 acres of land have been reclaimed and brought under cultivation with Government Tractors.

ASSETS AND LIABILITIES OF ex-PRINCELY STATES

*2037. **Shri Raj Kanwar:** Will the Minister of States be pleased to state:

(a) the total assets and liabilities taken over by Government from each Princely State or group of States on the formation of Unions of States or on their merger with adjoining territories, including all States now known as Part B States and some of the Part C States; and

(b) which of the liabilities referred to in part (a) above are still outstanding?

The Minister of States, Transport and Railways (Shri Gopalaswami): (a) and (b). The information required by the hon. Member has been called for from the State Governments concerned. A statement giving the information in detail will be placed on the Table of the House as soon as all replies have been received.

LICENCE FOR SUGAR MILLS

*2038. **Shri A. Joseph:** Will the Minister of Food and Agriculture be pleased to state:

(a) whether the Government of India granted licences to individuals or companies in Madras or any other States to start new sugar mills in the years 1949-50 and 1950-51;

(b) whether Government have under consideration any proposal to give subsidy to the new enterprises and if so, the amount involved State-wise or area-wise; and

(c) whether Government have any proposal under consideration to have shares in any of these new enterprises?

The Minister of Food and Agriculture (Shri K. M. Munshi): (a) No licence is prescribed for the purpose but the State Governments are permitting parties to put up factories at approved sites in accordance with the Government of India's plan of Expansion of Sugar Industry. In 1949-50 permission to set up three factories in Bombay and one factory in West

Bengal was given. In 1950-51 permission was given to 2 more factories in the State of Bombay. No permission was given for a new factory in Madras State during these two years.

(b) and (c). No. Sugar Mills usually add to the prosperity of the area in which they are situated and landless agricultural labourers are not likely to be adversely affected by the setting up of a Sugar Mill.

BILLS OF DISPLACED CONTRACTORS

*2039. **Giani G. S. Musafir:** Will the Minister of Transport be pleased to state:

(a) whether it is a fact that a number of bills of the displaced contractors passed by the Government of United India, before the partition of the country, has not been paid up till now;

(b) what is the estimated amount of such bills; and

(c) what has caused so much delay in their payment?

The Minister of States, Transport and Railways (Shri Gopaldaswami): (a) No bills passed by the authorities of the undivided Government of India are unpaid. There are, however, a few claims for uncashed cheques issued by the old North Western and Bengal Assam Railways which are still unpaid.

(b) Approximately Rs. 30,000.

(c) The delay is due to non-verification by the authorities in Pakistan, who have the records of the Railways mentioned above.

COMMUNIST ACTIVITIES IN TRIPURA

*2040. **Shri S. M. Ghose:** (a) Will the Minister of State be pleased to state whether it is a fact that several persons have been kidnapped by the communists in the Sadar-Division of Tripura State for helping the Government during the last few weeks?

(b) How many of the kidnapped persons have since been murdered or remained untraced?

(c) Is it a fact that some of the kidnapped persons were subsequently let off by the communists on payment of ransoms and for giving undertaking not to help Government in any way?

(d) Is it a fact that the communists have burnt down Lalsingmora Primary Congress Office on the 20th January night, looted and burnt Sri Kshitish Banerji's Kachari at Barkathal and snatched away four rifles from the Armed Police Force at Chebri?

(e) Is it also a fact that the communists have got large quantities of unlicensed fire-arms and ammunition at their disposal?

The Minister of States, Transport and Railways (Shri Gopaldaswami): (a) It is unfortunately the case that some kidnappings have taken place.

(b) No cases of murder have been reported, but five persons remain to be rescued.

(c) No complaints of this nature have been made to the police; but reports to this effect have been received.

(d) Yes. Cases have been registered in all the three cases and are under investigation.

(e) Communists have unlicensed fire-arms but the precise number is not known.

TRANSPORT FOR TIMBER

*2041. **Shri Kaanamwar:** (a) Will the Minister of Railways be pleased to state whether any representation has been received from the Timbers Dealers Association, Ballarsha (Madhya Pradesh) that lacs of rupees worth timber is lying at Ballarsha for want of wagons?

(b) Is it a fact that 2,000 labourers are without work owing to the non-supply of wagons to the Timber Association?

(c) Is it a fact that 50 to 60 wagons pass every month from Ballarsha of return date (P.O.H.) unloaded?

(d) What steps do Government propose to take in the matter?

The Minister of State for Transport and Railways (Shri Santhanam): (a) Yes.

(b) Government have no information of the actual number of labourers idling.

(c) and (d). Instructions are already in force that wagons due periodical overhaul returning to N.S., M. and S.M. and S.I. Railways, via Ballarshah, should be loaded on the Nagpur Division, with traffic for stations on those Railways within the quotas via junctions beyond, such as Bezwada. Some of these, however, are not loaded being unfit for loading.

FOOD RATIONING DEPARTMENT

*2042. **Shri Deogirikar:** Will the Minister of Food and Agriculture be pleased to state State-wise:

(a) the total number of persons working in different States of India in the Food Rationing Departments; and

(b) what is the total amount spent on the salaries of those persons?

The Minister of Food and Agriculture (Shri K. M. Munshi): (a) and (b). Necessary information is not readily available with the Central Government. An enquiry has been addressed to the State Governments and the information received will be laid on the Table of the House in due course.

DEVELOPMENT OF COOCH-BEHAR

***2043. Shri Barman:** (a) Will the Minister of States be pleased to state whether an amount of more than a crore of rupees, was earmarked for the development of Cooch-Bihar at the time of its merger with West Bengal?

(b) What is the machinery set up for planning and execution of the above project?

(c) If any plan has been finalised, what is the portion of the fund that will be spent towards the social needs of the rural areas as distinct from urban area amenities?

The Minister of States, Transport and Railways (Shri Gopaldaswami): (a) to (c). At the time of integration of Cooch-Bihar with West Bengal, the Government of West Bengal agreed that the cash balance of the Cooch-Bihar State will be utilised on schemes of nation-building importance, for the benefit of the people of Cooch-Bihar. The exact amount of cash balance and liquid investments available for such schemes can only be determined after an examination of the statement of assets and liabilities of the State at the time of its merger which has been undertaken by the Government of West Bengal. The intention is that the overall net surplus of liquid assets over liabilities should be constituted into a General Reserve Fund for Cooch-Bihar to be administered by the West Bengal Government in consultation with the Government of India. No plan can be finalised until the amount has been determined.

LOCAL ADVISORY COMMITTEES

***2044. Shri Raj Kaawar:** Will the Minister of Railways be pleased to state:

(a) the names of Indian Government Railways which have Local Advisory Committees;

(b) the number of meetings held by each Local Advisory Committee during the ten months from 1st April, 1950 to 31st January 1951; and

(c) whether similar Local Advisory Committees exist on non-Government Railways also?

The Minister of State for Transport and Railways (Shri Santhanam): (a)

and (b). A statement detailing the information required by the hon. Member is placed on the Table of the House. [See Appendix XIV, annexure No. 31.]

(c) From such information as is readily available to Government it is understood that there are no Local Advisory Committees on non-Government Railways except one on the Barsi Light Railway.

OVERSEAS TRAINING ON TELEPHONES

***2045. Shri Sidhva:** Will the Minister of Communications be pleased to state:

(a) whether Government have any scheme to send candidates overseas for practical training on telephone system;

(b) if so, how selections will be made;

(c) whether Government would avail of opportunities under Point Four Programme and the Colombo Plan to develop Tele-Communication System in India; and

(d) what is the decision regarding establishment of a Radar factory in India?

The Minister of Communications (Shri Kidwai): (a) Yes.

(b) Selection is made from amongst suitable officers of the P. & T. Department by taking into consideration the age, previous experience and aptitude for the particular specialised training.

(c) Yes.

(d) This question should be addressed to the hon. Minister for Commerce and Industry.

NIZAMSAGAR SUGAR FACTORY

***2046. Shri K. Vaidya:** (a) Will the Minister of Food and Agriculture be pleased to state the ex-factory price of sugar for the Nizamsagar sugar factory production fixed by the Government of India?

(b) Is it proportionately higher than that fixed for the production of other factories?

The Minister of Food and Agriculture (Shri K. M. Munshi): (a) Rs. 29/12/- per maund of 82.2/7 lbs.

(b) No.

LOCUST INVASION

***2047. Maulvi Haneef:** (a) Will the Minister of Food and Agriculture be pleased to state whether Government have the information that locust swarms destroyed crops of vast areas in Jullunder and Hoshiarpur districts recently?

(b) Has any investigation been made about their laying eggs somewhere on the border of the said two districts?

(c) If so, what steps have been taken for the destruction of the locust swarms?

The Minister of Food and Agriculture (Shri K. M. Munshi): (a) Yes; crops over considerable areas have been damaged by locusts in these two districts.

(b) Egg-laying is reported to have started from the 14th of February, 1951, in Hoshiarpur District.

(c) The Punjab Government are taking all possible measures, within the limits of their resources, for the destruction of swarms; and the Central Anti-Locust Organisation has co-operated whole-heartedly with them by supplying Land Rovers with power operated dusters and trained technical personnel and information about the latest methods of control, under various circumstances.

POSTAL COMPLAINTS

*2048. Shri Sivaprakasam: Will the Minister of Communications be pleased to state:

(a) whether arrangements exist to deal with the complaints from the Public regarding the working of the Posts and Telegraphs Department; and

(b) whether there are any Regional Complaints Officers for Posts and Telegraphs in the State of Madras?

The Minister of Communications (Shri Kidwai): (a) The normal organization of the P. & T. Department includes arrangements for attending to complaints from the public, but there is also a Special Complaints Organization whose function is to investigate complaints possessing unusual features.

(b) No, Sir. Regional Complaints Officers who form part of the Special Complaints Organization are not appointed separately for each State. The regional units in the Special Complaints Organization have been formed on the basis of the volume and nature of the complaints in the different areas and a Regional Complaints Officer exclusively for Madras State has not been found to be justified. Actually, there is one Regional Complaints Officer for the Bombay and Madras P. & T. Circles.

THIRD CLASS RAILWAY PASSENGERS

*2049. Shri Ansari: (a) Will the Minister of Railways be pleased to state what was the total number of third class passengers on Railways in 1949-50?

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(b) What is the percentage of the third class passengers who travel in excess of the capacity of a third class compartment?

The Minister of State for Transport and Railways (Shri Santhanam): (a) On Class I Railways, 1,155,559,000.

(b) No figures can be given of the actual percentage of third class passengers who travelled in excess of the capacity of third class compartments of trains. But from a calculation of the occupation of seats during journey time, during the month of October 1950, the occupation ratio is estimated at 80 per cent.

TUBE WELLS

*2050. Shri Nandkishore Das: Will the Minister of Food and Agriculture be pleased to state:

(a) Since when the programme of sinking four thousand wells in furtherance of Grow More Food Scheme will be undertaken;

(b) whether the sinking will be done under the direction of the Central Government or will it be left to the States Governments as part of their Grow More Food programmes; and

(c) whether there has been an All-India survey of the areas where the wells are to be constructed?

The Minister of Food and Agriculture (Shri K. M. Munshi): (a) The programme for the construction of 4,565 tubewells against a loan from the International Monetary Bank has since been dropped, as the loan was not made available. The Governments of U.P., Bihar and Punjab have, however, taken steps for the construction of 996 tubewells within a period of two years in furtherance of the Grow More Food Programme and the necessary loan will be given to them by the Government of India. The Bombay Government also are planning to construct 300 tubewells and are asking for tenders for their construction.

(b) The work will be done under the direction and supervision of the State Governments concerned.

(c) A geological and reconnaissance Survey has recently been carried out by foreign experts in these States which agreed to participate in the All-India Survey Scheme.

MANUFACTURE OF DIESEL ENGINES

*2051. Shri Kannamwar: Will the Minister of Food and Agriculture be pleased to state:

(a) how many concerns there are in India manufacturing Diesel Engines with pumping sets; and

(b) what facilities Government propose to give to the agriculturists to purchase such Engines for irrigating their farms?

The Minister of Food and Agriculture (Shri K. M. Munshi): (a) There are five units manufacturing Diesel Engines and eight units manufacturing pumps in India.

(b) Loans and grants are at present being given to the cultivators for the purchase of pumping sets under the G.M.F. Schemes.

TELEPHONE EXCHANGE AT GONDIA

*2052. **Shri Kannamwar:** (a) Will the Minister of Communications be pleased to state whether any representation has been received by Government from the citizens of Gondia in Madhya Pradesh to provide a Telephone Exchange at Gondia?

(b) Is it a fact that the industrialists and businessmen of Gondia are prepared to pay a deposit of Rs. 2,000 for the Exchange?

(c) Is it a fact that the Municipal Committee, Gondia, is prepared to furnish with a suitable building for the purpose?

The Minister of Communications (Shri Kidwai): (a) Yes.

(b) A few businessmen have written to the Postmaster-General, Nagpur, offering to take connections under the 'Own Your Telephone' Scheme.

(c) No offer from the Municipal Committee, Gondia, has been received.

RAILWAY RESERVATIONS

*2053. **Shri Balwant Sinha Mehta:** Will the Minister of Railways be pleased to state why reservations for the 3rd class passengers on Ahmedabad-Delhi Mails are made from Ahmedabad and Delhi Stations alone and not from intermediate railway junctions?

The Minister of State for Transport and Railways (Shri Santhanam): It is not feasible at present in the existing state of overcrowding to provide reserved third class accommodation from intermediate stations. A system of reserving first class accommodation from intermediate stations is under experiment and the question of its extension to other classes will be considered after studying the results thereof.

POST OFFICES IN RAJASTHAN

*2054. **Shri Balwant Sinha Mehta:** (a) Will the Minister of Communications be pleased to state what capital

has been transferred to the Government of India on account of the integration of local post offices of Rajasthan in the form of (i) buildings and (ii) annual income?

(b) Have all the local post offices been absorbed, if not how many have been left out?

The Minister of Communications (Shri Kidwai): (a) (i) Rs. 1,12,346.

(ii) Receipts: Rs. 1,99,000 per annum. Expenditure: Rs. 2,71,000 per annum (approximately).

(b) All local post offices have been absorbed.

PUMP FACTORIES

*2055. { **Shri Jajoo:**
Shri Balwant Sinha Mehta:

(a) Will the Minister of Food and Agriculture be pleased to state whether the application for permission to start a pump-factory in India with their own capital submitted by Messrs. Johnston International as stated by the hon. Minister in reply to part (g) of starred question No. 965 answered on the 18th December 1950, has been considered by Government?

(b) If the answer to part (a) above be in the affirmative, is the permission granted or not?

(c) Did Government consider the present capacity of indigenous pump makers before granting the permission?

(d) Were there no Indian firms to start such factories?

(e) What special stipulations for making use of Indian personnel and energy by the foreign firm have been entered into and do they form part of the permission given by Government?

The Minister of Food and Agriculture (Shri K. M. Munshi): The question concerns the Ministry of Commerce and Industry and should have been addressed to that Ministry. It will be answered by the hon. Minister of Commerce and Industry on a date assigned to that Ministry.

CONSUMPTION OF COAL ON RAILWAYS

125. **Shri Naziruddin Ahmad:** Will the Minister of Railways be pleased to state:

(a) the total quantity of steam coal used during the first half, of the current financial year by Indian Locomotives giving separately the grade-wise consumption;

(b) the total quantity of metallurgical coal used during the period, giving separately the quantity purchased from

the market and produced in Railway-owned collieries; and

(c) whether it is a fact that only 10 per cent. low grade coal (Grade II) and about 90 per cent. high grade coal (Grade I and above including metallurgical coal) are still being consumed in the Indian Railways though according to the estimate of the Indian Coal-fields Committee, reserves of high grade coal is only about 12 per cent. and low grade coal about 88 per cent.?

The Minister of State for Transport and Railways (Shri Santhanam): (a) The total quantity of steam coal used during the first half of the current financial year by Indian locomotives was 5,352,000 tons. The break-down gradewise of this consumption is not readily available. Approximate percentages of the various grades allotted by the Coal Commissioner were:

Selected 'A'	12.0
Selected 'B'	23.5
Grade I	44.8
Grade II	14.5
Other	5.2

Deliveries to Railways, however, do not always tally closely with allotments.

(b) The total quantity of metallurgical coal used during the period was approximately 909,000 tons. It is estimated that about one-fifth of this was produced in Railway Collieries.

(c) For Locomotive use grades I and II are considered as lower grade coals and grades selected 'A' and selected 'B' as higher grade coals. On this basis, the proportion of lower grade coals used was about 65 per cent. and of higher grades about 35 per cent. The approximate proportion of grade II coals used was about 15 per cent. As regards reserves of high and low grade coals said to have been estimated by the Indian Coalfields Committee, the Committee stated in Chapter II of its Report that—

"There is no reason for anxiety over the resources of good quality non-coking coals both high and low volatile".

Friday, 9th March, 1951



PARLIAMENTARY DEBATES

(Part II—Proceedings other than Questions and Answers)

OFFICIAL REPORT

VOLUME IX, 1951

(5th March, 1951 to 30th March, 1951)

Third Session

of the

PARLIAMENT OF INDIA

1950-51



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THE
PARLIAMENTARY DEBATES
(Part II—Proceedings other than Questions and Answers.)
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PARLIAMENT OF INDIA

Friday, 9th March, 1951

*The House met at a Quarter to Eleven
of the Clock.*

[MR. SPEAKER in the Chair]

QUESTIONS AND ANSWERS

(See Part I)

11-45 A.M.

PAPERS LAID ON THE TABLE

(i) NOTIFICATION UNDER BOMBAY
PORT TRUST ACT; (ii) STATEMENT
re REDISTRIBUTION OF SEATS ON
PORT TRUST BOARDS

The Minister of State for Transport and Railways (Shri Santhanam): I beg to lay on the Table of the House a copy of each of the following papers:

(i) Ministry of Transport Notification No. 19-P (177)/49, dated the 27th February, 1951, in pursuance of subsection (1) of section 6 of the Bombay Port Trust Act, 1879. [Placed in Library. See No. P-141/51.]

(ii) Statement showing the redistribution of seats of elected Trustees on the Port Trust Boards of Bombay, Calcutta and Madras. [Placed in Library. See No. P-142/51.]

TAXATION ON INCOME (INVESTIGATION COMMISSION) AMENDMENT BILL—contd.

Mr. Speaker: The House will now proceed with the further consideration of the following motion moved by the Minister of State for Finance Shri Tyagi yesterday:

"That the Bill further to amend the Taxation on Income (Investigation Commission) Act, 1947, be taken into consideration."

Prof. K. T. Shah (Bihar): When the House adjourned last evening, I was dealing with the problem of providing some rewards to those who may be able to help the Commission substantially in detecting evaded income and collecting the tax thereon. I also mentioned that it was a very dangerous and double-edged weapon, which might be used, in competent hands, to great advantage; but which might also do very serious damage to public morale. Between these two difficult courses, the careful statesman must guide the ship of state as carefully as he can.

An hon. friend sought yesterday to translate this proposition into the common idiom of setting a thief to catch a thief. I refused, however, to adopt that terminology, and I would prefer to say that an expert in evasion might also prove an expert in detection. After all, it was an unceasing wonder to Dr. Watson, the assistant friend and biographer of Sherlock Holmes as to how dangerous Sherlock Holmes himself might have proved if he had turned his wonderful talents to the commission of crimes rather than to their detection. Although, well aware of that great author's wonderful composition, I must say that it is not possible for mere *a priori* reasoning, to discover as that celebrated example of detection could do, the offences committed against the State by those evading payment of taxes due, especially by those whom the hon. Minister described as socially important classes, and I might add, influential individuals. The ways in which income liable to income-tax is concealed and tax evaded have been listed by the Commission in their report. But the ways discovered or commented upon by the Commission do not seem to me to be exhaustive in any manner of speaking. The five or six or seven cases that they have detected or come to know are old tried instruments in the hands of expert tax evaders, and these are not confined, Sir, only to the so-called industrial or commercial

[Prof. K. T. Shah]

classes, who may be the greatest offenders in regard to such evasion, both from the point of view of the volume and from the point of view also of the deviousness of the ways adopted for concealing the incomes and evading the taxes. Even members of honourable professions, such as doctors and lawyers, are known at least through certain individuals, to resort to devices by which a substantial share of their income may escape taxation and the State may be impoverished thereby. Doctors are known to pay visits or to give consultations to patients for which no records are kept and fees are taken without the income-tax collector or anyone else coming to know anything about the amount of it. Payments are made in cash instead of through cheques or by some other tangible evidence. That is one of the ways that the Commission has discovered. The more astute members of the honourable profession of law have discovered a way by which they receive a portion of their fees by cheque and the remaining portion and that is the much greater portion of it, they get in cash. In fact, unless the intermediary turns king's witness it is not possible to lay hands on such incomes, especially since many of these people may happen to belong to what the hon. Minister described as socially important classes and whom I would describe as influential individuals. It is extremely difficult, Sir, not to say impossible, to get hold of such exalted offenders and to bring them to book. I am not sure that the instrument that has been suggested here would prove wholly efficacious and bring cent. per cent. results in detecting all the incomes which should really be brought to book and the exchequer replenished to that extent. But I feel confident and I agree with my hon. friend Pandit Thakur Das Bhargava when he said that even under the existing law if only more effective machinery was devised as much as 25 per cent. more of the tax can be collected than is collected at present. I feel even more sanguine and I say that 100 per cent. more can be collected. Whatever that may be, it is necessary, I think, reading between the lines of the report and reading also their specific suggestions, that some improvements must be made in the law and some tightening of the machinery should be there whereby those who escape taxation under the present system of collection may be brought to book. It is for this reason that I oppose this idea of giving a *carte blanche* and an almost indefinite existence to this, after all, extraordinary method of getting out concealed income and securing the tax that has been evaded.

The Commission has had to work under difficulties, it has had to devise procedures, has had to provide for enquiries before the steps could be taken against these offenders as they were reported to be. But even if the first two or three years have been consumed in preliminary work, it is by no means a reason that now we should extend its existence so indefinitely as has been suggested in this Bill, from time to time, without any limit being fixed. I think, it is important both in the interest of public morals as well as in the interest of the exchequer that some definite date should be laid down without which, on the one hand people likely to be brought in the net might go on devising dilatory tactics whereby they can hope to escape, and on the other hand, reasonable changes in circumstances and losses might intervene whereby it may become factually and physically impossible for the parties to meet the demands made upon them, and we may have a feeling of frustration without there being any genuine cause for it. Therefore, I suggest that this device that I have been speaking of may be tried and the legislation may be amended, if necessary, accordingly so that without sacrificing any of the essential principles of jurisprudence and public finance, you may nevertheless be able to enlist the assistance of such people as may be able to give you really good information, reliable information, that can be tested by a proper procedure and the resulting collection will be the only source from which these people may be rewarded, if at all.

Next to that I have to mention that under the existing system of taxation too while we have such glaring cases as have been listed by the Commission of fraud and evasion, if you look at the statistics you will see that out of the half a million or more assesses hardly a few thousands ever dispute the assessment and of these only a fraction reach the stage of contesting before the proper tribunal. I am not suggesting, thereby, that the system is perfect nor am I inclined to say that even where assessments are not contested they are the best that could be made. All I am saying is even where they are contested, it is done not by the large mass of the assesses but those who, either for genuine reasons or because of sufficient resources, are able to secure exalted legal talent to help them in getting out. After all lawyers may be expert in making laws but they may be still more expert in breaking them or in advising others to escape scot-free from them. Therefore, we find again and again the phenomenon of very high legal talent

being employed for the defence of known black-marketeers and profiteers, who for all their pains not only receive very high fees but high encomiums and other wordly rewards, which naturally must stimulate their fellows to similar exertions in other fields. With the progressive decline of public morality, of which we are all complaining, if this situation is to be remedied I am afraid such experimental measures as temporary extension or indefinite extension of the life of the Investigation Commission will not serve the purpose. We must strike the axe at the root. While I will not take exactly the same view as my friend Pandit Bhargava about declaring a general amnesty, I do feel that there is great force in the argument that we should decide some day that we must close the books or that we may turn over a new page. All that was suggested by Pandit Bhargava was that on some day we must close this sad chapter and begin afresh and in that the experience gained now or the discoveries made by the Commission as well as the suggestions received should be utilised to improve the laws and to improve the machinery of collection, detection, as the case may be, so that in future we may not suffer as we have suffered in the past. I hold no brief for these exalted offenders who have concealed their large incomes. All I say is let their example of successful fraud not spread and corrupt the morals of the rest. Therefore out of no sympathy with the tax-evaders, out of no desire to help them that we must bring about a reform or readjustment of this machinery and even of our basic legislation, so that we should not have to resort once again to this sort of expedients, which by themselves are a confession of failure to cope with the evils and which only offer opportunities for criticism of this kind and not compliments for its success. Therefore in this legislation we must introduce some substantial amendments and a promise has been held out by the Finance Ministry of a more comprehensive legislation. One such was given to me when I had the honour to bring forward a similar Bill last year on the private members' day. At that time the assurance was given by the then Finance Minister Dr. John Matthai and it was given yesterday too of a more comprehensive legislation to tighten up all the outlets for fraud and at the same time to avoid recourse to this rather doubtful expedient proposed in this legislation. In order to secure success I would further request that arrangements should be made to introduce some form of incentive to be given to those who help the exchequer in securing its just dues. If you do this, then the need for such a legislation would not be so necessary,

at any rate, for such indefinite extension of the life of the Commission. I am therefore suggesting an extension of two years and since Parliament is always supreme it may extend it, if it thinks fit thereafter to any further time limit. But here and now to give a *carte blanche* of the type proposed in this amending Bill is I think undesirable.

12 Noon.

I would add only one word more. I do not know how far the representation such as I may make will bear fruit or be listened to by Government. But I trust that at least a similar representation coming from a respected and stalwart Member of their party like Pandit Thakur Das Bhargava will bear fruit and I would urge even such Members not to rest content merely with uttering their strong protest but have the courage to propose amendments and vote for those amendments and not support the Bill.

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): The hon. Member who has just spoken has dealt with certain wider questions, which appear to me to go beyond the scope of the present Bill, which is a short Bill before the House.

The House will remember that when this Commission was appointed they were entrusted with two tasks. One was to examine the whole income-tax procedure and suggest ways and means to avoid or prevent evasion in future. Secondly, they were to examine specific cases which were referred to them. What the hon. Member has been saying really refers to the first part, that is the wider question. As has been stated, I believe, in the Statement of Objects and Reasons, we have received from the Incometax Investigation Commission recommendations on this wider issue and they will no doubt come up before the House in the form of a measure and the House will then have full opportunities of considering them, adding to them or altering them, so that we might evolve a proper procedure. The sole question before the House now is what to do with the enquiry part of the Commission's work, with regard to certain cases that were referred to them.

Now I would beg the House to remember that this is not a roving enquiry. This enquiry has been confined to a certain number of specific cases referred to them up to a certain date: no further cases can come up before them. Apart from that, a fair number of all the cases that have been referred to them has been disposed of

[Shri Jawaharlal Nehru]

and a large number still remains and this Bill is limited to those particular cases and none other. It does not affect the larger issue and obviously the larger issue cannot be considered in the form of amendments to this particular Bill, which is meant to give an opportunity to the commission of enquiry to complete its task in those specific cases which have been entrusted to it.

This matter would normally, of course, have been dealt with by my hon. colleague the Finance Minister. Unfortunately he is not here but I should like to inform the House that next only to the Finance Minister I have taken a great deal of interest in the work of this Commission—more perhaps than any other of my colleagues. Of course the Finance Minister will be better able to deal with it as he knows most about it. But I have also been fairly closely connected with the matter in the sense that I have attached great importance to this work and I have occasionally had talks with the members of the Commission to find out how they were getting on. May I say that the criticism that has been made, I think yesterday, by an hon. Member about the rather sorry result of their labours appears to me totally unjustified? I feel their labours have resulted in very substantial and very good results. They have laboured under great difficulties,—the various methods and ways of delaying, obstructing, evading the giving of information—and in spite of that they have proceeded calmly and steadily with their work in the highest judicial traditions. And the House will remember that the Chairman of this Commission is one of our most eminent and respected Judges of India. We attached great importance to the fact that a Commission of this kind must have men of the highest ability and integrity, and we were fortunate in finding such a man in Mr. Varadachari. Anything entrusted to a Judge of that high standing with his life-long experience of the Bench is bound to be carried out in a judicial manner. The House can be sure of that. In fact, possibly, if delays have occurred, as they have, partly they are due to the fact that the Commission and the Chairman are anxious to preserve every type of judicial procedure and not to do anything which might even give any suspicion of hurrying through and not giving that opportunity which should be given. If the House could see the decisions that they have given—I do not know what they are called, not judgments—they are tremendously long—seventy, eighty or a hundred

pages. They have carefully given every opportunity and have come to certain decisions. Most of these decisions also, I would like the House to remember, are ultimately by consent. Now, the difficulty in dealing with such matters through, let us say, the Income-Tax Department which is the normal way of dealing with them, has been that they cannot deal with them both judicially and at the same time informally. They have to be formal, their rules govern them, and the people concerned do not like that particular process—they do not welcome it, they do not go there easily unless they are compelled by law to go there. They do come, at least relatively with this reluctance, to this Enquiry Commission because the Enquiry Commission can deal with them informally, can come to terms with them, almost any terms that they consider just and proper, which the Income-tax Department cannot easily do always. So that the procedure this Income-tax Investigation Commission has adopted was far more helpful than the normal procedure would have been—helpful from any point of view, certainly from the State point of view but also from the point of view of the other people concerned whose cases were being enquired into. When an enquiry is made it is not exactly an agreeable thing for the person whose case is being enquired into, nevertheless it was carried out in as courteous a way as possible without any fuss or publicity because we did not wish needlessly to harass people. We wanted as far as possible to get the truth and then to find out the way of recovering such taxes as we found justly due. In that matter too they have proceeded with considerable care. It was said by some hon. Members that the Commission has recovered only a small sum of Rs. 80 lakhs or so. It is perhaps forgotten that this is only the first instalment of what they have put down as recoverable and this process of recovery will go on for three or four years. Every year you recover something and the sum to be covered comes to a considerable figure of crores. Because this enquiry has been of a highly judicial nature and has been very carefully conducted, it has taken time—the initial stages have taken a lot of time to look up all kinds of books and papers which are not easily available. The initial stage of enquiry took much more time than normally it should have taken as we thought it would take. But the Commission, rightly I think, thought that even a little more time taken is better so that every party concerned must feel that justice has been done—and because of that most of the cases ultimately are

by consent, some agreement arrived at in regard to the sum involved and the method of payment.

So, first of all, I would beg the House to consider this matter, that the present Bill has nothing to do with the larger question that the hon. Member, Prof. Shah, has raised. Prof. Shah's question is highly important, it is the basic question undoubtedly, and it can only be dealt with in a separate measure which treats with various methods of recovery of income-tax and with fighting evasion. And for my part, some of the suggestions made by Prof. Shah seem to me very much worthy of consideration and giving effect to, and no doubt when the measure comes before the House other hon. Members would have many other suggestions to make. But you cannot consider that in this simple Bill which just says that the term of this Enquiry Commission should be extended by Government if it so deems fit. If the House asked me for how long this Enquiry Commission is going to sit, it is a little difficult for me to answer. Personally I imagine that within may be two years or so it will probably complete its labours, but the difficulty in the past has been that the mere fact of a time-limit being there made some people feel that they should delay matters till the period of the time-limit so that the matter may not be finished. Therefore we came, after a great deal of thought, to this conclusion that no time-limit should be fixed. In fact, the quickest way of ending the Commission is not to fix a time-limit. I hope that the Commission's work, or a very very large part of it, will be over within certainly two years—I cannot say exactly if every single case may be over by then. Now, suppose, as proposed by some hon. Members, we stop the work of the Commission? Well, that seems to me a most unfortunate procedure. We have proceeded with a number of cases, hundreds of them, and come to some arrangement, come to some decision. Now the others suddenly get off after enquiry has taken place or when it is taking place—in regard to some of them the enquiry is fairly advanced, in regard to others it is in early stages. In fact, those people who have adopted all those obstructionist tactics get off, those people who have co-operated to some extent have been, if you like, penalised or have agreed to something. Those who have been obstructing get off and their obstruction pays them, which would be unfortunate. Then hon. Members talked about a general amnesty. There I do not quite understand because so far as this Commission is concerned it is not dealing with the whole population or with everybody—it is dealing with specific cases

referred to it. So, the amnesty simply means that the cases which are on *prima facie* evidence referred to the Commission will not be proceeded with in regard to those limited number of cases before them. I do not understand that. I think it would be very unfair to the other cases which they have dealt with. Therefore, once the House decides, and the country knows and everybody knows that this matter is going to be proceeded with to the end, it would be to the interest of all the parties to expedite it and finish it up.

I think it is desirable, and I am sure the House would welcome the suggestion I am making, that the Commission itself should report to the House, say, at the end of every year; as long as it is there it should submit a full report of what they have done and how they have done, for a discussion in the House. Secondly, whenever the Government sees fit to extend the period that fact will also be brought to the notice of the House so that the House can discuss it. If that is done, the House is seized of the matter and can express its views as it likes and this will eliminate the difficulty that the Commission is experiencing of a time-limit which prevents the Commission from going ahead and also the others who feel that the time-limit may stop and their cases may not be taken. So I would beg the House to consider these various points and accept this very simple Bill as it is.

Shri Kamath (Madhya Pradesh): On a point of information. May I ask why is it that in spite of the fact that over two and a half years have elapsed, the cases of those four assesses in connection with which Shri R. K. Shanmukham Chetty resigned have not yet been taken up and disposed of?

The Minister of State for Finance (Shri Tyagi): I said that one of the cases had already been disposed of. I never said that the other cases have not been taken up. I wonder wherefrom my hon. friend has got that information.

Shri Kamath: Yesterday's proceedings.

Shri Jawaharlal Nehru: The others have been taken up and they are under enquiry.

Mr. Speaker: Some hon. Member has tabled a question on this. It need not be discussed further.

Shri Hussain Imam (Bihar): I think the Government got needlessly disturbed and called the Prime Minister to intervene in the debate. There was

[Shri Hussain Imam]

no need for it. The matter is purely a simple home affair. This House has sanctioned a Commission. The question was whether the date on which it was to expire, namely, 31st March 1951, should be extended or not.

[SARDAR HUKAM SINGH in the Chair.]

There is no difference of opinion in this House, that the work which they are doing is the most essential work and the people who have been put in charge of it are the best possible people that we could get hold of. I had the opportunity of working for months together in the Pay Commission with Mr Justice Varadachari and I think that the Government could not have made a better choice than Justice Varadachari for the Chairmanship of this Commission. But as this Bill has been brought forward by our old colleague, the hon. Shri Mahavir Tyagi whose thirst for knowledge knew no bounds, and whose desire for information was insatiable, I hope he would not take it ill if we also want some information from him and hope that he will flood the House with information which the House wants.

Shri Sonavane (Bombay): The position is altered.

Shri Hussain Imam: The first thing that I would like to draw the attention of the Government to is that they have not come forward with any programme. They have not stated how long they think, that this work will go on; what will be the probable income from this source and what is the credit that the hon. the Finance Minister has taken under this head in preparing his Budget. Or has he not taken any credit, which shows his distrust of the Commission?

Shri Sidhva (Madhya Pradesh): Not necessarily.

Shri Hussain Imam: If he has any hopes of getting money from this source, he should reveal it to the House, and not keep it hidden? If he has no hopes, then the question is this: if the people behind it have no hope from it, what hope can we, who are outside, have?

One thing which struck me as rather strange is, that there is this hush hush policy—I am using a harsh word—of not naming the persons who have been guilty of moral turpitude in the shape of evasion and gross evasion of income-tax.

Shri Tyagi: Yesterday I myself had expressed my anxiety that I would like

to name the persons. In fact, when I was on those Benches I once demanded last year that the names should be mentioned. But now when I came here, till yesterday I thought that I should read the names, but I find one difficulty. The Act as passed by this House prohibits me from mentioning the names. In fact, in the case of such persons as have confessed and brought forward the wealth which they had hidden from the alien Government I wanted to give them the credit of having come forward patriotically with their evasions, but I cannot disclose their names because the House will realise that the Act prohibits me from doing so. Under the Act, the names have to be kept secret. Therefore, I am sorry that I cannot reveal the names.

Shri Hussain Imam: The Act was made by this House and could be unmade by the House. If the hon. Minister has a desire to convey the information, he can any day amend the Act.....

Shri Sidhva: Not today.

Shri Hussain Imam:and that will vindicate our position more thoroughly.

Mr. Chairman: The situation as it stands now is that it is not the fault of anybody that the names cannot be disclosed. The hon. Minister stated that there is a legal impediment. What we might do further is a different matter.

Shri Hussain Imam: Sir, this Bill was introduced by the hon. Shri Chintaman Deshmukh on the 31st January and in this Bill we cannot have any amendments. But another Bill is coming forward, as indicated in para. 2 of the Statement of Objects and Reasons. I was therefore suggesting that some amendments of the Bill itself might be made. This raises a very pertinent question. Is it the fault of the House if Bills are not brought forward in their entirety but only one Section is brought forward to change the date? In this case, the Act was to expire on the 31st March and by this Bill Government are seeking to extend the Act. This debars the House, as has been very well pointed out, from amending the Act itself. Instead of this, if a consolidating Bill had been brought forward, then we would have had more opportunity.

The Minister of State for Transport and Railways (Shri Santhanam): The hon. Member seems to be under a misapprehension. The other Act is an amendment of the Income-Tax Act. It is not an amendment of the Income-Tax Investigation Commission Act.

Shri Hussain Imam: No, Sir. That opportunity might be taken for bringing an amendment of the Income-Tax Investigation Commission Act also.

Pandit Thakur Das Bhargava (Punjab): In public interest, the names could not be disclosed.

Shri Hussain Imam: I am rather struck by the fact that the hon. Shri Santhanam has intervened. I should like to have your indulgence to draw the attention of the House to page 5, paragraph (b) of the Investigation Commission's report. They have given several instances of evasions and one of them is very interesting. "A managing agent of a textile mill admitted that he had caused false entries to be made in the mill accounts." There are a number of such instances. I am not going to weary the House with them. But they show that the shareholders' interest was not only not safeguarded but the shareholders were cheated. Are the Government going to be a party to it, because they had got hush money? Are they not going to bring that managing agent before a court of law and turn him out of his managing agency under the Indian Companies Act? It was for this reason that I wanted to have the names of evaders. They not only cheated the Government, but they cheated the people at large and anyone who is a party in hiding this will be an accessory after the event—a class of criminals which is not penalized in India. Under the Indian law, you cannot be the accessory after the event, but in English law there can be abettors and accessories after the event. There are a number of cases of this type quoted by the Investigation Commission. I ask the Government what steps they are going to take to erase these persons from the position of managing agents? They should not be allowed to remain as managing agents and no amount of your promises and pledges to keep their names hidden should stand in the way of punishing them. You will be guilty at least morally, if you will let them continue in their present position. I should also like to point out to the Government that this side of the House is anxious that the work of the Commission should be finished quickly, not because we want these tax evaders to be left scot-free, but because we have a grave apprehension that as the saying goes, easy come easy go. People who have secured this wealth in an easy manner may gamble them away or transfer them to others and there may be nothing left in the end for the State to realise from them. In a large number of cases the amounts may remain unrealised, because there will

be no means left to the assessee to pay. I shall give some practical instances. You cannot realise the amounts from those who have been declared bankrupts. Then there are persons who have left the shores of India; you cannot catch hold of them. If their assets are here, they are yours, but if they have no assets you cannot catch them. You may waste your time, but to no purpose. Therefore, we want that we should get an assurance from the Commission that before investigating the cases, the first thing that should be done by them is to find out whether the firm, or the company, or the individual is still in India and has got some tangible and sufficient assets. You may waste the time of the officers and judges and in the end you will find that there are no assets. All these cases refer to income accrued before 1946. It is now 1951. Five years have elapsed. Are we certain that the persons are still here and can pay?

Then there are certain legal methods of evasion. For instance, a private company is not liable to income tax except to the extent of its registered capital. We know of hundreds of cases in which during the war days companies were floated with nominal capital of Rs. 5,000 and Rs. 10,000. Big people were behind them; but the companies were floated in the names of their nominees. Big contracts were secured by them. Most of the evasions have taken place either in the name of these private companies or unregistered firms. In an unregistered firm it will be most difficult for you to catch hold of anyone, except the person who was signing the papers on behalf of the firm. That man is usually a man of straw—you cannot get anything from him.

I am rather anxious, Sir, to know, what are the improvements which this Commission has suggested. They had suggested some minor amendments which were made. Now the major ones are coming forward. They should see that it is so fool-proof that the chances of evasion in future are eliminated. If this Commission does this work—let alone the work of realising the evasions that have taken place—if they can make evasion in future impossible, I think it will be doing the greatest benefit to the people of India and the Government of India. Any amount of time would be worth it, if we could evolve a system by which tax evasion can be brought under check.

We have been told sir that a people get the Government they deserve. I wish that Government by proving its efficiency would convince the world

[Shri Hussain Imam]

that we are not found wanting. I want that individual cases which have been decided, but not conveyed to us, should at least be conveyed to two or three Government organisations. That at least is within their power. I am referring to particular cases. I have been told—I cannot vouchsafe for it—that a person, or firm, whatever it was, which was subjected to this enquiry of tax evasion was given an advance by the Finance Corporation to the tune of about Rs. 50 lakhs. On the one hand you compromise with him as a tax dodger; on the other you give him a huge chunk of money as loan for one of his concerns. This, Sir, shows want of co-ordination within the Government.

Shri Tyagi: May I know the source of this information?

Shri Hussain Imam: Well, Sir, the hon. Mr. Tyagi is an expert in finding out inside information. Therefore, there is no need of my telling him.

Mr. Chairman: Why should the hon. Minister of State wish to know it when he himself says that under the law it is confidential?

Shri Tyagi: The hon. Member may pass on the name to me privately. I wanted to know the source, to find out whether it was authentic.

Mr. Chairman: He has already said that he cannot vouchsafe for its correctness.

Shri Hussain Imam: I cannot vouchsafe for its correctness. But I have got some information that this kind of thing has happened. I would therefore ask the hon. Minister to take some steps to see that the Finance Corporation of the Government is put in possession of names of these people so that they may not give further assistance to tax evaders. That is the least that can be done.

In conclusion, Sir, we expect the Government, especially during the time of Mr. Tyagi, to see that all the instances which have been quoted, and all the instances that have not been quoted, in which they have been definite, defrauding of the public must be brought to light by legal means and if they have no power to do so, power should be taken, so that Government may not be a party to this fraud.

Dr. Deshmukh (Madhya Pradesh): I am glad that before I spoke the hon. the Prime Minister intervened in the debate and has given us certain information. Sir, I do not agree with many things that the hon. Speaker who has just sat down has said. But I want to

place before the hon. Minister and the House certain aspects of the question which, in my opinion, requires careful consideration.

We have no quarrel with the appointment of the Commission. I am equally certain that we hold the people who have been appointed to do the work in such reverence and respect as anybody else, including the hon. the Prime Minister. We have also no desire to find fault with the way in which they are working. With such judicial luminaries that we have on the Investigation Commission, there can be no doubt that they must be proceeding in the most legal manner and they will not allow anybody to have the impression, much less a grievance, that anything except procedure strictly according to law is observed and justice meted out.

Now the question which requires careful consideration is whether the original expectation from this Commission by way of revenue has been in any shape or form fulfilled. And second—as pointed out by my hon. friend Pandit Thakur Das Bhargava—whether we are not doing injury to the interests of India as a whole by allowing this Commission to go in the way in which it is doing. Without finding fault with the procedure or their judgments, I want to ask whether the existence of this Commission is not preventing many persons from investing their money in government securities and thus indirectly, by the continued existence of this Commission, we are not involving ourselves in very serious difficulties. That is the question. When the original Bill was before this House many of us did feel that the Commission would be dealing with these cases expeditiously and that a year or two would be quite enough to deal with all of them. As a matter of fact, as was read out by the hon. Minister himself and further read out by my hon. friend Pandit Thakurdas Bhargava, Mr. Shanmukham Chetty who was the Finance Minister at the time and who piloted the Bill originally, did think that the cases would be very few. Evidently he had only the most flagrant breaches in view and wanted to make an example of a few big people so as to get a larger amount of money and revenue from fewer cases. I have no complaint so far as the number of cases is concerned also. My only complaint is—and I hold the opinion firmly—that by continuing this Commission and allowing it to proceed in the way in which it is doing, for such a long time, we are involving ourselves in financial difficulties. The sooner the cases are finished and

normal conditions of investment and bringing out of capital are restored the better it would be for us. We know the sorry pass to which we have come. We have seen that although we have got a railway budget which has a huge surplus, yet we have to resort to an increase in fares for which there can be no justification, in the same way as a bus-owner cannot ask to raise the fare simply to enable him to repair his house or to supplement his buses with a few more new ones. It is something like that and there is therefore in my view no justification. But our financial situation is so critical that we have got to tolerate this illegitimate and somewhat illegal thing also. In the same way we have the spectacle of very heavy taxation being raised by the Finance Minister because the ways and means position cannot be cured except in this fashion. The enhancement of fares is in fact tantamount to indirect taxation for purposes of development, and I do not think this sort of thing is known anywhere in a civilized country. I have yet to find whether such a thing can be resorted to for the purpose of improving our ways and means position. Being in that difficult position we must explore all avenues to see that people would be in a mood to invest. That is our primary difficulty. But we have by pursuing policies, half-hearted in some cases and ill-considered in others, really estranged the sympathy and confidence of every section of our people progressively. Whether it is the ordinary middle-class man who wants to invest, whether it is an industrialist who wants to invest, his money in industries, whether it is an existing industry which wants to enlarge and extend its business, we have by a persistent policy, which has been altogether mistaken and erroneous, really estranged the sympathy and confidence of all these people. That is the reason for our difficulty, not that there is no money in the country. Everybody is complaining that there is inflation and for a long time I also did believe, except for this year, that the agriculturists did not have money; but recently the situation has undergone a change and even those who grow only food crops have some money. But they have no confidence in putting the money in government securities because they are not sure that they will get a fair return on it. So my submission so far as this Commission is concerned is that the sooner we settle and wind up all these cases the better it would be for the nation. As was pointed out by my hon. friend Pandit Thakurdas Bhargava, if we had not decided upon this long drawn out procedure which has gone on for a number of years, that money which is hidden and is not coming out would have been invested

in some shape or form, because these people who are tax-evaders are people who do not like to keep a single pie idle. They are very cautious and careful people, they want to make money and mint money. They are people who want to invest their money and increase their wealth by all possible means. They would not have kept their money from investment. They are not simple people. In trying to catch hold of them I must confess the Government has been defeated. It has been defeated often enough by capitalists. But in this particular matter the evasive tax-dodgers have dodged Government, and, if there is any truth in what my hon. friend Mr. Hussain Imam said it is due to this extent that they are capable, intellectually or otherwise, by means of all sorts of cunning and craft that they have and employ of defeating the Government hollow. Already we find that the amount that should have been collected is very large, yet the amount that has been realized is almost insignificant if we take into account the expenditure that was incurred on the Commission. From that point of view I would like to suggest that we are dealing with a set of people who are habitual evaders. They have not done it for the first time. A good many of them might have newly become rich or recently made profits; but many of them are—hardened old-timers, and it will not be easy for this Government to catch hold of them. From that point of view I would rather substitute this Commission by a one-man Commission. I would name that man also—that is, a man like the hon. Shri Mahavir Tyagi. I mean it quite seriously. Or somebody like him who can, in respect of all the remaining cases, call the parties and discuss across the table. Then I am sure he will be able to get much more out of these people.

Shri Kamath: Why not yourself?

Dr. Deshmukh: I do not want to be involved in that. Probably I am not so. (*An Hon. Member:* Crafty) I would not say that. I do not believe I am so honest or capable as my hon. friend. I hope my hon. friend does not misunderstand me. I make this suggestion very frankly and sincerely. I believe in six months' time it should then be possible to get at least three times the yield that this Commission will ever be able to get. And it should be possible within six months to wind up all the cases and not to keep this sword hanging over the heads of all sorts of people. Although it has been stated by the hon. the Prime Minister that he does not think that there will be new cases, one does not know what will happen.

Pandit Thakur Das Bhargava: Section 5 is there by virtue of which new cases can come up.

Dr. Deshmukh: And I find that a certain number of cases have been added during the last year. But taking the Prime Minister by his word, even if we do not add to the number of cases, my point is that the work in connection with all these cases should be finished as early as possible. Many important but impartial people have suggested to me as they have probably suggested to many other Members of this House that the sooner we finish them the better it is for the country. I do not want anybody to be let off nor do I want that there should be a general amnesty, much less an amnesty in any particular case. As long as investment is being prevented and there is shyness of capital, as long as capital is under-ground and is reluctant to come up—and it will never come up so long as this sword hangs over their heads—till then our position is likely to continue to be as precarious as it is today. It is from that point of view that I would like that this Act should be in existence only for about a year more and within less than a year it should be possible to wind up all the cases and to reach a settlement. You may achieve this result in any way you like. I am unable to understand the use of a long-drawn judicial procedure in such cases? After all this is not a criminal case—I mean we are not treating it like that and the main idea is to get hold of some portion of the money that is hidden from the Government or which is evaded. It should not matter if one man gives five lakhs more and the other man five lakhs less. Because it is impairing our financial stability and the progress of the country is being held up, I suggest that the minimum amount of time should be given to the operation of the Act. I do not agree and I am not convinced that simply because the time-limit is there—everybody who is considered guilty of evasion wants to prolong the decision of the case. It is human nature to delay a bad thing—but simply because the time limit is fixed as 31st April 1950 I do not believe that people think that by that time the investigation commission will be no more and so they will get off scot-free only for that reason. I do not think that such foolish people exist in India; they might exist somewhere else. But they are not so foolish as to think that simply because the date expires they will be free from any liability attaching to them. Government is capable of substituting something else in place of the Commission at a moment's notice if need be, so that those who have been already caught should not escape, or

merely by lapse of time get the benefit of being discharged. Sir, I do not know how a person like hon. Mr. Deshmukh can put forward such an argument. I do not feel it is right to say that people pursue obstructive tactics simply because this Act remains in force up to a definite date. My suggestion therefore is take the minimum time. It should not be more than one year. I also want that the whole lengthy procedure should be abandoned. I cannot understand the Prime Minister when he says that it has done judicially and yet informally. I cannot see the possibility of the combination of the two. If a thing is done judicially, where does the consent come in. It must be either the one or the other. I beg of the Government to give up this judicial business. Do it by way of arbitration. It is not a matter of one or two people suffering. The whole nation is suffering because of the existence of this Commission because it has killed the incentive for the formation of capital. We are not getting the capital which we badly want and we have to resort to all sorts of things. I suggest that my hon. friend should consider my suggestion in all seriousness and get himself appointed as the only arbitrator of all these cases and finish the work within 3 months.

Mr. Chairman: Pandit Munishwar Datt Upadhyay:

Shri Joachim Alva (Bombay): Before the hon. Member proceeds, may I ask one question? The hon. Minister said just now that there are cases which could not be disclosed on account of the Act. May I put a hypothetical case? Will it be open to any Member of the Standing Committee to put such a question in the Committee and will the hon. Minister give the information?

Shri Tyagi: I am afraid the Commission will not pass the names to us because according to the law which we have enacted, names could not be given out and simply because of those conditions, people are coming forward to confess. Once they have given the confession, it means the Government by law has given an undertaking that their names will not be given out.

Pandit Munishwar Datt Upadhyay (Uttar Pradesh): I was very carefully listening to the arguments that were being advanced by a number of hon. Members who have spoken on this Bill. The arguments that were advanced by hon. Pandit Bhargava are very sound and they are very good arguments in their own place. If the appointment of the Commission were before us, if the question whether the Commission

should or should not be appointed, whether it should or should not be entrusted with that sort of work, were before us for consideration, I think the argument that he was advancing was really a very good argument. The simple question before the House is whether the life of the Commission should be extended by a year or two or it should be extended without any limitation. When I was attentively listening to the argument, I thought that my hon. friend was trying to repeat the argument that he had probably put forward when this Bill for the appointment of the Commission was before the House. The stage at which we are to-day is that the Commission has worked for some time, they have investigated a number of cases, they have detected so many cases, they have tried to fix the amount of tax and they have also tried to realize a certain amount up to now and after having done that, there are a number of cases, about 1,000 cases still to be investigated and probably crores of rupees yet to be fixed and crores of rupees to be realized. I do not think that we can go back to consider those arguments that we could consider if the question were whether there should be such a Commission or the ordinary law should have its way. There is no doubt that if the ordinary law is sufficient to deal with such cases, there should be no extraordinary law to make enquiries and investigations and settle the amount of taxation and try to realize them. The position is that the ordinary law could not catch these people. A number of people made crores of rupees during the war and during the last 7 or 8 years but they were not paying any income-tax on that income that they made, during these years. It was to have a share as tax from such income that this Commission was appointed. The Commission has worked for a number of years although the procedure adopted by the Commission appears to be lengthy and I think the number of cases that they have dealt with up till now appears to be quite small. They should have finished the work by now, but the fact is that they have not been able to finish the work by now. As the hon. Prime Minister just now said they were following a very elaborate judicial procedure and the head of the Commission being a Judge of the High Court certainly was following the procedure which he followed for a number of years when he was on the Bench. Although the procedure is very elaborate and there are very few chances of doing injustice, there are so many other considerations also which should have been taken into account. That is not the only point that procedure should be just, that there should not be any injustice in

fixing the amount but the other consideration which was put forward by hon. Pandit Bhargava was that on that account Capital was not coming out because the people feared that if they invested on some industry, they would be detected and they would have to pay income-tax over it. That, of course is a very material consideration. In spite of that consideration, the stage at which we are to-day is whether the life of this Commission should be extended without any limit or not. Up to now the life of the Commission was limited. The last date is 31st March 1951 and I think it is correct to say that on this account, a number of people tried to see that their cases were not settled before that date and the result is that the Commission has been able to finish only 388 cases as was mentioned by the hon. Minister, and a number of cases are still there to be dealt with by the Commission. In such circumstances, I think if the date is fixed and if the date is so near that the people can think that they can by dilatory methods avoid giving information or avoid settling their cases within that period, it is very likely that they may be tempted, but in case they come to know that the period of the Commission is so long that it is not possible for them to avoid till that period, i.e., up to the end of the term of the Commission, it is certain that their cases will also be settled. In that case, it is likely that they might come forward quickly and either make a confession or agree to a certain compromise and the work may be finished earlier. My submission is that in case we try to fix a shorter period, it is likely that a longer period may be required for completing the work of the Commission. If we do not fix any period or if we fix a sufficiently long period and the defaulters know that they shall have to settle their cases with the Commission, it is likely that they may not have recourse to dilatory methods and the work may be finished earlier.

The expenditure incurred by the Commission, was stated by the hon. Minister to be about 20 lakhs. He also said that the amount realised was 90 lakhs. I do not think that we should compare this amount with the other because, although the amount realised is only 90 lakhs, it is being realised in instalments and therefore only a portion of the evaded amount has been realised. It may take some time to collect the full amount. As the money is being paid in instalments, it may not be possible to have all the money at a time. Therefore, this comparison of 20 lakhs with 90 lakhs does not appear to be a proper comparison.

Then, Sir, as I was submitting, if the ordinary law were allowed to have its

[Pandit Munishwar Datt Upadhyay] course, as suggested by Pandit Thakur Das Bhargava. I think we could not have 66 per cent. of the income which we shall now have as tax.

Dr. Deshmukh: There is no difficulty; they can compromise even under the Income-tax Act.

Pandit Munishwar Datt Upadhyay: But, that is not dope. The other percentage is 92 or something like that. That too is not possible under the ordinary law, unless of course they agree to compromise.

Pandit Thakur Das Bhargava: The Excess Profits Tax was in existence and it could be treated to be in existence for this purpose also.

Dr. Deshmukh: There is also provision for penalty.

Pandit Munishwar Datt Upadhyay: If we could amend the law, that is a different matter and there could be a compromise at that amount. Under the ordinary law, it was not possible to achieve the object which we are likely to achieve by this method. Under the ordinary law, there is a certain rate and if you go beyond that rate, it is only a compromise or settlement which could allow it. It was not also possible to tax the income of so many years in the past because a certain limitation has been fixed.

Pandit Thakur Das Bhargava: Now, it is eight years.

Pandit Munishwar Datt Upadhyay: You are now covering cases of 1941 and 1942; probably cases of 1940 may also be there. Some of these cases must go out even if it is 8 years as my hon. friend Pandit Thakur Das Bhargava suggests.

Again, it is said that you cannot extend the term of the Commission to an unlimited period and it is suggested that the period should be extended by one year. But, I think the same difficulty on account of which they have to bring this Bill will again arise, because people will think that there is only a period of one year and try to avoid this period of one year, so that they might escape being taxed. Therefore, my submission is that the Bill as it has been brought before the House does not require such a great consideration as my hon. friends seem to think. The only point that we have to consider is whether, in the circumstances in which we are placed today, it is proper to extend the period for the working of the Commission to an unlimited time or not. I think that if we allow that period, we shall finish the work in a

shorter time, and therefore, the Bill as it stands should be accepted without any change, because that is likely to bring better results than if any limitation is placed upon it.

The House then adjourned for Lunch till Half Past Two of the Clock.

The House re-assembled after Lunch at Half Past Two of the Clock.

[PANDIT THAKUR DAS BHARGAVA in the Chair.]

STATEMENT RE. CONDITIONS OF
TRADE IN JUTE

The Minister of Commerce and Industry (Shri Mahtab): Sir, with your permission, I beg to announce the following:

The House is aware of the Indo-Pakistan Trade Agreement recently entered into. Following that Agreement, arrangements have been completed for the purchase of jute in Pakistan, conditions of trade in jute in India and the purchase of jute goods from the jute industry by Government. Out of ten lakh bales of raw jute allocated by Pakistan to India, 3½ lakh bales will be supplied by the Pakistan Jute Board at a price that we have agreed upon and which has been accepted by the jute industry on whose behalf we are making the said purchase. The balance of 6½ lakh bales will have to be bought in the open market and the prices will depend upon competition and other factors usually operating in an open market. This raises the question as to how we should deal with the raw jute market in India. During the period mentioned, the industry will have to buy in nearly equal measure raw jute from the Pakistan market and the Indian market. Under the circumstances, Government have come to the conclusion that the maintenance of a ceiling price for raw jute in India will not be in the best interests of the jute industry. Even a ceiling at high level will be unworkable and will not be effective under the present conditions. Government have, therefore, decided to remove price control on raw jute and manufactured goods and orders are being issued to-day accordingly.

Notwithstanding the decontrol, Government have arrived at an understanding with the industry in respect of the prices at which orders already placed for the supply of jute goods to Government will be executed. Over 100,000 tons are due for delivery by the mills under these orders up till

September 1951. The Indian Jute Mills Association has agreed that all orders placed up to 31st January 1951 will be executed at present controlled ceiling prices of jute goods. Orders placed thereafter will be executed on the basis of actual prices of raw jute plus agreed charges for processing and profit. This date line has been fixed in recognition of the difficulties experienced by the industry in obtaining supplies of raw jute at controlled prices ever since the beginning of February.

In order to secure a fair distribution of jute amongst the various mills, allotments have been made for the purchase by each mill of Indian and Pakistan jute separately determined in consultation with the Central Jute Board, Calcutta. We hope that this will result in preventing unrestricted competitive buying. The Central Jute Board will keep a close watch over the situation and Government will be ready to take such further steps as may appear to them necessary from time to time.

It is not expected that as a result of the present jute position, the essential programme of food production will suffer in any way, but should it be necessary, Government will not fail to take suitable measures.

TAXATION ON INCOME (INVESTIGATION COMMISSION) AMENDMENT BILL—*contd.*

Mr. Chairman: The House will now resume discussion on the motion:

"That the Bill further to amend the Taxation on Income (Investigation Commission) Act, 1947, be taken into consideration."

Dr. Deshmukh: Sir, will any question be allowed on the Statement just now made?

Mr. Chairman: No, no question on the Statement.

Prof. K. K. Bhattacharya (Uttar Pradesh): I shall content myself with a few observations on the Bill which is being piloted by my learned friend the hon. Shri Mahavir Tyagi. The fact of the matter, Sir, is that the Income-Tax Investigation Commission consists of two members who are tried judges. Specially there is Mr. Varadachariar who is a very leading judicial luminary and there is Mr. P. B. Chakravarti a leading lawyer and thereafter a judge of repute of the High Court of Calcutta who command universal respect. With such members on this Commission, there can be no manner of doubt that

full justice will be done and has been done to all concerned.

With regard to the suggestion that if we at this stage arrive at some compromise there will be some easy method of getting the money due to Government, I will read some portion of the Report of the Commission dealing with its work. On page 12, we find:

"But in the experience of the Commission, those whose cases have been settled under this provision, except in a few cases, came out with a disclosure, only at a stage when they found that the wall of evidence collected by the Authorised Official was closing around them in such a manner as to leave them no room for escape from the rigours of the law except through an admission of concealment."

With your permission, Sir, I shall quote from another portion of the Report. Further the report says:

"But whether a case was reported upon an investigation basis or disposed of on the basis of a settlement, the labour entailed on the Commission in finalising it was practically the same inasmuch as even in settlement cases, the admissions were tardily and grudgingly made and that only when the parties were confronted with incontrovertible evidence."

Therefore, Sir, these tax-dodgers were not simple folk. They did not play the part that George Washington did when confronted by his father with the words, "Did you injure this favourite cherry tree of mine?" The boy unhesitatingly, said, "Yes, I did." The confession of these people is not like that confession. Their confessions had to be wrung out of their unwilling lips by the force of the evidence collected against them. There the matter stands. Therefore, what I want to impress upon this House is that this Commission has done very useful work and these tax-dodgers, in my opinion, are the worst anti-social elements and we should pursue them till they openly admit and confess their guilt and give the full amount of the money due from them. There cannot be any compounding in such cases. If we do then it will lead to still greater trouble and these people will only put forward pleas which will be utterly untenable. We cannot compromise with untruth and we must not compromise with such tax-dodgers. We passed the Preventive Detention Bill depriving the people of the elementary rights on the score of the security of the State. After all the security of the State has

[Prof. K. K. Bhattacharya]

to be maintained. And therefore we have passed that Bill. But here it seems the hearts of some of the hon. Members are overflowing with the milk of human kindness for these tax-dodgers. Why is that? Are not these tax-dodgers ruining the State? We have been hearing so much against the profiteers and the blackmarketeers and so on and so forth. And am I to understand that the Government of India should not take steps against these tax-dodgers? If two years is not sufficient, let the life of the Commission be extended to three or four or five years, I do not mind it. We will be able to do at least one thing. We will be able to find out the ways and the means by which these tax-dodgers succeed. In this little book, you find something of the methods adopted by these people and we find they are very ingenious and crafty people and perhaps many a Sherlock Holmes would be required in order to unravel the ways of these evaders. And instead of thanking the Commission for the good work that they have done and are doing, we are here saying that they have moved very tardily. They are all tried judges and they do not adopt any third degree methods or any force or coercion. In fact, the parties have been dealt with leniently. Well, now at this stage to say that this good work should be stopped and suspended here and now is, like asking that a useful work should be suspended in the middle of the course. We must proceed to the logical conclusion thereof. After all if you look at the practical side of it only Rs. 20 lakhs have been spent and 96 lakhs have been collected and that in instalments. We can expect therefore a far larger amount to come forth in the near future. I therefore want to impress on the House that whole-hearted support must be given to this Bill. As regards two years extension advocated by some members, I am not in favour of fixing any time, for the simple reason that after two years, if a Bill comes before the House there will be heated discussion again. They will ask "What have the Commission done within two years? Have they not proceeded tardily?" The members of the Commission cannot rush through their business. They are men with judicial experience, judicial knowledge and procedure. They cannot act rashly and have to exercise their discretion in consonance with judicial procedure. They have to see that justice is done.

There is one thing which I would ask the Minister of State for Finance to bear in mind. What guarantees are

taken with regard to the collection by instalments? Have any securities been found? As was said by an hon. Member a person after making an instalment or two might go away to a foreign country or declare himself bankrupt. What is the guarantee that we shall be able to realise the instalments?

An Hon. Member: No guarantee.

Prof. K. K. Bhattacharya: Therefore we must clearly bear in mind that fact with regard to payment by instalments. The Government must be careful in giving the benefit of payment by instalments to persons who are tax-evaders and they must exercise the strictest vigilance. Persons after paying the first or second instalment might go to the bankruptcy court and have themselves declared bankrupts. Will that be sufficient? No, Sir. Therefore I am not in favour of instalment payments. Collect the money as early as practicable without instalments, if possible. *(Interruption.)* I cannot understand why some of the Members are so fond of instalments, whereas others are not. However, I am not concerned with them. I shall proceed with my points.

Dr. Deshmukh was loud in saying that there will be a confidence in the country if the tax-evaders are allowed to go scot-free. I am asking in all sincerity, will the confidence of the country remain intact with no pursuit of the tax-dodgers? It would then be a conception of the functions of the State which is completely erroneous and fallacious altogether. On the other hand, the confidence of the nation will rise to the highest level if we can pursue the tax-evader. That will show to the world that we show no mercy to the tax-evaders. They are a dangerous element in our economy and to the rights and liberties of the people: they are the worst anti-social elements. Therefore if we pursue them the confidence of the nation will rise to the highest point. I do not say that they should be pursued with vengeance. Being judicial officers of great experience the members of the Commission are not pursuing them with vengeance and I have not the slightest doubt that justice will be done by them. I would ask the House to remember this motto: i.e., "Fiat justitia ruat caelum" i.e., Let justice be done, though the heavens may fall. Sir, I feel that the Bill as presented by the Minister of State for Finance should be fully supported by the House and in consonance with justice we must pass this Bill.

❖ **Shri A. C. Guha (West Bengal):** Sir, I rise to support the amending Bill.

The original Act was passed in 1947 and since then there have been two amendments to the original Act. There is complete agreement in the House that the progress or achievement of the Commission has not been quite satisfactory. When the original Act was passed it was expected that the Commission would be able to finish its work within the limited time allotted to them. So the Act was meant only for two years. But on account of the obstructive tactics adopted by the assesseees and the enquiries of the Commission bringing to light more cases, naturally the work of the Commission has been going on beyond the allotted time. Certain amendments to extend the time as also to modify the method of operation of this Commission have had to be adopted by this House.

Some Members of the House have opposed this amending Bill. Some have suggested something like a general amnesty to the offenders. I consider it a most dangerous thing to declare something like a general amnesty to this class of offenders. During the last war there has been a complete breakdown of public morals, not only in India but in other countries also. But perhaps due to the alien rule prevailing in the country and also perhaps due to the deliberate policy of the then Government, the breakdown of the morals in India was more complete than in other countries. In this report it is said that tax evasion in America and England was often counteracted by the voluntary help of the business community, particularly banking companies. One of the most common methods of tax evasion is by the device of cash transactions and another is of persons drawing fictitious cheques and having them cashed across the counter. These are the two common devices adopted to conceal their real incomes. In U.S.A. and England the banks came to the help of the Government. Whereas in India, as the Investigation Commission here has reported, the banks in most cases are under the control of these persons against whom proceedings are launched. It is a misfortune to our country that only a few families or firms are in control of the entire economic structure of the nation. They are in control of commerce and business. They are in control of our industry and they are the controlling factors in our banks and insurance companies. Now they have taken to control public opinion also through their control of all the newspapers of the country. This iron ring forged by a few corrupt industrialists and big capitalists has to be broken, if the nation is to prosper. Therefore this measure has to be adopted, because

the Government and the nation cannot get adequate help from the banking companies and other financial firms. Out of 1,390 cases only 337 have been disposed of so far. Of these 65 have been disposed of according to the evidence available and in 272 cases amicable settlements were reached between the assesseees and the Commission. Sir, this settlement was possible only because the Commission was carrying on its work vigorously—it was not a case of the assesseees coming out to declare their lapses out of a sense of remorse or of public duty. Only when they felt the grip tightening upon them did they come forward and come to terms. When out of these 1,390 cases only 337 have been disposed of you cannot but continue the investigation in the other cases. You cannot allow the remaining cases to lapse. Those parties who have been less intransigent and less obstructive—their cases have been disposed of already, but the cases of those who have been more intransigent and obstructive are pending with the Commission. It would be no argument if it is suggested that because they have been more intransigent and more obstructive they should be rewarded by a general amnesty. That would be putting a premium on their immoral and corrupt practices.

It has been suggested that because of this Investigation Commission capital has become shy. It would be too much to say that capital is shy only because of the working of this Income-tax Investigation Commission. It is deliberately shy because of the tussles going on between it and this national Government, but I am constrained to say that in almost all these tussles the big capitalists have won their points while Government has not been able to score even a single victory. That does not mean that we shall surrender to these forces and to these capitalist machinations. Therefore, from this point of view and considering the fact that the cases remaining are of the more intransigent ones, these cases should not be treated with any laxity or lenience. I plead before this House that it should adopt this amendment and give a long lease of life to the Commission.

It is known to everybody that the corrupt practices engendered in the country during the last war have not ceased to exist. They have been putting on more ramifications and extending their operations to newer fields. Sir, last year we heard so much of the sugar racket and the cloth racket. During the last session of the House we heard so much of black-marketing through speculation in jute.

[Shri A. C. Guha]

Where has all this money been going to? These big capitalists have escaped payment of income-tax and other dues to the State and the Government and the nation have been deprived of the due share of foreign exchange at least so far as jute transactions were concerned. Sir, our commercial life is full of corruption. There should be no case of clemency or relaxing action against these people. Therefore I plead that this amendment should be accepted and this Investigation Commission should be accorded a permanent place in our economic life as long as dishonest people continue to dominate the economic and industrial life of our country.

Pandit M. B. Bhargava (Ajmer): I rise to oppose this amending Bill notwithstanding the great support it has evoked from the hon. Prime Minister. I am not convinced to accord my whole-hearted support to extending indefinitely the lease of life of this Commission. Sir, this measure was adopted by the House in 1947. In November 1947 the Commission was constituted and it began functioning from 1st December, 1947. Its main work during 1948 was the revision of the income-tax law. After examining the law it has submitted a report recommending amendment and modification of the existing income-tax law to minimise the chances of evasion if not altogether eliminate them. That work of the Commission was of great importance and of permanent character and the House naturally appreciates it. The measure which has been drafted on their recommendation is now on the anvil of the House.

Now, the other part of the Commission's duty was to scrutinise and investigate cases of evasion that were referred to it. According to the report placed in our hands, in 1948 only four cases were disposed of, 101 were disposed of in 1949 and in 1950, that is up to December, 232 cases were disposed of. In all 337 cases were disposed of by the Investigation Commission. The cases pending before the Commission were 1304 so far as cases referred to the Commission under section 3 were concerned, and 86 which were taken cognizance of by the Commission and which were later referred at the instance of the Government to the Commission under section 5. Sir, we have to see and measure the achievement of this Commission by the amount of work that it has done. So far as the personnel of the Commission is concerned there cannot be two opinions about their judicial integrity and their ability and we have the highest regard for them. But the

effect of this measure is to be judged not only by the period the Commission has taken but by the quality and quantity of work it has done. And then too more so not by the quality and quantity of the work done but by the general effect the work of the Commission has on the entire economic life of the country. We have got a mystery about the figures that have been supplied to us. If we refer to the Budget speech of the hon. Minister, at page 21, paragraph 43 we find that up to December 1950 the Commission investigated 237 cases involving a recoverable income-tax amounting to Rs. 6.5 crores. If we refer to the amending Bill and to the Statement of Objects and Reasons we find that up to January 1951 the Commission disposed of 377 cases and the amount of recoverable income-tax as assessed by the Commission is Rs. 8 crores. In the report presented by the Commission we find that on page 2 the Commission has not given the exact amount of the income-tax declared to be recoverable from the assessee but it has given the information that it has disposed of 337 cases in which the total amount of income-tax involved was Rs. 11,03,26,000.

Now, Sir, in the Statement of Objects and Reasons of the amending Bill, we find that while the tax declared recoverable is Rs. 8 crores, the total amount of income-tax involved in the 377 cases is Rs. 11.81 crores. According to the figures supplied by the hon. the Finance Minister, the tax assessed recoverable in the 337 cases was Rs. 6½ crores, but according to the figures in the Statement the amount recoverable in 377 cases is Rs. 8 crores. According to these figures, it would appear that the forty cases that were disposed of by the Commission involved a sum of Rs. 1½ crores, whereas the actual amount of concealed income-tax has been assessed to be Rs. 77 lakhs. This cannot possibly be correct. We are not therefore in a position to say what is the exact amount assessed by the Commission as recoverable on the cases so far disposed of.

3 P.M.

Now, coming to the figures supplied to the House yesterday by the hon. Minister of State for Finance, we find that according to him the total number of cases disposed of is 388 up to February 1951. The total amount of concealed income-tax involved in these 388 cases is Rs. 12 crores and 6 lakhs and according to the same estimate, the amount assessed as recoverable comes to Rs. 7.7 crores. Therefore, there are three figures: Rs. 6½ crores as the entire amount assessed as recoverable given by the hon. the Finance Minister; Rs. 8

crores as given in the amending Bill; and Rs. 7.7 crores according to the hon. Minister of State. There is a difference in these figures, but so far as the amount realized up to date is concerned there is absolutely no difference; it is a paltry sum of Rs. 90 lakhs. The question naturally arises as to what period of time the Investigation Commission is likely to take to complete the remaining 1000 and odd cases which are still lying undisposed of. The rate of disposal hitherto has been very slow. It was 40 in January and 11 in February. According to this rate, the Commission may well take about three to four years to dispose of the remaining cases. But there is one very important thing to be taken into consideration and that is this: what is the total amount of concealed income-tax involved in all these 1300 cases? Neither in the report that has been supplied to us nor in the figures that were supplied to the House by the hon. Minister of State could we find what is the present estimate or the departmental calculation of the total amount of concealed income-tax in these cases. In answer to a question on the floor of the House, however, the estimate was given as Rs. 96 crores. We have not got any data. We have not got the opinion of the Investigation Commission. We have not got any figures upon which we can go and adjudge the accuracy of this estimate of Rs. 96 crores. But looking to the volume of the cases disposed of hitherto, namely, 388 cases and the amount of tax assessed as recoverable, namely, Rs. 7 crores and 7 lakhs, the average comes to about Rs. 3 lakhs per case. Out of these Rs. 96 crores we find that the amount of concealed income-tax in the case of the 388 cases already disposed of comes to Rs. 12 crores. That means that the amount estimated to be recovered from the remaining undisposed of cases comes to Rs. 84 crores and if this is divided by the number of cases pending, the average comes to Rs. 8 lakhs per case. Even according to the original legislation, the life of the Investigation Commission was only two years and it had been subsequently extended by Government notification for one year more. One would have expected that the Investigation Commission will take those cases first which involve very, very big amounts and dispose of them in the first instance rather than dispose of other cases which are comparatively of a lesser financial implication. My submission is therefore this, that looking to the time already taken and the results achieved, namely, that although the recoverable amount is in the vicinity of Rs. 8 crores you have been able to realise only Rs. 90 lakhs,—in view of this, although in-

stalments may be still due, one cannot refrain from remarking that the amount of the recovery is wholly disproportionate to the amount assessed and if this is an indication of the results that we are going to achieve by the labours of this Commission, I must remark that it is simply disappointing. It is not from this angle of vision that we have to judge the effect of this measure. We have to see the effect of the continuance of the work of this Investigation Commission upon the money market and realise the present financial crisis through which we are passing. There can be no two opinions that we are in the midst of an economic crisis of an unprecedented character. We are faced with the monster of inflation and on all hands it is agreed that one effective remedy to counteract this enemy of inflation is to stimulate more industrial production in the country. For that, we require capital and must remove the causes for the stagnation in the money market. If you refer to the figures that have been available to us during the last four Budgets, you will find that in 1947-48 net repayments of loans of the Government of India amounted to Rs. 18 crores; in 1948-49 the payments were over Rs. 57 crores; in 1949-50 they were over Rs. 11 crores and in 1950-51 they are over Rs. 18 crores. So, the Government of India have all these years embarked on an extensive programme of borrowing and at the same time discharge those loans and make payments within those loans rather than contract new loans. If that is the condition and economic level to which we have been reduced, the question arises as to whether sagacity and wisdom require that we should take such measures and adopt such policies as would stimulate and attract more capital into the investment market or we should go on with the policy of continuing this stagnation.

It has been said that the cause for the absence of investment has nothing to do with the findings and work of this Commission. I would respectfully submit that it is wrong, but the way in which the work is proceeding is unsatisfactory. The entire Commission is hanging like a sword of Damocles on the head of all persons, not merely those who are involved in those cases—their number is limited—but upon all the investors, either middle class or otherwise. There is a fear and apprehension that if anybody comes with money in the investment market the question will naturally arise as to wherefrom he got the money and it may or may not be possible for the person concerned to explain. Then he stands a chance of being dragged before this Commission.

[Pandit M. B. Bhargava]

It cannot for a moment be denied that the continuance of this Commission has a very adverse effect upon the investment market. That is a position which we cannot possibly tolerate in the present state of our economic life. My submission, therefore, is that taking a very long-range view, wisdom lies in winding up the proceedings of this Commission as early as possible.

No one can imagine for a moment—as has been argued in some quarters—that those who oppose this measure have sympathy with the tax-dodgers or evaders, and that they do not want the cases against the offenders to be pursued. That is not at all the reason why some of us have opposed this measure. In fact, Sir, no one would be happier than myself, if the tax-dodgers and evaders are pursued to the farthest limit possible. The last speaker read out to the House certain portions from the Report and pointed out that these tax-evaders have specialised in fraud and forgery. But, Sir, is it not shameful, if we are very keen on pursuing these tax-evaders and dodgers to the farthest limits, to compromise with these specialists in fraud and forgery at 66·6 per cent. In fact, Sir, we are not in a position to know the amounts assessed by the necessity of exigencies of the situation.

[MR. SPEAKER *in the Chair.*]

Every hon. Member in this House has voiced his feeling that we should not have a soft corner for these people and should not compromise with them on principle. But still we find that in actual practice this very Commission has compromised in no less than 272 out of a total of 337 cases disposed of. Therefore, it is the exigencies of the situation which has determined our course of action in the Commission and we have compromised with tax-dodgers

Secondly, Sir, my submission is that this measure should be viewed not from the purely idealistic angle, but from a practical aspect. If the condition of the money market is so stringent, if we cannot tolerate this stagnation in the capital market, it becomes our duty to take all measures possible to stimulate the flow of capital. One effective method of doing so would be to devise an expeditious way of disposal of those cases that are pending with the Commission and to wind up the work of the Commission as early as possible. No one has suggested that we should terminate its work abruptly. All the speakers whom I have heard in this

House and who were opposed to an indefinite lease of life to this Commission have opposed it on the ground that its work should be disposed of expeditiously. It is its abnormally slow speed of work that has been the subject matter of criticism in the House. Therefore, considering the subject from a practical point of view, it appears essential that we should so modify the provision of this amending Bill that the investigating Commission may wind up its work as early as possible and probably in the way suggested by Dr. Deshmukh. I am opposed to this Amending Bill. I do not want that an indefinite lease of life should be given to it, so that the Parliament cannot determine as to when its life should come to an end. It has, however, been suggested that an annual report on the working of the Commission will be placed before the House. But on such a report the scope of discussion of the House will be considerably limited. It will not be open to this House to wind up the Commission, if it liked. Consequently, my submission is that the amending Bill should not be accepted in the form in which it has been brought before the House. Some definite period should be fixed within which the Commission should be asked to complete its work, and if at the end of it there are certain special circumstances warranting an extension, it should be open to the Government to come again before the House justifying the need for an extension.

Shri B. P. Jhunjhunwala (Bihar): I am sure there is none either in this House or outside, who wants that these tax-dodgers should be let off without punishment, or that a general clemency should be declared in their favour. As I have said, there is none who wants that these tax-evaders should be let free. Even the tax-dodger, if you ask him will not dispute this proposition, provided he is let free. Once he is sure that he and his kith and kin are safe he is the loudest in support of this measure.

Sir, there are three backgrounds to this measure. One of the objects of this Commission is that Government should get back its money from the tax-payers who have evaded payment of the tax. The second one that is its effect on general economy of our country. The third, and the one which I regard as more important, is that tax dodging should not be allowed in our country. It has a very bad moral effect on the people as a whole and leads to other corruptions. It is a very contagious disease and should be rooted out.

I shall take up the question, namely, the question of correcting the morals of the people. While dealing with this I shall not take into consideration what has been the tax assessed, what has been the realisation and what have been the expenses. Even if the expenses be much more than the tax collected, if it has a moral effect on the people I shall say let this Commission go on to any length of time and let us spend as much money as is necessary for it if this thing works as a sort of corrective measure. In the Commission we have got a rare person who is its Chairman, Sir Varadachariar. Everyone of us has got great respect for him. His judicial ability and integrity nobody can question. But it is not only he who plays the part. He plays his part only after the cases have been sent to him, he looks to it only from the judicial point of view. But the persons who are reporting these cases, persons who have been put in charge of finding out who is a tax-dodger, who has evaded tax and how much he has evaded—we have to see how they have been playing their part. So many rumours and stories are told about them, but it will not be fair that I should name them before this House. Many people have got grievances that real tax-dodgers have been let off while others who are honest and who want to give the real figures are being roped into this. As such I find that so far as the corrective side of this measure is concerned, it has failed.

So far as the other question is concerned, namely, how much we have collected and how much was expected in the beginning, as my hon. friend Pandit Mukut Biharilal Bhargava has stated, in answer to a question on the floor of this House it was anticipated that there was about Rs. 96/ crores of tax evasion and that we shall be able to get out of it about Rs. 88 or 90 crores.

An Hon. Member: When was that information given?

Shri Jhunjunwala: That was stated in answer to a question on the floor of this House about, I think, ten days back. If we look at the result so far achieved we find that it has been very poor and it has taken four years for having this result. If we go on like this and if even honest people are roped in and they are in suspense in bringing even their honest money into the market, one can just imagine as to what the effect on the money market and on our general economy will be. My hon. friend Pandit Mukut Biharilal Bhargava has dealt with that.

It is said, and I am also of the opinion, that when out of 1,300 cases about 300 cases have been decided it is not fair that one thousand people should be let off. But it is not only these one thousand people. As I have pointed out, the people who are investigating and who are giving information are not persons like Sir Varadachariar and the complaint against them is that many real tax-dodgers are let off while honest people are roped in. So it is not only these one thousand people whose cases have to be decided, but if during the course of this investigation and this information anybody is found connected with it, or if anybody is falsely roped in as being connected with it, his case also is listed therein. So it does not end there. It will go on, and unless we can get in the people who are giving information and who are investigating individual cases, men like Sir Varadachariar, it is very difficult to know as to when there will be an end of this Investigation Commission. The hon. Minister of State for Finance wants that its life should be extended without any limit. And it will be extended without any time-limit if things go on as they have been going on in the past. Then the effect on the money market and on our production will be very injurious, as has been explained by my hon. friend Pandit Mukut Biharilal Bhargava.

So, we have to look at the matter from three points of view. One is what has been the moral effect of this Investigation Commission—whether we have been able to check corruption or whether corruption is increasing. As I have said in the very beginning, if we can check corruption by means of this Investigation Commission, I do not mind, even if we do not realize anything or even if we have to spend much more than what we have spent—that is not the question—if we can raise the morals of the people it would be a greater asset than getting crores of rupees or anything like that. But unfortunately, as things stand at present, it is not possible to expect that this Investigation Commission will work as a corrective measure. Under the circumstances I would suggest that this Investigation Commission should not be given an indefinite lease of life but, as has been suggested by my hon. friend Prof. Shah, its life should be extended to two years and then we should see and watch the result. But in watching the result we should see whether it is producing any good result from the point of view of bringing more money to the coffers of the Exchequer and on general economy of our country. There too till now it has failed. Then I do not know what useful purpose it will serve.

The Minister of State for Parliamentary Affairs (Shri Satya Narayan Sinha): Sir, the question may now be put.

Shri Sidhva rose—

Mr. Speaker: Let this first question be decided, and if this question is negated we shall go to the next.

Shri Sidhva: I wanted to know, Sir, whether you have accepted the closure.

Mr. Speaker: I think there has been sufficient discussion over this small Bill.

Shri Sidhva: Only about nine Members have spoken. It is an important Bill.

Mr. Speaker: I know it is an important Bill. but the same arguments are being repeated. I think it is proper that I should put the closure motion. Of course it is for the House to accept it or not. My acceptance of the closure motion means that I am putting it before the House, but the real acceptance is that of the House. The question is:

“That the question be now put.”

The motion was adopted.

Shri Sidhva: Sir, the hon. Prime Minister stated in his speech today that no more cases will be sent to this Commission but under the general Act, new cases may be sent. May I know whether the Minister of States is prepared to make an amendment to this effect in the existing Bill?

Mr. Speaker: Which General Act is he referring to?

Shri Sidhva: Under the main Act new cases may be sent to the Commission. The Prime Minister definitely stated that, no more new cases will be referred to Commission.

Mr. Speaker: My own impression is that 30th June 1948 is the date fixed and cases only prior to that date would be taken into consideration by the Commission and not all cases.

Shri Goenka (Madras): If in the course of investigation some other cases are brought to light the Commission can also take these cases on their file.

Mr. Speaker: That is an entirely different matter.

Shri Sidhva: The Prime Minister definitely stated that no more fresh cases will be sent.

Mr. Speaker: No new fresh cases will be referred to the Commission. It is not a case of reference when something comes to light during the course of an investigation but that means something based on *prima facie* evidence about it and the Commission can make a judicial enquiry. It is not an executive order.

Shri Tyagi: Sir, I owe my thanks to the House and hon. Members of this House; they have been quite warm to me in giving their tributes and compliments; they have been as good to me as they were ever before. As far as the Bill is concerned I would submit that there has not been much of a criticism against the amendment or the spirit of it. Most of the discussion pertains to the general policy followed or the general effect of this Commission's investigation on the market or on money or other things. What was directly relevant to this discussion was whether or not to extend the life of the Commission beyond the 31st March and if the House agreed to extend it, to what next date to extend it; that was the salient thing to be discussed. As I have said the object of the amending Bill is that its life may be so extended that the Government may have the discretion to terminate its life as and when the Government felt that there was no work for it or the work was so small that the continuance or the existence of the Commission was not called for. I do not want to repeat the arguments that I had already put forward on the occasion of moving this Bill but the most important argument which I cannot but repeat is, I am the last person to reject any healthy amendment from any side of the House and particularly from hon. Members whose opinions I have always respected and who so sincerely pressed them as they did today. I am sorry I had always been complaining while I was on the other side that the Treasury Benches did not accept the amendments which were pressed from other sides. (An Hon. Member; So is the case today) I therefore felt that as the same argument could be flung at me, why should I not really accept? (Hear, hear) I was very much inclined but every time I consulted my colleagues and also those who are dealing with it, I was told that the main objective of the Bill will be lost. In fact the Government were forced...

Shri Sondhi (Punjab): There is some misunderstanding. Does the hon. Minister mean the colleagues on the Treasury Benches or colleagues here?

Shri Tyagi: My colleagues on my left. So the need for this Bill is on

account of the fixation of a final date for the existence of this Commission. People are avoiding the dates. They are trying to avoid the final date so that they can survive the life of the Commission and the cases would not get decided. As the House is well aware ordinary civil court cases when they go to the High Courts, take 2 to 3 years. Even in cases where both the parties' cards are absolutely plain, everything is open, even in such important cases in which eminent lawyers are engaged, they take quite a long time. In such cases the best talents are employed to find pretences to avoid the final decision and to delay cases. As I had said already the procedure which the House has approved for the investigation was not a sort of cursory procedure as many of my hon. friends have suggested. It could not be, because according to the Constitution every citizen in India has a right to go to the court and get justice if one feels that he has not been dealt with justly. It is their fundamental right. It is always evoked. I therefore submit that if a date is fixed, even if it be 3 or 4 years, the whole object will be lost. My hon. friends have said that the report of the Commission was more like Miss Mayo's report because it exposes peoples morals. My hon. friend Pandit Bhargava said that Miss Mayo came out with a book in which she exposed our civilization, our culture and gave it a very dirty colour. He said that the Commission has done likewise by bringing out facts which were not very pleasant to read. That is what he perhaps meant. He would call me Mr. Mayo if I really supported what the Commission (*Interruption*).

Mr. Speaker: As I said in the morning, let us be serious over it.

Shri Tyagi: Whatever the nature of the facts they have put in the report, I must assure the House that the Government in the Income-tax Department specially has taken the best advantage of that inquiry. The evasion of taxes was done so cleverly and in such a manner and some of the cases were so intricate, the money was so involved that it was not enough to investigate one case only but 7 or 8 assessments at different stages had taken place and money was transferred from one place to another; it was a *benami* transaction in the first stage and then it took another shape and so things went on like that. It becomes very difficult. It is easy to criticize the Commission and say that only 388 cases were decided in such a length of time, but each case was a long case and every case involved a lot of enquiries and I must credit the Commission with their resourcefulness; really they have

done wonderful work and they have, by just going through the whole history of the case in a clever manner, found out the facts. The report of the Commission just gives an idea to this House as to how cleverly evasion has been manipulated. Sir, I do not want to dilate on this any more.

The figures quoted have been disputed or suspected. I want to give the final figures once more. They are practically the same as I gave yesterday. According to the Budget figure, the estimated amount of tax to be received is 6.47 crores.

An Hon. Member: For which year?

Shri Tyagi: For the Budget year?

Mr. Speaker: 1951-52.

Pandit M. B. Bhargava: It was for 1950; it was not for the Budget year.

Mr. Speaker: Let us take the amount; we are not concerned with the year.

Shri Sondhi: That was the expected collection up to the date of the announcement. That has no reference to the Budget year; it cannot have.

Shri Tyagi: Up to the end of December last, 337 cases had been decided finally and the reports had come. This was the amount of estimated tax out of those cases. The hidden income which was involved in these cases was to the extent of 11.03 crores. The other figures that I gave yesterday pertained to the period up to 28th February. Up to the 28th of February 1951, further few cases were finally decided and total number coming to 388. The income involved in all cases up to February 28th comes to 12.08 crores and the assessment on this amount comes to 7.08 crores. Hence the difference in the figures.

श्री भट्ट : क्या जो फिगर्स फाइनेन्स मिनिस्टर साहब ने दिये हैं वह २८ फरवरी तक के हैं ?

[**Shri Bhatt (Bombay):** May I take it that the figures given by hon. Finance Minister are up to the 28th February?]

Shri Tyagi: 28th February, 1951. I do not want to take more of the time of the House. I shall just reply in short to a few points which were generally repeated by most of the hon. Members. One was that a general amnesty should be given and the process of investigation done away with altogether.

Pandit Thakur Das Bhargava: It is entirely misconceived; I never suggested a general amnesty in regard to those cases which have been referred.

Shri Tyagi: As regards other cases, I should like to make it clear that there is no intention of giving more cases to this Commission. That has been repeatedly said already. Cases have already been referred to the Commission. The last date up to which cases could be forwarded to the Commission has long passed. There is no danger of other cases going to the Commission. Therefore, whether a time limit is fixed or discretion is given to the Government, the salient point is that the activities or operations of the Commission will last only until these cases are disposed of and no more. So long as these cases are there, the House will agree that they must be investigated. We cannot take money from the persons whose cases have already been taxed and leave the rest as untaxed. That is not possible. Suppose a date is fixed and for some reason or other these cases cannot be finally disposed of, or are half-decided, before that date, what happens? Therefore I submit that it is not possible to agree to any final date being fixed. Again, it would result in an invidious distinction between persons of the same class. Some have been dealt with in one way. Their cases have been considered in detail and absolutely fairly. If the House wants that the other cases should be treated in a cursory manner, that may not be possible. All of them have to be given uniform facilities, if facilities have been given, and all the cases have to be treated in a uniform manner.

As I said yesterday, it is not that only these cases have been finally decided. Enquiry and investigation in other cases have also proceeded to a great extent. It is not as if the other cases remain untouched. The Commission has taken cognisance of all the cases that have been referred to them and most of the cases have been enquired into. In some cases 75 per cent. of the enquiry is over. Therefore, it is not just to calculate the time on the basis of the cases finally decided and that next year also the same number of cases will be finally decided. I think that would be bad logic in this case because all cases are being taken together. It all depends on the nature of the case and the intricacies of the case, whether it takes a longer time or a shorter time. More important cases may be decided more quickly.

I submit that the Amending Bill, as it is placed before the House, does not, as my hon. friend Prof. Shah said, constitute a standing slur or scar or perpetual stigma, that is the word he used, on the statute book, if it is passed by the House. Because, I submit that it

can never be perpetual. The reason is this. If no date is fixed and if the parties knew that after all, these cases have to be finally decided by the Commission, they will not take time. As my hon. friends have said, they are anxious to come out in the market with their money. When they know that these cases have ultimately to be decided, they cannot go on for years together keeping that money hidden, like a cat hiding its kitten. They themselves must be in a hurry and they will therefore try to settle the cases hurriedly. My conjecture is, that if no date were fixed, the psychological effect will be such that the cases will be decided in half the time that they would otherwise take. It is from that point of view, to economise time and expense, that I have placed the Amending Bill before the House.

Then, Sir, the Commission's expenses were also questioned. It was said that only 90 lakhs have been realised and 20 lakhs have been spent on the Commission. I want to repeat once again what I said yesterday that the work of the Commission cannot be judged only by the amount of tax realised this year. The Commission does not actually go and realise the money. The work of a High Court is not to be judged by the amount of decrees it has given or the amount that the parties have realised out of the decrees given by the High Court.

Pandit Thakur Das Bhargava: This is not a High Court; this is a Commission.

Shri Tyagi: It is working like a High Court because it is giving final decrees. It is not a High Court, I know. This Commission has been constituted to finalise these cases. They have been enquiring into the cases, deciding them and compounding them. Theirs is not the work really to go to the spot and realise the money and bring it to the State coffers. That is done by others. If you want to judge the work of the Commission, you will have to take into account the incomes that it has brought to light, and how much more will be found out when all these cases are decided. To relate the amount of tax realised with the expenditure of these four years, is not fair comparison. I would therefore submit that the expenditure has not been much taking into account the work that they have put in, the resources that they had to tap and the several points that they have had to consider for the completion of the record.

Some remarks were made about the agency used, and of the department

concerned, and it was said that all this evasion has come about because of the negligence of the Income-Tax Department and the rules of that department. As far as the rules are concerned, the Legislature is responsible for them and ...

Shri Sidhva: We do not frame the rules.

Shri Tyagi: Anyway the Bill will be coming and the rules can be improved. The Commission also have made certain suggestions for the purpose of bringing about an improvement and these will be considered by this House. As regards the machinery, I am fresh to this Department and I have come into contact with only the Commission and the Secretariat here and I have not been able to come into contact with those in other levels. I have yet to contact those who are actually engaged in the field. I hope to do so and then come back and let the House know what improvements or changes are necessary as a result of the experience I gain from contact with those actually engaged in the field work, and then I hope the House will support me in the suggestions and proposals that I may bring forward then. Now, with these words, Sir, I commend this Bill to the House.

Mr. Speaker: The question is:

"That the Bill further to amend the Taxation on Income (Investigation Commission) Act, 1947, be taken into consideration."

The motion was adopted

Clause 2.—(Amendment of Section 4)

Mr. Speaker: I suggest that amendment No. 1 of List No. 2, of Mr. Naziruddin Ahmad, and amendment No. 1 in List No. 3 of Mr. Bhatt, and then No. 2 in List No. 2 of Prof. Shah and No. 2 of List No. 3 of Pandit Munishwar Datt Upadhyay and one amendment of Mr. Munavalli be all taken together, because I find that substantially they all deal with the same question whether the time to be given should be this or that, someone suggesting 1952, others 1953 and still others 1955 and so on. If we take all these together, there will be a common discussion. I am afraid there will not be scope for much discussion, but I shall call upon each one of the movers of these amendments to have his say.

As regards the amendment of Shri Jnani Ram...

Shri Jnani Ram (Bihar): Sir, I am not moving it.

Mr. Speaker: It is out of order also.

Then Mr. Naziruddin Ahmad is moving his amendment?

Shri Naziruddin Ahmad (West Bengal): I beg to move:

For clause 2, substitute the following:

"2. *Amendment of section 4, Act XXX of 1947.*—In sub-section (3) of section 4 of the Taxation on Income (Investigation Commission) Act, 1947, for the words and figures '31st day of March, 1951' the words and figures '31st day of March, 1952' shall be substituted."

Mr. Speaker: Mr. Bhatt?

Shri Bhatt: I beg to move:

In clause 2, after the words "extend its term of appointment" insert the words "for any period up to the 31st day of March, 1953".

Prof. K. T. Shah: Sir, I beg to move:

In clause 2, for the words "from time to time" substitute the following:

"for such further period, not exceeding two years beginning the 1st of April, 1951, provided that before 31st of March, 1952, the Commission shall so arrange and dispose of the cases already referred to them as to make those *prima facie* involving the largest sums first, and thereafter in the descending order in accordance with the amount of taxation *prima facie* considered to be involved in each such case, so that of the total income and the total tax involved thereon the largest proportion may be dealt with and disposed of within one year from the 31st of March, 1951"

Pandit Munishwar Datt Upadhyay: Sir, I beg to move:

In clause 2, for the words "from time to time" substitute the words "for three years".

Mr. Speaker: Incidentally, I may request hon. Members not to change their seats very frequently. I was about to say that Pandit Munishwar Datt Upadhyay is not present in his seat, but fortunately I called out and could know from his reply that he is there.

Shri Munavalli (Bombay): Sir, my amendment is in List No. 1.

Mr. Speaker: But in my list it is in a different place, it is arranged according to the place at which the amendment comes in, it follows the language of the section.

Shri Munavalli: Sir, 1 move:

In clause 2 in the proposed amendment of sub-section (3) of section 4 of the Taxation on Income (Investigation Commission) Act, 1947, after the words "from time to time" insert the words and figures "up to 31st day of March 1955".

Mr. Speaker: Amendments moved:

For clause 2. substitute the following:

"2. Amendment of section 4, Act XXX of 1947.—In sub-section (3) of section 4 of the Taxation on Income (Investigation Commission) Act, 1947. for the words and figures "31st day of March, 1951" the words and figures "31st day of March, 1952" shall be substituted."

In clause 2, after the words "extend its term of appointment" insert the words "for any period up to the 31st day of March, 1953".

In clause 2, for the words "from time to time" substitute the following:

"for such further period, not exceeding two years beginning the 1st of April, 1951, provided that before 31st of March, 1952, the Commission shall so arrange and dispose of the cases already referred to them as to make those *prima facie* involving the largest sums first, and thereafter in the descending order in accordance with the amount of taxation *prima facie* considered to be involved in each such case, so that of the total income and the total tax involved thereon the largest proportion may be dealt with and disposed of within one year from the 31st of March 1951."

In clause 2, for the words "from time to time" substitute the words "for three years".

In clause 2 in the proposed amendment of sub-section (3) of section 4 of the Taxation on Income (Investigation Commission) Act, 1947, after the words "from time to time" insert the words and figures "up to 31st day of March 1955."

Shri Naziruddin Ahmad: I am not in favour of limiting the period only to one year. For the time being it may be one year so that about this time next year, the House will have an opportunity of reviewing the work and the then existing circumstances and if necessary, we can renew the life of the Commission once again.

I join the previous speakers in paying tributes to the high quality of the

work done by the Commission. But what I want to impress upon the House is that there is a hush-hush policy on the part of the Government and this is reflected in the Act and in their administrative policy. There has been an attempt to conceal the names of the parties. Who are these gentlemen whose cases are being investigated by the Commission? I have no doubt that there are some honest persons among them, but there are at any rate some absolutely dishonest people among them also. But the public have no inkling as to who they are and by what methods they cheat the Government of the revenue due to Government.

[PANDIT THAKUR DAS BHARGAVA
in the Chair.]

It was argued by the hon. Minister of State with considerable force and clarity that if a date is fixed, then everything will go wrong, because the people concerned will frustrate the Commission by delaying matters. The Treasury Benches seem to be so much impressed with this argument that they do not see the other side of this proposition. But what I suggest is that this date may be renewed year after year and let there be no mistake in the minds of the tax dodgers that mere delaying will help them. So long as there is a single case which deserves to be gone into, the time will be extended. During the probationary period an attempt could be made to appraise the whole situation and give another year of life if necessary. That would throw the onus on the Government to come to the House with a clean case for an extension. This very debate shows that there are considerable misgivings in the minds of a large number of hon. Members about the working of this Act.

4 P.M.

One thing has been taken for granted by many hon. Members and particularly by the Minister of State for Finance, and that is that the accounts submitted to the Commission, the affidavits and statements made before them are absolutely inviolate and cannot be disclosed to the public at all. It is this mental limitation put upon their activities which is responsible for the non-disclosure of the names of persons, their criminal ways and crooked trickeries. The Minister of State himself made a promise on the spur of the moment, as a result of the outpourings of his generous heart, that he could give the names after the cases are disposed of; but later on he thought that the law prevents him. I submit that

the law does nothing of the sort. The law is to be found in Section 54 of the Income-tax Act which also governs this Commission. It is a simple, sound and wholesome provision. It says that if the Income-tax officer comes across any account or state of affairs relating to the affairs of a man or firm, he should keep it confidential. The reason is very simple. The man's business is his private affair. Provided his affairs are honest, they must not be disclosed to the public. That will put him in an awkward situation and might disclose some delicate matters which should not be made public. There is an honest desire on the part of the Income-tax authorities to get information from firms on the assurance that if they are honest they would be thoroughly protected, namely, it would not be made public. In fact no court of law would be entitled to call for statements or facts stated before the Income-tax authorities. There is complete protection, provided that the matter is honest. But this very section provides a large number of exceptions. One is to be found in sub-section 3 of clause (a):

"Nothing in this section shall apply to the disclosure of any such particulars for purposes of a prosecution under the Indian Penal Code in respect of any such statement, return, accounts, documents, evidence, affidavits or deposition for the purpose of a prosecution under this Act."

Mr. Chairman: I know section 54 propounds certain principles but we are not concerned with them here except to a very small extent. I would, therefore, request the hon. Member to confine his remarks to the amendment before the House.

Shri Naziruddin Ahmad: The point in my amendment is that affairs are being mismanaged: there has been a hush-hush policy. This was referred to in the House by the Minister of State himself as a justification for non-disclosure.....

Mr. Chairman: Therefore I say it has some relevancy; otherwise it would be irrelevant completely.

Shri Santhanam: He is quite irrelevant. He is altogether mistaken. This matter of confidence is in the Investigation Commission Act itself, not in the Income-tax Act. The Income-tax Investigation Commission Act prevents any disclosure of any material placed before the Commission.

Shri Naziruddin Ahmad: That Act also does not prevent disclosure of facts absolutely. I have also made a study of the Act. It is to be found in

section 6(b), which has been added in 1950 to the parent Act. The provision in the Income-tax Investigation Commission Act is that the members of the Commission may tender immunity from prosecution and if a man makes a statement honestly, or discloses his dealings honestly, he may be given immunity from prosecution. But even there, section 6(b) authorises the Commission to withdraw that immunity in case there is any fraud about it. If there is any false statement, or attempt to mislead or in any way divert the course of justice, in that case the immunity might be withdrawn. What prevents the Income-tax Commission from prosecuting persons who having been given immunity from prosecution, have again played tricks with the Commission or made false statements? The law is absolutely clear. The law cannot but be in consonance with commonsense and reason. There are very good reasons for asking for disclosure under protection but if any disclosure is made which is false or which shows an attempt to mislead the Commission, then the immunity is withdrawn. I submit that the protection is not absolute. The protection is absolutely for justice and fairplay. When a man is guilty of the grossest crime against the public—he is usually a black-marketeer—when he is a big criminal so far as the Government exchequer is concerned. I fail to see why he should be protected. When there is colossal immorality inherent in the transactions, when there are crimes of the grossest and the most gigantic proportions, I find that there is a desire not merely to protect but a kind of overwhelming affection in the policy of the Government with regard to these big criminals. The policy seems to be this. They are big criminals: they are very decent persons in society and therefore they should be protected. Supposing a man commits a murder would you tell him "You committed the murder but give me Rs. 500 and I will release you." Or suppose there is a big dacoity and the dacoits have looted a sum of Rs. 10,000. Will it be permissible on the part of the Government to say "You admit your crime privately to me and nothing will be disclosed to the public; and give me Rs. 5,000 and you retain Rs. 5,000 and that will be an end of your troubles. Nobody will know anything about it." I fail to see a big Government like ours discharging their duty in the matter of big frauds purely on commercial principles. The immunity is being given purely on commercial principles. Whether the expenditure of the Commission is less or more than the amount realised is a totally different matter and is immaterial. What is important is that the action of the Government

[Shri Naziruddin Ahmad]

should be above board and should not be tainted with connivance on the part of Government in mischievous and highly criminal acts. For this policy we cannot blame the Commission. We blame the Government. The point is that the Government has proceeded in a manner which is highly compromising to their reputation.

Mr. Chairman: I am sorry to interrupt the hon. Member. He is fully aware under what circumstances it has been done. The Minister of State gave the reasons why he was not able to disclose the names. Yesterday he told the House that he was ready to disclose the names but on advice being given to him he is not able to give the names. The matter has been more than amply discussed and I would request the hon. Member to proceed with the other points.

Shri Naziruddin Ahmad: The explanation has, no doubt, been very ample but it is not acceptable. That is the point. I am not in a position to accept the explanation. The first impulse of the Minister was to disclose the names but subsequently it was found that it would not be political ...

Shri Tyagi: Not political but legal.

Mr. Chairman: There can be two views on the matter and the hon. Minister has come to a decision from one point of view with regard to this matter. The hon. Member has already spoken in a sufficiently harsh way on the action of the Government. This part of the speech should now be concluded.

Shri Naziruddin Ahmad: The difficulty is that the explanation may not be acceptable to all parts of the House. To me the hon. Minister was a hearty gentleman on this side of the House. The first impulse on the part of the hon. Minister was to disclose the information, but the climatic condition on the other side of the House has had a deleterious effect upon the outpourings of his heart. The question is, if the Government misbehaves like this with regard to the biggest criminals should we give them ample power to go on *ad infinitum* till Doomsday? I want for the time being to restrict the operation of the Act for one year more. Then Government will come forward with a cleaner case, with better facts, so that the House will be convinced. If the House would accept the Bill as it is, the debates will show that it did not do so willingly, that they did it because of other considerations. Under these circumstances, I submit that the operation of the Act should be confined

to one year and then if there is a good case it can be renewed from time to time, so that those criminals who practise dilatory tactics as one of their weapons would get no cheer from the fact that the time is limited to one year. There is a probability, on a proper case, that the Bill will be renewed, and therefore dilatory tactics will not be of any value to anyone.

I believe that there should be big prosecutions of these people. Why should there be a kind of discrimination in the case of criminals of the biggest and blackest type. They made money by illegal means and that income again is concealed. You say that if immunity is not given and their accounts are not settled quickly the money would not flow to the market. I would rather wish that Government's pockets should rather go empty than that they should carry on a temporizing policy with criminals. I think if India stands for anything at all it is for public morality. If our Government have one distinguishing characteristic in the whole world it is that the Nehru Government stands for morality even in international politics, even in war politics. We do not care for any consequences. So I submit that the Ministry should stand on their legs and make a declaration that they will have no temporizing policy with criminals, money or no money. What law or principle is applicable to the ordinary criminal must be applicable to the big criminal with greater force. Therefore it is necessary for the House to review the working of the Act from time to time. We are going to have the next elections after some months. When the renewal time comes we will have a new House. That new House should have some say in the matter, some right to consider the terms of the proposed extension. The new Members should have a full review of the cases and may be the Finance Minister who would then come in would be more communicative with regard to the so-called 'sacred secrets'. I submit, Sir, that the case for limiting the operation of the Act to one year is a cast-iron case but there is the vote on the side of the hon. Minister which is enough to defeat any amendment.

Shri S. N. Sinha (Bihar): May I know from the hon. Minister whether there is a specific provision in the Act which prevents the giving of names of offenders?

Shri Satish Chandra (Uttar Pradesh): On the contrary, I believe, under section 7(1) of the main Act, the Income-tax Investigation Commission has power to hold its proceedings in public. It is not necessary that the

hearings should be held in private. If the Commissioners so desire, all the evidence may be taken, and the proceedings conducted, in public. They can do it and there is no question of secrecy at all. Under the Act the Commission has full discretion in the matter.

Shri Tyagi: It does not pertain to those from whom confessions are taken.

श्री भट्ट : माननीय सभापति जी, मेरा संशोधन बहुत ही सादा है और मैं मानता हूँ कि मेरे वक्तव्य के बाद शायद हमारे नये वित्त मंत्री जी इस बिल में कुछ सुधार कर लेंगे। मेरा संशोधन इस प्रकार है :

In clause 2, after the words "extend its term of appointment" insert words "for any period upto the 31st day of March, 1953".

सभापति जी, माननीय मंत्री जी का भाषण कल का और आज का सुनने के बाद मुझे यह इच्छा ज़रूर हुई कि मैं अपना संशोधन रखूँ और आज जैसा माननीय मंत्री ने बताया कि जितने पुरे पुरे केस फ़ैसल हो गये हैं उन की संख्या दी गयी है, लेकिन दूसरे जो केस हैं करीब १३०० उन केसों का भी करीबन ७५ पर सेन्ट काम हो गया है। तो अब सिर्फ़ २५ पर सेन्ट काम बाकी रह गया है, तो मुझे यह समझ में नहीं आता कि समय की कुछ पाबन्दी लगाने में क्या दिक्कत पेश आती है। भला एक साल की मियाद न लगायें, छै महीने की मियाद न लगायें, दो साल तक की मियाद लगाने में क्या बिगड़ जाता है, यह मेरी समझ में नहीं आता। कभी कभी हम लोग समय की मर्यादा के अन्दर रहते हुए काम करने के आदी हो गये हैं और कभी कभी बिलों और संशोधनों पर बोलते ही रहते हैं। जब कभी कोई सज़न

इस नियत मर्यादा से बाहर चला जाता है, तो उस को आप रोकते हो या फिर जो हमारे चाबुक सवार हैं, वह हमें रोकते हैं और एक चर्चा खत्म करने का प्रस्ताव लाया जाता है और अगम तौर से वह आप की तरफ से मंजूर भी हो जाता है। और इस तरह सभा की एक मर्यादा रख कर यह काम करने का जो तरीका है, वह अच्छा तरीका है और वह जो काम करने वाले आदमी हैं, वह अपना एक प्रोग्राम बना लेते हैं और उस प्रोग्राम के मुआफ़िक चलते रहते हैं और इस तरह कम समय में काम हो जाता है और शायद जिस काम में पूरा दिन लगे, वह काम सिर्फ़ पांच छै घन्टे में सम्पूर्ण हो जाता है। तो अब ७५ पर सेन्ट काम जब पूरा हो गया है, तब मैं यह मानता हूँ कि बहुत धीरे धीरे भी अगर चलें, वर्षाचारी साहब और दूसरे उन के दोस्त जो बहुत ही न्यायप्रिय हैं और छानबीन करने में बहुत कुशल हैं और यह देखने में कि किसी के साथ अन्याय न हो, तो इस में भी तो वे कुछ समय लेंगे और १९५३ तक वह अपना काम ज़रूर खत्म कर सकेंगे और इस संशोधन में मैं ने यह नहीं सुझाया है कि १९५३ तक उन का काम चलता ही रहे और वह महकमा चलता ही रहे, चाहे काम हो या न हो। मैं ने तो सुझाया है कि अगर सरकार चाहे तो १९५३ तक उन से काम ले सकती है, ऐसा मैं ने इस संशोधन में सुझाया है तो इस से कोई यह न कहे कि वह बेकार बैठे रहेंगे और जब आप को यह लगे कि वह बेकार बैठने वाले हैं, तो तीन महीने के बाद आप उन को कह दीजिये। इस से मैं मानता हूँ कि कोई न कोई समय की मर्यादा आप को

[श्री मट्ट]

रखनी होगी और अगर समय की मर्यादा न रखी गयी, तो यह काम बहुत ही ढीला ढाला हो जायेगा और यह ढिलाई में बहुत चलेगा। दिसम्बर १९४७ से यह इनकम इनवेस्टीगेशन कमीशन (Income Investigation Commission) काम करने लगा है। उस कमीशन ने एक रिपोर्ट पेश की और यह सुझाया कि सन् १९२२ के इनकम टैक्स एक्ट (Income Tax Act, 1922) में फलाने संशोधन करने से कर को टालने वाले आदमी कम हो जायेंगे और राज्य को जो हिस्सा मिलना चाहिये, वह सीधे तरीके से जल्द मिल जायेगा। मैं अभी इनकम टैक्स के बारे में कुछ नहीं कह रहा हूँ और उस में सरकार की तरफ से क्या क्या कठिनाइयाँ पेश होती हैं और उन को क्या क्या दिक्कतें पेश आती हैं, यह सब बातों में नहीं बताना चाहता हूँ और वह मेरी मर्यादा के बाहर की बात है, लेकिन उन्होंने ने यह रिपोर्ट अपनी १९४८ के आखिर में पेश की और १९४९ में जब हमारे वित्त मंत्री जी अपना भाषण दे रहे थे, तो उन्होंने कहा कि यहां उन की सब सिफारिशें आ गई हैं और उन्होंने भी बहुत कुछ काम किया और सिफारिशें भी दीं और संभा से उस को स्वीकार कराने में कुछ ज्यादा देर नहीं लगती, क्योंकि हमारे योग्य ला डिपार्टमेंट (Law Department) को ऐसा बिल बनाने में ज्यादा देर नहीं लग सकती है, क्योंकि हमारे ला डिपार्टमेंट में माननीय डाक्टर अम्बेडकर जैसे योग्य मंत्री बैठे हैं जो कितने ही बिल तो केवल आघ घंटे में बना लेते हैं और खूब अच्छा बना लेते हैं। लेकिन उस

समय कहा गया कि १९४९ के दूसरे सेशन (Session) में हम एक बिल रखेंगे जिस में उन की तमाम सिफारिशें एक जगह इकट्ठा की जायेंगी। लेकिन १९४९ पूरा चला गया १९५० गया और १९५१ आ गया और हमारे वित्त मंत्री जी फिर कहते हैं कि इस साल हम इसे जरूर पेश कर देंगे और यह उन की सिफारिशें हम उस में दाखिल कर देंगे और इनकम टैक्स एक्ट में संशोधन हो जायेगा। सन् १९५० तो पूरा योहीं बीत गया और सन् १९५१ के भी तीन महीने खराब हो जायेंगे और माननीय मंत्री जी ने जो बिल आज पेश किया है कि वेरी सून (Very soon) हम आप के सामने एक बिल लायेंगे जिस में कमीशन की इनकम टैक्स वाली सिफारिशें होंगी। हमारे वित्त मंत्री जी ने अपने भाषण में यही बतलाया है। मालूम नहीं वह बिल कब आने वाला है, इस सेशन में आयेगा या नहीं और अगर आयेगा तो आखिरी दिन आयेगा और शायद १, २ घंटे में विचार करने का काम खत्म हो जायेगा। और उस के बाद सिलेक्ट कमेटी में भेजा जायेगा और अगले साल जून के बाद शायद वह बिल हमारे सामने आये और शायद उस समय तक नई पार्लियामेंट यहां आ गई होगी, और वह इस पर नये तरीके से सोचेगी। तो मैं यह कहना चाहता हूँ और माफ़ करें अगर किसी को इस में बुरा मालूम हो, अगर मैं यह कहूँ कि अगर हम समय की मर्यादा नहीं रखते हैं, पाबन्दियाँ नहीं रखते हैं, तो उस से हमारे में बहुत कुछ शिथिलता आ जाती है। मैं ने एक दो मर्तबा इशारा किया था कि हम लोग कई कमीशन और कई कमेटियाँ बिठाते हैं, और उन की तमाम रिपोर्टें हमारे सामने आती हैं, लेकिन उन के ऊपर जो

अमल होना चाहिये, उन पर जो कार्य होना चाहिये, वह कई महीनों तक नहीं होता और कई कई मर्तबा माननीय मंत्री को मालूम नहीं रहता कि वह रिपोर्ट चार महीने पहले पेश हुई थी या आठ महीने पहले अमुक रिपोर्ट पेश हुई थी और उस पर आज तक कोई कार्यवाही नहीं की गयी।

तो मैं बड़े अदब से, नम्रता से यह कहूंगा कि आप कृपा कर के यह न समझें कि हम लोग इस में रोड़ा अटकाना चाहते हैं, या हम जान बूझ कर कोई एक गलत चीज करना चाहते हैं। मर्यादा हम इस में इसीलिये चाहते हैं कि जो काम देश के फायदे का होने वाला है, और जो छानबीन होने वाली है, वह काम बहुत संभव है मर्यादा न रखने से खटाई में पड़ जाये। इसीलिये मैं आप के सामने यह दो साल की मियाद रख रहा हूँ। इन्कमटैक्स इनवेस्टीगेशन कमीशन ने अपनी १९५० की रिपोर्ट में एक जगह सफ़ा १३ पर लिखा है कि जो कर को टालने वाले आदमी हैं, जो चौर्य वृत्ति के हैं, वह यह समझते हैं कि १९५१ के मार्च महीने में यह खत्म हो जायेगा और वह लोग इसी ह्याल से बक्रीलों और बैरिस्टरों को रख कर अपने केसों में मियाद ले रहे हैं और बहसें बढ़ा रहे हैं, इसी उम्मीद में, क्योंकि वह ऐसा समझते हैं कि १९५१ में शायद उन को छुटकारा मिल जायेगा। लेकिन उन को मालूम नहीं कि पार्लियामेंट ऐसी है कि अगर आखिरी दिन को भी चाहे तो उस की मियाद बढ़ाने को तैयार है, रात भर बैठ कर मियाद बढ़ाने को तैयार है और इस प्रकार से कोई चोरी करना चाहता हो, या कोई गुनाहगार हो और इस तरह से बचने की उम्मीद में हो, तो हमें

ज़रूर आवश्यक कार्यवाही करना चाहिये और मियाद बढ़ा देना चाहिये।

उस सम्बन्ध में उन्होंने एक वाक्य लिखा है :

"The existence of a short time limit to the life of the Commission has to a certain extent proved a handicap to the progress of investigation and to expeditious disposal."

तो शायद इस वाक्य के आधार पर मर्यादा नहीं बांधना चाहते हैं और समय की पाबन्दी नहीं रखना चाहते हैं। लेकिन मैं कहता हूँ कि अगर सन् ५० में दी हुई मियाद अगर मार्च १९५१ में खत्म हो रही है तो जो सुझाव हम दे रहे हैं उस में दो साल की मियाद है। इस से कमीशन (Commission) के बा-होश आदमियों को एक प्रकार की चुनौती हो जायेगी और उन को भी जो कि चोरी करना चाहते हैं और टालमटोल करना चाहते हैं कि दो साल में या तो भरपाई कर दीजिये नहीं तो आप के ऊपर फ़लां फ़लां कार्रवाई चलेगी और यह फ़ैसला होने वाला है। तो इस से यह दोनों तरह के परिणाम होंगे। इस-लिये मैं बड़ी नम्रता से सुझा रहा हूँ कि हमारे माननीय त्यागी जी अब भी इस को स्वीकार कर लें। उन के दिल में तो शायद यह बात जंचती है कि जो यह लोग कहते हैं वह ठीक है लेकिन अब उन का आसन बदल गया है। इसलिये वह कैलाश से अब कहाँ गये हैं यह तो वही जानें, पर वह योगी बन कर अब भोगी तो नहीं बनेंगे, महा त्यागी बनने वाले भले ही हों। तो अगर उन के दिल में यह बात जंच गई है कि इस कमीशन को एक मियाद दे देनी चाहिये जिस के अन्दर उस को यह काम पूरा करना ही होगा। तो कौन सी ऐसी बात-

[श्री मट्ट]

है कि वह ऐसा नहीं कर सकते। समस्त लीजिये कि सन् १९५३ की मियाद के ६ महीने पहले इसी तरह की रिपोर्ट (report) आ जाये कि अभी हमारा काम अधूरा है तो आप फिर मियाद बढ़वा सकते हैं। पार्लियामेंट (Parliament) हमेशा आप का साथ देगी। चाहे यह पार्लियामेंट हो या कोई दूसरे सदस्य हों, ऐसे तो कोई नहीं होंगे जो कि चोरों का साथ दें।

श्री गाढगिल : आगे तो वही लोग आने वाले हैं।

श्री मट्ट : तो अगर समाज का ऐसा ही झुकाव होगा और सब ही चोर होंगे तो फिर वह सब साहूकार बन जायेंगे और कोई चोर नहीं कहलायेगा और सब नकटों की तरह एक हो जायेंगे और अपनी जाती को ऊंचा समझने लगेंगे।

तो मैं यह कहना चाहता हूँ कि अगर सन् १९५३ की मियाद के १० या १५ दिन पहले भी यह महसूस हो जाये कि मियाद कम है तो यह बढ़ाई जा सकती है इस बात की मेरी तरफ़ीय में गुंजाइश है।

मेरा दूसरा सुझाव यह है कि यदि माननीय मंत्री जी यह समझते हैं कि एक कमीशन से हमारा काम पूरा नहीं होता तो एक के बजाये दो कमीशन मुकर्रर कर दीजिये ताकि काम जल्द हो, क्योंकि स्टाफ़ (Staff) आदि में तो पैसा खर्च होता ही है। तो आप एक दूसरा कमीशन और बिठा दीजिये उस की मदद करने के लिए कि जिस से काम जल्दी पूरा हो जाये। ऐसा करने की तो कानून में कोई रोक टोक नहीं

है। कानून में जहाँ यह है कि 'मे एपाइंट ए कमीशन' (may appoint a commission) वहाँ यह कर दिया जाये 'मे एपाइंट वन आर मोर कमीशनस, (may appoint one or more Commissions)। जहाँ यह रखा गया है कि 'मे एपाइंट ए चेयरमैन एंड टू कमिश्नर्स' (may appoint a chairman and two Commissioners) वहाँ टू कमिश्नर्स (two Commissioners) के बजाये फोर कमिश्नर्स (four Commissioners) कर दिये जायें। लेकिन हमारा काम जल्दी होना चाहिये। इस में शिथिलता क्यों हो रही है। हम जहाँ देखते हैं दफ्तरों में वहाँ शिथिलता दिखाई देती है। इस की वजह शायद यह है कि जो ऊपर के आदमी हैं वह उतने गतिमान और प्रगतिशील नहीं हैं जैसे होने चाहिये। मैं यह बात ज़रा जोश के साथ कह रहा हूँ लेकिन मुझे ऐसा करना पड़ता है जब मैं देखता हूँ कि हमारे काम में शिथिलता आ गई है और हम इस शिथिलता में बढ़ोतरी कर रहे हैं। मेहरबानी करके ऐसा न कीजिये और कुछ न कुछ मियाद रखिये जिस से हमारा काम अच्छी रीति से चले और जो हमें रुपया मिलने वाला है वह रुपया जल्द मिल जाये जिस से गरीबों के ऊपर हम कर का और अधिक भार न डालें।

(English translation of the above speech)

Shri Bhatt: Sir, my amendment is a very simple one, and I admit that perhaps after my statement our new Finance Minister will make some improvements in the Bill. My amendment is as follows:

In clause 2, after the words "extends its term of appointment" insert the words "for any period up to the 31st day of March, 1953".

Sir, after hearing the speeches of the hon. Minister delivered yesterday and today I did feel to present my amendment and as the hon. Minister stated today that the number of cases which have been fully decided has been published. But out of the other remaining 1300 cases nearly 75 per cent. have been disposed of. Now remain only 25 per cent. of them, and I fail to understand what is the difficulty in fixing some time limit. I cannot understand what harm would come if a time limit of two years instead of six months and one year is fixed. We have become accustomed of finishing the business within the time limit. Sometimes we go on discussing the Bills and amendments. You put a check if someone speaks for more than the allotted time or else our Whip checks us and a motion is moved for putting the question and such a motion generally receives your approval. This procedure of disposing of the business of the House is good, and those who have to speak or make suggestions, they chalk out a programme and conduct the business according to the programme, thus the business is finished in short time, and thus the business which otherwise may have taken a full day is completed only within five or six hours. Now when 75 per cent. of the work has been disposed of, I admit that even if Shri Varadachariar and his other colleagues, who are very much justice loving, experts in making investigations and are careful to see that injustice is not done to anyone, dispose of the remaining cases not with any undue hurry, they will take some time for it and they will be in a position to finish their work definitely by 1953. I have not suggested in my amendment that the Income Tax Investigation Commission and its work may continue even though there may or may not be any cases. I have only suggested that if the Government think it proper, it can ask the Commission to investigate into the cases, so that no one may say that the commission will remain idle and when you feel that there will be no more work for the commission you can wind it up after three months. Thus I am of the opinion that you will have to fix some time limit and if no time limit is fixed, then lethargy will creep in the disposal of the work. The Income Tax Investigation Commission has been functioning since December 1947. This Commission has submitted a report and made a suggestion that by making certain amendment in the Income Tax Act of 1922, the number of the tax evaders will decrease and the State will easily get the share which it should receive. At present I am not speaking about the income tax and I do not want to relate all those difficul-

ties which the Government have to face. This is besides the scope of my speech. But the Commission had submitted its report at the end of 1948, and while delivering his speech in 1949 our Finance Minister had stated that all the recommendations have been received, they have done a lot, and have made recommendations. It does not take much time to get them approved by the House. Our efficient Law Department will not take much time in drafting such a Bill as there is an able Minister like Dr. Ambedkar in the Law Department, who can frame many Bills with great ability within half an hour only. But it was stated at that time, that they would bring forward a Bill in the next session in which all the recommendations of the Commission will be collected together. But the years 1949 and 1950 have passed and now it is 1951 and our Finance Minister states again that this year he would surely present the Bill incorporating all the recommendations of the Commission and the Income Tax Bill will be amended. The year 1950 passed without anything being done and three months of 1951 have also been wasted. The hon. Minister has presented a Bill saying that he would bring forward a Bill 'very soon', in which all the recommendation of the Commission pertaining to income-tax would be incorporated. This is what our Minister of Finance stated in his speech. We do not know when that Bill will be presented, whether it will be presented in this session or not and if it is presented in this session it will be presented on the last day and perhaps the discussion will be over after the consideration of one or two hours. After that the Bill will be referred to the Select Committee and possibly the Bill may come before us next year, in the month of June, and perhaps a new Parliament would have been elected by that time which would consider this bill in a different way. I want to submit, the hon. Members will excuse me if it hurts someone's feelings, that we do not abide by the schedule on account of which there is slackness in the business of the House. Once or twice I have pointed out the fact that we appoint certain committees and commissions and when the report of these come before us no actions, which should have been taken as a result of those reports, are taken for many months and in many cases the hon. Minister does not know whether a particular report was presented four months or eight months before and whether any action has been taken so far in connection with that report or not.

With all humility I will submit that you should not think that we want to

[Shri Bhatt]

put obstacles in this matter, or want to do something wrong knowingly. I want the time limit for the reason that the work which is to benefit the country and the investigation which is to take place may not be put into cold storage if some time limit is not fixed. That is why I am suggesting for the time limit of two years. The Income-Tax Investigation Commission has pointed out on page 13 of its report that the tax evaders think that the term of the Commission will expire in March 1951, and with this very idea with the help of lawyers they are getting the time limit of their cases extended with the hope that they will get rid of the Commission in 1951. Probably they do not know that the Parliament, if it wills, may extend the time limit of the Commission after holding a whole night session and thus if someone wants to evade tax and hopes to save himself in this way, then we must take necessary action and extend the time limit. In this connection, in one sentence the report says:

"That existence of a short time limit to the life of the Commission has to a certain extent proved a handicap to the progress of investigation and to expeditious disposal."

It is perhaps that basis stated in the sentence quoted above that he is against setting of a time limit or imposition of any restriction in that respect. But my submission is that by fixing a time limit in 1950 expiring in March, 1951 we are suggesting them a time limit of two years. It will provide the necessary incentive to the intelligent personnel of the Commission as also to those who want to adopt evasive and delaying tactics. It will serve as a warning to them either to make good the losses or be prepared to face proceedings against themselves, understanding clearly also that a decision in respect of those proceedings was going to be taken shortly. It will make it feasible to achieve both these results. I, therefore, humbly suggest that hon. Shri Tyagi should accept the plea even at this stage. Perhaps he also feels the soundness of this suggestion, but he occupies a different place now. He only knows to which place he has shifted from Kailash, but having once been a *yogi* (renouncer) he cannot be expected to turn to be a *bhogi* (indulgent), he may only be expected to be a *maha yogi* (super renouncer).

If it appeals to him that the Commission should be given a time limit within which it must complete its task, then what is it that stands in his way

to do so? In case a report is made say six months before 1953—the prescribed time limit, to the effect that their work is still incomplete, you can easily give them a further extension. The Parliament will always support you. Whether it is the present Parliament or it is the new one consisting of members other than the present incumbents, none can side with the evaders and thieves.

Shri Gadgil: It is those very people who are expected to be returned to this House in future.

Shri Bhatt: If the inclinations of our society lie that way and everyone to come here is to be a thief, then all will cease to be known as such. They will be all *Sahukars* (wealthy nobles) and will become one like all notorious sections of the people. At that time they will come to regard their society consisting of all respectables.

It is, therefore, my submission that even if the inadequacy of time limit is felt say only ten or fifteen days before the expiry of the prescribed time limit of 1953, then it can easily be extended further. There is enough scope for that in my amendment.

My another suggestion is that if the hon. Minister feels one Commission to be inadequate to cope with the work, he can, in order to expedite the work, set up two commissions in place of one because, after all, expenditure on staff etc. has to be incurred in any case. You can, therefore, set up another Commission to assist the present one so that the disposal of the work is expedited. There is nothing in law that can prevent you from doing so. The provision of the law that 'may appoint a Commission' may be amended so as to read 'may appoint one or more Commissions' and where it is laid down that 'may appoint a Chairman and two Commissioners', a provision should be inserted for the appointment of four Commissioners instead of two. In any case we should complete the work within the least possible time. Why this lethargy? Everywhere in offices we come across lethargy. It is so perhaps because the men at the top are not so much efficient as they should have been. I say so with some heat, but when I find lethargy hampering the progress of our work and that it daily being on the increase I cannot help making this submission. Pray do not do so and prescribe some time limit so that our work may be conducted in a smooth way and our money be recovered soon so as to relieve the poor of this country from further burden of taxation.

Prof. K. T. Shah: My amendment reads:

In clause 2, for the words "from time to time" substitute the following:

"for such further period, not exceeding two years beginning the 1st of April, 1951, provided that before 31st of March, 1952, the Commission shall so arrange and dispose of the cases already referred to them as to make those *prima facie* involving the largest sums first, and thereafter in the descending order in accordance with the amount of taxation *prima facie* considered to be involved in each such case, so that of the total income and the total tax involved thereon, the largest proportion may be dealt with and disposed of within one year from the 31st of March, 1951."

In commending this amendment to the House I would first of all explain my intention for tabling such an amendment. As the amending Bill stands, I feel that it seeks delegation of authority by Parliament and entrustment of that authority for an indefinite period to the Executive Government. On principle I object to that. So long as Parliament is considered supreme, so long as Parliament is functioning regularly, I do not think it is right and proper for any democrat to accept a principle such as is implied in this amending Bill, for it allows the Central Government to extend from time to time, at its own discretion, without any reference to Parliament, a measure on which there is so much difference of opinion and which involves such large sums of money.

I am not suggesting by my amendment that this power be withdrawn from the Central Government. All I am saying is that though the power is in the hands of the Central Government, it should not be so enjoyed for more than two years from this date and that at any time, Parliament should have, after the end at any rate of these two years, the right and the liberty to review the measure and extend it, if necessary.

The hon. Minister was pleased to state that if he were to accept any of our amendments, the very object of his measure would be lost. I beg to differ from him. In the amendment, as I have suggested, there need be no such apprehension, because it is not said that this Commission shall automatically terminate at the end of two years. No one suggests that. What is suggested is that the apprehension caused by the delay or dilatoriness with

which the Commission seems to have operated should be eliminated and that the work of the commission should be spurred or stimulated. Therefore, some provision should be added by which the Commission itself should remain aware that its work has to be completed within a certain definite period. It is for this reason, Sir, that I am suggesting the wording by which it would be always open to continue the Commission's work for a period of two years, but at the same time it may be possible for Parliament to extend its life for a further period as and when it should think necessary. But, in my opinion, Sir, the discretion must remain with Parliament and not with the Central Government. Parliament, by my amendment, would be giving the Central Government authority and discretion to extend it for a period not exceeding two years. That will be an act of Parliament. But if this Amending Bill was to be taken as it stands, it would be possible for all time, so long as the Central Government thinks it necessary, to extend the life of the Commission from time to time, as and how and when it thinks it fit. Now, that I do consider, with all respect to Mr. Tyagi's statement, to be a stigma on the Statute. If you pass a measure, which by its own verdict is of an indefinite duration to get hold of, to discover, to bring to book and to get punished those people, who are *prima facie* offenders, and further if that power is given only to the Central Government, to the Executive, without any reserve being kept expressly for the legislature to review, then, I submit, Sir, with all deference that that would be a very improper piece of legislation and would be a stigma on the Statute Book.

I was glad to hear the Prime Minister himself declare that some arrangement may be devised by which an annual report may be submitted to Parliament, and Parliament may be in a position to review the working of the Commission during the course of the year. As such Parliament would be also in possession—I think he used the word 'seized of the matter'—of facts, and thus be in a position to say how the matter should be dealt with. I am, therefore,—let it be clearly understood—not suggesting any definite period for the life of the Commission, any more than the amending Bill does. I am suggesting, in the first instance, now a maximum period of two years, but that does not mean and no one need take shelter under this Act that after a certain date the Commission would automatically end, and if only they can employ sufficiently good lawyers, or indulge in sufficient dilatory tactics, they might have a chance of

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escaping altogether. That can never be the case. I am sorry the point has been made that if we put a date it might be taken advantage of by people intending to evade taxation. After all no one can take away the inherent right of Parliament to legislate as and when it likes. Even if today we fix a date in 1952, we might not be in existence at that time. We cannot bind our successor; our successor would be fully entitled to extend that period if it thinks necessary. So, the apprehension of those on the other side that if a definite date were fixed in this Bill the malactors might escape by resorting to dilatory tactics is, in my opinion, unfounded. I may assure the House that this will not happen if the proviso which I have added is further accepted.

In this connection, let me, Sir point out a feature, which has not been understood in its full significance. In the first year, only four cases were referred to and disposed of. In the next year there were over hundred cases referred, to and disposed of. The progress was at a tremendous pace considering only the figures. In the third year there were 232, more than a hundred per cent. rise in the rate of disposal and according to the latest figures given by the hon. Minister in two months 50 more cases have been disposed of. That is to say, in this year we may well expect 600 cases to be disposed of. If these 600 cases are to be added to the 338 already disposed of a very very large proportion of the cases would be disposed of, so that two years would be more than ample to meet all the cases you have in view. Further, I am suggesting that the Commission may also be made aware that its task also required to be properly arranged. So far I have not seen anything to indicate that there is some method in the way the Commission proceeds in tackling individual cases. I do not know if they proceed in alphabetical order; or they proceed in a geographical order; or they proceed in a political order; or they proceed in a climatic order. I am not aware of it.

Shri Kamath: Disorderly order!

Prof. K. T. Shah: Or disorderly order, all right. In any case I think it ought to have been obvious that if the work is to be expeditiously, effectively and efficiently done, if terror of law is to be struck in the minds of those who have offended it, it is important that some order should be drawn up and the order should be maintained and carried out. I am suggesting one order, namely, the order of importance, that

is, the amount of tax and income involved which in my opinion would take the tall poppies first.

The question has again and again been asked today and yesterday whether those four cases which had in the first instance attempted to escape but which unfortunately for them were unable to escape, even though it cost his post to a Finance Minister of this House, have been taken up and disposed of. One does not know if even those have been taken up and disposed of. We were told today that at least one has been decided. But three of them remain, and I take it that in the 75 per cent. of the work with regard to the remaining cases that the hon. Minister tells us must have been done already, I hope and trust that these three tall poppies have also been included. In any case if it is not too late, if the Commission were to adopt even at this stage the procedure I am suggesting, re-arrange the order and see to it that those coming first are taken up first and dealt with in such a manner that before the end of the coming financial year they are disposed of or advanced to a very large degree of being disposed of, we may be prepared to consider some such suggestion as an amnesty, or by whatever name it is called, so that a bulk settlement, if I may say so, may take place and this sorry chapter may be ended for ever. If you are lacking in powers, as has been suggested or might be suggested, tighten up the income-tax machinery and take those powers. I for one suggest that if you were only to declare a moratorium upon them, if you were to freeze the accounts, the assets, of these people, say, a dozen or thirteen, such as the then Finance Minister had in view, who are likely to be accountable for something like fifty crores—I am just saying it that way—if you declare your intention and authorize the Commission that all their accounts and properties of all kinds shall be frozen and all transactions—sale, transfer, mortgage and so on—shall be stopped until the investigation is completed, you can take it that the very mention of this power will strike such a terror into their hearts that they will not try to dilly-dally any further. I know that the will may be wanting to take such steps. I know that this socially important class, as they were described from the highest authority, or the influential forces with the party behind the Government, may not be touched and even if they are touched they would be touched with velvet fingers that they possibly do not feel the touch at all and that the period

helps them more and more to become impervious to any suggestion of reconciling their citizenship with the obligations of that citizenship. Personally I am not very fond of this class, nor do I believe that this class has any conscience, especially where money is concerned. To them anything will be.....

Mr. Chairman: May I just point out to the hon. Member that on the general discussion we have had enough about the general nature of the questions before the House. I would request him now to confine himself to the particular amendment.

Prof. K. T. Shah: I was speaking on the second part of the amendment, the proviso suggesting that a particular order be devised. That order required me to mention how only if a dozen or thirteen or twenty cases—which you yourself were good enough to refer to yesterday—were disposed of, perhaps much of our problem may be solved. Therefore, the time-limit I am suggesting in the second part of the amendment, namely, within one year to dispose of all this upper-bracket, as it were, of the cases would help you a great deal, I think, and would therefore justify the entire amendment that I am moving as it will enable you to get hold of these bigger people and thereby stimulate the others also to come forward either for a compromise and to make a settlement or to be dealt with according to law. Therefore I was, with all respect, not going too much out of the sphere when I gave this illustration. Further the point also remains that if, say, by this time next year, we or our successor can be given the idea or the definite programme that so much has been estimated, so far we have succeeded, so far we have not yet succeeded, then that body would at that time be perfectly able to give you further extension if required or give you extra powers if needed and otherwise to assist you in getting hold of those who escape or are trying to escape. If you have the period of one year as a sort of stock-taking stage, if I may say so, taking stock of the work that is actually done, not by way of an annual report though that itself is very useful, but by way of a definite suggestion for direct action, as it were—I mean direct action by this House, not by those people—then the task would be further simplified.

I am as anxious as anybody that this matter may be expedited and finally disposed of and that we, this Legislature, as well as the people we have in mind just now should through such pieces of legislation have a chance

to turn over a new leaf in this matter. Whether, they will have a change of heart or not I do not know, I am not prepared to accept that they are likely to, but they will have a chance at least of turning over a new leaf. The period of two years that I have suggested is more than ample especially to take the steps that I have recommended, that is to say, to lay it down that the following cases should be considered first and disposed of. The number of cases ought not to be very important. The amount involved ought to be more important, so that I would not judge the progress, for example, by 600 cases, let us say, coming up and being disposed of in the coming year, but rather by 60 cases provided those sixty cases accounted for seventy crores or sixty crores of the income liable to taxation and a proportionate amount of the tax recoverable from it. It is in my eyes not at all impracticable or impossible to work if you accept a suggestion of this kind. If I did not misread or misapprehend the remarks of the Prime Minister himself, it seems to me that there does not appear any objection on principle, or on party lines on the other side, to make such a suggestion unacceptable. I, therefore, trust that in the interests of legislation itself, in the interests of the authority of this Parliament being safeguarded and kept up intact, in the interests of the exchequer as well as of the party, the amendment I have the honour to present to the House will be accepted.

Shri Hussain Imam: On a point of order, is it open to the hon. Minister to say that such and such provision existed in the Act, that is, without naming it—he said he has been debarred from revealing the name—whereas there is no mention there that they have got no power to reveal the name I would like to have your ruling on that.

Mr. Chairman: Questions have been put to the hon. Minister and at the proper time he will give his answers. There is no point of order. Mr. Upadhyay.

Pandit Munishwar Datt Upadhyay: I will first read my amendment. It is:

In clause 2, for the words "from time to time" substitute the words "for three years".

The object of this Bill as disclosed by the hon. Minister is that the dilatory tactics that are being adopted by the defaulters are somehow or other to be avoided and the other serious objection on the other side is that the

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discretion for extension of time should be left in the hands of this House. Both these questions are really very important but then the very object of the Bill as the hon. Minister said, would be frustrated if the time limit was fixed and if the time limit fixed was one or two years. So my amendment is that the time limit should be for three years because three years is a sufficiently long time and in that time nobody would go on evading the settlement of cases so as to cross the limit of three years. On the question I want to put to the hon. Minister. The hon. Prime Minister made a statement here and he purported to say that the yearly report of the Commission shall be placed before the House for discussion. He also meant to suggest that even the renewal or extension of the time would be periodically considered by the House. These were not exactly the words but two things he said: That the report will yearly come before the House and that the House shall have the power of extending the term of the Commission. I would like the hon. Minister to make that point clear, whether that position is correct.

Shri Munavalli: I have moved that in clause 2 in the proposed amendment of sub-section (3) of section 4 of the Taxation on Income (Investigation Commission) Act, 1947, after the words "from time to time" insert the words and figures "up to 31st day of March 1955".

The arguments advanced in favour of this amending Bill I think have got no force whatsoever. The hon. Minister of State said that by giving the power to the Central Government of extending from time to time the life of the Commission, their end will be served. But if we look to the human psychology, whatever the powers might be, the tax dodgers will go on dodging and even if the Central Government be invested with this power, the tax dodgers will follow their own tactics. Under the circumstances if we look to the policy adopted by the Government, we will see that the defect is in the policy adopted rather than in the Act itself, because the policy adopted by the Government is not so firm. The Commission also is not carrying on its work as vigorously as it ought to do. From the way in which the hon. Minister of State made his speech and described the way in which the Commission was conducting its work, it appears, Sir, that they are tackling this problem very mildly, that they have been treating these tax dodgers not as severely as they ought to have been treated. If we take into

consideration how the people have been treated in the courts of law, we will see that these persons namely the tax dodgers are being treated in quite an easy way comparatively. If other persons are to be treated severely and punishments are to be meted out according to law, why should these tax dodgers also be not severely treated. Of course the Government or the Commission might think that by this mild way they will get confessions and admissions from them of certain material facts, which otherwise they will have to investigate with much difficulty. However, Sir, if we take into consideration the work that has been done by the Commission, it is really praiseworthy. I do not think that the Commission will take very much time in trying these cases. The Government wants to be invested with power to extend the life of the Commission from time to time. I have a great legal objection to that and so I oppose that, Sir, because we are giving the Government a legislative power itself. The Parliament can delegate either to the Government or to any other body non-legislative power. We can allow the Government to fix the time as to when the Act is to come into force. And we can ask the Government to formulate rules and regulations under an Act. And we can delegate powers to the Government or any other body to extend the Act that we pass to other areas or to other persons or goods, that may not have been enumerated in the Act. But to delegate legislative powers for allowing the Government to extend the life of the Commission, which means the extending the life of the Act itself will be derogatory to the provisions of the Constitution. On that point, Sir, I want to oppose the amendment that has now been introduced, in this Amending Bill.

There are two classes of Acts. One class comprises of Acts which are perpetual and which will go on for ever unless and until they have been amended or altered or repealed. There are other Acts in which class come the temporary Acts. In such a case the period of the Act is limited, i.e., unless and until it is repealed, altered or modified it will continue to be in force for that period. In the original Act as passed there was no limitation of the period. Sir. But in 1948 section 4 was amended and new clauses (3) and (4) were inserted. Section 4, clause (3) says:

"The Commission shall be appointed to act in the first instance up to the 31st of March 1950 but

the Central Government may extend its term of appointment for any period up to the 31st day of March 1951."

It is this use which is now being amended by this Bill.

The amendment is as follows:

"In sub-section (3) of section 4 of the Taxation on Income (Investigation Commission) Act, 1947, for the words and figures 'may extend its term of appointment for any period up to the 31st day of March, 1951' the words 'may, if it thinks fit, extend its term of appointment from time to time' shall be substituted."

This word "extend" as it appears in this amendment has got more than one meaning. By 'extend' it may mean that we want to extend the life of the Commission whereby the life of the Act itself is automatically extended.

Several Hon. Members: It is already five o'clock, Sir.

Shri Munavalli: It is a very important point; I want to continue.

Mr. Chairman: Does the hon. Member propose to take a good length of time?

Shri Munavalli: Certainly.

The House then adjourned till a Quarter to Eleven of the Clock on Saturday, the 10th March, 1951.