

14.43.hrs

cases, their sarees are being pulled. Photographs have appeared. He has not even had the courtesy of admitting that the police resorted to lathi charge. We expected regrets to be expressed.....(Interruptions)

MR CHAIRMAN : I have called the next time. Please resume your seats. I have heard you. Please resume your seats.... (Interruptions)

SHRI INDRAJIT GUPTA: Have the people of this country got the right to court arrest peacefully or not? Because in the days to come if the price situation becomes the worst there will be many such demonstrations and the house-wives are the worst affected as that is affecting their family budget. The people will go in the streets to court arrest peacefully. Are they going to be beaten up and their skull going to be broken and the sarees to be stripped....

SHRI SOMNATH CHATTERJEE (Bolarpur): They were molested there openly.....(Interruptions)

MR. CHAIRMAN: Let him say what he is going to say. Why do you not sit? (Interruptions) I have heard you patiently. Let him say what he is going to say. I cannot compel him(Interruptions)

SHRI BASUDEB ACHARIA Are you satisfied with the statement, Madam?

MR. CHAIRMAN: I do not want to say anything. I cannot give my reaction at this stage. Do not question me.... (Interruptions) This is enough. I cannot compel him. Please resume your seats. I have called the next item....(Interruptions)

PROF MADHU DANDAVATE: Since we are not satisfied with the statement, we are walking out in protest.

SHRI BASUDEB ACHARIA: We are walking out

{At this stage, Prof. Madhu Dandavate and some other hon. Members left the House}

EXPENDITURE TAX BILL

[English]

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY) I beg to move:

"That the Bill to provide for the levy of a tax on expenditure incurred in certain hotels be taken into consideration."

The Prime Minister in his Budget speech for 1987-88 had made an announcement that a separate legislation would be brought forward for levy of a tax on expenditure in certain hotels. I shall avail of this opportunity to explain the main provision of the Bill.

This short and simple Bill has the object of imposing a tax on expenditure incurred in certain hotels at the rate of 10 per cent. The tax shall be levied on any chargeable expenditure incurred in a hotel wherein the room charges for a unit of residential accommodation at the time of incurring such expenditure are Rs. 400 or more per day per individual. The expression 'chargeable expenditure' means expenditure incurred in respect of any accommodation or in connection with the provision of food or drink or any other services by way of beauty parlours, health clubs, swimming pools or other similar services. The levy will not apply to payments made in foreign exchange. This exemption will also extend to payments made in Indian currency which is obtained by conversion of foreign exchange into Indian currency by specified modes.

Person responsible for collecting the expenditure tax will be the hotel receiving such payments. The tax so collected during any calendar month will have to be credited to the Central Government by the 10th day of the immediately following calendar month. It will also be the responsibility of the hotel to furnish a return dis-

closing the aggregate of chargeable expenditure, the tax collected and the tax paid to the Central Government. In a case where food, drink or other services are provided at the hotel by any other person, then such person would be responsible for collecting the expenditure tax and for furnishing the return.

All the provisions in the Income-tax Act relating to collection, recovery, penalty and prosecution will apply, *mutatis mutandis* to the proposed expenditure tax. The tax will be administered by the Central Board of Direct Taxes through the Income-tax Department.

After the Bill receives the assent of the President, the provisions of the Act shall be brought into effect from a date which will be notified in the Official Gazette.

Madam, I trust that this Bill will receive the unanimous support of the House

SHRI G.M. BANATWALLA (Ponnani)
On a point of order, Madam I am afraid that under rule 69, the motion cannot be taken up for consideration by the House. The Bill cannot be taken up for consideration for the simple reason that the Bill levies a tax and there is no Financial Memorandum with the Bill. I can quite understand that as per clause 6, the Bill is to be administered by the Income-tax Department. But then is it the contention of the Government that there would be absolutely no expenditure whatsoever in the collection of the tax and, therefore, there is no financial memorandum. That position cannot be accepted. A tax of ten per cent is being levied. It is bound to result in certain expenditure in collection of the tax, and if there is to be any expenditure whatsoever in the collection of the tax, there has to be a Financial Memorandum to the Bill and the Bill has no Financial Memorandum whatsoever.

I may also draw your attention to another point. In the year 1980, we had a similar Bill with a little change in the title and certain provisions, the amount of tax

and so on. It was the Hotel Receipt Tax Bill, 1980. That also levied a tax of 15 per cent on certain categories of hotels and then the tax was to be collected also by the Income-tax Department. Yet the Bill had a Financial Memorandum stating that there would be an administrative expenditure of Rs. eight lakhs per annum in the collection of the tax, though the collection of the tax will have to be done by the Income-tax Department. It was made clear in this House through the Financial Memorandum that the tax will be collected by properly strengthening the Income-tax Department. Now Madam, on the similar lines we are having this Bill. The collection of this tax to the tune of ten per cent would definitely require some strengthening or whatsoever of the Income-tax Department. Therefore there is a definite expenditure and there is no Financial Memorandum whatsoever. The Bill, therefore cannot be taken up for discussion.

MR. CHAIRMAN: What has the Minister to say?

SHRI JANARDHANA POOJARY:
Madam, I appreciate the point raised by the hon. Member. I want to submit that there is no extra expenditure. The existing Income-tax Department would collect the tax.

SHRI G.M. BANATWALLA: There would be no expenditure whatsoever in the collection of the tax?

SHRI JANARDHANA POOJARY: Yes.

SHRI G.M. BANATWALLA: Let it go on record.

MR. CHAIRMAN : Motion moved:

"That the Bill to provide for the levy of a tax on expenditure incurred in certain hotels be taken into consideration".

SHRI V. SOBHANADREESWARA RAO (Vijayawada): Madam, Chairman, first of all, I would like to make it clear that we

[Shri V. Sobhanadreeswara Rao]

welcome the Bill though we object to certain provisions that are incorporated in this Bill. We have some suggestions also for further curbing the conspicuous consumptions as well as lavish spending by the richer sections of the society.

Madam, this Bill is brought forward with the above objective to curb the wasteful expenditure by the moneyed people, by the Company Executives, by the big business people, sometimes even the higher officials in the Government hierarchy. Madam, you are aware that though our country stands second in the matter of population in the world, unfortunately, it stands at the lowest or near the last place in the countries of the world in the matter of per capita income in the world. Even now, the Government says, after 40 years of independence, nearly 48% of the population is below the poverty line and it is the common experience that in northern parts of our country every year during the winter season, a large number of people die due to their inability to have adequate cloth to protect themselves. It is a common knowledge that every year, millions of people and children are becoming blind due to mal-nutrition. So, in this background, we have to view the things. When we examine economic conditions in our country, the total outstanding public debt stands at Rs. 1,21,150 crores and the total net liabilities of the Government of India is around Rs. 1,90,590 crores which is fairly closely to the gross national product in 1985-86, which stands at Rs. 2,13,553 crores. That means our total liability is nearly equal to the net national product. It is alarming. So, our effort should be to curb, to discourage this wasteful expenditure.

Sir, the effort on the Government as well as on the public side should be to encourage savings though we have higher savings rate of nearly 24%. We should not be satisfied with that. We must make all-out efforts to further increase this rate of savings and that saving amount be invested in productive areas. It will help in more pro-

duction of goods to make available more goods to poor persons in the country and similarly the service that it will help in providing employment to millions of educated as well as uneducated unemployment youth of this country will also be useful. So, when we view from this angle, we do not object to the bringing forward of this Bill and in fact we welcome it. The present state of affairs is that the people are spending very lavishly, especially during the marriages. Very big rich people are spending a lot of money during the marriages. The other day when the Estimates Committee enquired Mr. Vinod Pandey, the Revenue Secretary, gave a statement before the committee that some instances had come to the notice of the Government that about Rs. 10 lakh were spent by a single person in wedding ceremony. There may not be a very large number of persons spending like this in a marriage, but there are instances where Rs. 10 lakhs were spent in a single marriage. It is unimaginable.

So also, Madam, in regard to the construction of houses, some people are spending a lot of money. Of course, when a person has some amount, he should have a living place. But that does not mean that he should spend crores of rupees on residential house. We ourselves do wonder when rich people from far off places like Hyderabad, Vijayawada, Madras and so on order for supply of polished white marble stone from Rajasthan, spending lakhs of rupees for construction of flooring in their newly constructed houses. We can understand when one spends for house construction Rs. 4 or 5 or Rs. 10 lakhs, but not Rs. 1 crore.

In fact, nobody should be permitted to waste money like that on a single residential house costing Rs. One crore. The other day we had the news that a very close friend of our Prime Minister has got tiles from Italy on a plane for a swimming pool in his premises, in the farm-house near Delhi. Should the country permit this type of lavish furnishing, wasteful expenditure? We should not. That is why, we welcome this Bill. In fact a similar Bill, namely the

Expenditure Tax Act was introduced way back in 1957. After it was in force for several years it was withdrawn during the year 1966-67, because at that point of time, it was able to derive only Rs. One crore, I am told, to the Government exchequer. Whereas a lot of money was required to be spent on the collecting machinery and towards administrative expenses. So, the Government thought that it was not wise enough and they had discontinued this Act in 1966-67. Now, the Government has reintroduced it, of course, in a particular sector of our economy I feel, there is a lot of change between the circumstances which prevailed up to 1966-67 and now in the year 1987. Much water has flowed below the bridge. During these years, due to licence, permit quota, contract-raj of the Government new *crorepatis* have come up in every State in large numbers. Due to the faulty fiscal policies that is, putting very highest slab and super-tax on the income, it has led to concealment and evasion of tax. The latest estimates say that there is nearly Rs. 37,000 crores black money circulating in our country, leave alone thousands of crores of rupees which are laying outside the country. This type of black money is leading to wasteful expenditure and lavish spending. So, we congratulate the Government because it has appointed

Dr. Raja Chelliah Commission which has gone into several aspects and given some suggestions to the Government. There are many economists and many schools of thought. But there is one school of thought which says that replacing income-tax, wealth tax or gift tax by expenditure tax, may be a proper set up or device to the economy where it does not tax the savings of the people. But there may be some difficulties in the implementation of this measure and with the previous experience, the Government might have thought to restrict the expenditure to tax to lavish expenditure in the hotel. The Government has proposed Rs. 400/- per day per person. In fact, I feel, this amount is on the high side. I suggest to the Government to keep this at the level of Rs. 300. In the Bill that has been placed before the House, it has been said

that the persons who stay in the hotel are to be taxed for food and drinks consumed. But we do not know whether some people who come from outside, who are not the residents of that hotel and who happen to take food and drinks would be taxed. Provision before us is that they should also be taxed. However, I suggest that food and hot drinks like coffee and tea must be exempted. Whereas the bar or the alcohols, beverages, which may be served in those bars may not be exempted. But food fruits and hot drinks, I feel, must be exempted.

15.00 hrs.

[SHRI VAKKOM PURUSHOTHAMAN *in the Chair*]

Because you have brought this Bill with the idea to discourage wasteful expenditure by the very rich people, my suggestion is that the present tax proposal can be increased from 10% to 20% if it should deter rich people from spending lot of money in the hotels. It may not be practicable to extend the Expenditure Tax Act to all facts and walks of life but at least there are some avenues which you can certainly take into consideration and where you can extend this Act to the field of house construction also. There should be some reasonable limit. You yourself decided that it may be different for cities like Bombay, Calcutta and Madras. It may be different for 'B' Grade cities but excluding land value, you prescribe some reasonable limit over which if the owner spends, then he should be taxed.

Similarly, for marriage also, there must be some reasonable limit. It may be Rs. 50,000/- or one lakh. There is no point in allowing Rs. 10 lakhs for a single marriage. In addition to giving so much money on ornaments or some other properties, spending Rs. 10 lakhs should not be allowed by the Government on a single marriage especially in the present circumstances where our country stands and where the fate of the poor man is still lingering in the middle. The Government is expecting some Rs. 50 crores by imple-

[Shri V Sobhanadreeswara Rao]

mentation of this Bill. With the suggestions we have made, if the Government takes steps for implementation of those suggestions, it may further bring some more revenue to the Government which may ultimately help in a positive way for development of this country and advancement of the interests of the poorer sections of the society. So, I welcome this Bill. (*Interruptions*) So, I request the Government to take into consideration the suggestions that have been made. You tax the rich people who are spending wastefully their money. But at the same time you must give a concession to the people who just go to the hotel to take food or hot drinks.

With these words, I thank you very much.

KUMARI MAMATA BANERJEE(Jadavpur): I rise to support this Bill. It is a very simple Bill. I think that the House will support this Bill unanimously

I think that the Government is taking the right decision because the Bill seeks to impose a tax on expenditure incurred in hotels where the room charges for any unit of residential accommodation is Rs 400/- or more per day per individual.

I support this Bill and I support Mr V. Sobhanadreeswara Rao also because I heard his speech. He has said something about big business men and big industrialists. I also agree with his opinion. It is a fact that we are having a peculiar situation wherein some big businessmen, big industrialists in our country are enjoying their life with all luxurious goods and facilities. In fact, they are enjoying a luxurious life. But in our country there are crores and crores of people who are living in the areas and also working very hard to earn their livelihood. Further, it is also a well-known fact that the big industrialists are misusing the Government funds like anything. Ultimately they will either close down the industries or the unit will be declared sick. They, in turn, misuse the Government

funds for their own interests. But they close down any industry, they are not liable for this. They cite one particular reason by saying that the unit is sick because of the workers. They cite the labour troubles. So, under this pretext, these industrialists are getting the advantage and opportunity to misuse the Government money. But what is the condition of the workers? We know how hard they are fighting. What is their fate after an industry is closed? So, I would like to say that if you collect the money, collect this tax or levy, through this Bill, from the big industrialists and businessmen, it will help the poor people and weaker sections of the society in our country.

In my State, I know that in respect of big hotels etc. my State Government has introduced sales-tax and amusement tax. I hope this expenditure tax Bill is also going to be passed. After that, we have to see that there should not be any double taxation. Otherwise, it will be difficult for the common people also. In this connection, I would also like to say that our economy condition is safe, no doubt about it. Our Government is trying to fight against the Income-tax evaders and blackmarketeers. It is not only the responsibility of the Central Government but it is also the responsibility of the State Governments as well to collect the levies through by Act. There is a popular saying: "History repeats itself". Previously, the Government of India accepted the recommendation of Prof. Kaldor and levied the expenditure tax in 1958-59. He felt that a high rate of income-tax merely encouraged evasion and ostentatious spending of blackmoney. He, therefore suggested lowering the marginal rate of income-tax to a more modest level and coupled this with an expenditure tax and wealth tax, which would leave enough with the individual that would enable him honestly to declare his income and yet encourage saving while discouraging extravagance. Even, in the year 1985 when Shri V.P. Singh was the Finance Minister, he also set up one high level Committee to study the desirability and feasibility of making expenditure the base of personal

taxation. I would like to know from the Government that after Prof. Kaldor's suggestion, whether Government has accepted the recommendations of Mr. Kaldor and whether the Government has implemented the recommendations or not. If not, why it has not been done so. As I said earlier, Mr. V.P. Singh has set up a high power Committee. I would like to know whether this Committee has functioned or not. In the recent past, efforts have been made to make a study regarding this tax in other countries also like U.K., the U.S.A., Sweden.

Sir, national income is social wealth. When a person spends, he is taking a part of that wealth for his own consumption, thereby impoverishing the society. When a person earns income, he is adding to the social wealth and enriching the society as well as himself. Under the expenditure-tax a person would be taxed according to the burden of his consumption demand on the society. This is just and proper. Under the Income-tax, a person is given tax reduction according to his contribution to the social health. The expenditure tax will also help the Government in containing inflation. That is why, I support this Bill wholeheartedly.

I would like to say something more. When it is the responsibility of the Government to collect the levy through this Bill, at the same time the Government has also to see that no State Government misuses its powers, that no State Government indulges in any corruption. I would like to raise one issue which has come out in today's *Patriot*—I quote

"Yet another scandal involving the Telugu Desam government has surfaced with Chairman and other officials of the APCO apex body of weavers cooperative societies in Andhra Pradesh, swindling Rs. 23 lakhs in the name of distribution of subsidised dhoties and sarees "

"The Chief Minister said 71000 sets of dhoties and sarees were shown as

purchased and distributed to green card holders through the retail outlets. In fact, not a single piece had been purchased."

I do not know whether this is correct or not, whether the Government has any record or not. Will the Minister inquire into the matter and will the Minister tell the House whether the scandal which has been reported in the paper is correct or not.....

SHRI V. SOBHANADREESWARA RAO: The State Government is making available dhoties and sarees at half their prices to the poor people. What is wrong in that?

KUMARI MAMATA BANERJEE: I support your view.

Another thing that I would like to raise is also related to the Finance Ministry. On 15th July, another issue has come up in a paper. The Chief Minister of Haryana, Shri Devi Lal, has once again asserted that his Government will go ahead and write off the bank loan given to the farmers; he has given a categorical assurance on the floor of the Assembly, and the amount involved is Rs. 250 crores. I am not saying anything against Mr. Devi Lal. But I would like to know from the Government whether a Chief Minister is entitled to write off loans in this manner or whether the Reserve Bank will take that decision. We have to know the correct position in this regard. Otherwise, another State also will do the same thing. Therefore, I want to know from the hon. Minister as to what is Government's reaction to this.

SHRI V. SOBHANADREESWARA RAO: The Central Government is writing off hundreds of crores of rupees of dues of big industrialists every year. What is wrong in writing off the loan given to small and marginal farmers?

KUMARI MAMATA BANERJEE: The Minister will reply. Why is he interrupting? I did not interrupt when he was speak-

[Kumari Mamata Banerjee]

ing. I am asking the Minister. The Minister will reply.

(Interruptions)

MR. CHAIRMAN: The hon. Member may continue her speech.

KUMARI MAMATA BANERJEE: I am not going to elaborate on these things. I wholeheartedly support this Bill. I only want to know as to who will collect this levy, whether the State Government or the Central Government will collect it or whether there is any independent body which will collect it.

[Translation]

DR. G. S. RAJHANS (Jhanjharpur): Mr. Chairman, Sir, in the late fifties a renowned Economist, Shri Nicolos Kaldor, was invited to this country. He had pointed out that imposition of expenditure tax would prove to be a panacea for all ills. At that time the Government did not take it seriously and did not take any steps in this regard. When we look behind we find that had the expenditure tax been imposed, there would have not been so much black money in the country, there would have not been much disparity and there would have not been so much gap between the poor and the rich. Shri Kaldor was of the opinion that vulgar display of wealths conspicuous consumption and ostentatious living are the root cause of all our ailments. A section of our society has accumulated lakhs and crores of rupees by dishonest means and is spending the same shamelessly.

There is one more term in economics: 'demonstration effect'. It implies that if an engineer earns Rs. 50 lakhs through dishonest means and spends Rs. 10 lakhs on his daughter's marriage, some other engineer, in order to display his wealth, would earn Rs. 51 lakhs and would spend Rs. 11 lakhs on his daughter's marriage.

Nobody accepted Shri Kaldor's advice. But today this tax is being imposed on hotels. Had the expenditure tax been imposed well in time, the country would not have to face this miserable situation. I am distressed to find so much disparity among the people in the country.

I have just returned from the flood-affected areas. Thousands of people have died there and thousands of people are sitting on trees without food and clothes for the last 12 days. You may not believe it, but I am saying this thing with full responsibility. Here the season is hot but it is raining heavily in that area. Their land has been submerged in water.

On the other side, a section of people living in South Delhi purchase new vehicles daily and their women-folk put on heavy diamond jewellery. Earlier inhabitants of this locality used to go to Nainital and Shimla during summer days, but these days they visit Canada and U.S.A. Perhaps the Government is not aware of it. I see both heaven and hell in one day and this pains me.

It appears to me that this ailment has no remedy. If there is any remedy, it is expenditure tax. If the Government has the courage, then it should impose expenditure tax and see to itself as to how this evil comes to an end. Those people, who can spend Rs. 1000 in a hotel, can also pay Rs. 1100 and those who can spend Rs. 400, can also pay Rs. 500. This tax should be imposed not only on hotels but also on ostentatious way of life and vulgar display of wealth. You are not aware that ladies here and in Calcutta, Bombay and Madras spend to the extent of Rs. 10,000 per day on kitty parties. Is such kind of extravagance justified in our society? The Government have imposed tax on Rs. 400. But practical experience shows that owners of five star and three star hotels charge Rs. 60,000 per day for one hall. The hon. Minister may ascertain it. The hotel owner himself tells the way how to evade income-tax. He advises the people to get the hall booked in 6 fictitious names so that the income-tax people

are unable to identify the real people who threw the party and to know from where the cash was deposited. The law makers are aware of its loopholes. Now people paying Rs. 60,000 will go without paying income-tax and tax will be collected from the person paying Rs. 400. It is, therefore, necessary today that the law is implemented honestly. There are no big hotels in small towns, but people install tents in small restaurants and spend Rs. 4 to 5 lakhs in day. What legal action is taken in such cases? Has any Income Tax Officer ever asked about the source of this money. It has all become a part of the system. It appears that we are helpless and we cannot remedy this situation. Ostentatious living and vulgar display of wealth will have to be curtailed. For this purpose everybody will have to work honestly. Then only we will be able to establish a welfare State. This calls for strong will power. It has been said earlier that tax will be imposed on air-conditioners, refrigerators, jewellery and on all other luxury items and thus resources will be mobilised for drought and flood relief. We had hoped that some kind of surcharge would be imposed and thereby a huge amount would be raised to extend assistance to the poor. The session is going to be over tomorrow and it does not seem to us that any Bill for imposition of surcharge will be brought forward. I would like to ask the hon. Minister that if it is not possible to bring forward any Bill for want of time, an ordinance to impose 10 per cent tax on luxury items be enforced after the session so that the hungry and helpless people could be helped who are hanging between life and death. If the poor people are not given any help well in time, they will have no other way out before them. There is a saying in Hindi, '*Marta kya na karta*'. They should not be forced to become naxalites. What will a person do who has not taken food for the last 13 days? Therefore, poor people should be helped by imposing surcharge on the rich in a real sense. At the time of Bangladesh crisis the Government had imposed a surcharge and the whole country had paid that surcharge. Today $\frac{3}{4}$ part of the country is in the grip of drought and floods. The

people here cannot imagine the dreadful sight of floods because they are facing drought here. In my opinion, surcharge should be imposed to meet the situation caused by both drought and flood and in order to check display of wealth, expenditure tax should be imposed.

[English]

SHRI AJIT KUMAR SAHA (Vishnupur): Sir, I rise to support this Bill. The object of this Bill is to curb wasteful expenditure of the rich big businessmen, VIPs and Ministers who spend thousands of rupees in a day in a hotel. The object is, no doubt, commendable but I doubt whether we would succeed with expenditure tax when we have failed to make Income Tax Act work to unearth black-money.

Mr. Chairman, I think a person who can spend more than Rs. 400 per day on accommodation, food and drinks and I also support the hon. Member who said that this limit should be Rs. 300 and this tax you are charging, viz., 10 per cent should be raised upto 20 per cent because a person who can spend more than Rs. 400 per day can pay more tax also.

While welcoming this Bill I want to know two or three things. What would be the amount of revenue earned by the Central Government and what would be the share of the State Government in that? Also after imposing the provisions of this Bill what will be the revenue income of the Central Government and what would be the percentage of share of the State Government? In this connection I would like to remind the hon. Minister that so many workers are working in the hotels but their wages are not satisfactory.

MR. CHAIRMAN: How does it come under this Bill?

SHRI AJIT KUMAR SAHA: The poor workers are working in the hotels and nobody is thinking about their service conditions and other facilities.

Sir, I support this measure.

SHRI HAROOBHAI MEHTA (Ahmedabad): Sir, I rise to support the Bill. I have, however, one or two questions to be posed. First is that the Prime Minister, Shri Rajiv Gandhi had stated in the House at the time of placing the budget before the House that this tax will be brought but now it is being brought only as late as in the month of August, 1987. So some revenue loss must have occurred to the Central Government in the meanwhile. The reason for the delay in the implementation of this should be told to the House. Secondly I have not still followed the rationale of Clause 5. For the purpose of this Act, "Chargeable expenditure" does not include—

"(a) any expenditure which is incurred, or the payment for which is made, in foreign exchange;"

As I understand, foreigners are required to make their payment of hotel bills in foreign exchange. That means, foreigners are exempted from liability of paying expenditure tax. In my respectful submission and subject to what the Hon'ble Minister has to say, this would be violative of Article 14 of the Constitution. When you are imposing a tax, you are asking Indian citizens to pay certain tax and foreigners are exempted from the liability to pay the tax. Ultimately, the purpose is not merely to prevent ostentatious expenditure but also to collect revenue. Any tax measure has always an implied purpose, that is collection of revenue for the purpose of public exchequer.

I do not know but there may be some rationale. Subject to what has been said I do not find any rationale in exempting foreign citizens from paying expenditure tax as required to be paid by the Indian citizens.

Sir, I welcome the Bill. It has a laudable purpose. I wish the Hon'ble Minister got speed and this line of action for taxing the rich so that Government can spend more on poverty alleviation programme should be further pursued. The net must be

widened. More and more luxury items and expenditure should be brought within the purview. In fact, the entire expenditure beyond a certain minimum reasonable should be brought within the network of expenditure taxation.

Sir, ultimately the Government is committed to serve the cause of underdogs. If after immense power given to the Government, we are not able to bring revenue from those who can afford to pay tax and serve the underdogs, Sir, the posterity will not pardon us.

Sir, underdogs do not bark but they bite. If the common people of India will know that there are some people who can pay taxes, Central Government has power to collect taxes from them and yet the Central Government is not exercising its powers for collecting revenue from them and not spending enough for the poor, as I submitted, we shall not be pardoned. Therefore, I wish the Government will go further in this direction and tax those who can pay.

I also take this opportunity to ask the Government to take up for consideration the distortions inducted in the economy of India in the previous two years when Mr. V. P. Singh was the Finance Minister. Sir, estate duty was abolished. The abolition was only beneficial to feudal lords. Ultimately the rich capitalists also were hardly required to pay estate duty. They don't invest in estate. They invest in business. The feudal lords had estates. Perhaps on account of kinship to the Rajas, the estate duty was abolished. Similarly, relaxation of direct taxation was introduced. MRTP was diluted. I urge respectfully that all these distortions in our economy may be examined so that they are done away with as soon as possible.

I also have come across an item. The magazine 'Prophet' has published certain report. The heading is: "Is Wadia financing V.P. Singh?". The heading may or may not be relevant. But when V.P. Singh was Finance Minister, benefit worth several crores of rupees was given to Bombay

Dyeing during the year 1985-86. The same Wadia would help certain people in taking up their course against certain other industrialists. I am aware that this Government does not discriminate between one industrialist and another industrialist because when Wadia was arrested in Bombay, a criminal case was being filed against Reliance in Ahmedabad. Whether it is Reliance or whether it is Wadia, criminal and other actions have been taken and pursued by this Government. I congratulate the Government for the same. But I wish the Government should carry this line further.

I am quite happy that this Act has also been included in the Schedule of the "Economic Offences" in its application to Limitation Act so that the limitation under the Criminal Procedure Code is also applicable to this. But the Government and the House might have observed that like Nusli Wadia's case, Courts have very lavishly given anticipatory bail orders to economic offenders. I do not know whether the courts have powers to issue an order directing the Government not to arrest anybody. Anticipatory bail under Section 438 of the Cr. P.C means that if arrested the person concerned should be released on bail. Some High Court somewhere gave an order not to arrest an economic offender. Now, at least the hon. Minister will kindly consider whether it is time to find out, to explore the advisability of taking out from the purview of the anticipatory bail. Section 438 of the Cr.P.C., all economic offences including the offences under the Expenditure Tax Bill, so that the courts will not interfere in the drive of the nation against the economic offenders at the stage when the person concerned is yet to be arrested.

With these observations, I welcome the Bill and congratulate the Government for initiating a set of measures. I wish, it would be pursued further.

SHRI G. M. BANATWALLA (Ponnani):
Mr. Chariman, Sir, I rise to make a few observations. In the first place, the Bill has

a typical bureaucratic touch. We will find that very wide discretionary powers are given to the tax authorities. I would briefly say that all such wide discretionary powers to tax authorities will have very undesirable effects.

You will find this bureaucratic touch also in a particular fact that while there is rigidity with respect to matters concerning the assessee, there is, on the other hand, quite laxity as far as the tax authorities are concerned. For example, after an assessment has already been made, the Income Tax Officer concerned may reassess the chargeable expenditure at any time within as long a period as four years from the end of the assessment year concerned. For four years, therefore, the sword of democles continues to hang on the head of the assessee. Such is the laxity given on the part of the Income Tax authorities.

On the other hand, we find that where an assessee objects to the quantum of assessment or denies his liability to pay the tax, or objects to the penalty order, in that case, he is required to file his appeal before the Commissioner within 30 days. Therefore, my first submission is that a certain balance has to be maintained in the various provisions of the Bill. This is unfortunately missing with the typical bureaucratic touch having been given to the Bill.

We find that in Clause 5, the chargeable expenditure does not include any expenditure paid for in foreign exchange. I welcome this particular provision in the Bill. In 1980 we had the Hotel Receipt Tax Bill and at that time hardly 5 per cent rebate was allowed as deduction when the bills were paid in foreign exchange. We here in this House pointed out that this will adversely affect tourism. Later on, the Industry also protested. The Tourism Department of the Ministry also protested and the Government had to retrace its steps. As it is, our share in world tourism is very negligible. I am happy that in the interest of promotion of tourism, this particular provision has been made that the chargeable expenditure does not include any expenditure paid

[Shri G.M. Banatwalla]

in foreign exchange. However, there is an explanation given in this particular Clause 5 and it says that the expenditure paid out of the Indian currency obtained from conversion of foreign exchange will also be deemed to be included for purposes of deductions. It looks very well but I am afraid its administration is going to pose a lot of difficulties. A foreign tourist comes and he exchanges money for the Indian currency. Now, he may not stay only in one hotel. He may move about from hotel to hotel and wherever he goes he will have to prove that the Indian currency that is in his possession is as a result of his exchanging the foreign exchange. He will have to prove with respect to the passport and with respect to all the memos that we get when we exchange foreign currency. This will not only result in more harassment to the people but will also open doors to black money and evasion of tax. It is rather late. We are simply rushing through Bills. Yesterday things get introduced and today we pass them. So, it is difficult to come out with appropriate amendments in time. But I hope when rules are framed under the Act, the point will be taken care of.

Mr. Chairman, Sir, the Act becomes applicable to hotels. The room charges are Rs. 400 per individual per day. However, there may be hotels which may provide rooms at different tariffs. There may be certain rooms with tariff of 400 or more and there may be some cheaper rooms also. Now, if there is a room for which the tariff is less than Rs. 400 but merely because it is located in that particular hotel, the person getting that room also becomes liable to attack. This is rather inconsistent with the objective of the Bill, and is rather unjust to the person concerned. I may therefore, say that this is an important lacuna and a drawback in the Bill.

Sir, it has already been pointed out and I would support the point that as far as the provision of food and alcoholic drinks are concerned, to at least those who are not staying in that hotel they should not be

subject to this particular type of taxation. I may point out here that the main source of profit for the posh hotels is the room charges and not the catering charges. This heavy rate of taxation on the catering is bound to affect the financial viability of maintaining these restaurant.

I have also to draw the attention of the Government to the fact that the imposition of these taxes may also lead to the undesirable phenomenon of double and triple taxes as we all know there is Sales tax. Then in certain States there are also luxury tax. Now, you have sales tax and then on the top of it the luxury tax also. Then you bring another tax called the Expenditure tax. Then it all leads to phenomenon of double or triple taxation which is not a healthy system of taxation to have. Therefore, I would like to submit that this particular phenomenon should also be taken care of, if it is possible, in this particular type of taxation. With these words I thank you very much, Sir.

[*Translation*]

SHRI HARISH RAWAT (Almora): Mr. Chariman, Sir, the Bill brought forward by the hon. Minister is quite welcome. Not only the Government wants to collect some money through this Bill, but it also wants to control luxurious living and check lavish spending by people in star hotels.

So far as the objectives of this Bill are concerned, I want to make certain points. In these Five Star Hotels two classes of people usually stay. Either they are big businessmen and their executives or they are the executives of the big Public Sector Organisations. No one spends from his own pocket to stay in these hotels. When the representatives of the Government organisations or the executives of the Public Sector Units put up there, the entire expenses including food are borne by the organisation which they represent. Besides, a number of seminars, conferences, symposia and exhibitions are also organised in these Five Star hotels with the result that there is 70 per cent occupancy

here and the whole expenditure is borne by the concerned Public Sector organisations. On the one hand, we are imposing 10 per cent tax for increasing the revenue of Government and on the other hand, money is lavishly being spent from the public exchequer. If our objective is to control such lavish spending, then Government should bring a Bill to put a ban on such type of expenditure so that the representatives of the Public Sector Organisations neither stay there nor organise various seminars, symposia etc. there. It is essential to curb this tendency which is crossing all limits. In a way a sort of competition is going on among our Public sector organisations in this regard. If you visit Ashoka, Kanishka, Oberoi and Maurya Sheraton hotels, you will find that most of the rooms in them are reserved by the Public Sector Organisations on some or the other pretext. Various seminars, symposia, conferences etc. are organised there. Government should also look into this aspect because our intention is not only to collect money but also to curb such tendencies for wasteful expenditure in our society. The Government should frame some law to check such tendencies. Imposition of 10 per cent or 20 per cent expenditure tax will not make much difference because the people who occupy those hotels do not have to spend from their own pockets. The same is the case with private businessmen who also do not pay from their own pockets. They spend the money of the share-holders or the financial institutions. You may impose as much surcharge as you want, it will not make any difference because this amount will not be spent out of the pockets of the persons who are indulging in such an extravagance but it is the shareholders or the financial institutions who actually pay for it. Therefore, I want that Government should give a serious thought to this aspect as to how to curb the spending spree in the hotels and how to control such tendencies.

[English]

PROF. N. G. RANGA (Guntur): Mr. Chairman Sir, I am sorry I am not able to

agree with the observations made by my friend just now that public sector directors and other officials should be prevented from going to seminars and then spending money in five-star hotels, etc. Actually, it is high time now that the Government and the public would have to think whether they are paying enough to these people who are employed not only in public sector enterprises but in similar enterprises, when compared to other people who are employed in government services. Government service is entirely different from the public sector employment. Here temptations are much greater and the dealings are not in terms of lakhs but in crores and not for a year, but sometimes even for a month or for a week. Therefore, a time would be coming, where their scales of pay as well as allowances will have to be entirely made different and places on a higher basis than that of the ordinary civil service people. Like this there are so many other things which can be said with regard to this matter. I would leave at that. I am glad to say that the Government is coming forward at long last with this Bill. True, their expenditure on these hotels during their stay is paid back again by the Government in some way or the other but at the same time by placing this kind of tax, certain incentive is given to them not to have too many of these tenures in these hotels.

Secondly, these hotels also will have to begin to think anew in regard to the charges that they are levying. Their charges are something un-Indian. Their services also not good enough but at the same time, they are un-Indian and too costly. We have had some experience of it. Whether we liked it or not, when we have to go as a guest of the Government to different cities and we are obliged to stay in these hotels, we are staggered at the rates that they are charging for mere rice and curry. They are charging not in terms of tens of rupees, but more than Rs. 100/-. For an ordinary regular lunch, they are charging more than Rs. 100/- or sometimes even Rs. 200/- also. For dinner it may be more. What is more shocking is that when you go to these hotels, you find big battles. You

[Prof. N.G. Ranga]

begin to wonder what is there in that bottle. Some people, of course may like to have a drink, but those who have been Gandhian like us, are take a back at the very thought of it. Yet these bottles are kept there with full of drink. What kind of drink, we do not know. Because, we never touch it. In the end when we leave the hotels, we make a gift of it either to servants there or to the so-called persons who goes and provides social service for us or pretends to be providing social service. What is more than this, in these hotels? The salaries that they pay, the kind of people that they employ, the amount of work that they extract from these employees who are employed in these hotels, all these are all un-Indian. We wonder where it is an Indian, non-Indian or new Indian culture, which is being created in the midst of our own towns. Therefore, under these circumstances, it is good that the Government has thought of formulating this Bill and imposing this tax not only on Government servants but also on the private entrepreneurs. They go on spending money in a lavish manner, in keeping with the charges that are being made in these hotels. It is of hundreds of rupees and it comes to more than Rs. 1000/- even for ordinarily scrupulous person of that particular stature. Under these circumstances, it is high time that this experiment is being made. At the sametime, I would like to sound a warning for whatever may be its worth just as in the case of Sales Tax and other things which our traders as well as consumers have found a way of evading the payment of these things, Similarly, there may be ways and means by which these taxes also may come to be evaded. Therefore, the Government will have to devise ways and means so that they can prevent this tax evasion.

SHRI D. B. PATIL (Kolaba): Sir, I welcome the Bill, even though it is just a beginning, when I read the title of the Bill "The Expenditure Tax Bill, 1987" I was very happy. But the moment I went to the next line "that the Bill to provide for the levy of a tax on expenditure incurred in certain hot-

els", I was disappointed. Because we were all the while propagating and demanding that a provision to the effect be made so that there should be tax on all sort of expenditure. But here, the Bill seeks to collect tax only on certain expenses incurred in the hotels.

The main purpose of taxation is to provide resources to the State, as well as to reduce the disparity between the rich and the poor. Here, you are taxing the rich, i.e. those who are in a position to pay Rs. 400 per day per head by way of rent for a room. It is on the high side. According to me, taking into consideration the present position in our country, the minimum wages that have been prescribed for the agricultural labourers and the limits prescribed for poverty line, this is quite on the high side.

According to the definition of poverty line, a person in an urban area in India spending Rs. 120 per month, and in the rural area spending Rs. 107 per month, is supposed to be under the poverty line. That means that a person who is in a position to spend Rs. 3½ in rural areas and Rs. 4 in urban areas, per day is supposed to be below the poverty line and that too for all sorts of items including essential commodities. So, taking into consideration the fact that a person below poverty line, for all his necessities, is in a position to spend only Rs. 4 per day, Government's fixing an expenditure Rs. 400/- per day only for residential charges, for the purpose of levying a tax under this Bill, is quite disappointing. This figure should be brought down.

As many of my friends have said, there are various types of lavish and wasteful expenditure. I do not understand why this opportunity has not been taken to tax all these expenses also. What about the parties that are given by these rich people? There is lavish spending and wasteful spending in marriage ceremonies and birthday ceremonies; and such types of ceremonies. The rich people want to exhibit their richness. In spite of the income tax, super wealth tax and sales tax, and other Taxes, these persons are in a posi-

tion to spend so lavishly. It means that they have a capacity to pay much more than the Government has proposed to do here. So, I request Government to take this opportunity. I welcome this Bill since it is a beginning. But the next step I expect from Government is that they tax all such expenses, so that the taxes from the rich could be given to the State revenues.

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY): I am tankful to the hon. Members for having taken part in this debate. Some of the hon. Members have been very effective in suggesting concrete steps. I thank particularly the senior Member Prof. Ranga for reducing my burden of answering the questions posed by some of the hon. Members.

It is true that a beginning has been made. We have to see our experience. It is a measure to curb black money also. The object is to reduce wasteful expenditure, in order to have resources for developmental activities and also to encourage savings in the economy.

16.00 hrs.

Hon. Members Mr. Patil, Mr. V. S. Rao and Mr. Banatwalla have made some very good points regarding the rental to be fixed. And they stated that it is on high side when we are considering for taxing them. It is true that it is on the high side. A suggestion was made to the effect that it could be reduced to Rs. 300 or Rs. 200 or it could be considered in future after gaining some experience how this new legislation is going to work. I assure the hon. members that when the time comes for a change and if it is felt necessary definitely we can do that. It is a very good suggestion and we have to go in for tax on expenditure. There is no doubt about it. Our veteran parliamentarian like Prof. Ranga has encouraged the approach that has been shown by the Government. I am thankful to him and also to all the hon. members who are unanimous in extending the support to the Bill. I

hope there is no scope for any lengthy reply to give.

Hon. members have made some other points also. I don't think I have to reply to them also.

But so far as writing off loans is concerned, whether it is Haryana or any other Congress ruled State, nobody has got the authority to write off loans except the banking authority, that is the Board; and they have the right to write off loans only after exhausting all the avenues of recovery and when it is not possible to recover loans; only they can do it on examination of each case on merit. Hence the Reserve Bank has made it very clear that there is no other authority than the banking authority to write off loans. At the cost of repetition, once again, I thank the hon. members for giving me an opportunity to pilot this Bill and also for the wholehearted support for this Bill.

MR. CHAIRMAN: The question is:

"That the Bill to provide for the levy of a tax on expenditure incurred in certain hotels be taken into consideration."

The motion was adopted.

MR. CHAIRMAN: Now the House shall take up clause-by-clause consideration of the Bill. There is no amendment to Clause 2. The question is

"That Clause 2 stand part of the Bill."

The motion was adopted.

Clause 2 was added to the Bill.

Clause 3—(Application of the Act)

SHRI V. SOBHANADREESWARA RAO:
I beg to move:*

Page 2, lines 27 and 28,—

for "four hundred rupees"
substitute—

"three hundred rupees" (1)

* Moved with the recommendation of the President

SHRI D. B. PATIL: I beg to move:

Page 2, line 27,-

for "four" substitute "one" (15)

SHRI V. SOBHANADREESWARA RAO: I would not repeat what I have already stated. I would suggest that the government should give an impression to the people that they really mean business; and they must reduce this amount from Rs. 400 to Rs. 300.

SHRI D. B. PATIL: Let me thank the hon. Minister for assuring that the limit of Rs. 400 will be brought down in future. I want to have assurance from him that the rate of tax from 10 per cent will be increased to 50 per cent.

MR. CHAIRMAN: Now I shall put amendment no. 1 moved by Shri V. Sobhanadreeswara Rao to the vote of the House.

Amendment No. 1 was put and negatived

MR. CHAIRMAN: Now I shall put amendment no. 15 moved by Shri D. B. Patil to the vote of the House.

Amendment No. 15 was put and negatived.

MR. CHAIRMAN: The question is

"That Clause 3 stand part of the Bill"

The motion was adopted.

Clause 3 was added to the Bill.

Clause 4—(Charge of expenditure tax)

MR. CHAIRMAN: Clause 4 Amendments Nos. 2 and 4 and 16 by Shri V. Sobhanadreeswara Rao, Shri Banatwalla and Shri D.B. Patil

SHRI V. SOBHANADREESWARA RAO (Vijayawada): I beg to move:

Page 2, line 43, —

for "ten" substitute "twenty" (2)

SHRI G. M. BANATWALLA (Ponnani): I beg to move:

Page 2, lines 43 and 44, —

for "a tax at the rate of ten percent, of the chargeable expenditure"

substitute "a tax at the following rate of the chargeable expenditure, namely —

(i) at the rate of ten per cent, on the provision of items referred to in clauses (a), (c) and (d) in section 5 and

(ii) at the rate of two-and-half per cent on the provision of food or drink referred to in clause (b) in section 5." (4)

SHRI D. B. PATIL: I beg to move:

Page 2, line 43, —

for "ten" substitute "fifty" (16)

SHRI G. M. BANATWALLA: The amendment is very reasonable. I have already explained in my speech. It may be accepted

MR. CHAIRMAN: I shall now put amendments Nos. 2, 4 and 16 to Clause 4 to the vote of the House

Amendments Nos. 2, 4 and 16 are put and negatived

MR. CHAIRMAN: The question is:

Moved with the recommendation of the President

"That Clause 4 stand part of the Bill.

The motion was adopted.

Clause 4 was added to the Bill.

MR. CHAIRMAN: Clause 5.

Clause 5—(Meaning of Chargeable expenditure)

SHRI G. M. BANATWALLA: I beg to move:

Page 3, line 5, —

for "food or drink" substitute "alcoholic drink" (5)

Page 3, —

after line 21, insert —

"(e) any expenditure on food or drink except alcoholic drink incurred by a person not having any accommodation at the hotel." (6)

MR. CHAIRMAN: I shall now put amendments Nos. 5 and 6 to the vote of the House.

Amendments Nos. 5 and 6 were put and negatived.

MR. CHAIRMAN: The question is:

"That Clause 5 stand part of the Bill."

The motion was adopted.

Clause 5 was added to the Bill.

Clause 6 was added to the Bill.

Clause 7—(Collection and recovery of expenditure tax)

SHRI D.B. PATIL : I beg to move:

Page 4, line 17, —

Omit "calendar" (17)

Page 4, line 19, —

for "10th day of the month" substitute -

"20th day of the same month and the 5th day of the month" (18)

MR. CHAIRMAN: I shall now put amendments Nos. 17 and 18 to the vote of the House.

Amendments Nos. 17 and 18 were put and negatived.

MR. CHAIRMAN: The question is:

"That Clause 7 stand part of the Bill".

The motion was adopted.

Clause 7 was added to the Bill.

clause 8—(Person responsible for collecting tax to furnish prescribed return)

SHRI D. B. PTAIL: I beg to move:

Page 4, lines 39 and 40,—

for "before the expiry of the financial year in which the return is to be furnished,"

Substitute —

"immediately after the expiry period provided for furnishing such return," (19)

Page 5, line 2,—

for "omission or wrong statement" substitute—

"clerical or arithmetical mistake" (20)

Page 5 line 3,—

omit "return or a revised return, as the case may be," (21)

MR CHAIRMAN: I shall now put amendments Nos. 19, 20 and 21 to Clause 8 to the vote of the House.

Amendments Nos. 19 to 21 were put and negatived.

MR. CHAIRMAN: The question is:

"That Clause 8 stand part of the Bill."

The motion was adopted.

Clause 8 was added to the Bill.

Clauses 9 to 10 were added to the Bill

Clause 11— (Chargeable expenditure escaping assessment)

SHRI V. SOBHANADREESWARA RAO: I beg to move:

Page 5, line 45, —

for "four" substitute "three" (3)

SHRI G. M. BANATWALLA:

Page 5, line 44. —

after "any time" insert "within three years" (30)

Page 5, line 45.

for "four years" substitute "one year" (31)

SHRI V. SOBHANADREESWARA RAO: This period of four years is too much. That is why I proposed the amendment to have three years. What is the justification for four years? If the Minister convinces us we will withdraw it. What is the rationale for four years?

SHRI G. M. BANATWALLA: Even three years is too much. I have suggested one year.

SHRI JANARDHANA POOJARY: The hon. Members have been claiming that we

should be very strict and we should plug all the loopholes and we want to see that nobody escapes.

MR. CHAIRMAN: Now I will put the amendments 3, 30 and 31 to Clause 11 to the vote of the House.

Amendments Nos 3, 30 and 31 were put and negatived.

MR. CHAIRMAN: The question is:

"That Clause 11 stand part of the Bill"

The motion was adopted.

Clause 11 was added to the Bill.

Clause 12—(Rectification of mistake)

SHRI V. SOBHANADREESWARA RAO: I beg to move:-

Page 6, line 5, —

for "four" substitute "three" (7)

SHRI G. M. BANATWALLA: I beg to move:—

Page 6, line 5, —

for "four years substitute "one year" (32)

Page 6, line 9,—

for "notwithstanding" substitute "subject to" (33)

MR. CHAIRMAN: Now I will put the amendments 7, 32 and 33 to Clause 12 to the vote of the House.

Amendments Nos. 7, 32, and 33 were put and negatived

MR. CHAIRMAN: The question is:

"That Clause 12 stand part of the Bill"

The motion was adopted.

Clause 12 was added to the Bill.

Clause 13—(Time limit for completion of assessment and re-assessment)

SHRI V. SOBHANADREESWARA RAO:
I beg to move:

Page 6, line, 39, —

for "four" substitute "three" (8)

Page 6, line 48, —

for "four" substitute "three" (9)

Page 7, line 4, —

for "four" substitute "three" (10)

Page 7, line 11, —

for "four" substitute "three" (11)

MR. CHAIRMAN: Now I will put the amendments 8, 9, 10, and 11 to Clause 13 to the vote of the House.

Amendment Nos 8 to 11 were put and negatived

MR. CHAIRMAN The question is

"That Clause 13 stand part of the Bill"

The motion was adopted.

Clause 13 was added to the Bill.

Clause 14—(interest on delayed payment of expenditure tax)

SHRI V. SOBHANADREESWARA RAO.
I beg to move:—

Page 7, line 30, —

for "one and one half" substitute—"two and one half" (12)

SHRI D. B. PATIL: I beg to move:

Page 7, line 30.—

for "one and one half" substitute— "two (22)

MR. CHAIRMAN: Now, I will put the amendments 12 and 22 to Clause 14 to the vote of the House.

Amendment Nos. 12 and 22 were put and negatived.

MR. CHAIRMAN: The question is:

"That Clause 14 stand part of the Bill."

The motion was adopted.

Clause 14 was added to the Bill.

Clause 15—(Penalty for failure to collect or pay expenditure tax)

SHRI D.B. PAITL I beg to move:

Page 7, line 42,—

for "equal to" substitute "five times" (23)

Page 7, lines 46 to 49, —

for "not be less than one hundred rupees, but which may extend to two hundred rupees for every day during which the failure continues"

substitute

"be five times the amount that had been collected as tax" (24)

SHRI G M BANATWALLA: I beg to move:

Page 7, line 42, —

for "a sum equal to" substitute

"a sum as may be determined by the Income-tax officer, being a sum not more than" (34)

MR CHAIRMAN: Now, I will put the amendments 23, 24 and 34 to Clause 15 to the vote of the House.

Amendments Nos. 23, 24 and 34 were put and negatived.

MR. CHAIRMAN: The question is:

"That Clause 15 stand part of the Bill."

The motion was adopted.

Clause 15 was added to the Bill.

Clause 16—(Penalty for failure to furnish prescribed returns)

SHRI D. B. PATIL: I beg to move:—

Page 8, line 4, —

for "one" substitute "five" (25)

Page 8, line 5, —

for "two" substitute "ten" (26)

MR. CHAIRMAN: Now, I will put the amendments 25 and 26 to Clause 16 to the vote of the House.

Amendments Nos. 25 and 26 were put and negatived.

MR. CHAIRMAN: The question is:

"That Clause 16 stand part of the Bill"

The motion was adopted.

Clause 16 was added to the Bill.

Clause 17—(Penalty for concealment of Chargeable expenditure)

SHRI D. B. PATIL: I beg to move:

Page 8, lines 12 and 13, —

for "not be less than, but which shall not exceed twice"

substitute—

"be ten times" (27)

MR. CHAIRMAN: Now I will put the

amendment 27 to Clause 17 to the vote of the House.

Amendment No. 27 was put and negatived

MR. CHAIRMAN: The question is:

"That Clause 17 stand part of the Bill"

The motion was adopted.

Clause 17 was added to the Bill.

Clause 18—(Penalty for failure to comply with notice)

SHRI D. B. PATIL: I beg to move:

Page 8, line 26, —

for "ten" substitute "twenty" (28)

Page 8, line 27, —

for "fifty" substitute "hundred" (29)

MR. CHAIRMAN: Now I will put Amendment Nos. 28 and 29 to Clause 8 to the vote of the House.

Amendments Nos. 28 and 29 were put and negatived.

MR. CHAIRMAN: There are no amendments to clause 19 to 21. So, I will put them together.

The question is:

"That clauses 18 to 21 stand part of the Bill"

The motion was adopted..

Clauses 18 to 21 were added to the Bill.

Clause 22—(Appeals to the Commissioner (Appeals))

SHRI G. M. BANATWALLA: I beg to move:

Page 9, line 13, —

for "thirty days" substitute "ninety days"
(35)

MR. CHAIRMAN: Now I will put amendment number 35 to the vote.

Amendment No. 35 was put and negatived

MR. CHAIRMAN: The question is:

"That clause 22 stand part of the Bill"

The motion was adopted.

Clause 22 was added to the Bill.

*Clause 23—(Appeals to Appellate
Tribunals)*

SHRI G M BANATWALLA I beg to move:

Page 9, line 37, —

for "sixty days" substitute "ninety days"
(36)

MR. CHAIRMAN I now put amendment number 36 to the vote

Amendment No. 36 was put and negatived

MR. CHAIRMAN: The question is:

"That clause 23 stand part of the Bill.

The motion was adopted.

Clause 23 was added to the Bill

Clause 24 was added to the Bill

*Clause 25—(Wilful attempt to evade tax,
etc.)*

SHRI V. SOBHANADREESWARA RAO
I beg to move:

Page 10, line 38, —

add at the end,—

"of five thousand rupees extending upto twenty thousand rupees." (13)

SHRI G. M BANATWALLA: I beg to move:

Page 10, line 45, —

add at the end —

"and which he knows or believes to be false" (37)

SHRI V SOBHANADREESWARA RAO: In this clause 25 at the end of the words 'with fine' practically there is nothing which indicates what is the quantum that will be levied in the case of evading tax. That is why, we suggested that it may be raised from Rs 5000 to Rs 20,000. I think, the Minister will accept the amendment. Otherwise, without this it is ambiguous.

MR CHAIRMAN Now I put amendments Nos 13 and 37 to the vote.

Amendment Nos. 13 and 37 were put and negatived

MR CHAIRMAN The question is

"That clause 25 stand part of the Bill"

The motion was adopted.

Clause 25 was added to the Bill.

Clauses 26 and 27 were added to the Bill.

Clause 28—(Abetment of false return etc.)

SHRI V. SOBHANADREESWARA RAO
I beg to move:

Page 11, line 23, —

add at the end—

"ranging from five thousand rupees upto twenty thousand ruppees." (14)

MR. CHAIRMAN: Now I put amendment no. 14 to the vote.

Amendment No. 14 was put and negatived

MR. CHAIRMAN: The question is:

"That clause 28 stand part of the Bill"

The motion was adopted.

Clause 28 was added to the Bill.

Clauses 29 to 31 were added to the Bill.

Clause 32—(Power to remove difficulties)

SHRI G. M. BANATWALLA: Sir, I beg to move:

Page 12, —

after line 32, insert —

"Provided further that any such order shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the order or both Houses agree that the order should not be made, the order shall there after have effect only in such modified form or be of no effect as the case may be, so, however that any such modification or annulment shall be without prejudice to the validity of anything previously done under that order." (38)

MR. CHAIRMAN: I now put amendment No. 38 to clause 32, moved by Shri Banatwalla, to the vote of the House.

Amendment No. 38 was put and negatived.

MR. CHAIRMAN: The question is:

"That clause 32 stand part of the Bill."

The motion was adopted.

Clause 32 was added to the Bill.

MR. CHAIRMAN: There are no amendments to clause 33. The question is:

"That clause 33 stand part of the Bill"

The motion was adopted.

Clause 33 was added to the Bill.

MR. CHAIRMAN: The question is:

"That clause 1, the Enacting Formula and the Title stand part of the Bill"

The motion was adopted.

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

MR. CHAIRMAN: The Minister may now move that the Bill be passed.

SHRI JANARDHANA POOJARY: Sir, I beg to move:

"That the Bill be passed."

MR. CHAIRMAN: The question is:

"That the Bill be passed".

The motion was adopted.

MR. CHAIRMAN: Madam, do you want to say something?

THE MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (SHRIMATI SHEILA DIKSHIT): Sir, I would like to suggest and beg the House that we take up item No. 18.

SHRI SOMNATH CHATTERJEE (Bolpur): What is that item?

SHRIMATI SHEILA DIKSHIT: That is the Legal Services Authorities Bill.

[*Translation*]

SHRI SOMNATH CHATTERJEE: Will we be free after that?

SHRIMATI SHEILA DIKSHIT: We will not allow you to be free so soon.

[*English*]

MR. CHAIRMAN: It is agreed I think.

SOME HON. MEMBERS: Yes.

MR. CHAIRMAN: So, we take up item No. 18. Shri H.R. Bhardwaj.

16.22 hrs.

LEGAL SERVICES AUTHORITIES BILL

[*English*]

THE MINISTER OF STATE IN THE MINISTRY OF LAW AND JUSTICE (SHRI H.R. BHARDWAJ): Sir, I beg to move*

"That the Bill to constitute legal services authorities to provide free and competent legal services to the weaker sections of the society to ensure that opportunity for securing justice are not denied to any citizen by reason of economic or other disabilities, and to organise Lok Adalats to secure that the operation of the legal system promotes justice on a basis of equal opportunity, be taken into consideration."

Articles 39A of the Constitution provides that the State shall secure that the operation of the legal system promotes justice, on a basis of equal opportunity and shall, in particular provide free legal aid, by suitable legislation or schemes or in any other

way, to ensure that the opportunities for securing justice are not denied to any citizen by reason of economic or other disabilities.

16.22 hrs.

[SHRI SOMNATH RATH *in the Chair*]

In pursuance of the above objective, the Government constituted two expert committees—one in 1972 headed by Shri Justice V.R. Krishna Iyer, the then Judge of the Kerala High Court and Member of the Law Commission of India, and the other in 1976 headed by Shri Justice P.N. Bhagwati, the then Judge of the Supreme Court. In the light of the recommendations contained in the reports submitted by these committees to the Government, a Committee known as the "Committee for Implementing Legal Aid Scheme" (CILAS) was constituted by the Government in September, 1980 under the Chairmanship of Shri Justice P.N. Bhagwati, the then Judge of the Supreme Court, to implement and monitor the legal aid programmes on a uniform basis throughout the country. This Committee has since been reconstituted from time to time and at present Shri Justice R.S. Pathak, Chief Justice of India, is its Patron-in-Chief.

The legal aid programmes evolved by the Committee for Implementing Legal Aid Schemes have been adopted by almost all the State Governments and some of the Union Territories. A large number of poor people have been provided free legal aid throughout the country. Lok Adalats have also gained considerable popularity in many states and a very large number of cases have been settled amicably.

On the basis of experience gained in the implementation of the various schemes including the Lok Adalats and the meetings which the CILAS had with the Chiefs of the Legal Aid and Advice Boards of the States etc., the Committee for implementing Legal Aid Scheme recommended that the legal aid programme should be given statutory base. The question of enactment

* Moved with the recommendation of the President.