

SHRI SRIHARI RAO (Rajahmundry): The former sandspit known as Hope Island near Kakinada Port offers excellent facility for being developed into a beautiful tourist centre. The Sandspit which is 16 KM long and one KM wide had been acclaimed as one of the most beautiful spots for attracting international tourists. This island remained unnoticed so far by the Development of Tourism. Similarly, Pichukal Lanka in East Godavari district of Andhra Pradesh, is another spot which could be developed just like Brindavan Gardens. I request the Minister of Tourism to get these spots inspected and developed immediately.

[Translation]

(vii) Need to develop a National Park in Vijaipur—Karhal in Chambal region of Madhya Pradesh

SHRI KAMMODILAL JATAV (Morena): Mr. Deputy Speaker, Sir; there is a vast hilly area in Vijaipur Karkhal development blocks of Morena district in Chambal region of Madhya Pradesh. There are high and low mountains in the area which are in no way less than those of Keskal of Bastar district. In this hilly areas lions, deers, stags, bears; tigers, wild cats and birds are found, but birds and animals are rarely seen in the area. It is because of total lack of roads in the area. Beautification of these mountains has not also been done so far. If Vijaipur and Karhal development blocks are connected with roads and a National Park is developed in the area and a rest house is constructed there by the Government, tourists in thousands from India as well as abroad will visit this place to see the birds and animals of Vijaipur and Karhal.

[English]

(viii) Demand for restricting the import of edible oil to Safeguard the interest of cotton growers.

SHRI KADAMBUR JANARTHANAN (Tirunelveli): Since the declaration of the new policy to import

edible oil in July-August, the Cotton seed price which was ruling at Rs 420 to Rs. 500 per quintal, had suffered a steep fall of 25% to 35%. The present ruling price of cotton seed is Rs. 280 to Rs. 320 per quintal. Owing to this steep fall of cotton seed price, there is every likelihood of the price of unginned cotton being affected. Thereby it will deprive the cotton growers of remunerative price for cotton.

Since the new cotton season is ahead, the Government must come forward to safeguard the income of cotton growers by restricting the import of edible oil from the new year season onwards.

15:15 hrs.

DIRECT TAX LAWS (AMENDMENT) BILL

[English]

MR DEPUTY SPEAKER: Now we are going to take up item No. 19. Shri Narayan Datt Tiwari to move that, the Bill further to amend the Income-tax Act, 1961, the Wealth-tax Act, 1957, the Gift-tax Act, 1958 and the Companies (Profits) Surtax Act, 1964, be taken into consideration.

THE MINISTER OF FINANCE AND MINISTER OF COMMERCE (SHRI NARAYAN DATT TIWARI): Sir, I beg to move:*

"That the Bill further to amend the Income-tax Act, 1961, the Wealth-tax Act, 1957, the Gift-tax Act, 1958 and the Companies (Profits), Surtax Act, 1964, be taken into consideration".

Sir, this amendment Bill and the provisions that are reflected in this Bill have been the subject matter of debate and discussion throughout the

*Moved with the recommendation of the President.

[Shri Narayan Datt Tiwari]

country for the last so many years. My predecessor had laid on the Table of this House on August 1986, in accordance with what was mentioned in the long-term fiscal policy a simplification and rationalisation of direct tax laws, discussion paper which was laid on the Table of this House and was the subject matter of intense discussion in the Press, among the economists, the Chambers of Commerce and Industry, individual taxpayers and Parliamentarians. It has been, on the basis of these responses from Members of Parliament and Economists that this Bill has been prepared, as a consensus. It contains several provisions which are already known to Members through the discussion paper which was laid on the Table of this House in 1986. This proposes to make a total shift from the concept of assessment of income to the concept of determination only of additional tax or refund, as the case may be. Once the return of income-tax is filed and acknowledgement thereof is issued, the proceedings will be deemed to have been completed and the Department will not have to pass an Assessment Order in each and every case. However, if the Taxpayer has failed to pay the entire tax and interest before submission of return by way of advance tax or self-assessment tax, he will immediately become an assessee in default and will render himself liable for recovery action. Where excess amount has been paid, he will be entitled to a refund automatically. This means, simplification of the procedure for assessment will be in line with the policy of reposing trust in the taxpayers so as to encourage voluntary compliance. So, this simplification was being talked about since a long time and it was the main feature of the simplification and discussion paper. We are now providing for that. It also reflects the decision to introduce a simple system of mandatory interest to compensate the Government for

the loss of revenue and also to deter the assessee for repeating the default by replacing the existing provisions which gave the assessing authorities discretionary powers to levy penalties as well as interest for the same default.

Again, this Bill proposes to replace the existing concept of allowing different accounting years for different sources of income by a provision for a single uniform accounting year for purpose of taxation which will be applicable to all assesseees irrespective of the source of income. This feature was also reflected in the discussion paper proposed last year. Such a decision will ensure that the rate structure applicable to the income earned during the same period by the same category of taxpayers is the same. This will also obviate manoeuvring the period of accounting to reduce tax liabilities; Due dates for filing of returns will be staggered so that heavier pressure of work at a particular point in a year will be got over. This type of situation could not be there; due dates for filing of returns will be staggered.

Now, in this amendment, it is also proposed to allow deductions in respect of payment to approved scientific research associations, University, College or other institutions as also in respect of payments to rural development fund and payment to approved associations and institutions for carrying out programmes of conservation of natural resources in the same manner as donations to charitable institutions.

A new scheme relating to the tax treatment of charitable institutions is proposed to be devised which will take within its fold all the institutions, trusts, etc., carrying on philanthropic and other activities of national importance. This scheme will simplify the law and will ensure that charity remains the dominant objective even of a business held in trust.

It also provides for a nominee of the Central Board of Direct Taxes to be put on the governing body of the trust/institution, etc. This will be a safeguard to prevent tax evasion through identified modes of abuse of business trust. It will include denial of exemption to trusts etc., which carry on such risky business as that of shares and securities, speculation, lotteries, etc. This will also be anti-evasion measure when this Amendment is accepted. Provision for donation will be liberalised by removing the monetary ceiling of Rs. 5 lakhs in this regard.

It is also proposed to extend tax concessions to mutual funds by exempting the income and the capital gains of such funds from income-tax and wealth-tax subject to certain conditions and also to allow investors the benefit of deduction under section 30L of the Income-tax Act within the existing limits and sub-section (1A) of section 5 of the Wealth-tax Act.

As a measure of rationalisation of the scheme of taxation of firms, the share income of the firm will not be taxed again in the hands of the partners. However, payments made by the firm to the partners on account of interest, remuneration, etc., will be taxed in the hands of the partners.

Another important provision is that the existing requirement of registration of firms will be dispensed with. This is another simplification measure.

The procedural provisions and the provisions dealing with jurisdiction, interest, penalties and prosecutions in the Wealth-tax Act and the Gift-tax Act are proposed to be amended so as to bring them in line with the corresponding provisions in the Income-tax Act.

The basic aim being the simplification and rationalisation of the law and procedures relating to direct tax-

es, the proposals cumulatively are revenue neutral. The primary emphasis is on meaningful tax reforms rather than tax increases or tax reductions.

The provisions of the Bill will extend to the whole of India. The majority of the provisions of the Bill shall be brought into effect from 1-4-1989. However, some of the provisions will come into effect from 1-4-1988, in particular those relating to delegation of powers. This type of enforcement will enable everybody concerned to adjust himself to the requirements of the amended law.

Since this simplification Bill is as a result of the deliberations for so many years and since this represents a general consensus, it should be acceptable to the House.

MR. DEPUTY-SPEAKER: Motion moved:

"That the Bill further to amend the Income-tax Act, 1961, the Wealth-tax Act, 1957, the Gift-tax Act, 1958 and the Companies (Profits) Surtax Act, 1964, be taken into consideration."

Mr. Madhav Reddy, are you moving your Amendment?

SHRI C. MADHAV REDDY (Adilabad): Yes, Sir.

MR. DEPUTY-SPEAKER: Dr. Chinta Mohan is not present.

SHRI C. MADHAV REDDY: Sir, I beg to move:

That the Bill further to amend the Income-tax Act, 1961, the Wealth-tax Act, 1957, the Gift-tax Act, 1958 and the Companies (Profits) Surtax Act, 1964, be referred to a Select Committee consisting of 21 members, namely:—

- (1) Shri Basudeb Acharia
- (2) Shri Bhattam Sri Rama Murthy
- (3) Shri Somnath Chatterjee
- (4) Shri Saifuddin Chowdhary

[Shri C. Madhav Reddy]

- (5) Prof. Madhu Dandavate
- (6) Shri H. A. Dora
- (7) Shri Dinesh Goswami
- (8) Shri Indrajit Gupta
- (9) Shri V. S. Krishna Iyer
- (10) Smt. Geeta Mukherjee
- (11) Dr. A. K. Patel
- (12) Shri Balwant Singh Ramoowalia
- (13) Shri V. Sobhanadreeswara Rao
- (14) Shri E. Ayyapu Reddy
- (15) Shri K. Ramachandra Reddy
- (16) Shri Amar Roypradhan
- (17) Shri Manik Sanyal
- (18) Shri Piyus Tiraky
- (19) Shri Janardhana Poojari
- (20) Shri K. P. Unnikrishnan; and
- (21) Shri C. Madhav Reddy

with instructions to report by the first day of the next session.

Mr. Deputy-Speaker, Sir, I rise to oppose the Bill as it has been brought before the House today. But before I go into the various provisions of this Bill, I would like to point out that, just as they did in the last Session when on the last day an Expenditure Tax Bill was brought, such a bulky Bill as this running into 214 pages, having about 190 Clauses, with five Chapters, has now been brought before us and we are now being asked to comment on this. I know that the recommendations of the various Committees were before us for quite some time; the discussion paper on simplification of the direct tax laws was also before us for more than one year, but there are a number of Clauses of the three Acts which had been amended and the discussion paper deals with only certain basic policies, I don't think that is enough for us to appreciate various provisions of the Bill. Four Acts are being amended. Sir, I don't understand where was the hurry? Why should you be in any hurry to bring such

a bulky Bill on the last day or the last but one day of the session?

I went into the memorandum which was placed before us which speaks:

"the proposal entails a number of changes by tax-payer in the method of amendment for income tax purpose; and about numerous administrative changes by the Income-Tax Department with effect from 1-4-88".

It is necessary to give sufficient time to the tax-payers and the administrative departments to make preparatory arrangements for effective implementation of the provisions of this Bill. What are the preparatory arrangements except by way of framing the rules, by way of delegated legislation? I do not think, there is any preparatory arrangement and that too, how many clauses you are giving effect to in 1988? On 1st of April, 1988, only a few clauses are coming into effect. Substantial clauses are coming into effect only on 1st of April 1989 which means you have more than one year. You have more than one year to give effect to various clauses to think very carefully in framing the rules under various provisions to give effect to this Bill.

Sir, we have not even considered this in the Business Advisory Committee as to how much time is to be allotted to this Bill. It is a proposal that two hours should be allowed. The Business Advisory Committee is just sitting. I am a Member of the Committee and I am not able to go there because I have to speak here on this Bill. My point is that where is the hurry to bring this Bill, such a bulky Bill. There are many clauses. Just now, the Hon. Minister has pointed out various clauses dealing with income tax. Income Tax law has become complicated during the last twenty years. When you are trying to simplify the law and rationalise the law in several respects sufficient care should be given, sufficient

time should be available to see that again you do not have to come forward before this House for amendment.

Now, Sir, there is a corrigenda before us consisting of about seven pages. There are so many mistakes that I could not follow. What is this? With all these mistakes which had cropped up in the Bill, the printing and other mistakes contained in the seven pages and with all these clauses which had been touched upon, what justice can we do to this Bill? Why should you do this? Just as I said earlier, this was done in the case of Expenditure Tax Bill last time and this is the second time. I request the Hon. Members to ponder over it and to see that my amendment is accepted and Bill is referred to the Select Committee. And then you can advise the Select Committee to see that the Report is presented on the first day of the Budget Sessions so that you may have three months' time to consider this Bill.

Sir, one more reason why I want this Bill to be referred to the Select Committee is that the Hon. Minister has said, rightly so, that a number of institutions had been consulted during the last one year or even earlier. It was because the long-term fiscal policy was before us. But who are those people who have been consulted? Most of them are the people certainly the tax-payers and some of them are the organisations like Chambers of Commerce and several other organisations etc. etc. which may be interested in tax reduction.

And you said Members of Parliament have also been consulted. I don't know. I have not been consulted in any case. But the most important agencies which had to be consulted in this matter are the State Governments. As far as the Income Tax is concerned, excluding the Corporate Tax, almost the entire proceeds go to the States. You are only a collecting agency. 85 per cent goes to the States. They are

affected. Why should you not consult them? You never consulted them you never referred the Bill to them. I just, today, asked our State Government to know whether a Bill has been received by them from the Finance Ministry and they said they don't know anything about it.

15.30 hrs.

[SRI SHARAD DIGHE in the Chair]

The State Governments, under the 8th Finance Commission recommendations, get about 85 per cent from the personal Income Tax revenue. Of course, we don't get anything from the Surcharge; we don't get anything from the Corporate Tax, in spite of the fact that the 6th Finance Commission 7th Finance Commission and the 8th Finance Commission recommended that this should be considered because the Corporate Tax is increasing and the personal tax income is dwindling and this demand of the States should be considered. I hope the 9th Finance Commission is going to consider this.

Similarly a 5 per cent Surcharge has been imposed recently. As a matter of fact, the surcharge was abolished in 1986, and rightly so. The whole idea was that the Surcharge should be abolished and merged with the Income Tax, so that the States may get the revenue. So long, the Government had been imposing Surcharge so that the States are deprived and then work revenue goes to the Central Government from income tax. Well, on the recommendation of the 8th Finance Commission, that has been discontinued. But again you have introduced the Surcharge. Of course, for good reasons. They say it is for combating the drought conditions for a short period. They are likely to get about Rs. 250 or Rs. 300 crores. But certainly that revenue must go to the States. That apart, my point is that the State Governments should have been consulted and their views should have been taken before the Bill is brought before this House.

Coming to the various aspects of the Bill, just now the Hon. Minister has pointed out the main object of the Bill. It is very laudable because it is very clearly mentioned in the discussion paper itself.

[Shri C. Madhav Reddy]

That is to repose trust in the tax payers. Well, so far we had been thinking that the tax payer is a *chor*. But now we realise that that is not a correct policy and we are admitting now that the tax payer is not a dishonest man. His honesty should not be doubted unless the contrary is proved. It is a very good principle.

Then we have incorporated certain things to see that there should be a voluntary compliance. Under the concept of voluntary compliance you said that there should be no assessment order from the Department. The self assessment has to be made alongwith the returns when the returns are filed by the tax payer and that should be treated as an assessment order. The only condition we are insisting is that he should pay the tax first and then file the returns. I don't know how does it work. It is very good to think, to proceed on the presumption that everybody is honest. But we have to be realists. What are the conditions today? I am telling this because we must I have always the interest of the States in mind. When you are the collecting agency on behalf of the State Governments and the State Governments are depending so much on your income tax for their resources, what are we doing. Are we doing something with which the Income Tax revenue is going to come down? These are the points which have to be seen before actually we include them in the law.

The other laudable objective is taxing the real income. Of course, this has to be supported because there is no point in taxing the income which is not existing which we have been doing so far. I know the Income Tax Department had been taxing the accruals of a salary. Suppose the salary of the Managing Director of a company is fixed at Rs. 5000/- P.M. but for various reasons the company is not in a position to pay him but since there is accrual of salary the Income Tax Department is taxing this. These are the points which had been well-considered in the Bill but there are many other points which have not been included. As a matter of fact there is no provision re-

garding the national court for direct taxes. Everybody was talking of a national court and there was mention of this in the policy statement that there should be a national court so that the various cases which are pending today in various High Courts and Supreme Court about 35,000 cases are pending—there should be a separate court. I do not know what happened in the Ministry. Was there any clash between the Ministry of Law and Finance on this? I do not think there is any justification for the Ministry of Law to take objection to this proposal. If the Finance Minister has any problem let him take our help. Let him refer it to the Select Committee. We will sort it out. My point is if there are any differences between the various Ministries there is no justification for giving up a proposal which is a very sound proposal.

The Minister said just now that this Bill is revenue neutral. I do not think it is so. It cannot be revenue neutral. Here not only you are giving exemptions but you are also taxing the charitable trusts to the maximum extent. Then you are also charging the partnership firms to the maximum extent. I am in favour of charging them because I know how the leakage of income tax revenue goes on because of various firms having bogus partners and paying nothing to the Government. Today the firm tax is a negligible tax. We support that they should be charged but the point I am making is that it is not revenue neutral. There is expenditure which is going to be incurred additionally because of this Bill. Now we have Directorate General for tax Exemptions. I think it has already come into existence. Even before the Bill is passed the Directorate General has come into existence. Already is an expenditure being incurred for Directorate of exemptions. We welcome this. But the point is that there should be no duplication. In addition to the Board that we have, if we have a separate Directorate-General for exemptions with additional staff and if there is going to be duplication, then no positive purpose will be served by having this Directorate

Coming to the expenditure tax which I have been mentioning, various committees

have recommended that there should be an expenditure tax. The committee under the chairmanship of Dr. Raja Chelliah had recommended that expenditure tax should not be imposed in place of the income-tax but it should be a part of the income-tax. The principle of expenditure tax should be incorporated in the present income-tax structure. That is the clear recommendation given by the Dr. Raja Chelliah Committee. Why that has not been accepted?

Now we had one small Bill, which we passed in the last session. But that is nothing—the Bill under which we are now charging the hotel bills and the foreign exchange is released to the foreign tourists. Ten per cent of the hotel bills and 15 per cent on the foreign exchange released, that is nothing. That is not the idea of an expenditure tax. It has been wrongly described as an expenditure tax. The whole idea was to see that there is a curb on the black money. The expenditure tax should be made a part of the income-tax. For that, you will have to take a decision on. A comprehensive Bill should have been brought before this House.

The effective deterrence against tax evasion is another object. Now what are the provisions which deal with the effective deterrence? There are very few provisions which relate to the effective deterrence against evasion in this Bill. The tax evasions are going on uninterruptedly for several decades. We are not able to control the evasions.

Similarly about the leakage, certain provisions have been included in the Bill to control certain revenue leakages, such as exemptions or allowing the expenditure not to be taxed. I don't think these provisions will effectively control the revenue leakages which are going on continuously in this country.

Regarding the harassment, everybody believes that there is harassment. The idea is that it should be minimised so that the discretionary powers of the Income-Tax Officers may be minimised. By minimising such discretionary power we can reduce the harassment. But I don't see any important clauses which really minimise the discretionary

powers of the officers. Today, the officers can call anybody and can do anything. The assessment order need not be passed by him. But I am sure, every assessment paper or the return which come from the assessee will be looked with a suspicion. The officers will have to start investigation, may be within six months or whatever the time limit we are fixing in the same financial year. It is possible for him to call the people, to harass them, to give notices to make an investigation, to do all types of things. The only thing is that he cannot go back to the earlier accounts. I do not know because it was not clear to me whether he can go back and re-open the entire account. I do not know whether he can do so under this Bill or not. But everybody feels that harassment is going on by the officers and that has to be curbed. I know one case in which the company has appointed dealers and distributors all over the country. But the commissions received by the dealers and distributors have been added on to the income of the principal company untaxed. Several such complaints have come to our notice. Similarly, they can re-open the accounts the moment they have any suspicion. My point is that there should be more effective provision put in this Bill so that the harassment by the tax officers will be curbed. We do not have sympathy towards the dishonest taxpayers but at the same time, the treatment towards the tax-payers should be such that there should not be any harassment on them.

Next is the tax on dividends. Several Members have been speaking about it on the Floor of this House that it amounts to double taxation. The dividends of the companies should not be taxed. I do not agree with such an idea but certainly I would support the idea of not taxing the dividends which go to the non-assessee. If the assessee gets the dividends and that dividend is added to his income and if it is taxed, we have no objection. But because of that dividend, if he is going to become an assessee, naturally he is a

[Shri C. Madhav Reddy]

small man; he has no taxable income with him but if he is a shareholder and getting dividends and those dividends are added to his meagre income, then he becomes an assessee. Such small people should not be brought into the tax net and they will have to be exempted and this has to be considered.

Now, regarding tax exemptions. We have a limit of Rs. 18,000 but the effective exemption limit is upto Rs. 28,000. Today we do not have the exemption limit linked to the cost of living index and that is the reason why every year there is a demand for enhancement of the limit. Thus we go on increasing the exemption limits. As a matter of fact, it is because of the inflation and rise in prices. There should be a permanent linkage of the exemption limit with the cost of living index just as in the case of salaries and dearness allowances which are automatically increased. Every year we are going on increasing the dearness allowance, if it is necessary to increase exemption limit let us do so. These are the points which I would like to make. But the major point is that this is a Bill which cannot be considered in such a hurry. I am sorry that with all my little knowledge that I have about the tax laws, I was not able to appreciate many of the provisions, I was not able to devote my time and it would take 8 days for me to do so. I urge upon the hon. Minister to agree for reference to a Select Committee even if he does not have time to consider this motion, let us defer the consideration of the Bill. I find that for such a Bill, not even a single amendment has been given notice of, except the one which has been given by me. That means there was no time for the Members to go through such a bulky Bill. In view of this, I request that the Bill be referred to a Select Committee.

[Translation]

SHRI HARISH RAWAT (Almora):
Mr. Speaker, Sir, I welcome this Bill.

Three things have been made clear by the hon. Minister of Finance while moving this amendment Bill. One is that the Government wants to simplify the procedure of assessment of income tax so that common people do not find any difficulty in this regard, the harassment to them is reduced to the minimum and the Government may rely upon the tax-payer.

Secondly there should be a provision for a stringent punishment to those who evade tax. So that such people do not go scot free by taking the advantage of some loopholes in the law.

Thirdly it has been proposed in this Bill not to levy taxes on those sectors where more expenses have to be incurred to realise taxes.

This Bill definitely requires a long debate. The experts in this field have since given their opinion on amendments to the tax laws of this nature in and outside the House for more than once. Accordingly an assurance was also given at the time of placing a long term fiscal policy before the House. The Hon. Prime Minister had also made a mention of it at the time of introducing the Finance Bill. The Government has brought forward this Bill accordingly.

The hon. Members of opposition, who have taken part in the discussion have expressed their agreement to the main objectives of this Bill. They have not disagreed to the Bill and I feel that the hon. Minister of Finance has not left any scope for any disagreement. It should be seen that the amendment proposed to be made through this Bill should be so effective so that we can get rid of the problem of tax evasion.

To-day we find that the most criticism is based on the fact that the tax evaders are finding as many ways to evade tax as the number of laws which have been enacted by the Government. Even though the officers

and staff of the Income-Tax Department work with utmost strictness and honestly, the tax-evaders are so powerful that some how or the other they go scot free. This is the reason that crores of rupees are lying with people as black money which could have been utilised for the benefit of the poor people, for building the destiny of the country and for various development works. The people possessing black-money are being shown respect in the society. It is mainly due to the fact that we have not been able to connect the people's psyche with the tax-law.

I would like to express my thanks to the hon. Minister of Finance for rousing confidence in the minds of the people who used to be untrusted previously. Now it has been left to the tax-payer to submit his returns honestly in time. But it has to be seen that it has been an old habit with the people for years and has become a natural phenomenon with big people to evade tax. There are certain companies which are not required to pay tax due to some system which they have adopted to avoid payment of taxes. What provisions are being made against such companies? The Government should look into it. It has been proposed to set up a directorate which will look into the matters of tax exemption. In those sectors which have been given tax-exemption, include scientific research, rural development programme, carrying out any programme of conservation of national resources and afforestation of waste land for which a provision of Rs. 2000 is being made. In this connection I would like to urge the hon. Minister of Finance that it will not be appropriate to grant exemption to any industry or an entrepreneur who carried on any scientific research for any particular consumer item with a view to upgrade their products for the purpose of making it more saleable and more popular among people and thus to earn more profit thereby.

Exemption should be given to such a person who invent some technology which

can change the fate of the rural areas and which can make a conventional bullock-carts more useful. But it will be appropriate if exemption is given to an industrialist who spends money on any research to make their products more saleable.

Similarly, through you, I would like to point out to the Hon. Minister of Finance that there is a proposal to grant exemption in the name of afforestation in this connection I would like to say that there are big entrepreneurs not only National but also in the villages of Uttar Pradesh who are undertaking afforestation work with a view to promote their own industry by making use of such forest products. The Wimco comes under this category. If any tax-exemption is given in case of afforestation, these people will claim to be eligible for that. The Government is encouraging big people to undertake eucalyptus plantation who have set up paper industries. This causes losses to the country and the water level goes down. The earth is becoming drier in every respect. I would like to urge the hon. Minister of Finance that at least no exemption should be given to people in these fields. Exemption should be given to those people who do any useful work for the society; who undertake afforestation for producing fuel wood for the local people, who undertake afforestation for developing new varieties of fodder, and who undertake of develop waste land. Everybody will welcome this step. But exemption should not be given to the people who have set up paper industries and undertaken afforestation to produce eucalyptus trees and have changed big farms of eucalyptus into forests.

It has been mentioned in the Bill that a separate directorate will be set up. I am of the view that the objectives of this directorate will not be achieved by simply entrusting to this Directorate the work of making assessments for granting exemptions. This directorate will prove more useful if it ensures that the exemption is being utilised properly and also undertakes monitoring work. Otherwise it would not make any difference in the present position.

[Shri Harish Rawat]

The directorate should have the power of monitoring to see if entrepreneurs, etc. to whom exemption is being given, are not investing money in this field only to avoid payment of taxes.

Though this bill has been brought forward in a haste, it fulfils the long aspirations and long standing demands of the people and all of us should welcome it.

[English]

MR. CHAIRMAN: Shri Narayan Choubey, you please be on your legs and continue for sometime because at 4 o'clock we have to take up the discussion under Rules 193.

SHRI NARAYAN CHOBAY (Midnapore): Sir, everybody stands on his/her legs only and not on the head.

Sir, this is a very bulky Bill. It has been circulated only on 11th November 1987 and we are discussing it today...

MR. CHAIRMAN: You may continue next time.

16.00 hrs.

DISCUSSION RE, REPORT OF
INQUIRY INTO EVENTS AND
CIRCUMSTANCES LEADING TO
ARRANGEMENTS ENTERED
INTO WITH FAIRFAX
GROUP INC.

[English]

MR. CHAIRMAN: Now, we will take up Discussion under Rule 193 on the Report of Inquiry into events and circumstances leading to the arrangements entered into with Fairfax Group Inc., laid on the Table of the House on 9th December, 1987.

Shri Indrajit Gupta.

SHRI S. JAIPAL REDDY: (Mahbubnagar): Sir, I am on a point of order whenever the reports of commissions are laid on the Table of the House, it

is obligatory on the part of the Government to enclose therewith a memorandum of action taken thereon. In the instant case, the report has been placed on the Table of the House without the memorandum.

MR. CHAIRMAN: Memorandum on Action Taken is also enclosed.

SHRI S. JAIPAL REDDY: No Sir. Let me read out what it says:

"Government have accepted the findings of the Commission. Various recommendations of the Commission are under examination..."

Acceptance of the recommendations of the Commission does not amount to action taken. What other action in the wake of the report has been taken? That is what I am referring to.... (Interruptions)

SHRI AMAL DATTA (Diamond Harbour): Just see how laws are being flouted in the Parliament.

SHRI S. JAIPAL REDDY: Sir, let me read it out fully:

"Government have accepted the findings of the Commission. Various recommendations of the Commission are under examination and action taken thereon will be placed on the Table of the House within the prescribed period under Section 3(4) of the Commissions of Inquiry Act, 1952."

Therefore Action Taken Memorandum must be enclosed along with the report.

MR. CHAIRMAN: What do you say Mr. Minister?

(Interruptions)

SHRI S. JAIPAL REDDY: Sir let me read out Section 3(4) of the Act.

"The appropriate Government shall cause..."

(Interruptions)

PROF. K. K. TEWARY (Buxar): What is his point of order Sir? Why