

16.58 hrs.

# ESTATE DUTY (AMENDMENT) BILL

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SAWAI SINGH SISODIA): On behalf of Shri Pranab Mukherjee; I beg to move:

"That the Bill further to amend the Estate Duty Act, 1953, be taken into consideration."

Sir, this short and simple Bill seeks to amend the Estate Duty Act mainly with a view to providing for the liberalisation in relation to estate duty, which was announced in the budget speech for the year 1981-82.

One of the amendments seeks to raise the exemption limit in respect of estate duty from Rs. 50,000 to Rs. 1,50,000. For this purpose, the Bill seeks to recast the rate schedule of estate duty.

Under the existing rate schedule, the nil rate slab is limited to Rs. 50,000. On the value of the estate in the slab of Rs. 50,001 to Rs. 1,00,000, the rate of estate duty is 4 per cent and on the value of the estate in the slab of Rs. 1,00,001 to Rs. 2,00,000 the rate is 10 per cent.

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Under the Bill, the nil rate slab is proposed to be raised to Rs. 1,50,000. The rate of estate duty on the value of the estate in the next slab of Rs. 1,50,001/- to Rs. 2,00,000 will be 10 per cent, that is the same rate as is applicable at present on the slab of Rs. 1,00,001 to Rs. 2,00,000. The rates of estate duty in the remaining slabs will remain unchanged. The effect of the proposed modifications in the rate schedule will be two-fold. Firstly, the exemption limit for estate duty will be raised to Rs. 1,50,000, which is the same as the amount of net wealth now exempt from wealth-tax. Secondly, in cases where the principal

value of the estate exceeds Rs. 1,50,000, the estate duty payable will stand uniformly reduced by a sum of Rs. 7,000.

The value of a house which is wholly or mainly used for residential purposes is determined for purposes of wealth-tax on the basis of the rent capitalisation method as prescribed under the wealth-tax Rules. However, the value of one self-occupied house property owned by a taxpayer is taken if the taxpayer so opts at the value thereof as on the valuation date next following the date on which he became the owner of the house, or on the valuation date relevant to the assessment year 1971-72, whichever is later.

Clause 5 of the Bill provides that, for purposes of estate duty, the value of one residential house owned by the deceased will be taken at the same value as adopted for purposes of the assessment of the net wealth of the deceased on the valuation date immediately preceding the date of his death.

In cases where the deceased was not chargeable to wealth-tax or the value of the house was not included in the net wealth of the deceased as on the said valuation date, its value would be determined by the Controller of Estate Duty in accordance with the provisions of the Wealthtax Act and the rules made thereunder. However, in cases where the house was constructed or acquired by the deceased after the said valuation date, its value will be determined as on the date of the death of the deceased.

The Bill also provides that where any building or part was allotted or leased to the deceased as a member of a co-operative housing society, he shall be deemed to be the owner of such building or part. The effect of the proposed provision will be that the existing concessions under the Estate Duty Act to owners of house property will also become available in cases where a house or part was allotted or leased to the deceased by a co-operative housing society of which he was a member. The

[Shri Sawai Singh Sisodia]

proposed new provisions for valuation of one residential house will also become applicable in such cases.

As a corollary to the provision deeming the allottee or leasee of a house to be its owner, it is also proposed to provide that any outstanding instalments of the amount payable by the deceased to the co-operative housing society towards the cost of such a house shall be allowed as a debt owed by him. Any deposit made by the deceased with the co-operative housing society for the allotment or lease of the house will also not be included in computing the principal value of the estate of the deceased.

As the two main concessions under the Bill were announced on 28th February, 1981, the provisions under the Bill are proposed to be made applicable with retrospective effect from 1st March, 1981. These provisions will accordingly apply in relation to the estate of persons who have died after the 28th February, 1981, that is, the date of the announcement of the concessions in Parliament.

Sir, the Legislatures of the States of Bihar, Gujarat, Haryana, Himachal Pradesh, Madhya Pradesh, Maharashtra, Orisa and Tamil Nadu have already passed resolutions under clause (1) of Article 252 of the Constitution adopting the proposals with respect to the amendments under the Bill. Hence, in relation to the estate duty in respect of agricultural lands situate, in the territories of other States, the provisions of the Bill will also become applicable from the same

date if the Legislatures of these States adopt them by passing appropriate resolutions under Article 252(1) of the Constitution.

I am confident that the Bill will receive the unanimous support of the House.

With these words, I move.

MR. CHAIRMAN: Motion moved:

"That the Bill further to amend the Estate Duty Act, 1953, be taken into consideration."

SHRI SATYASADHAN CHAKRABORTY (Calcutta South): At the very outset, I shall disappoint the hon. Minister by saying that this Bill cannot be unanimously adopted because I oppose this Bill.

What is the taxation policy of the Government? In the Budget speech, the hon. Finance Minister said that the collection from the Estate Duty was more. Now, the exemption limit has been raised to Rs. 1.5 lakhs. Even taking into consideration the rising prices I do not find any reason why this should be raised to Rs. 1.5 lakh. Now, the imposition of taxation in the present-day world—I am not talking of a socialist State, even in a capitalist State and in the States which are known as welfare States—has two purposes—mobilisation of resources and reduction in the disparities of income and property. It is a well established principle of public finance that the heaviest burden should be on

the broadest shoulders. The marginal utility of money being less with the rich people, people who have larger property and income should pay more.

It is also one of the well laid principles of the taxation policy that the Government should depend more and more on direct taxes, because in the case of direct taxes the incidence of taxation is on the persons on whom the tax is levied. It is not possible to do either forward shifting or backward shifting of the incidence of taxation. That is why it is said that the direct taxes are paid by the rich and the indirect taxes, mainly taxes on commodities, are paid by the poor because the incidence of taxation can be shifted to the consumers.

The ruling party i.e. Congress(I) has been proclaiming from housetops that they are wedded to the socialist type of society. In the Avadi Congress, they talked of a socialistic pattern of society. In the Preamble to the Constitution it is said that India is a socialist State. When Mrs. Gandhi was asked the meaning of socialism, she said: "Well, the meaning, precisely, is not known." Actually it has become a hat worn by so many persons; the shape has changed. Now, you have your own definition of socialism. I am not talking of socialism for the moment. Even in the welfare State, the poor people are not asked to pay this amount of taxes. But the Indian poor is asked to pay. Look at the relation between direct and indirect taxes. Even during the British period, the maximum revenue came from direct taxes. But, after independence, things have started changing and now a lion's share of your revenue comes from indirect taxes, more and more from excise duty, customs and other things and revenue from direct taxes is becoming less.

Is it a step towards the reduction of disparity in income and property, not to talk of socialism? Under the present circumstances, what are you

doing? In the First Plan period you said that you will mobilise the resources. But, in the Second Plan period, there was a change of direction. Now you are giving a go-by to all the principles you have adopted. Earlier you were saying that gradually there should be a reduction of the disparities, the rich people should pay more and there should be no burden on the poor people.

After all, what do you expect from 60 per cent of the Indians, who do not have any shelter or food? But today these are the people who are paying all the taxes. To the rich you are becoming more and more soft. The more the increase in their income or assets, the more the concessions you are giving to them. Yet, all the time you are proclaiming you are moving towards socialism. Is this not hypocrisy? Is this not a gap between what you proclaim or profess and what you do? Why do you give this concession to the propertied class? Why do you raise the exemption limit from Rs. 50,000 to Rs. 1,50,000? At the same time, you do not give any concession to the poor people.

If, for argument's sake, the whole country is passing through some economic distress, is it not just and proper that the burden should be equally shared by all? But is the burden equally shared by all? You are talking of socialism. Don't you see that in India there is ugly conspicuous consumption? In this land of poverty, illiteracy and ill-health, what do you find? You find some islands of prosperity, conspicuous consumption and all that.

You are giving all sorts of concessions to these rich people. You are giving them concessions to start five-star hotels. You say this is necessary for foreigners. But if you go to any five-star hotel in Delhi or any other city, you will find that it is the rich people of India, the people with ill-gotten money, who are spending it in the five-star hotels, not the forei-

[Shri Satya Sadhan Chakraborty] gners. The rich people are building palatial houses and increasing their assets.

In this Parliament all the Members are saying that we are for the poor people. You are talking of the poor people and you are shedding crocodile tears for them. But, in actual practice, you are serving your own masters, the propertied class, the rich people. Otherwise, why should you give more concessions to them?

You are imposing more and more burdens on the poor people. You do not allow the wages to rise, the real wages are falling, the prices are going up, unemployment is increasing, millions of people have neither food nor shelter and you are happily talking of import of luxury goods in the name of technology. What about the technology of the millions of bullock-carts? Do you not want to change them to tractors? But you are not doing it.

According to your own calculations, 80 per cent of the people in India simply do not exist. All your policies are directed towards enriching 20 per cent of the people. Most of your industrial production, most of your imports, all these things are going to benefit only 20 per cent of the people of India. For 80 per cent of the people you have only programmes and sermons; nothing else.

This is yet another example how, by raising the limit, you are going to give concessions to the propertied class.

About the whole Budget, Mr. Chairman, Sir, you will see that after this ruling Party came into power, in all the budgets there were concessions to the propertied class, in the name of what? In the name of productivity. Do you mean to say that the factory owners produce? Is it not a fact that it is the workers who produce? Is it not your duty to give concessions to the workers to increase the production in the country? Now, this is what you are doing. In all the Budgets in 1980, 1981 and 1982, you have increased the burden on the poor people, direct and

indirect part of it, and you have reduced the burden on the rich people. Why? Just for the simple reason that you are not wedded to socialism; you are not really even wedded to a welfare State; you are wedded to an oppressive capitalist State where you are giving concessions to the landlords, capitalists and foreign monopolists.

Sir, I know it is no use urging you because you are bound to protect the class interest. That is why they have sent you: that is why they have given you money in the elections. But I would say that the people of India are realising both your hypocrisy and the hollowness of your propaganda. All these actions of yours now lie exposed to the people. They see you in true form and that is why I request you to withdraw this Bill. It is not necessary. I do not mind giving concessions to the poor peasants; they are the real backbone of our countrywide. I do not mind giving concessions to the middle peasants. But why should you be giving concessions to the people who have large surplus and who will spend their money for conspicuous consumption? That is why I request the hon. Minister to explain their policy as to whether this Bill or this policy does conform to their professed policy or proclaimed policy of a socialist society. Let them say to this House that they do not believe in socialism so that people understand, so that the people are not hood-winked, so that a smoke-screen of propaganda is not created to conceal their real motives. And that is why I vehemently oppose this Bill. This is going to give another concession to the propertied class. This is an attempt to lighten their burden and with all my power I oppose this Bill and I request the Ruling Party to withdraw this Bill.

MR. CHAIRMAN (SHRI CHANDRAJIT YADAV): Are you addressing the Ruling Party or the Minister?

SHRI SATYASADHAN CHAKRABORTY: Actually the Ruling Party headed by the Minister.



**SHRI XAVIER ARAKAL** (Ernakulam): I want to put a question. Has the West Bengal Government passed a resolution to incorporate the agricultural land into the Estate Duty?

**SHRI SATYASADHAN CHAKRABORTY**: Not yet.

**SHRI XAVIER ARAKAL**: Not yet. What are you talking then?

**SHRI SATASADHAN CHAKRABORTY**: As far as West Bengal is concerned, (*Interruptions*), Mr. Chairman, Sir, you will be glad to know that the West Bengal Government has given tax relief to the property worth upto Rs. 50,000 only. But this amount of Rs. 1,50,000 is not justifiable.

**SHRI XAVIER ARAKAL**: The Jammu and Kashmir Government also have not passed the Resolution incorporating the agricultural land into the Estate Duty and you have been in power for a long time in West Bengal but not adopted and still you are hopping over the issue. What are you talking? Even inspite of this you are talking about socialism?

**SHRI SATYASADHAN CHAKRABORTY**: So far as concession is concerned, in West Bengal we have given concessions to the marginal farmers, to the middle farmers but not to the rich extremely rich farmers. The hon. Member must be very clear about it.

**SHRI ATAL BIHARI VAJPAYEE** (New Delhi): I would like to know whether the Home Minister is going to make any statement on the violent clashes in Delhi leading to police firing. Three persons have been killed so far.

**SHRI NIHAR RANJAN LASKAR**: Not to-day. To-morrow.

**SHRI ATAL BIHARI VAJPAYEE**: We do not have State Assembly. Parliament is the only forum. I do not want the rumours to be spread.

**THE MINISTER OF STATE IN THE MINISTRY OF HOME AFFAIRS AND DEPARTMENT OF PARLIAMENTARY AFFAIRS (SHRI P. VENKATASUBAIAH)**: Magisterial enquiry has been ordered by the Lt. Governor. Section 144 has been enforced in that area. Situation has been brought under control. But still the situation is tense. Police has taken all the steps to see that there is no more recurrence. It is unfortunate that one person died on the spot and one person (*Interruptions*). One person has been admitted in the hospital. We have taken every care. Though the situation is tense, it is under control.

**MR. CHAIRMAN**: Shri Mool Chand Daga.

**श्री मूलचन्द डागा (पाली)** : सभापति जी, इस्टेट ड्यूटी में आपने जो संशोधन पेश किये हैं इनमें से कुछ का मैं भी स्वागत करता हूँ और समर्थन करता हूँ ।

लेकिन एक बात मैं कहना चाहता हूँ कि इस इस्टेट ड्यूटी, डेथ ड्यूटी का पूरा ओवरहालिंग होना चाहिए, पूरा चेंज होना चाहिए । आप अधूरे मन से जो काम करते हैं उस से लाभ क्या होता है । यह जो आपके कम्पाट्रोलर एण्ड ऑडिटर जनरल की 1980-81 की रिपोर्ट है, जब मैंने उसको पढ़ा तो मालूम हुआ कि कितनी संख्या में असेसमेंट्स पेंडिंग रहते हैं । ऐसे लोगों के केसिज पेंडिंग रहते हैं जो इस्टेट ड्यूटी देना चाहते हैं ।

This is the latest report of the Comptroller and Auditor General of India in regard to the cases pending for assessment:

Year	Number of cases	
1976-77	27256	
1977-78	28257	The number has increased
1978-79	28278	The number has gone up
1979-80	34891	-do-
1980-81	35862	-do-

MR. CHAIRMAN: Mr. Daga, you will continued.

The Minister of Agriculture, Rao Birendra Singh has to make a statement. That statement has already been circulated to the Members.

17.24 hrs.

# STATEMENT RE. INCREASE IN ISSUE PRICE OF WHEAT FOR PUB- LIC DISTRIBUTION SYSTEM AND ROLLER FLOUR MILLS

THE MINISTER OF AGRICULTURE  
RURAL DEVELOPMENT AND CIVIL  
SUPPLIES (RAO BIRENDRA  
SINGH): Honourable Members are  
aware that the procurement price of  
wheat for the 1981-82 crop was raised  
to Rs. 142/- per quintal with effect  
from 1.4.1982 in order to provide re-  
munerative price to the farmers.

The increase in the procurement price by Rs. 12/- per quintal has resulted in a heavier subsidy burden on the Government. The House is aware of the policy of the Government to bring down the food subsidy gradually.

SHRI SATISH AGARWAL (Jaipur): It has not been the policy of the Government. It is the policy of the I.M.F.

RAO BIRENDRA SINGH: Taking an overall view and after consideration of various factors, Government have now decided to fix the issue price of wheat to the public distribution system at Rs. 160/- per quintal and to roller flour mills at Rs. 185/- per quintal with effect from 1.8.1982.

While the increase in the issue price of wheat for the Public Distribution System will only neutralize the increased on account of increase in procurement price and consequential increase in other incidental charges the increase in the case of roller flour mills will be comparatively higher. It has

been widely felt that since the roller flour mills operate on a commercial basis, there is little justification for heavily subsidizing this sector. As the principal products of the roller flour mills are under price and distribution control, it is felt that, while the subsidy on wheat supplied to this sector need to be reduced, it would not be desirable to eliminate it altogether, in the present circumstances.

17.26 hrs.

# STATEMENT RE. CREATION OF BUFFER STOCK OF SUGAR.

THE MINISTER OF AGRICULTURE, RURAL DEVELOPMENT AND CIVIL SUPPLIES (RAO BIRENDRA SINGH): Sir, Honourable Members are aware that in this year, declared by the Prime Minister as the 'Year of Productivity', the pride of place for increase in productivity could legitimately be claimed by the sugar cane growers and sugar industry. The persistent efforts of the Government since 1980 have succeeded not only in meeting the challenge posed by the critically low level of production in 1979-80, but also bringing production to an all-time record in sugarcane and sugar.

But problem of plenty, unless imaginatively handled can be as serious as the problem of scarcity. The Government have been alive to the need for ensuring remunerative prices to the growers and producers on the one hand and reasonable prices for the consumers on the other.

One of the measures decided to be implemented for achieving this objective is the creation of a buffer stock of sugar for the first time in our country. Though various Committees had recommended this measure and previous Governments had taken decision to the effect in principle, I am happy to announce that it is now