

[Shri Pranab Kumar Mukherjee]

sation of appropriation of moneys out of the Consolidated Fund of India to meet the amounts spent on certain services during the financial year ended on the 31st day of March, 1973 in excess of the amounts granted for those services and for that year.

MR. CHAIRMAN: The question is:

"That leave be granted to introduce a Bill to provide for the authorisation of appropriation of moneys out of the Consolidated Fund of India to meet the amounts spent on certain services during the financial year ended on the 31st day of March, 1973 in excess of the amounts granted for those services and for that year."

The motion was adopted.

SHRI PRANAB KUMAR MUKHERJEE: Sir, I introduce the Bill.

Sir, I beg to move†:

"That the Bill to provide for the authorisation of appropriation of moneys out of the Consolidated Fund of India to meet the amounts spent on certain services during the financial year ended on the 31st day of March, 1973 in excess of the amounts granted for those services and for that year, be taken into consideration."

MR. CHAIRMAN: The question is:

"That the Bill to provide for the authorisation of appropriation of moneys out of the Consolidated Fund of India to meet the amounts spent on certain services during the financial year ended on the 31st day of March, 1973 in excess of the amounts granted for those services and for that year, be taken into consideration."

The motion was adopted.

MR. CHAIRMAN: Now, we shall take up Clause-by-Clause consideration.

The question is:

"The Clause 2 and 3, the Schedule, Clause 1, the Enacting Formula and the Title stand part of the Bill."

The motion was adopted.

Clauses 2 and 3, the Schedule, Clause 1, the Enacting Formula and the Title were added to the Bill.

SHRI PRANAB KUMAR MUKHERJEE: Sir, I beg to move:

"That the Bill be passed."

MR. CHAIRMAN: The question is:

"That the Bill be passed."

The motion was adopted.

TAXATION LAWS (AMENDMENT) BILL

THE MINISTER OF FINANCE
SHRI C. SUBRAMANIAM): 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 (Sur-tax) Act, 1964, as reported by the Select Committee, be taken into consideration."

Sir, this Bill was introduced in this House on the 9th May, 1973. The proposals relating to amendments to the direct taxes enactments, contained in this Bill, were formulated after a detailed examination of the recommendations of the Direct Taxes Enquiry Committee, commonly known as Wanchoo Committee, and the 47th Report of the Law Commission on the trial and punishment of social and economic offences, the latter in so far as they relate to direct taxes. Opportunity was also taken to sponsor some amendments on the basis of suggestions received from various other quarters as well. The main objectives of the amendments propos-

* Published in Gazette of India Extraordinary, Part II, Section II, dated 28-7-75.

† Introduced/moved with the recommendation of the President.

ed to be made are to unearth black money and prevent its proliferation; to fight and curb tax evasion; to check avoidance of tax through various legal devices including the formation of trusts and diversion of income and wealth to members of the family; to reduce tax arrears and to ensure that in future, tax arrears do not accumulate; to rationalise exemptions and deductions available under the relevant enactments, and to streamline the administrative set-up and make it functionally efficient.

The Bill was referred to the Select Committee on the 15th May, 1973. The Report of the Committee was presented to this hon. House by its Chairman on the 20th March, 1975. The Committee held 64 sittings scrutinised 450 memoranda and representations on the Bill received from various individuals, public bodies, professional associations, trade organisations etc. and heard evidence of a large number of individuals and bodies. I would like to congratulate the Select Committee on the thoroughness with which it has dealt with this important Bill.

The Bill has undergone changes in several directions as a result of the deliberations of the Select Committee. The Select Committee has spelt out the reasons for the charges made by it. I do not, therefore, propose to take the time of the House to go over the entire ground again, I would, however, like to explain some of the important provisions in the Bill and the main changes recommended by the Select Committee.

Among the measures for checking black money and tax evasion, amendments proposed to be made in the provisions for searches and seizures deserve mention. Under the provisions contained in the Bill, it will now be possible for a Commissioner in certain circumstances to authorise search and seizure, irrespective of whether the tax payer is assessed in his jurisdiction or not. This provision will enable quick action being taken where delay in procedures may jeo-

pardise chances of a successful search. The power of search would now also cover persons, vessels, vehicles and air-craft; and assets, account books and documents found at an assessee's premises in a search can be presumed to belong to him and relate to his affairs, unless proved otherwise.

To those who make a lot of money through infringement of the laws, monetary penalties do not really serve as deterrents. The provisions relating to prosecutions for tax offences are, therefore, proposed to be tightened up. The Select Committee has further recommended that, in order to make the provisions relating to prosecution more effective, the discretion vested in courts to award monetary punishment as an alternative to rigorous imprisonment or to reduce the term of imprisonment below the prescribed minimum should be taken away. I welcome these changes and commend them to the House.

Presently, prosecution for tax fraud is provided for only where a person takes a statement which is false. The Bill contains an additional provision to include wilful attempts to evade any tax among the offences for which prosecution can be launched. Again at present there is no provision for prosecuting those who wilfully evade payment of taxes. An amendment is being made to provide for rigorous imprisonment in such cases also.

Simultaneously, in accordance with the recommendations of the Wanchoo Committee, the penalty provisions under the Income-tax Act and the Wealth Tax Act are being amended. Presently, the minimum penalty for concealment of income or wealth is equal to the income or wealth concealed and the maximum twice the amount thereof. Experience, however, shows that such heavy penalties have on the one hand, compelled one-time tax evaders to keep on to the wrong path and, on the other, have cast an unjustifiably heavy burden on the small taxpayers in the matter of penalties.

[Shri C. Subramaniam]

The minimum and maximum penalties for concealment of income are, therefore, proposed to be equal to the tax and twice the amount of tax sought to be evaded. The maximum penalty for wealth tax is, however, proposed to be five times the tax sought to be evaded because the rates of wealth tax are much lower. All the same time, persons who have not hitherto been assessed to tax but who have taxable income are being made liable to penalty for concealment of income if they do not file returns of income voluntarily within the normal period of limitation for completion of assessment.

Another important provision included in the Bill on, the basis of the recommendations of the Wanchoo Committee is one relating to settlement of cases. Making of settlement has long been an established practice but it has had no statutory basis. The Wanchoo Committee as also the Public Accounts Committee in its 50th Report have suggested statutory provisions or guidelines in this regard. Provision is, therefore, being made for a settlement machinery. However, once an assessee applied for settlement of a case, he will be debarred from withdrawing his application at any later stage and where the application is entertained by the Settlement Commission, the order of the Settlement Commission will be final.

Many taxpayers, even in higher income brackets, try to get out of penalties and prosecutions for tax fraud by taking the plea that they have not maintained any accounts. The Bill as originally introduced accordingly included a provision for compulsory maintenance of accounts by all taxpayers engaged in normally accepted professions and by those in business whose income exceeds Rs. 25,000 or turnover exceeds Rs. 2.5 lakhs in a year. The Committee has recommended that only persons carrying on legal, medical, engineering or architectural professions or the profession of accountancy, technical consultancy or

inferior decoration or any other profession notified by the Board in the official gazette, be required to maintain accounts irrespective of their income/receipts. Persons engaged in other professions should be required to maintain accounts only if their income/receipts exceed the limit as in the case of business. I would commend these changes to the House.

The power of survey is a useful instrument for checking tax evasion. The existing provisions in this regard, however, are subject to certain serious limitations. Certain categories of income tax authorities are now being empowered to check cash, stocks or other valuables found in the business premises, record statements of any person in the said premises and require any information relevant for tax proceedings to be furnished to them. They will also be entitled to enter any other premises, besides, the business premises, where the taxpayer states that any part of his books of account, cash and stocks etc. are kept.

It is noticed that although taxpayers at times incur huge ostentatious expenditure on certain functions, ceremonies and events, when the matter comes up for examination in the relevant assessment proceedings it becomes extremely difficult to ascertain correct facts and to gather adequate evidence for proper assessment, due to lapse of time. The proposed provision, therefore, seeks also to enable certain income tax authorities to collect information and record statements of persons concerned at any time after a function, ceremony or event but before the stage of assessment proceedings in the following year, where they are of the opinion that having regard to the nature, scale or extent of the expenditure incurred, it is necessary to do so.

The Wanchoo Committee made a number of recommendations in the field of tax avoidance. While it is true that tax avoidance is not illegal, it is equally true that, to the extent to

which it leads to unfair reduction of one's tax liability, in the final analysis tax avoidance is as injurious to the economy of the community as tax evasion.

The institution of religious and charitable trusts has been widely used for practising tax avoidance. Some amendments had already been made to the provisions relating to trust in the Income-tax and Wealth-tax Acts through the Finance Act, 1972 on the basis of the recommendations of the Wanchoo Committee. The Bill contains some further amendments on the basis of recommendations of the same Committee. The object is primarily to ensure that trusts are not used as media for tax avoidance by the founders, trustees or their relatives.

The Bill, as originally introduced, contained a provision seeking to tax 'ghost' or anonymous donations to charitable trusts at the rate of 65 per cent so as to put a check on unaccounted or concealed money finding its way into the charitable trusts in the guise of donations. The Select Committee has recommended that this provision be dropped as it would cause hardship to charitable institutions. Keeping in view the practical considerations involved, I commend the change.

Under the existing provisions of law, charitable trusts or institutions created before 1-4-1962 enjoy tax exemption, even if they are for the benefit of any particular religious community or caste, whereas such exemption is not available to similar trusts or institutions created after that date. The Bill as originally introduced, contained a provision that the income of such charitable trusts or institutions will not be exempt from tax, even if they were created before 1-4-1962. The Select Committee has recommended that the exemption enjoyed by such trusts created before 1-4-1962 should not be withdrawn as it would put such trusts to great hardship, particularly the trusts made for the benefit of the

minority communities. I agree with the view of the Select Committee.

The original Bill contained a provision proposing to ban investment of any funds by trusts seeking exemption, in any business concern not owned or controlled by the Government. A period of five years was also provided to enable them to make necessary changes in their investments. The Select Committee has recommended that instead of prohibiting the investment of trust funds in business concerns not owned or controlled by the Government, the statute should specify the modes and forms in which the funds of charitable or religious trusts and institutions may be invested. Such modes and forms of investment have also been spelt out by the Committee. However, the Select Committee recommended that this provision should not be applicable to (a) any funds forming part of the corpus of the trust or institution immediately before the 1st day of June, 1973, (b) the original corpus (being assets other than cash) of any trust or institution established on or after the 1st day of June, 1973 and (c) any contributions (otherwise than in cash) made on or after the 1st day of June, 1973 with a specific direction that they shall form part of the corpus of the trust or institution. While I generally welcome the change recommended by the Select Committee, I should like to mention that the exceptions to the general restriction relating to investment in the specified modes and forms, as recommended by the Select Committee, appear to be too wide. In order to avoid possibility of investment of trust funds in a manner which enables exercise of economic control over companies without the consequential liability to income and wealth taxes, I am suggesting that even the funds falling in the three excepted categories mentioned by the Committee should not be allowed to be invested or to remain invested in the equity shares of companies other than Government companies.

While steps are being taken to tighten up some of the provisions relating to trusts so as to eliminate the scope for their abuse for tax avoid-

[Shri C. Subramaniam]

dance, the Select Committee has also recommended an amendment seeking to exempt certain charitable funds of national importance from income-tax and to empower the Central Government to grant exemption, by notification, to any other funds or institutions established for charitable purposes, having regard to its objects and importance throughout India or throughout any State or States. The provision as amended by the Select Committee however does not cover religious trusts and institutions. The Government amendment in this regard seeks therefore to extend the benefit of this provision to trusts or institutions established for public religious or public religious and public charitable purpose as well. Exemption to such trusts and institutions will be granted having regard to the manner in which their affairs are administered and supervised for ensuring that the income accruing to them is properly applied for the purpose for which they have been established. I trust these amendments would be welcome.

Large arrears of tax have been a matter of serious concern to us. A number of recommendations were made by the Wanchoo Committee to help collection of arrears of tax and also to try to see that in future, as far as possible large arrears of tax do not accumulate. On the basis of these recommendations several important amendments are proposed to be made in this sphere through the Bill. As mentioned earlier, provision is being made for prosecuting a tax defaulter who wilfully attempts to evade payment of tax. Before a tax payer can file an appeal to the Appellate Assistant Commissioner of Income-tax, he must now pay the undisputed tax. Properties transferred by an individual, otherwise than for adequate consideration, to the spouse, minor child, daughter-in-law or to son's minor child are now proposed to be liable to attachment and sale for realising any of the tax dues of such individual. The Select Committee has recommend-

ed that in this provision, transfer of property of the assessee should also include indirect transfers and the provision should apply only in respect of transfers made on or after the 1st day of June, 1973. The changes are welcome.

The Bill as originally introduced contained a provision that the house rent paid by a self-employed individual in excess of 10 per cent of his gross total income but subject to a maximum of Rs. 300 per month or 15 per cent of the gross total income, whichever is less, would be allowed as a deduction in computing his income, subject to certain conditions. The Select Committee has recommended that the deduction contemplated should also be made available to salaried employees who are not in receipt of any tax-free house rent allowance. I welcome the change.

The Bill also seeks to provide that expenses incurred in conducting the assessment proceedings or appeals relating thereto should be allowed as deduction in computing the total income, subject to an overall ceiling. The provision contained in the original Bill proposed a ceiling of Rs. 2,000 in this regard. The Select Committee has recommended that the ceiling should be raised to Rs. 5,000. I commend the change to the House.

In the field of tax administration, a major step which is being taken is to streamline the administrative set up and to make it functionally efficient. It is to permit a change in the pattern of jurisdiction in respect of assessment work so as to enable the experience and guidance of a senior officer of the rank of Inspecting Assistant Commissioner being made available to the Income-tax officers. For this purpose, the Inspecting Assistant Commissioner's range is proposed to be made, where it is advantageous to do so, the basic jurisdictional unit, and the Inspecting Assistant Commissioner and all the Income-tax Officers under him will, in this pattern of jurisdiction, have con-

current jurisdiction over all the cases in the range. This will enable more important and complicated cases being handled directly by senior officers either singly or jointly with Income-tax Officers.

Sir, the objects of the Bill are very laudable. The provisions of the Bill, when enacted into law, will help in combating tax evasion, curbing tax avoidance and dealing with the problem of tax arrears more effectively. I trust that the Bill will receive the unanimous support of the House.

Sir, I move.

MR. CHAIRMAN: Motion moved:

"That the Bill further to amend the Income-tax Act, 1961, the Wealth-tax Act, 1967, the Gift Tax Act, 1958, and the Companies profits (Surtax) Act, 1964, as reported by the Select Committee, be taken into consideration."

SHRI S. M. BANERJEE (Kanpur): Sir, as a member of the Select Committee, I have appended a note of dissent along with Mr. Sezhiyan and Mr. Mavalankar and I do not want to repeat the arguments given there, because some of the amendments given notice of by the hon. Minister are welcome. I do realise that we could not have radically changed the various provisions. Attempts have been made no doubt to bring to book tax evaders. An attempt has also been made to see whether there is a parallel economy running in this country with the help of the black money which is there to the tune of Rs. 10,000 crores or Rs. 20,000 crores—we do not know how much it is—and whether we are able to unearth it. I am happy the Prime Minister is here. When she was Finance Minister, regarding avoidance of tax through the medium of charitable trusts, she said:

"One of the major devices leading to tax evasion and avoidance is the creation of private trusts."

We met many representatives of these trusts. Some were really those whom

we could possibly trust, but there were many whom we could not trust. Some provisions were made in the Finance Bill of that year and this was done, to quote the Prime Minister again, "to curb the use of the funds of charitable and religious trusts to acquire control over industries and business". Some measures have been taken, but what is the position today?

The main objects of the Bill have been stated to be—

"(i) to unearth black money and prevent its proliferation;

(ii) to fight and curb tax evasion;

(iii) to check avoidance of tax through various legal devices, including the formation of trusts and diversion of income or wealth to members of family;

(iv) to reduce tax arrears and to curb accumulations in future;

(v) to rationalise exemptions and deductions;

(vi) to streamline the administrative set-up and make it functionally efficient."

These were the laudable objectives for which the Bill was sent to the Select Committee. I am sorry the Chairman of the Committee, who did a wonderful job, is not here. I do not see Mr. Sathe also, who also appended a note of dissent. He said, this cannot be termed as a note of dissent but only as his comments on this Bill.

Today when we are discussing this particular Bill, what is the picture before us? I have not got the current figures, but in 1971-72, out of 21 lakh assesseees assessed for income-tax, the total number of persons whose income was above Rs. 1 lakh was only 27,442. In 1975 it might have risen to 30,000 or 35,000. Those persons paid a total revenue which was almost Rs. 1100 crores in 1971-72. Those whose income was between Rs. 20,000 and Rs. 1

[Shri S. M. Banerjee]

lakh paid about 20 per cent of the tax revenue, their total number being approximately 3 lakhs. The rest numbering about 17 to 18 lakhs paid only 10 per cent of the tax revenue. This clearly reveals that the entire black money to the tune of Rs. 10,000 crores—I do not know whether the Government has been able to assess this amount exactly—it may be the tune of even Rs. 20,000 crores now—this money is confined to these 27,442 persons or 30,000 persons. Out of a population 65 crores, 30,000 persons are controlling black money to the tune of Rs. 10,000 to 20,000 crores. Now, what are the measures to control or punish these 30,000 people? They are the big business houses. They are the monopolists. They run newspapers, they run jute mills and textile mills. They run iron and steel mills. We know how they join and how they help the counter-revolutionary forces in the country. We know a particular business house which controls 13 newspapers, jute mills and what not. We know how they were aiding and abetting the counter-revolutionary forces headed by, according to Mr. Samar Guha, the tallest person in the country, Mr. Jayaprakash Narayan. I know Mr. Jayaprakash Narayan has made great sacrifices. His sacrifice is twice my age. But sacrifice is not a fixed deposit from which one can draw. From out of black money, they corrupt the political parties, all political parties including the ruling party. That is why after the Wanchoo Commission's recommendations, an honest effort has been made through this bill to unearth black money. But what measures have been taken? Speaking on the Finance Bill recently—under which the exemption limit has been raised from Rs. 6,000/- to Rs. 8,000/—I had said, "Why not take this opportunity,—when there is an atmosphere in the country, an atmosphere of speed, an atmosphere of courage, an atmosphere of conviction and an atmosphere of progress—and bring in a legislation by which the income-tax dodgers, the

income-tax evaders—who are, according to me, anti-social elements—are not allowed to approach the court of law? Why not take this opportunity to make this particular crime, this particular offence non-justiciable? There may be some more criticism about it. There may be some people who would criticize. We should not be afraid of criticism. We have tolerated criticism enough. Everybody to-day knows that at least now every man in the country takes things seriously; and I am happy about it. Otherwise, our parliamentary democracy was so liquid that it can flow anywhere, even into the gutters of the country. Why not have the courage? I was happy that the Finance Minister, Shri C. Subramaniam said that he will apply his mind. A time has come when, by passing such a legislation, we can preclude, debar those persons who have to pay Rs. 800 crores of arrears—I am talking of arrears and not of black money. According to this source, it is the effective arrears. I do not know what the non-effective arrears is. They are living in India. Some cases are in the High Court; and some are before the Supreme Court. When the case goes to the latter, it takes 2 or 3 years; sometimes it may take 50 years. So, a legislation may be brought in. Another thing I would say. Shri Vasant Sathe, in his note of dissent, has said:

"This may not strictly be termed as a note of dissent. But I wished to register my feeling of disappointment having wasted lot of public money and more than two years of time of the Select Committee on a Bill whose provisions have no nexus with the main objective enumerated in the terms of reference. Such an exercise is self-deceptive and misleads the people."

I do not wholly agree with this. It has misled the country also. Naturally, even Mr. Vasant Sathe, a member of the ruling party and a lawyer—I am not a lawyer—has felt the futility of this legislation. Unless a comprehensive legislation is brought in, it will not bring about unearthing

of black money. Not only legislation, but certain measures have to be taken. We have been shouting from the house-tops that some measures should be taken by which the black money comes out.

Recently in Bangla Desh they demonetised and it has brought out a huge amount of black money. Here also we should demonetise now, but of course because of our demand and because of Government's hesitation, the tax evaders must have disposed of hundred rupee notes and converted them into gold or property or something else, but really they should demonetise and put a ceiling on urban property.

Then there are certain strict measures which have to be taken by further legislation, not only by giving powers to the income-tax officers. Some of the officers have done a wonderful job and I congratulate them, but there are certain others who also connive with the tax evaders. I know certain cases. In a city like Kanpur, the property of a particular mill owner was about to be attached, but somebody informed him and he went in a writ to the High Court and that could not be attached. This gentleman has not paid income-tax after independence, not a single pie. Sometimes people become independent, they do not pay at all.

Another gentleman, who after independence has not paid income-tax, wealth tax, sales tax or any tax, is the famous Ram Ratan Gupta who once upon a time was a Member of this House. I am afraid this gentleman is going away to Nepal. He is actually hobnobbing with a gentleman in Nepal who is supposed to be the Guru of the Maharaja of Nepal. Once he gets hold of the Guru in Nepal, you can understand what will happen in Nepal. I only request the Hon. Finance Minister to convey my feelings to the Minister of External Affairs not to allow this gentleman to go to Nepal. Let him confine himself to Kanpur, let him not go to Nepal.

I am happy that today the Congress Committee in U.P. has raised its voice. I have been fighting, there were nine attempts on me but I have not yielded to the threats of this man who has tried to corrupt everyone there. Rs. 31 lakhs of income-tax were due from him, but he got it written off. Dr. Reddy, Governor of U.P., was then the Minister of State in the Finance Ministry. He is a nice person, a product of Shanti Niketan. Poor fellow, he did not know what he wanted. He got a note prepared and Rs. 31 lakhs were written off. When we asked questions whether the gentleman was dead or whether he had gone away to other countries, they said an investigation would be made. I do not impute any motive to Dr. Reddy whom I regard. He is a sort of Acharya from Shanti Niketan. Like Ram Ratan Gupta there are many in Kanpur, but he is the best of the lot. To punish such people it is necessary to bring proper legislation.

We wanted certain files containing detailed reasons for the acceptance or non-acceptance of most of the recommendations of the following Committees, but they were not available. The Committees were: Income-tax Investigation Committee, 1948; Income-tax Enquiry Commission, 1953-54; the one-man Committee presided over by Prof. Kaldor, 1956; the Direct Taxation Enquiry Commission, 1958-59. In the absence of the relevant files, it has not been possible to give the reasons for not accepting these recommendations. I am only saying that these files were not available. My hon. friend Mr. Sezhiyan, who is unfortunately not here, who is in bad company, I really feel for him, was the one gentleman who laboured much in this Committee, hats off to him for his labour, and he has given a Note of Dissent.

The income-tax net is more like the proverbial spider's net in which the small flies are caught, but the big ones escape. This is exactly what has happened. In this particular Bill more powers have been given, but above

[Shri S. M. Banerjee]

that I would request the Hon. Minister to kindly consider for a moment whether some more provisions are not necessary to curb the activities of trusts. Take the Tirupati Trust. I do not say anything against it, otherwise somebody will be angry and say that because I belong to the Communist Party and I do not believe in God, I am attacking Tirupati. I will bow a thousand times to Tirupati, but what about the Tirupati Trust? What about the Viswanath Trust in Banaras? What about the Trust in Dilwara Temple? There is a huge amount at their disposal. I do not know now this money is utilised, but they are giving this money to the industrialists. This Trust money is being utilised for certain industries. Though there is enough provision to ban that, to check that, still they are going it. I can understand Trusts for widows. We know how earnestly they argued their point in Bombay, but Mr. Palkiwala argued before us for three hours. I am envious of his eloquence, fighting for those who in his personal opinion also were utilising this money in the name of God for purposes which do not serve the country.

There is a story that a Committee was appointed to find out how much of the money collected in Gurudwaras, Masjids and Mandirs went to God. When somebody was asked in a masque how much money he took and he said, "I put a circle. The amount which remains in the circle goes to God and the amount outside the circle is mine." Somebody else ultimately said, "I do not believe in these things. I throw the money so that God can take whatever he can possibly take. Whatever comes down is mine." It is just like this.

I am not against the Trusts if they are honestly run. Let the money be used for even religious purposes, but the money is being advanced to industrialists and to monopoly houses. These matters were raised in this House. The hon. Minister unfortunately joined

the Select Committee very late, but I agree that he has conceded many points and I am sure that after one year's fair trial after this legislation is passed, he will come before this house, if it exists, with a comprehensive legislation for controlling black money.

Concealment of income by a person, if it is found, should be made public. If it is published, then socially also the person concerned will be boycotted and put to shame, of course if there is any shame left. Today concealment of income in our country does not make a man's position worse. A person against whom income-tax is due, wealth tax is due, to the tune of not only thousands of rupees, but lakhs of rupees, he can readily become the Chairman of a big commission or he can preside over a function where the Prime Minister is invited.

15.00 hrs.

When Pandit Jawaharlal Nehru was alive, when he went to Kanpur in 1962, I was surprised to learn that he was being paid a cheque of Rs. 2½ lakhs. I still remember that I wrote him a letter saying, "Respected Panditji that the cheque that was being paid consisted of Rs. 1½ lakhs from the Employers' Association against whom an arrear of income tax was due to the tune of Rs. 4.98 crores; Rs. 50,000 by the Cloth Merchants who increased the price of cloth between Diwali and Dussehra; and Rs. 50,000 by the Leather Merchants who gave only 50 paise to their workers, the lowest wages." I must say that when he reached Kanpur, when he was given an ovation by the Corporation—at that time the Mayor of the Corporation was Mr. Ram Rattan Gupta—when the cheque was being given to him by Mr. Ajit Prasad Jain, who was the CTC chief, he immediately said, "Where did you get this money from?" He put a question and returned the cheque. Such was the Prime Minister of our country. I am sure Mrs. Indira Gandhi would have nationalised the banks because she had the courage

and conviction to do it. She is the greatest lady which this country has produced. I am not talking of Rani Jhansi. That is a different matter, I must say that she is a lady of nerves. She has shown to the country what she could do.

On the 26th, somebody said that there would be bloodshed in Delhi. I am yet to see that. I have not seen Nader Shah or somebody. I was moving. I was told by the people that if I went out, I would be murdered and so on. I said plainly that we are 12 brothers, 11 are dead and I am only one alive. I wanted to die at the hands of somebody who can possibly kill me. Nobody had done it. Not a single shop was closed for even half an hour.

So, I can say that she has the courage and conviction to bring a legislation by which the black money could be unearthed. With these words, I again request the hon. Finance Minister, when he replies, to assure this House, what other provisions, apart from the provisions of the Bill, are being made, to unearth the black money.

We have seen, after the raiding of the Jaipur House and other forts, how much jewellery has come out. I would like to know whether there is any intention to raid other houses also. I do not want an immediate reply, otherwise, these will become a farce. Let him reply in his own heart and ask the income tax authorities to do it. I am sure, the Finance Minister will see that these houses are searched. I am also happy to read in the newspapers that all posh houses either in Delhi or in other metropolitan cities, will be searched to know how they have actually acquired this wealth. In Delhi itself, if you happen to go around, whether it is Golf Links or Maharani Bagh, you will find many big houses. In Golf Links, I am told that one of the Members of Parliament had purchased a house worth Rs. 5 lakhs. I was surprised and I wanted to know whe-

ther the value is really Rs. 5 lakhs. Another person said that he was prepared to purchase a house for Rs. 10 lakhs.

I do not know how possibly he could have Rs. 5 lakhs. This is the 25th year of our parliamentary life. Most of us are living in North Avenue and South Avenue and we have not been able to acquire any property. How could a Member of Parliament acquire property worth Rs. 5 lakhs? It requires a thorough investigation. Whether it is Maharani Bagh or Golf Link or any other link, we have to find out the link which can bring so much money.

An investigation should be made into the coming up of sky-scrapers in Bombay. I went to Bombay after six months. I could not recognise Bombay. You go to Pali Hills. It has completely changed. I am surprised to see so many sky-scrapers coming up. Who are the persons who could possibly build those houses? Now, it has suddenly been stopped. About 3 lakh workers have become absolutely idle. Why? I want the Chairman of the Board of Direct Taxes to have the same courage to raid big houses in Bombay, Calcutta and other places...

AN HON. MEMBER: Also Madras.

SHRI S. M. BANERJEE: I do not know much about Madras. But surely in Madras also. We have got a book which has been prepared by my hon. friend, Shri Muruganantham. But I do not want to read it when DMK Members are not here. I want them to listen and reply to that. I do not want to stab somebody at his back. An inquiry should be conducted into all the big houses in Bombay, Delhi, Madras and other metropolitan cities, including Kanpur. Though small houses have been constructed there, liquid money is more than the houses.

With these words, I support the Bill. I support it with an observation that this Bill, ultimately, does

[Shri S. M. Banerjee]

not help in unearthing black money. I repeat that more has to be done to unearth black money. In addition to the various provisions of the Bill, further measures have to be taken and these measures should be announced in this House.

SHRI S. R. DAMANI (Sholapur): Mr. Chairman, Sir, I am very happy to support the Bill. It is very nice that it has been possible to bring this important Bill during this short session.

Before this Bill, the Wanchoo Commission has made a very thorough report. The Select Committee has worked for about 1-1/2 years and examined the Bill. About 80 witnesses appeared before the Select Committee. They got about 450 memoranda from various persons and organisations. Various important persons and organisations gave evidence before the Select Committee. The Cabinet Secretary, the Economic Affairs Secretary, the Finance Secretary and the Chairman of the Central Board of Revenue also appeared before the Select Committee. After taking into account all the views expressed by different cross-sections in the country, the Select Committee has made their recommendations and these recommendations have been incorporated in the Bill which is before the House today.

Before I go to other points, I want to draw the attention of my hon. friend, Shri S. M. Banerjee, who has spoken just now to his note of dissent. He has criticised and attacked every body. I have been prompted to speak on the note of dissent given by Shri S. M. Banerjee along with his other colleagues Shri Era Sezhiyan and Shri Mavalankar. On the one hand, Shri S. M. Banerjee has said that raids should be carried out everywhere in every big house, on the other hand, he has objected as to why we are giving so many powers to the

Income-tax officers. He has mentioned in the note of dissent in paragraph 30:

"The Bill has amended Section 132A and introduced a new Section 133A. These two provisions have clothed the Income-tax Officer with enormous authority."

Now it is said that they can enter any house, whether the proprietor is there or whether the clerk is there; whether anybody is there or not, they can enter any house and search. He is critical of that and he says that giving these powers to such officers is not desirable. On the one hand he says that the raids should be carried out, and on the other hand when Government is giving this power to the income-tax officers—they are very important officers; they are not ordinary officers—he gives this kind of note of dissent. This is adopting double talk. (Interruptions) Ultimately, at the end, this is what he says:

"This Bill is indeed a Black Money Bill—a Bill to encourage black money."

I only wanted to draw attention to this—what he has written in the note of dissent and what he talks. I thought I must point out this difference. This has prompted me to participate in the discussion on this Bill.

It is very essential that there should be fear in the minds of the tax-payers, in the minds of the public. On account of this fear, the Board of Direct Taxes has been able to collect more than Rs. 250 crores last year. This is not a small amount. They say that there is recession in every industry. But the revenue has gone up by Rs. 250 crores. So many people have come forward to pay because of fear. There should be this fear; if a person tries to avoid the tax or evade the tax, he will have to pay a high penalty and not only penalty but also face prosecution and the prospect of going to jail. These are the clauses where strong action is proposed in

the Bill by the Government. As I said, the revenue has increased because of this fear, the black money is gradually coming out. Therefore, I say that every care has been taken at the stage of Select Committee to make this Bill foolproof, to plug the loopholes, to try to simplify the language and also try to create fear in the minds of the tax-evaders. Therefore, I congratulate the Finance Minister for this fine piece of legislation.

Then, they have also given an opportunity. The opportunity is this. If any person, whatever wrong he may have done, wants to disclose his real income, there is the Settlement Committee; he can approach the Settlement Committee and make the position clear, and if the Settlement Committee is satisfied, there is the opportunity for him to come to settlement and save himself from all those provisions.

So, there are two things. If a person tries to evade, there is the provision for penalty. They have also said that the assessee can come and take advantage of this, otherwise they will have to suffer for evasion of taxes. I think, Sir, both these clauses will gradually reduce to a great extent the evasion of taxes.

In this connection, what my friends have said about the Settlement Commission:

"One cannot escape the conclusion that this Settlement Commission is designed to help big tax evaders in reducing their liability and getting out of the provisions relating to prosecution and penalties."

The point is, that whatever the Government does, our friends have always to criticize it. Though on the one hand, they know that this is good, yet they will criticize it. Then, Sir, who are the members of this Settlement Commission? The Settlement Commission shall consist of a Chairman and two other members and who

are they? They will be chosen from amongst persons of integrity and outstanding ability, having special knowledge of, and experience in, problems relating to direct taxes and business accounts. The persons selected will have intimate knowledge and experience so that they can do justice just like judges. Is this to help the tax evaders? There is nothing else but they have to criticize whatever the Government does. Let them not have two standards; they should have only one standard.

My friends have also mentioned about the charitable trusts. Now the provisions in this Bill are meant to stop the hitherto practice of investing funds in shares of companies and no one can take objection to it. Further, the Government has taken away their right of voting. On any shares of companies held by trusts, the voting rights of these shares are not with the trustees, but with the Government. Secondly, in future, the trusts cannot make investment in the shares of any company. The entire amount of the charitable trusts is to be utilised according to the policy laid down by Government. They can make investments in nationalised banks, in government securities, in post office deposits, Government bonds etc. which are guaranteed by Government. Government will have full control in future investments by these trusts. And whatever investment has been made by the charitable trusts, Government has taken away the right of voting. Even now, my friends want to criticize. I wanted to point out to my friends, that by this Bill, how much power Government has taken in their hands and what they have done to plug the loopholes.

My friend also mentioned about the tax arrears. The tax arrears are about 800 crores and about 1.3 million assessments are in arrears. In this connection, the total amount of collections by way of income-tax, wealth tax and gift tax is Rs. 1500 crores annually and the total number of asses-

[Shri S. R. Damani]

sees is 3.5 million. Now, out of Rs 1500 crores of annual collections, if Rs. 800 crores are in arrears, it is a little more than half and out of 3.5 million assesseees, if assessment in respect of 1.3 million is in arrears, the position is not so bad as my friend has pointed. I am not pleading for anybody but I want to show what the government has done.

Yesterday we discussed about the Finance Bill in which the exemption limit has been increased from Rs. 6000 to Rs. 8000. By that step, 7 lakhs assesseees will be reduced. Then they have provided for summary assessments in respect of incomes upto Rs. 25,000. So, the burden on the Income-tax officers will be considerably reduced and they can concentrate on the big cases. So, all the 3,000 income-tax officers, Assistant Commissioners and the Commissioners can concentrate on the big income group and can take care to see where the evasion is going on and catch them. By these measures, all efforts have been made to reduce the tax evasion and catch the tax evaders. I, therefore, congratulate the Finance Minister for this Bill.

Then, a word about this Rs. 800 crores arrears. This is a very ambiguous thing. I think it will be better if the Board of Direct Taxes take a little more pain in explaining out of this how much amount is outstanding on account of litigation, how much amount is outstanding on account of assessment having been completed but payment date has not yet become due and how much amount is outstanding for more than one year so that we can know what is the real outstanding, where the weakness lies and why the amount is not recovered. If they give the break-up, they will get less criticism from the Members. I hope in future they will take a little more care in giving a break-up of the outstandings.

Before I conclude, I want to make one or two suggestions...

SHRI S. M. BANERJEE: What about unearthing black money? Why not you suggest something?

SHRI S. R. DAMANI: The Finance Minister will be able to reply about that. In a country like ours where agricultural income is tax-free, how can a man estimate this is black money and this is not black money? It is all a guess-work. I do not want to indulge in this matter. Let the Finance Minister reply about this.

Between the Income-tax officers promoted and the direct recruits there seems to be a long-standing dispute going on which creates a lot of bad blood.

Hon. Finance Minister may kindly make all efforts to settle the disputes between the two categories of staff, so that there are no contradictions.

There are so many works which have been entrusted to I.T.Os. such as maintenance of statistics, etc. These should be taken away from them so that they may concentrate more on completing the assessments.

There is dearth of training centres for the officers. There is only one training centre at Nagpur for three thousand officers. More training centres should be opened for the training of these officers.

Without retrenchment or creation of new posts, computerisation may be adopted.

Hon. Finance Minister has spent crores and crores of rupees to meet the demands of other Departments but he is a bit economical so far as his own Department is concerned. I hope the Finance Minister will be liberal and give more money for training purposes, for statistics and for residential accommodation for Income Tax Department.

With these words I conclude.

SHRI Y. S. MAHAJAN (Buldana):
Mr. Chairman, Sir, the Taxation Laws (Amendment) Bill is a major piece of legislation and of fundamental importance. It seeks to effect wide changes of far reaching importance in the structure and pattern of direct taxation. The Joint Select Committee, to which the original bill was referred, has thoroughly examined the Bill and made some important changes. Sir, I welcome the Bill in the new shape in which it has emerged from the examination and deliberations of the Joint Select Committee.

The main objectives of the bill are—

1. To unearth black money and prevent its proliferation.
- 2 To fight and curb evasion of tax.
- 3 To check avoidance of tax through various legal devices including the formation of trust, and diversion of income or wealth to members of the same family.
- 4 To reduce tax arrears and prevent accumulation of arrears in future.
5. To rationalise exemptions and deductions available under the relevant enactments; and
6. To streamline the administrative set up and make it functionally effective.

The Bill is thus comprehensive in character and seeks to make the necessary and consequential amendments in all the direct tax laws such as the Income Tax Act, 1961, the Wealth Tax Act 1957, the Gift Tax Act 1958, the Companies (Profits) Surtax Act of 1964.

15.30 hrs.

[SHRI C. M. STEPHEN *in the Chair*]

The policy as regards direct taxes has been progressive in character. The higher the income the larger the proportion of it which you pay by

way of tax. Over the years the progressiveness of the tax system increased to such an extent that the highest rate of taxation on income went up to 99.75 per cent. This was responsible for our reputation as the most highly-taxed nation. This rate of tax on the highest bracket was brought down to 77 per cent last year. The objectives of our policy were broadly to maximise revenue for developmental purposes, and to reduce inequalities of income and wealth. Though revenue has increased continuously over the years, it must be admitted that by and large both the objectives of tax policy have been defeated by the poor and inefficient administration of the enforcement machinery and adverse reactions of the tax payers to the structure and pattern of the tax system.

The result has been avoidance and evasion of tax on an unprecedentedly large scale all along the line and the accumulation of black money in the hands of tax evaders, blackmarketeers, smugglers etc. which has threatened to make governmental control of the economy ineffective and nugatory. This has happened though the number of assesseees has been small. For instance, on 31-3-74 it was not more than 34,60,843. Out of a total collection of Rs. 1304.5 crores of corporation tax and taxes on income other than corporation tax, Rs. 1201.4 crores were accounted for by (1) deduction at source; (2) advance tax; and (3) self-assessment. This means, collection of only Rs. 103 crores was due to regular assessment. Now as against this, consider the large army of people in this department. There are today over 3000 incometax officers, 100 commissioners, 700 assistant commissioners, 3188 inspectors and 26666 supervisory/clerical staff. Assessment work which involved serious attention on the part of this bureaucracy has yielded a collection of only Rs. 103 crores during 1973-74.

It is to deal with this situation,
i.e. to cope with the problems of tax

[Shri Y. S. Mahajan]

evasion, to unearth black money and to prevent its proliferation and to streamline and improve the enforcement machinery that this Bill has been brought forward by the Government.

To achieve these objectives, the Bill seeks to plug some loopholes rationalise the system of exemptions and deductions and tone up the efficiency of the administrative machinery. I have not the slightest doubt that the Bill will succeed in achieving those objectives to a considerable extent.

There has been a lot of discussion about charitable and religious trusts. Their funds have been used to acquire control over industry and business. I wish the committee had recommended a system under which, as in Maharashtra and Gujarat, the Charity Commissioner supervises and regulates their functioning and investments. The provisions in the amended Bill will however go a long way to prevent the abuse of funds and are also, in my view, fair to trusts created before 1-4-62. The exemption from Income tax granted to such charitable trusts has not been withdrawn as contemplated by the provisions of the original Bill.

For years we thought that only merchants, traders and manufacturers were guilty of tax evasion and holding of black money. But recently, a highly educated, respected and influential class of people have joined their ranks viz., prosperous members of the legal, medical, engineering or architectural professions. This has a very depressing effect on the morale of the whole community. The income-tax officers usually come from the same class of people as these professionals. I hope class interests will not prevent them from strict and honest implementation of the provisions which amend section 44A of the Income-Tax Act, requiring those professional people to keep proper accounts of their receipts and expenses.

Out of the numerous amendments to the direct tax laws, I will like to mention only one more, viz., that relating to prosecution, embodied in clauses 68, 70 and 100 of the Bill before us. The Bill seeks to make the provisions of the Income-tax Act relating to prosecution more effective, by taking away the discretion vested in courts to award monetary punishment as an alternative to rigorous imprisonment or to reduce the term of imprisonment below the prescribed minimum. It is sad to note, that despite stupendous tax-evasion there was no case at all of prosecution from 1940-41 to 1958-59. Even afterwards there have been only stray and nominal cases of prosecution. The Public Accounts Committee in its 87th Report has said, that out of 75 cases where the income concealed was over Rs. 5 lakhs during 1970-71, only in one case was prosecution launched and that two other cases were stated to be under consideration.

This shows that the provisions of the law relating to prosecution have remained on paper and have not been implemented at all. No wonder India has become a taxevaders' paradise.

Unless the tax department energises itself, overcomes its fatal weaknesses, and implements the Act with vigour, honesty and integrity the claims of revenue will continue to be sacrificed mercilessly and the ideal of a growth-oriented tax system, a tax system, which promotes economic development, yields a higher revenue as rational income increases and makes a thrust towards a serious reduction of inequalities of income and wealth will continue to elude us as completely as it did in the past.

With these remarks, I support the Bill.

श्री रामबतार झास्त्री (पटना) :
 अध्यक्ष महोदय, इस विधेयक के द्वारा चार कानूनों में संशोधन किया जा रहा है—
 आय कर ऐक्ट, 1961, सम्पत्ति कर ऐक्ट,

1957, उपहार (गिफ्ट) कर ऐक्ट, 1958 और कम्पनी मनाफ़ा सर टैक्स ऐक्ट, 1964 इन चार कानूनों में संशोधन करने की कोशिश इस विधेयक द्वारा की गई है। इन संशोधनों के मन्त्री जी ने 6 उद्देश्य बता लाये हैं (1) काले धन का बाहर निकालना तथा उसे बढ़ने से रोकना, (2) कर-बंचना यानी कर की चोरी को समाप्त या कम करना, (3) कानूनों का सहारा लेकर करों से बचने के प्रयासों को समाप्त करना, जैसे ट्रस्ट आदि बना कर जो लोग कोशिश करते हैं, (4) करों की बकाया को कम करना तथा भविष्य में उसे बढ़ने से रोकना, (5) करों में कमी तथा ऐग्जेम्पशन को रोकना, (6) प्रशासकीय व्यवस्था, जो बहुत ही महत्वपूर्ण है, को ठीक करना।

ये बहुत ही अच्छे उद्देश्य हैं। इन उद्देश्यों से किसी को मतभेद नहीं हो सकता। अगर मतभेद कही होता है तो उसके कार्यान्वयन के सिलसिले में, कि उसको कैसे लागू किया जाता है। इसी सिलसिले में मैं एक, दो बातें निवेदन करना चाहता हूँ।

इन तमाम कानूनों को लागू करने के लिए जो इनका प्रशासनिक यंत्र है, वह यंत्र ऊपर से नीचे तक भ्रष्ट हैं आम तौर से और उस में इक्का-दुक्का लोग ही अच्छे हो सकते हैं। मेरे कहने का मतलब यह है कि तमाम सरकारी अधिकारी भ्रष्ट नहीं हैं लेकिन बहुतेरे अधिकारी भ्रष्ट हैं और अगर सब अधिकारी ठीक से काम करें, ईमानदारी से काम करें और अपने कर्तव्य का पालन करें, करों की वसूली के सिलसिले में, तो सरकार की आमदनी कई गुना बढ़ सकती है और काले धन की जो सृष्टि होती है, उसे रोक जा सकता है। हर आदमी जानता है कि हमारे यहां भरबों रुपया काला धन छिपा हुआ है और टैक्सों का भरबों रुपया बकाया है जिसे लोग छिपाये बैठे हैं। वे सरकारी अधिकारियों से मिलकर या बिना मिले हुए

उस रुपये को बचा जाते हैं। श्री काल्डर ने आज से पांच सात साल पहले कहा था कि पांच भरब रुपया काले धन का देश में है जो कि लोगों ने करों को छिपा कर तथा बचा कर रखा है। मुझे सही आंकड़े तो मालूम नहीं और मंत्री जी को मालूम होंगे तो वह बतावेंगे कि आज कितना रुपया ऐसा है। लेकिन मैं समझता हूँ कि उस से बहुत ज्यादा होगा। इसलिये जो उद्देश्य बताये गये हैं, अगर इन को मिट्ट करना चाहते हैं और इन को हासिल करना चाहते हैं, तो यह जरूरी है कि हम प्रशासन को चुस्त और दुरुस्त करें, जिन की मदद से करों की चोरी होती है और अब वह समय आ गया है कि जबकि हम अफसरों को सजा देने की व्यवस्था भी इस तरह से कानून में रखें। अभी तक किसी भी कानून में, जहां अफसरों की मदद से, जिन की सहायता से या जिन की आखें जानबूझकर भ्रष्ट करने से करोड़ों रुपये की टैक्स की चोरी होती है और लोग उस रुपये को पचा लेते हैं, ऐसे अफसरों को सजा देने की व्यवस्था इस तथा अन्य किसी कानून में कहीं नहीं है। मुझे एक बार मौका मिला था और वह बिल अभी तक आ रहा है जिसका नाम दिल्ली बिक्री कर विधेयक है, प्रवर समिति में इस सवाल पर बहस हुई थी और आम तौर पर सदस्य सहमत थे कि इस तरह की व्यवस्था तमाम कर संबंधी कानूनों में होनी चाहिए ताकि ऐसे अफसरों को, जिन की मदद से चाहे वह धाय कर हो, चाहे सम्पत्ति कर हो और चाहे कम्पनियों के ऊपर बकाया कर हो, लोग रुपया चट कर जाते हैं, खा जाते हैं, पकड़ा जाना चाहिए और उन को भी वही सजा दी जानी चाहिए जो कर-बंचकों को दी जाती है जो कर छिपा कर पचा जाने वालों को होती है। चाहे इंकम टैक्स के अधिकारी हों या बिक्री कर के अधिकारी हों कहीं के भी अधिकारी हों, उन को भी वही सजा होनी चाहिए। इस तरह की व्यवस्था इस तरह से कानून में होनी चाहिए। तो मैं मंत्री जी से निवेदन करना चाहूंगा कि इस बारे में आप का विचार क्या है और इस दिशा में सरकार क्यों नहीं

[श्री रामावतार शास्त्री]

सोच रही है जबकि जगह जगह पर कमेटियों में इस तरह के संवाल उठाये गये हैं।

अष्टाचार के सम्बन्ध में मैं एक उदाहरण देना चाहता हूँ जोकि वह मंत्री जी के विभाग के संबंधित नहीं है और वह राज्य सरकार के विभाग से संबंधित है। अभी हाल ही में मुझे पटना जाने का मौका मिला था। मैं वहाँ का प्रतिनिधि हूँ। पटना सिटी के सैल्स टैक्स आफिस के तीन सैल्स टैक्स डिप्टी सुपरि-टेंडेंट्स ने एक छोटे से मामूली हालर से तेल पेलने के व्यापारी से, जो कि बहुत ही यरीब था और जिस के पास खाने को भी मुश्किल में था, एक एक हजार रुपया यानी तीन हजार रुपए घूस ली। जब मुझे उस के बारे में मालूम हुआ, तो मैं उस दफ्तर में गया और वहाँ हंगामा मच गया। समय की कमी की वजह से मैं पूरी कहानी नहीं बताना चाहना लेकिन यह जरूर कहूंगा कि उन तीनों अधिकारियों ने उस को डरा कर घूस ली और कहा कि तुम्हारे यहाँ बहुत ज्यादा तेल है। उस ने कहा कि आप देख लीजिए। उन्होंने कहा कि तुम नहीं जानते कि इमरजेंसी लगी हुई है और तुम तीन हजार रुपया लाओ। उस बेचारे के पास रुपया नहीं था और उस ने अपनी बहन का जेवर बन्धक रख कर उन तीनों को एक एक हजार रुपया दे दिया। जब मुझे मालूम हुआ तो मैं वहाँ दफ्तर में गया और वहाँ हंगामा मच गया। उस आदमी को वहाँ पर बलाया गया। वहाँ पर उन लोगों ने कहा कि शास्त्री जी को कैसे यह मालूम हो गया कि किसी ने कहा कि वे यहाँ के प्रतिनिधि हैं। किसी ने उन को इस के बारे में बता दिया होगा। अन्त में नतीजा यह निकला कि तीन हजार रुपये उन को वापस करने पड़े तो यह मैं ने आप को एक उदाहरण दिया और इस तरह के अधिकारी हर डिपार्ट-मेंट में हैं चाहे वे राज्य सरकारों से संबंधित हों या भारत सरकार के कार्यालयों से संबंधित हों, इंकम टैक्स के अधिकारी हों या सैल्स टैक्स के अधिकारी हों। ऐसे लोगों का सजा

देने की व्यवस्था आप नहीं करेंगे तो कानून बहुत अच्छा होते हुए भी, उद्देश्य बहुत अच्छा होते हुए भी, आप का इरादा अच्छा होते हुए और 20 सूत्री कार्यक्रम होते हुए, कुछ नहीं हो पाएगा जब तक कि आप उस को क्रियान्वित नहीं करेंगे। इस तरह से जनता के अंदर जो असंतोष है, उस के अंदर जो नाराजगी है, वह ज्यों की त्यों बनी रह जाएगी और जो प्रतिगामी शक्तियाँ हैं, वे उन का इस्तेमाल करेंगी। तो मैं आप के जरिये यह निवेदन करना चाहता हूँ।

दुगरी बात यह है कि आप ने सजा की व्यवस्था सख्त करने की कोशिश की है, उस में मेरी महमति है लेकिन फिर मुझे यह सदह हो रहा है कि उसे लागू किया जाएगा या नहीं। आप के जो अधिकारी हैं, वे उसे लागू करेंगे या नहीं। इसलिए मेरा कहना है कि जो सजा की व्यवस्था रखी गयी है, उसे सख्ती के साथ लागू कीजिए और उन लोगों पर डिफेंस आफ इंडिया एक्ट और मीसा का कानून लागू कीजिए और कर-बचकों और कर-बचना करने वाले अधिकारियों, दोनों को जेल में डालिये। फिर आप देखिये कि आप के पास धराधड पैसा आता है और आप को आम जनता पर टैक्स लगाने की जरूरत नहीं होगी और आप का घाटा का बजट बेग करने का संवाल नहीं उठेगा। अरबों रुपया जो माग जाता है, वह आप को मिलेगा पर इस के लिए आप जग शासन को कसिये।

एक आखिरी बात और कहना चाहता हूँ और वह यह है कि धार्मिक संस्थानों के नाम पर करो में छूट देने की बात आपने कही है। आप ट्रस्टों को और पब्लिक यूटिलिटी, सार्वजनिक हित के नाम पर कुछ लोगों को छूट देंगे।

हमारे साथी और माननीय सदस्य श्री बनर्जी ने ठीक ही कहा है कि हमारा देश धर्म प्रधान है। यहाँ धर्म के नाम पर जनता की लूटने वालों की कमी नहीं है। लाखों और

करोड़ों रुपये आमदनी करने वाले मंदिरों और मठों को करों से छूट दी जाती है। मैं मन्दिरों में विश्वास नहीं करता लेकिन जो लोग विश्वास करते हैं मैं उन के बारे में कुछ नहीं कहना चाहता हूँ पर यह जरूर कहूंगा कि मन्दिरों के नाम पर, गिरजाघरों के नाम पर, गुम्बद्वारों के नाम पर और किसी और भजहब के नाम पर ग़ुलछरें उड़ाए जाते हैं और करों की चोरी की जाती है। ये भ्रष्टाचार के अङ्ग हैं और उन को अगर आप सहूलियतें देने हैं तो यह बुरा होगा। इस सम्बन्ध में मैं यह बताना चाहता हूँ कि हमारे राज्य में एक स्वामी हरि नारायणानन्द जी हैं जो कि भारत संघक समाज व साधु समाज के नेता हैं। बिहार सरकार ने वहाँ पर 70, 75 लोगों की 20 सूत्री कार्यक्रम को कार्यान्वित करने के लिए एक समिति बनाई है, जिस में वे भी रखे गये हैं। मैं जानता हूँ कि भूमि हदबन्दी कानून के वे सख्त दुश्मन हैं। वहाँ पर जो रिलीजस ट्रस्ट बोर्ड है, उस का एक एम० एल० ए० अध्यक्ष है। उन की मदद से शायद एक जापन भी प्रधानमंत्री जी को दिया गया है, जिस में कहा गया है कि धार्मिक संस्थानों के पास, मठों के पास पड़ी 100 एकड़ भूमि पर हदबन्दी कानून लागू नहीं होना चाहिए। इस तरह से आप देखें कि ऐसे लोगों को प्रधान मंत्री के 20 सूत्री कार्यक्रम को पूरा करने के लिए मिनाहसालार बनाया गया है। इसलिए मेरा यह कहना है कि अगर आप करों में ऐसी छूट देते हैं तो धार्मिक संस्थानों के नाम पर या सार्वजनिक संस्थानों के नाम पर इस बीमारी को एप्रोकचर सेक्टर में भी पहुंचाया जा रहा है।

हमारे सूत्र में आवाज बुलन्द होती शुरू हो गई है। कि धार्मिक संस्थाओं के वास्ते, मठों के वास्ते एक सौ एकड़ जमीन आप छोड़ दें। आप लूपहोल छोड़ रहे हैं। इसे आप न छोड़ें। ऐसा आप करेंगे तो आप का उद्देश्य पूरा नहीं होगा। ये जो जमीन चोर हैं जो हमारे सूत्र में 28-28 हजार एकड़ तक रखने वाले हैं

और ये स्वामी जी जिन का नाम मैं ने लिया है यह बड़े जमींदार हैं और जिनमें ने बहुत ज्यादा जुल्म किसानों पर किए हैं, किसानों को कत्ल तक करवा दिया है और आपके कांग्रेसी भाइयों की कृपा से कभी भी इस का बाल तक बांका नहीं हुआ है, इन पर कोई मुकदमे नहीं चले हैं और अगर चले हैं तो ये छूट गए हैं, जिनमें ने जेल का मुंह तक नहीं देखा है। इन को तथा भ्रष्ट धार्मिक नेताओं को अगर आप मौका देंगे तो ये इन लूपहोलज से फायदा उठावेंगे। यह मौका आप इन को न दें। इस तरह के लूपहोल, इस तरह के सुराख आप इस कानून में न छोड़ें। सख्ती के साथ आप अपने कर वसूल करें। हम आप की मदद करेंगे। भ्रष्ट अफसरों को आप पकड़ें। अरबों रुपया जो करों का वक़ाया है आप कोशिश करें कि वह आप के खजाने में आए। उस से जनहित के काम होंगे और आप इसका ज्यादा से ज्यादा लाभ उठा सकेंगे।

इस कानून में आप ने जरूर कोशिश की है कुछ सुधार लाने की। लेकिन यह पर्याप्त नहीं है। फिर भी आप ने एक कदम आगे बढ़ाया है। इसीलिये मैं इस कदम का स्वागत करता हूँ। मैं मांग करता हूँ कि आप और सख्त बनें। केवल भजदूरों पर, किसानों पर मध्य वर्गीय कर्मचारियों पर ही अगर एमरजेंसी की तलवार लटकती रही तो देश का भला नहीं होगा। जो चोर हैं और जो चोरों की मदद करने वाले अफसर हैं ऐसे लोगों पर आप हमले करें। एमरजेंसी में आप और ज्यादा काम करें। सभी लोगों पर एमरजेंसी का रंग उतना नहीं चढ़ा है जितना चढ़ना चाहिये। इसको आप चढ़ाइये। अगर ऐसा आप ने किया तब आप को पता चलेगा कि कैसा सुधार होता है, तब आप अपने मंजिले मकसूद पर आसानी से पहुंच सकेंगे, जो आप का उद्देश्य है वह पूरा हो सकेगा।

इन शब्दों के साथ मैं इस कानून का अगर मगर के साथ समर्थन करता हूँ।

SHRI D. D. DESAI (Kaira): I would make a few suggestions while supporting the Bill, namely the direct taxes Bill as presented today. Tax receipt has shown us that with a reduction in tax, the tax revenue of the country has greatly increased. You would recall that last year when we reduced the rate of tax from the highest slab of 97.75 per cent to 77 per cent and recently I asked a question in Parliament, the figures provided to me showed that the revenue had actually grown with the reduction in that tax slab. This shows that the return to the country or to the exchequer could go up and the reduction can reduce certain amount of black money and other bad features.

Our purpose of revenue mobilisation is multi-fold. One of course is much needed funds for our development. The second is reduction of inequality. Reduction of unemployment, reduction of inflation, growth of the economy, and so on—all these aspects are very important from different angles. While the Finance Minister has emphasised revenue resource as the most important factor, I strongly feel that much of our revenue goes waste and is substantially inflationary, while it is used. Any expenditure or any amount which is spent without return in negotiable goods or service is naturally going to be inflationary, and the restrictive features which the Finance Minister is introducing in the use of money are welcome. Still a lot remains to be done. Emergency is a time when the whole administration can be put in fine fettle so that our outgo is reduced.

Economy can only grow with means and principal among the means would be money. We have all the resources in the country. In a capital hungry country like India the main difficulty is money. Money here means the difference between expenditure and income; you may call it surplus or profit. This should substantially be saved and the savings

of the country have to be increased. If economy has to grow, the savings should remain in appropriate hands. This would fall into two groups—private as well as corporate. The Finance Minister will have to see that savings and investment are sufficient to provide for the rate of growth envisaged. I was one of the few persons who eagerly supported our credit squeeze even in our party forums. I should still continue to do so because I do not think that inflation had been fully arrested. Investments should continue to provide for the expansion of the goods and requirements. We have not been able to arrest the growth of our population and this pressure is bound to be reflected in the internal demands and unless we provide for additional goods and services in a time, internal pressures could not be checked. I feel that this year we were fortunate. It give us 12 months clear advantage. This year the monsoon looks to be good. I am sure that the economy will be in very good form and will take a really big stride. The 12 months period should be utilised for consolidating our gains and for creating production capacity and production capital that we need very badly today.

16.00 hrs.

There has been some talk about agricultural taxation and so on. One of my hon. friends referred to it. We have enacted land ceiling. At the rate at which commodity prices are falling, I think we have done enough to limit the income of the agriculturist. What is left after the whole family of a farmer has worked day and night, if really someone takes that into account and calculates the inputs and returns, he would see the real position. It is a vital sector and we need it badly. We do not want to import foodgrains. We want our industrial operations to be smoothened. Therefore, agriculture is a thing which should not be bothered about now. Agriculturists cannot be said

to be not paying taxes. They are paying heavily in indirect taxes. In fact all the people in India are paying taxes in one form or another. Therefore for the time being agricultural direct taxes may not be talked of because it would unnecessarily scare away people. Already they are demoralised and we should not do anything more to raise their burden.

Regarding trusts, we have operating systems in Maharashtra and Gujarat. In both the places charitable trusts have worked very well. Examples of trusts could be seen. I feel that they should have given some guidance and some sort of a system might be built in by which we can operate the trusts. The purpose of the charitable trust is good.

And the operation of charitable trusts could be bad. Therefore, there is a gap between the objective and the implementation. Because some people are not cooperating or misusing the trust's funds, I should not say that the idea or objective should not be encouraged. In other words, trusts have been of great help in the field of education, in the field of development and so on. After all, the Government with its budgetary requirements and other things is not always in a ready position to help as soon as need arises and these trusts then come to help.

We have seen that the cost of replacement of capital equipment has increased multi-fold due to inflation. As it is, we have to pay above 100 per cent for replacement of ten year old equipments. On the one hand, Govt. is thinking of re-valuing the assets and on the other hand, for the purpose of replacement, the current depreciation rate at best can provide up to 100 per cent of original purchase price. For replacement of the same asset he needs 200 per cent. This means, the installed capacity will become half after 10 years. In other words, the unit will become sick and this sick unit will go into

the lap of the Government. Having a hospital for these sick units is a costly affair and we should try and see that a reasonable course is adopted by which plants replacement can be made.

There has been some talk of not making economic offence justiciable. From my own experience, I would just tell you that during the last 30 years in my life I must have argued 50 to 100 cases and I have yet to lose my first case. It is not that bureaucracy is infallible. They do go beyond whatever the provision is made and there again, the courts could set the matter right. If you make it non-justiciable, we are leaving it completely to the bureaucracy and are inviting corruption. Today, one can fight in courts, he can seek justice and justice is bound to be given. Before making anything non-justiciable we should make it sure that it would help us and our main purpose is to see that corrupt elements are brought to book and flibustering is put an end to. This is a good objective and we have to see that this objective does not become a mirage for us.

Much has been talked about black-money. I do realise that there is black money and some problem is arising out of it. The Wanchoo Committee has dealt at length on how to solve this problem. Personally I feel that unless and until tax system is properly tuned to see that there is no incentive for creating black money and parallel economy is broken down, till then whatever steps we would take we will not solve the problem of black money. Several measures have been suggested like demonetisation and raids. All these are costly affairs and we cannot say that they are hundred per cent foolproof. After all, Government has to create wealth in the country for the growth of the economy and for solving the problems. In other words, whatever black money is there, we have to see

[Shri D. D. Desai]

that this is used for productive purposes and for creating additional employment.

With these words, I support the measure.

THE MINISTER OF FINANCE (SHRI C. SUBRAMANIAM): Mr. Chairman, Sir, I am not surprised that there was only a limited debate on this Bill because this matter has been considered by various committees and also periodically we discuss the income tax and various other connected matters every year during the discussion on the Finance Bill. As far as this Bill is concerned, it went through the Select Committee stage where extensive evidence was taken, various documents were scrutinised and there was full and frank discussion within the Committee on the basis of which the proposals have been formulated now. There could always be adjustments either on this side or that side but ultimately we have to take a decision and we had taken a decision. I am not prepared to say that with the passage of this Bill everything will be all right. Particularly in matters of this kind, it is a hide and seek play. You plug the known loopholes. After all, human ingenuity is such that one always got over any statutory provision and particularly when we have a learned profession engaged in methods of finding avoidance. Certainly, whatever we may do in this House, I am sure, is not going to be the end of it. We have to review the position continuously and we have to plug the loopholes.

As long as the present structure of taxation stands, we cannot make very many radical changes. If we get away from that, then the whole thing will have to be looked at in a different way altogether. Therefore, taking into account the existing structure, whatever points are to be examined have been examined complete-

ly only recently by the Wanchoo Committee on the basis of which these proposals have been formulated.

Even some of my colleagues have been giving various suggestions. It is not as if these suggestions have not been considered. These very suggestions have been considered by the Wanchoo Committee and later on discussed in the Select Committee; and we have taken some decisions. Naturally, a concern was expressed with regard to black money, because this is one thing which is corroding the life of the nation as a whole—I mean this parallel economy. Therefore, any one who is interested in the healthy development of the economy will have to be greatly concerned about the generation of black money and the use of the black money in various ways. The hon. Member, Shri Banerjee gave an estimate that it might be Rs 17,000 crores or Rs. 20,000 crores. It would then be not black money, but black wealth; because money means that it should be in the form of currency notes or coins. This black money continuously gets converted into various sorts of assets like real estates, shareholdings etc. Therefore, this process continuously goes on. Therefore, when we talk in terms of black money as such, it is a limited amount. Taking into account the total currency available, and out of the currency taking into account what has come into the system, it is only a small quantity that will be in the form of black money as such. We have to distinguish between the two. It is the generation of black money which leads to black wealth. We have, therefore, to take steps to see what are the sources by which this black money is generated and more than that, where this black money is invested. Unless we tackle these two things, we would not be able to find a solution. Now, we are trying to find out where they are invested. As a matter of fact, the real estate, particularly in many of the metropolitan, urban areas, has been the area where

perhaps most of the monies are invested as such, apart from this money being used for trade purposes. That is another matter. But as far as investment is concerned, they are invested in houses, in cinema houses, godowns, commercial buildings etc. That is why now, if we have appointed special squads for the purpose of looking into the valuation of the various buildings which have recently come up in the 4 metropolitan areas, it is for the purpose of identifying how these investments had taken place; and whether they had been accounted for properly; and if they had not been properly accounted for, then to give an opportunity to the owners of these houses to explain as to from what source they were able to put up these houses or various buildings. This is one thing on which we are concentrating our effort; and even within the last few weeks during which these squads are operating, it looks as if a dramatic result may come out of it. Therefore, it is that area which we will have to take care of. Secondly, we have also to see the areas where the black money as such is used, for the purpose of hoarding, for the purpose of cornering stocks, cornering shares and various other operations. This area also will have to be tackled properly; and it is in these two areas that we will have to concentrate and try to ensure that this outlet is blocked as much as possible; and to the extent that we are able to block this outlet for black money, to that extent will the motivation for generating black money also get reduced.

Therefore, to argue always on the basis "bring down the taxation, then there will be less temptation to evade taxes" is completely illusory in my view. As long as there is scope for investment of this black money and make more out of it, to that extent there will be that temptation. That is why we have to see that in our economic system there is no scope for

the investment of this black money. Perhaps what we are doing may not be adequate and we will have to further think on these lines, even do some research on these lines, and try to find out how effectively to plug all loopholes and outlets, profitable outlets for black money. This is one aspect which has to be kept in mind.

Then, naturally we have to tackle the sources of black money also. As I stated another forum, there are two aspects of black money. One is black money which arises out of illegal transactions *ab initio* illegal transactions like smuggling or black-marketing or corruption. These are areas which give rise to black money, because these cannot be shown in any accounts. Therefore, *ab initio* they arise out of illegal activities. This will have to be taken care of. The second area is where initially it was a legal transaction but, because of the evasion of taxation, it becomes black money because it cannot be shown in the books.

To the extent this black money gets generated in either of these forms, it is not available for investment in the economy or for the healthy functioning of the economy. That is why it distorts the economy as a whole. I say that it should be our effort to see that we eliminate these aspects as much as possible. The present Amendment Act provides certain facilities for the administration to get at the source and thus see that black money is not generated and, even if it is generated, the outlets for its investment are plugged as much as possible. But, ultimately, it is the social consciences alone which can provide an effective answer to that.

Today a tax evader is as respectable a person as any other citizen. After all, what is the difference between a thief or a robber and a tax evader or black money earner? One is as bad as the other. But, unfor-

[Shri C. Subramaniam]

Unfortunately, today the tax evaders pass off as respectable citizens. Unless we have stringing laws we cannot tackle this. In my view these anti-social elements are more harmful anti-social elements than even thieves or robbers because, while the area of operation of robbers and thieves is naturally limited, here the area of operation gets expanded; the more powerful he becomes the greater the area in which he can operate. Therefore, in my view, these people are more anti-social.

Even in a capitalist country like America tax evasion is considered to be a very very serious offence. As a matter of fact, many of the crooks who get away in respect of various other laws get caught in the tax net and then they are sent to jail for seven years, or even life imprisonment is given. But here we take a very very lenient view and the judiciary also takes a very lenient view, saying "after all, he has only evaded taxes; therefore, have a fine". Recently, we found a very famous case where imprisonment was given till the rising of the court. What is that punishment? A person will have to stay in the court till the evening and then he can get away even though he has tried to evade lakhs and lakhs of rupees. It is because of this lack of social conscience that the judiciary also thinks that this is nothing serious. The social conscience with regard to the anti-social nature of these activities will have to spread more and more. In this I am sure the members of this House can play a great role. As a matter of fact, the discussions that took place should set this tone for the purpose of creating a new atmosphere in our country.

Today we are saying that there should be minimum punishment. In my view, even this minimum punishment which we are proposing may not be adequate. We will have to

review it later on. Because, sometimes people think when a millionaire has evaded taxes "how can he be sent to jail? On the other hand, the richer the man, the bigger should be the punishment, because he had no excuse to go on earning in this way when he has already got enough of wealth. I can understand a poor man stealing but, certainly, I cannot understand a rich man indulging in these anti-social practices. That is why I say that the attitude will have to change—not that when a poor man commits an offence, he steals a small piece of bread something else, he gets imprisonment for three months, six months or one year while a rich man gets away with imprisonment only till the rising of the court. In the latter case there should be a greater punishment, and that can come only by bringing about social conscience in the country.

Therefore, it is not that we are not aware of the existence of black money in the country. We should do everything in our power to eliminate this. We are making very serious attempts to unearth this. We are taking various legislative and administrative measure to see that this does not become an increasing cancer, a spreading cancer in our economy. I hope and trust the House will give generous support to these efforts.

I want to tell Shri Shastri that you do not achieve anything by wholesale condemnation of the administration as such by saying that the majority of them are corrupt. I am not saying that the income-tax department contains only the paragons of virtue. There are black sheep everywhere. There are black sheep among politicians. Because of that, can we say that all politicians are corrupt people? If it is stated that way, will we not get offended? In the same way, even though there may be some corrupt people in the income-tax or any other department, we should not do wholesale condemnation. That is not the right

way of doing things. That is the easiest way to make even honest officers corrupt because they will think that in any case they will be dubbed as corrupt, so why not really become corrupt.

SHRI RAMAVATAR SHASTRI: I said that many of them are corrupt.

SHRI C. SUBRAMANIAM: He said that the majority of them are corrupt. It is not correct. That is not the way to approach the problem.

SHRI RAMAVATAR SHASTRI: I still hold that view

SHRI C. SUBRAMANIAM: It is not that I want to justify the corrupt elements. They will have to be chased out. But, for that the approach will have to be different. After all, this is a difficult area to work. Very easily suspicions grow. Therefore, we have got to be very cautious. Simply because somebody says that some one is corrupt, we cannot take it that he is corrupt. We can take action only whenever facts come to light with regard to corrupt practices. This is one aspect of it.

Then, apart from the aspect of corruption, naturally our administrative machinery will have to be competent. They should have the competence to deal with an area which is not only complicated but which is powerful also. Unless that competence is developed within the machinery, whatever might be the statutory provisions, we may not be able to achieve results. It is here that we are trying to give better training to our officials, training at various stages and at various levels. We are periodically meeting the officials. But now I want to institutionalise it so that all the Commissioners meet at least once for two or three days, discuss all the problems and try to find out how a particular Commissioner has solved a particular problem,

so much so there is sharing of experience. In this way it would be possible to build up greater efficiency and greater effectiveness with regard to this, not only among the Commissioners but among other officials also, even at the level of the income-tax officer. They should be able to meet and discuss their problems and not only take decisions for better functioning amongst themselves but make suggestions to the Government with regard to the difficulties with which they are confronted. I have discussed it with my colleague, who is directly dealing with it. We want to institutionalise the periodical conferences of officers so that they may have an opportunity to discuss these matters and bring to the forefront the various problems with which the administration is faced so that effective steps could be taken, either by way of statutory amendments or by proper directives being issued.

So, it is a question of improving the competence from top to bottom. This should be our effort, and with regard to which many recommendations have been made by the Wanchoo Committee, and we are taking each one of them and trying to implement them, as far as possible. I want to give this assurance that the Finance Ministry will see and will ensure that the various measures which are necessary to improve the machinery also will be taken, apart from the statutory measures that we are making.

Various other points have been made here that there are only about 27,000 people with an income above Rs. 1 lakh and all others are below. These are matters which will have to be constantly gone into and we should try to find out who are evading the taxes, only then we will be able to do it. It is on the basis of that that we are organising surveys of particularly the professional people. While business people, they get assessed generally, unfortunately, the professional people have not taken note of the existence of the Income Tax Act. That is why, we are

[Shri C. Subramaniam]

having intensified surveys with regard to lawyers, doctors, accountants, consultants, surveyors and architects so that it will be possible for us to identify the real income of these people, so that they may be called upon to pay their taxes; and this is perhaps also mainly because the social conscience has not developed. After all, these are learned professions and noble professions. In spite of that, they do not find anything wrong in not paying taxes. This is the real difficulty. But, I hope that they will also realise that they should discharge their social responsibility by paying their tax. If they do not do it, the Law should take its own course to bring net, as far as possible. Those steps are being taken.

The other area which has been used for the purpose of avoidance of tax is the creation of trust. I do agree that there are trusts which have done very good service to the country and to the community. I do not deny that. But, at the same time, there are many trusts which are used for the purpose of avoidance of tax, either wealth tax or income tax, and not only for avoidance, but to have control over various industries through trusts. So, naturally, they have to be taken care of. That is why we are not against trusts as such. It is not that we want to take harsh measures against them. But when these charitable trusts are misused and abused for selfish personal purposes, certainly, they cannot be allowed to go on without being preventive. That is why we are bringing in various measures for the purpose of plugging the loopholes there, particularly with regard to the investment of funds. With regard to shares in the trusts as well as shares in the various companies which are created in the form of trusts, we have gone into it. It is allowing shares to be put into the corpus of the trust which leads to various sorts abuses. That is why in spite of the Select Committee's recommendations, we have come to the conclusion that if they want to have

shares, it should be in Government owned companies and not in a private Ltd. company or a public limited company where Government is not the owner, but the private citizens are the owners. This is no disrespect to the Select Committee as such. I have gone into it. I was a party to the decision. They tried to convince me. It looked as if I felt convinced. But when I went into the whole matter, it looked as if we would leave a big loophole if we accept the recommendations of the Select Committee. That is why we have brought this amendment.

Then there are religious trusts. Unfortunately, it is not only charitable or in the name of charity that abuses take place, but perhaps the God is the most abused institution in the world today. God is also used for the purpose of evading taxes, for the purpose of making illegal profits out of these various transactions. Therefore, simply because there is the name of God or religion, we cannot say, all right, that this is a religious matter or particularly a minority religious matter, and therefore, any abuse can go on in the name of God. If it is confined only to religion alone, then we won't come in. But when religion is combined with wealth, money and economic power, then naturally the State has got to intervene.

That is why certain steps have got to be taken. Even there, we have been a little generous to say that if they conform to certain standards laid down, certainly, we would allow them to function in a particular way. But if they do not conform to the standards laid down, naturally, we have to take action against them. That has absolutely nothing to do with regard to religion as such. It is with regard to the abuse of religion for various purposes that we have taken these measures. I am sure, truly religious people will welcome it because they find that religion is being abused for various other purposes. Naturally, they will themselves say, this is not true religion but in the name of religion, vari-

ous abuses are taking place in society. It is from that point of view that religious trusts and charitable trusts are given a particular treatment in the amending statute.

These are the main points. I do agree that this is an area in which we should have continuous vigil, continuous investigation, with regard to the functioning of machinery, the functioning of the system itself. I want to give this information to the House that we are also trying to find out whether the present structure is good enough or the structure itself should be changed. Some expert bodies are also looking into it. If it becomes necessary, the Government will not hesitate to make those structural changes if it would lead to better performance and better assessment of the taxes from the individual citizens or companies.

I do not think there is much more for me to answer. I hope and trust that not only the present Bill will be passed but there will be greater cooperation also from the House and the Members of the House for the purpose of proper enforcement of the various statutory provisions.

With these words, I commend the Bill for the acceptance of the House.

MR. CHAIRMAN: The question is:

"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, as reported by the Select Committee, be taken into consideration."

The motion was adopted.

MR. CHAIRMAN: We now take up clause-by-clause consideration of the Bill.

Clause 2—there is no amendment.

The question is:

"That Clause 2 stand part of the Bill."

The motion was adopted.

Clause 2 was added to the Bill.

Clause 3 (Amendment of section 10)

MR. CHAIRMAN: There are two Government Amendments, No. 10 and No. 11, to Clause 3.

Amendments Made:

Page 2,—

for line 30, substitute—

"or throughout any State or States; or

(v) any trust (including any other legal obligation) or institution, being a trust or institution wholly for public religious purposes or wholly for public religious and charitable purposes, which may be notified by the Central Government in the Official Gazette, having regard to the manner in which the affairs of the trust or institution are administered and supervised for ensuring that the income accruing thereto is properly applied for the purposes thereof;"

(10)

Page 2, line 32,—

for "this sub-clause", substitute—

"sub-clause (iv) or sub-clause (v)"

(11)

(Shri C. Subramaniam)

MR. CHAIRMAN: The question is:

"That Clause 3, as amended, stand part of the Bill."

The motion was adopted.

Clause 3, as amended, was added to the Bill.

Clause 4 was added to the Bill.

Clause 5 (Amendment of section 13)

Amendment Made:

Page 5, for lines 36 to 48 and Page 6, for lines 1 to 35, substitute—

"(5) The forms and modes of investing or depositing funds refer-

referred to in clause (d) of sub-section (1) shall be—

(a) subject to the provisions of clause (b), in a case where such funds represent the original corpus of the trust or institution or any contributions made to the trust or institution with a specific direction that they shall form part of the corpus of the trust or institution,

46 of 1959 (i) investment in savings certificates as defined in clause (c) of section 2 of the Government Savings Certificates Act, 1959, and any other securities or certificates issued by the Central Government under the small savings schemes of that Government;

(ii) deposit in any account with the Post Office Savings Bank;

5 of 1970 (iii) deposit in any account with any nationalised bank, that is to say, any corresponding new bank constituted under section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970;

52 of 1963 (iv) investment in units in the Unit Trust of India established under the Unit Trust of India Act, 1963;

(v) investment in any security for money created and issued by the Central Government or a State Government;

(vi) investment in debentures issued by, or on behalf of, any company or corporation both the principal whereof and the interest whereon are fully and unconditionally guar-

anteed by the Central Government or by a State Government;

(vii) investment or deposit in any Government company as defined in section 617 of the Companies Act, 1956;

(b) in a case where such funds represent—

(i) the corpus of the trust or institution immediately before the 1st day of June, 1973; or

(ii) the original corpus (being assets other than cash) of any trust or institution created or established on or after the 1st day of June, 1973; or

(iii) any contributions (otherwise than in cash) made to any trust or institution on or after the 1st day of June, 1973, with a specific direction that they shall form part of the corpus of the trust or institution,

any form or mode, other than investment in shares (not being shares entitled to a fixed rate of dividend whether with or without a further right to participate in profits) in a company (not being a Government company as defined in section 617 of the Companies Act, 1956 or a corporation established by or under a Central, State or Provincial Act);

(c) in any other case, the forms or modes referred to in sub-clause (i), sub-clause (ii), sub-clause (iii) and sub-clause (iv) of clause (a).

(6) Nothing contained in clause (d) of sub-section (1) shall apply in relation to any monies accumulated or finally set apart and invested or deposited in the manner referred to in clause (b) of sub-section (2) of section 11." (1)

(Shri C. Subramaniam)

MR. CHAIRMAN: The question is:

"That Clause 3, as amended, stand part of the Bill."

The motion was adopted.

Clause 5, as amended, was added to the Bill.

Clauses 6 to 10 were added to the Bill.

Clause 11 (Insertion of new section 44B)

Amendment Made:

Page 8, line 28, for "44B", substitute "44AA" (2)

(Shri C. Subramanian)

MR. CHAIRMAN: The question is:

"That Clause 11, as amended, stand part of the Bill."

The motion was adopted.

Clause 11, as amended, was added to the Bill."

Clauses 12 to 23 were added to the Bill.

Clause 24 (Amendment of section 80P)

Amendment Made:

Page 13, for lines 27—29, substitute—

'(ii) for the words, figures and letters "deductions under section 80H, section 80HH, section 80J and section 80JJ", the words, figures and letters "deductions under section 80HH, section 80J and section 80JJ" shall be substituted'. (5)

(Shri C. Subramanian)

MR. CHAIRMAN: The question is:

"That Clause 24, as amended, stand part of the Bill."

The motion was adopted.

Clause 24, as amended, was added to the Bill.

Clauses 25 to 27 were added to the Bill

Clause 28 (Amendment of section 109)

Amendments Made:

Page 14, in line 13, for "the following clause", substitute "the following clauses." (4)

Page 14, after line 22, insert—

'(ib) "consultancy service company" means an Indian Company whose business consists wholly in the provision of technical know-how, or in the rendering of services in connection with the provision of technical know-how, to other persons.

Explanation.—In this clause and in sub-clause (3) of clause (iii), the expression "provision of technical know-how" has the meaning assigned to it in sub-section (2) of section 80MM;'. (5)

Page 14, in line 26, for "in the case of an industrial company", substitute "in the case of an industrial company or a consultancy service company". (6)

Page 14, for lines 35 to 40, substitute—

"in the case of an Indian company, not being an industrial company or a consultancy service company, a part of whose gross total income consists of profits and gains attributable to the business of provision of technical know-how, or of rendering services in connection with the provision of technical know-how, to other persons, or of construction of ships or of manufacture or processing of goods or of mining or of generation or distribution of electricity or any other form of power—". (7)

(Shri C. Subramanian)

MR. CHAIRMAN: The question is:

"That Clause 28, as amended, stand part of the Bill."

The motion was adopted.

Clause 28, as amended, was added to the Bill.

Clauses 29 to 61 were added to the Bill.

Clause 62 (Insertion of new section 271A)

Amendment Made:

Page 41, in line 43, for "section 44B" substitute "section 44AA". (8)

(Shri C. Subramaniam)

MR CHAIRMAN: The question is:

"That Clause 62, as amended, stand part of the Bill."

The motion was adopted.

Clause 62 as amended, was added to the Bill.

Clauses 63 to 78 were added to the Bill.

Clause 79 (Amendment of section 295)

Amendment Made:

Page 51, in line 30, for "section 44B", substitute "section 44AA". (9)

(Shri C. Subramaniam)

MR. CHAIRMAN: The question is

"That Clause 79, as amended, stand part of the Bill."

The motion was adopted.

Clause 79, as amended, was added to the Bill.

Clauses 80 to 125 were added to the Bill.

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

SHRI C. SUBRAMANIAM: Sir, I move:

"That the Bill, as amended, be passed".

MR. CHAIRMAN: Motion moved.

"That the Bill, as amended, be passed".

श्री सरजू बाई (गाजीपुर) : सभापति जी, इस बिल का तमाम सदस्यों ने समर्थन किया और मंत्री जी अभी बोल रहे थे तो उन्होंने बहुत सारे आश्वासन दिये हैं और उन्होंने कहा कि जो चैरिटेबिल ट्रस्ट है, जो कर्गों की खोरी करते हैं, काला बाजारी करते हैं, जो धन पशु हैं, उन पर प्रतिबन्ध लगाने का काफी प्रयास इस में किया गया है और उन्होंने बड़ा प्रभावी भाषण दिया। मैं ऐसा मानता हूँ, यह सिर्फ कम्युनिस्ट पार्टी ही नहीं कहती, कि धन का खोत शोषण है, और बल्कि महाभारत में भी लिखा हुआ है

"ना कित्वा परमरपाणि, न ब्रुत्वा कर्म दुःखरम्
ना हत्वा मन्मथानीव प्राप्नोति महतीश्री।"

सम्पत्ति बिना अनाचार के प्राप्त नहीं हो सकती। तो कानून का भी ऐसा ही बनाना चाहिये जिस में उस के मूल आधार पर प्रहार किया जा सके। छोटे मोटे कानून से इस के मूल उद्देश्य को प्राप्त नहीं कर सकते। जब सम्पत्ति का आधार शोषण है, यह बेनिन और मार्क्स ने ही नहीं कहा, बल्कि हमारे शास्त्रों में लिखा हुआ है, तो इस बारे में काफी कड़ाई होनी चाहिये।

मन्त्री जी ने कहा है कि सामाजिक चेतना लाने में यह चीज रोकी जा सकती है। मगर एक गंदे समाज में जहाँ एक आदमी को बर्गर अपराध किये रोटी प्राप्त नहीं हो सकती वहाँ कौन चेतना लायेगा? खुद उन्होंने स्वीकार किया है कि काला बाजारी चोर बाजारी करने वाले लोगों का समाज में आदर होता है। जो बड़ी बड़ी सम्पत्ति लूट कर लाते हैं, उन को पदम-विभूषण से विभूषित किया जाता है। ऐसी दिशा में चेतना लाने का काम जो करने वाली जमायतें हैं वही यह सब काम कर रही हैं, तो इस की व्यवस्था होनी चाहिये कि इस को कैसे रोका जाये।

हमारे साक्षियों ने जिक्र किया है कि जो लोग काम करने वाले हैं, हमारी जो मशीनरी है, उस के अन्दर काफी अष्टाचार है। माननीय मंत्री जी ने कहा है कि यह बात को बहुत बढ़ा कर कहने की बात है। मुझे मालूम है और मैंने खुद मंत्री जी को लिख कर भी दिया था कि बम्बई के इन्कम टैक्स कमिश्नर ने कुछ बड़े-बड़े लोगों को छोड़ दिया है। मेरे पास डिटेल्स हैं और मैं उन को आप को दे सकता हूँ और आप इस की जांच करायें कि कितने धन-पशुओं को कर से छूट दी है। मैं उन को धन-पशु कहता हूँ जो बड़े पैसे वाले लोग हैं। मैंने उन के खिलाफ पूरे तौर पर लिख कर दिया लेकिन मालों साल होने के बाद भी अभी तक कोई एक्शन नहीं हुआ है। अगर मेरी एलीगेशन झूठ है, तो मुझे बताना चाहिये था कि आप का जो आरोप है वह गलत है और हम ने इस की जांच करा ली है लेकिन उस की कोई जांच नहीं हुई है। मैं यह नहीं मानता कि अधिकारियों में मारे लोग अष्ट हैं और किसी में नहीं हैं। मेरा कहना है कि जहाँ कहीं भी अष्ट लोग हों उन का पता लगाना चाहिए और उन को मजा मिलनी चाहिए। जब तक आप समाज में लोगों को सजा नहीं देंगे तब तक आप का यह काम नहीं चल सकता क्योंकि अपराध को सजा नहीं रोक सकती। बहुत किस्म की सजाएँ समाज में दी जा चुकी हैं मगर अपराध रुका नहीं। अपराधों को रोकने के लिये उस की जड़ को समाप्त करना पड़ेगा, जिस के जरिये अपराध होते हैं।

चेरिटेबिल ट्रस्ट की बात कही गई है। उसी कमिश्नर ने जी० डी० सुमानी के 19 ट्रस्टों को टैक्स से एग्जम्पशन दे दिया। वह इन्हीं ट्रस्टों के द्वारा सारा रोजगार देश में करते हैं और वह टैक्स नहीं देते हैं। इसी तरह से हमारे देश में साधू हैं। आप को मालूम है कि बाल योगेश्वर यहाँ आए थे और मेरे ख्याल से जब वे यहाँ उतरे थे, तो बहुत सारा चोरी का सामान वे लाए थे, एक लाख रुपये का सामान ले कर वे यहाँ आए।

उन को छोड़ दिया गया। उन का इन्टरव्यू लेने के लिये यहाँ के बड़े बड़े अफसरों को भेजा गया अशोक होटल। भला इस में अपराध रुक जाएगा। आप जबानी तौर पर सदन में आश्वासन दे चुके हैं कि जो बड़े बड़े अधिकारी हैं जो फ्रंट हैं उन को पकड़ेंगे। आप देखें कि हमारे यहाँ साधू स्वामी इमी तरह से हैं जैसे कि ताल में झींगे होते हैं और उन साधू, स्वामियों के पास अपार सम्पत्ति है। ये जितने साधू हैं उन पर आप कोई कर नहीं लगायेंगे। ये तमाम तरह तरह के अनाचार, दुश्चार के लिए जिम्मेवार हैं। धर्म के नाम पर वे सब परंपंच रचेंगे और अगर उन को छूट मिल जाएगी तो देश में सुधार क्या होगा। इसलिए हमारा कहना यह है कि समाज में अगर आप सचमुच सुधार लाना चाहते हैं तो इस तरह की छूट न दें। मैं पूछता हूँ कि आप की दिक्कत क्या है? आप कहते हैं कि हम इस बात की कमेटी बनायेंगे जो यह देखेगी कि काला धन कैसे इस्तेमाल होता है। सैकड़ों कमेटियाँ बन चुकी हैं और काला धन कहां कहां इस्तेमाल होता है, सब को मालूम भी है पर कानून की दृष्टि से उन को पकड़ना मुश्किल है। यह कहा गया है और सुझाव दिया गया है कि डिमोनीटाइजेशन कर दिया जाए। उस को सरकार पता नहीं क्यों नहीं मानती। मुझे पता नहीं कि ऐसा क्यों है। अगर सरकार इस बात का एलान कर दे कि इस पीरियड के अन्दर जो नोट लोगों के पास हैं, वह जमा करवा दें, तो सारा काला धन निकल कर आ जाएगा और कोई तलाशी की जरूरत नहीं है। यह काला धन अफसरों को खराब करता है, यह नेताओं को खराब करता है और यह साधुओं को खरीदता है, और सारी दुनिया में यही अपराध कराता है और वह बगैर कुकर्म के प्राप्त नहीं हो सकता है। इस कुकर्म को समाप्त करने के लिए हमारा अनुरोध यह है कि सरकार सख्त कदम उठाए। सुप्रह्लादजी ने भाषण तो बहुत अच्छा दिया, पर पता नहीं उस पर अमल होगा या नहीं। भाषण तो हम लोग बहुत अच्छे

[श्री सरधू पांडे]

अच्छे से लेते हैं लेकिन आज देश में उन पर अमल करने की जरूरत है और इसलिए कम से कम मैं यह आश्वासन चाहता हूँ कि जो बिल लिख कर दिया हुआ है, उसकी जाँच कराई जाए और ऐसे अफसरों के खिलाफ भी एक्शन लिया जाए जो काला धन कमबाने में जिम्मेदार रहे हैं और साथ बाढ़ किसी को भी न छोड़ा जाए। इस किस्म की व्यवस्था इसमें एमेंडमेंट करके होनी चाहिए और उन लोगों को भी बंद करना चाहिए ताकि हमारे देश से कालाबाज़ारों को जा सके और काला धन रोका जा सके आज काले धन का एक पैरेलल मार्केट दोहरा मार्केट इस देश में चल रहा है। उसको आप कैसे रोक सकते हैं, उस अपराध को आप कैसे रोक सकते हैं और क्रिमिनल्स को कैसे रोक सकते हैं जब तक कि वह खत्म न हो। सारा पाप वही कराता है। मेरा आप से अनुरोध है कि आप जरा फर्म हों और यह नहीं होना चाहिए कि किसी हालत वाले को पकड़ लिया या मामूली तेल वाले या माचिस वाले को पकड़ लिया और जो बड़े बड़े मगरमच्छ हैं जो कि देश को निगलते हैं उनको हाथ नहीं लगाइएगा। आप उनको पकड़िये और सारा देश आपके साथ है। आप बड़े बिजनेसमैन को क्यों नहीं पकड़ते जो कि कालाबाजार के जिम्मेदार हैं और सारा काला धन पैदा करते हैं। क्या दिक्कत आपके सामने है? जो लॉन्ग ब्लैक-मार्केटिंग के लिए जिम्मेदार है और जो करो की चोरी कहते हैं जैसे कि हाजी मस्तान, फुली मस्तान, बखिया और नारंग आदि जो हैं, जिनके बारे में अखबारों में आता है, उनकी सम्पत्ति जब्त करने में आपके सामने कानूनी क्या रुकावटें हैं। अगर कानूनी रुकावटें हैं, तो आप कानून बदले। उनकी सम्पत्ति पर सरकार क्यों नहीं कब्जा कर लेती है जो सारे देश में जाल बिछाये हैं। अगर सरकार उनके खिलाफ सख्त कदम उठाएगी, तो सारा सदन उनके साथ है।

इसलिए मैं इस बिल का समर्थन तो करता हूँ अगर आशा करता हूँ कि हमारे

देश में जो भी अष्टाचारी लोग हैं चाहे वे अफसर हों, चाहे नेताओं में हों और चाहे धार कोई हों, उनको सरकार पकड़ेगी, तभी देश का कल्याण होगा।

SHRI D. N. TIWARY (Gopalganj):
In a few minutes this Bill will be passed. At the outset I want to say that I welcome this Bill. But I want to draw the attention of the Finance Minister to a very great omission. Perhaps it has escaped his notice. I have written three letters to him, one in May, another in June and the third one in July. An acknowledgement was received from his Private Secretary. I am afraid whether the letters have been placed before him or not because I have not got the final reply as yet. It is about foreign companies who have got their branches here. A few days ago I had taken from the Registrar's office the details of a few companies who have filed their returns. There are huge transactions. The returns show losses mostly or very poor profits. What happens is that they carry on business here and transfer their whole profits to the head office. They account all the expenses here and show losses or meagre profits. Most of the companies do not file regular returns. Some have filed upto 1972, some upto 1974 and many have not filed. These things should have been taken care of and if properly investigated, I am sure a huge amount of tax would have been realised.

The Reserve Bank also look to their functioning. I do not know why the Reserve Bank is not taken into confidence for their registration here or for their carrying on business or for release of foreign exchange. If these things are properly investigated and a strict vigilance is kept on them, you can get a huge amount of tax from them. They simply bypass by showing losses or meagre profits and keeping all the profits with their head office.

I have not many things to say. I welcome this Bill But this omission

should be taken care of and the Finance Minister should see that these foreign companies which are making huge profits—some are Japanese, some are British and some are American—are properly tackled and the taxes due realised from them.

SHRI VASANT SAHE (Akola): I just want to make a few suggestions at this stage.

We have given as many powers as the Department wanted at the time of the Select Committee and at other stages also. We did not grudge them any powers. Full powers have been given. Now, let us see how within the framework of the income-tax structure, they can achieve the objectives. Where greater evasion is taking place—that you have spotted out and you are going to concentrate on them. Sometime back an offer was made to all those people who have unaccounted wealth to voluntarily disclose and give their taxes or even surrender part of the unaccounted wealth. But that did not work. I would say in the present atmosphere of emergency there is a scare that Government now means business and any unaccounted wealth whether it is in the form of real estate or other assets or hoardings etc. will not now go undetected. It is bound to have an impact on production also because whether we like it or not the scare will scare away even the investable resources. Money is what money does whether it is black or white. Black money also has been used for investment in productive sectors—distributive as well as productive. Therefore, I would submit that will this not be a proper time to make a package deal?—Supposing a person had disclosed only Rs. 1 lakh and has other Rs. 2 lakhs with him which he has not disclosed. You tell him to disclose rest of the unaccounted wealth, we will take only a certain percentage of it not by way of tax. We will make you to deposit 50 per cent, rest of the 50 per cent will become white. We will not ask you to account for it but we will require you to invest it in the way we

want. With this package programme of some sort of demonetisation, not complete demonetisation previously known as 'SEMIBOMBLA', we get wealth. It does not make the money shy or to get away from productive investment. In this way the industries will not suffer. If some such thing can be thought of, I believe, it is the right time. Such a measure may give you some result. Therefore, some exercise may be made by the Tax Department.

SHRI K. NARAYANA RAO (Bobbili): Sir, we have been hearing about the relief given by the courts to the tax evaders. From my experience I can say that off late courts have been very considerate so far as exchequer is concerned, but when the courts find some legal lacuna, an unavoidable one, courts grant relief to the tax evaders. My feeling is that there is something radically wrong with our system. We provide for something but somehow something creeps in which acts as a lacuna. So far as Income Tax laws and practices are concerned, they are very difficult to understand even for advocates. It is now time for us to think of putting laws and other things in very clear and categorical terms so that there is nothing left for the courts to come to the rescue of the tax evaders.

THE MINISTER OF FINANCE (SHRI C. SUBRAMANIAM): Sir, Shri Sarjoo Pandey made a pointed reference about his accusation against an officer. This matter had been gone into and I think my colleague had already written to him; perhaps I have also written to him. He is one of our best officers but naturally, particularly, against a strict officer, it is always easy to get allegations by various interested parties. We should be careful in giving credence to these sorts of abuses which some people may make. This matter has been gone into and it is not as if only if his accusations are accepted he can think that justice has been done, and if he takes such attitude, I am afraid,

[Shri C. Subramanian]

he is taking a wrong attitude as far as this is concerned.

Then Mr. Sathe made reference about the unaccounted wealth or income. I am sure he is aware of the new provision which we have made with regard to what we call the settlement procedure there. My own view is, if anybody is honest enough now, whatever might have been the past, if he wants to disclose his income and all those things, this would be the best occasion and it will be a very easy procedure and the proceedings there are also final and there is no appeal against it and perhaps this would be the best method to do it. And we can find out far in the settlement procedure we can lay down guidelines which will induce people to come forward and disclose their unaccounted assets or evaded income. This is certainly a matter which would be looked into.

Shri Tiwary made a pointed reference about companies' income and headquarter expenses. It is not as if unlimited amount can be remitted as headquarter expenses. There is a formula for that. And it is not as if they have evaded. If they have evaded in some other matter, that is a different thing. This matter of headquarter expenses is something which has become relevant to us also. We are there in certain enterprises abroad and we ask also for headquarter expenses. We want to get some of the profits which are earned there. Therefore, what we are attempting to get we cannot deny to others, and we should see and have a balanced approach, as we are going to have more and more investments abroad. But in this particular case I do not know whether they have not even filed the return. I have asked my colleague to verify that. I would look into it but I do not think that they do not file because they cannot afford this kind of open defiance of law.

The hon. Member mentioned about complexity of legislation. I do agree,

it is a little bit complex, but we have tried to make it simple now. But unfortunately we give various exemptions and they have to be hedged in with various safeguards, which is what makes it a little more complex and difficult to understand. But, once we know the structure and on what basis these exemptions have been made I have no doubt in my mind that it will be easy to understand the rationale behind it by those who are concerned. Even I who have been submitting the income-tax returns, except for the fact now that I am here as Finance Minister, and I have to know something about income-tax, even now, it is my auditor who prepares the return; I sign it; I take it for granted. Fortunately there are no complexities in my income. Therefore it is not very difficult to do it also.

17.00 hrs.

There are the 'exemptions' which create difficulties, as I said, and I am trying to plug various loopholes which arose now and then, which has made it a little more complex than it is necessary. But, for the ordinary citizens, we have got publications which give various facts and the information with regard to how to file a return. That is good enough for anybody. If the hon. Member goes through it—I am sure he would have gone through it—when he is engaged as a lawyer to deal with many cases, that is a different matter and he will have to study it—he will find that for mere filing of a return, it is a made-easy publication.

17.01 hrs.

[SHRI VASANT SATHE in the Chair]

With these words, I would like again to thank the House for the generous treatment they have given to this Bill. It is now, having given all the powers which the administration wanted,—for the Administration to deliver the goods. I think they will deliver the goods.

MR. CHAIRMAN: Now, the question is:

"That the Bill, as amended, be passed".

The motion was adopted.

17.01 hrs.

STATUTORY RESOLUTION RE: CONTINUANCE IN FORCE OF PROCLAMATION IN RESPECT OF NAGALAND AND NAGALAND STATE LEGISLATURE (DELEGATION OF POWERS) BILL.

MR. CHAIRMAN: We shall now take up item Nos. 26 and 27. These two items may be taken together. Shri Brahmananda Reddy may move the motion and then move for leave to introduce the Bill for consideration.

17.02 hrs.

[SHRI VASANT SATHI in the Chair]

THE MINISTER OF HOME AFFAIRS (SHRI K. BRAHMANANDA REDDY): Sir, I beg to move:

"That this House approves the continuance in force of the Proclamation, dated March 22, 1975, in respect of Nagaland, issued under article 356 of the Constitution by the President, for a further period of six months with effect from September 26, 1975."

I beg to move*:

"That the Bill to confer on the President the power of the Legislature of the State of Nagaland to make laws, as passed by Rajya Sabha, be taken into consideration."

Sir, the House is aware of the circumstances which necessitated the proclamation of the President's Rule in Nagaland, in the month of March, 1975. If I have to recall to your

memory what the Governor had stated then, it would read as follows:

"One cannot reasonably expect that another ministry, if formed out of the present Legislature, would be stable, or that unprincipled defections, induced by lure of office, would not continue. This would be an unhappy and disturbing situation in any State. And, it is particularly so in a State which has special security problems because of insurgency with the insurgents maintaining contact with, and securing arms from, foreign country. It is only a fresh election at which electors may withhold their support from defectors that holds out the prospect of a fully stable ministry."

At that time, it was felt that the Governor would explore the possibility to see whether a popular ministry would again come in. But, in view of the shifting loyalties of the Members of the Legislature of Nagaland, it was not possible and, therefore, the Governor, in his report, dated 18th May, 1975, had stated as follows:

"In view of the instances of shifting loyalties during the last five weeks or so, one could not reasonably expect that a ministry now formed would be stable... apart from the scale and frequency of defections, there have been allegations from both sides that Members had been taken away more or less against their will and kept under duress, that in addition to offer of ministerial office, substantial amounts of money had been offered or paid in certain cases. The reports I have received from independent sources suggest that these allegations are not wholly unfounded."

This is what the Governor has reported. Therefore, the Assembly was dissolved on the 20th May, 1975. I may also submit to this House that after the Governor has taken over on the President's Proclamation, there has

*Moved with the recommendation of the President.