

[श्री शशि रंजन]

अगर इस के बावजूद यह सरकार इस बात का दम भरती है कि वह लोगों की आर्थिक स्थिति में सुधार कर रही है, तो इससे षोधी बात और नहीं हो सकती है।

बिहार देश का सब से गरीब प्रदेश है। वहां के लोगों की प्रति व्यक्ति आय इस वक्त भी 300 रुपये से ज्यादा नहीं है, जो कि दूसरे प्रदेशों की प्रति-व्यक्ति आय के पांचवें हिस्से से भी कम है। उत्तर बिहार का भूभाग अन-डिवाइडिड पंजाब से भी बड़ा है, लेकिन आज तक सरकार वहां कोई इंडस्ट्री स्थापित नहीं कर पाई है। प्रेजिडेंट्स क्लब की अवधि में भी उसकी तरफ कोई तबज़ुह नहीं दी गई है। मैं सरकार से दरखास्त करूंगा कि वहां के लिए एक अलग डेवेलपमेंट बोर्ड बनाया जाये और वहां के लोगों की आर्थिक स्थिति को बेहतर बनाने की तरफ ध्यान दिया जाये।

बजट के बारे में सरकार की तरफ से कहा जाता है :

This Budget has not hurt the poor man, it has hurt only the rich man.

मेरी समझ में नहीं आता कि क्या बजट सिर्फ लोगों को हट करे, या न हट करे के लिए बनाया जाता है। बजट देश के लोगों की माली हालत को सुधारने के लिए बनाया जाता है। राष्ट्रपति ने अपने अभिभाषण में गरीबों की हालत को सुधारने की जो बात कही है, इस बजट से उसका कोई संकेत नहीं मिलता है। इस बजट में न तो गरीबों की स्थिति को सुधारने की तरफ कोई ध्यान दिया गया है और न मिडल क्लास के लोगों की। सरकार अमीर लोगों से पैसा ले, लेकिन उस पैसे का सदुपयोग होना चाहिए और उसका उपयोग गरीबों की हालत को सुधारने के लिए होना चाहिए। लेकिन इस बजट में ऐसी कोई व्यवस्था नहीं है।

इन शब्दों के साथ मैं आपको धन्यवाद देता हूँ।

MR. DEPUTY-SPEAKER : Shri S. N. Misra, Shri Krishna Kumam Chatterji :

AN. HON. MEMBER : The half-an-hour discussion should be taken up. It is already 5:30

MR. DEPUTY SPEAKER : We always spill over a few minutes. Please leave it to me.

SHRI KRISHNA KUMAR CHATTERJI (Howrah) : There has been political uncertainty in the country for several months.

MR. DEPUTY-SPEAKER : He can continue tomorrow.

श्री प० ला० बाबूपाल (गंगानगर) : उपाध्यक्ष महोदय, मैं इस हाउस के बहुत से सदस्यों से पुराना हूँ। मेरे इलाके में हजारों लोग जेल गये हैं और मौत के घाट उतरे हैं। मुझे भी कुछ समय दिया जाये।

MR. DEPUTY SPEAKER : The debate will continue tomorrow. We now take up the half-an-hour discussion.

17.34 hrs.

#### HALF-AN-HOUR DISCUSSION

##### EXPERT COMMITTEE ON TAX COLLECTION

SHRI MAYAVAN (Chidambaram) : On the 22nd of December last year a point was raised in this House and the hon. Finance Minister as usual gave an evasive answer. While indicating the members of the Expert Committee headed by Justice K.N. Wanchoo to go into the question of tax collection, he has conveniently forgotten to indicate the efforts made by the Government to improve the same.

We all know that there cannot be tax arrears without the connivance of the officers concerned or the Government. Though there has been a slight improvement in recent years, the arrears that still remain

to be collected for a poor country like ours is enormous. So, I would like to get from the hon. Minister a specific reply to the following points: (1) the reasons why they are still unrealised, (2) whether it would be every possible for them to realise the arrears in full, and (3) If it is not fully realisable, what are the reasons for the same. I hope that the hon. Minister will clear these points in his reply. I am sure he need not wait for the decisions of the expert committee to collect these arrears. To my mind if the Government can make an honest effort without any partiality, it would be possible to recover all the arrears within the shortest possible time.

With regard to tax evasion, I regret to say that they have not learnt anything by past experience and have done nothing to streamline the tax collection machinery. Evasion is continuing not only because of the lacunae in the tax laws but also because the corrupt practices that prevail from top to bottom among the authorities. In fact it is not unknown in our country that honest assesseees are harassed while dishonest and unscrupulous fellows go scot-free if they know how to approach the officials. If the Minister is going to argue that bribery is a way of life with us, I have nothing to add. But if he has got a mind a will to check it, I am positive that things would improve. I hope that at least this expert committee's recommendations will be made binding and the administration will be toned up. We also see that big officers of the income-tax department, immediately after their retirement take jobs as consultants with big firms and rich individuals. I wish the expert committee would suggest ways and means to put an end to such appointments. Though the recent budget has spelt out some measures with a view to improving tax collection, I think it should be possible for the Government to raise the exemption limit so as to enable the officials concerned to concentrate on the big fish. In this connection it is pertinent to point out that the Government has not taken seriously Mr. Boothalingam's report which on page 53 says 1—

"Some revenue officials have estimated that if work on petty assessments is cut out, the improvement in the quality and speed with which the remaining work

can be done—e.g., by expeditious disposal of appeals, better investigation, etc., will lead to increase of tax collections by Rs. 100 crores for some years besides an immediate increase of about Rs. 200 crores merely by finalisation of pending assessments. I am not in a position to comment on these figures—may be they are a bit optimistic—but there is no doubt whatever that a very substantial improvement can be expected. For both economy and on practical administrative grounds I would therefore strongly recommend a substantial raising of the exemption limit and would suggest that the limit be fixed at Rs. 7,500 for individuals and Rs. 10,000 or 11,000 for Hindu Undivided Families. This would be justifiable merely on the increase in prices ignoring all other considerations."

I hope the hon. Minister would give his thought to this point. There is a tendency on the part of rich businessmen to float various limited companies which exist only on paper. This is done to save income-tax by the so-called legal methods. In the film industry this practice is widely prevalent. Even car-drivers are made partners and they are supposed to have invested about Rs. 10,000 or of 15,000. So there should be some check or control on the floating of companies and film industries.

During the Second world war, black money made its appearance like air it is everywhere. The Government has repeatedly assured us that it is going to take effective measures. One or two steps were taken but the improvement is not visible. I should like the Minister to tell us what has happened to the earlier reports made by the Government and how far they had succeeded. Year after year whenever Budget is presented statistics show arrears of income-tax. Such sorry state of affairs will have to be overcome. Government know of evasion of tax on unaccounted money which is otherwise known as black money. Prof. Kaldor who was specially invited to go into the tax structure and collection in the country made an assessment that there was an annual evasion of Rs. 200 crores in this country. I would like to know what concrete and effective steps have been taken

[Shri Mayavan]

by the Government to unearth the 'huge evasion pointed out by Mr. Kaldor.

When India attained Independence, the Prime Minister, the late Mr. Jawaharlal Nehru, made an announcement that the tax-evaders would be hanged by the nearest lamp-posts. We have been seeing that the number of lamp-posts have been increasing and, simultaneously, the number of tax-evaders are also increasing. There is no fulfillment of his bold declaration. Instead tackling the tax-evaders with rigorous punishment, the Government went on bended knees to plead with them with many concessions for the disclosure of the black money and conversion of them into white. But this did not meet with good response.

To wind up my speech, I hope that the Government will be serious in improving the tax-collecting machinery and that the present Committee will not be treated as a sop to placate and hoodwink the credible public.

श्री शिव चंद्र भा (मधुबनी) : मेरा पहला सवाल है कि कालडोर ने एस्टीमेट कर के बताया कि 200 से 300 करोड़ रुपये का टैक्स इवेजन् सारे हिन्दुस्तान में होता है। तो कालडोर की रिपोर्ट के बाद क्या आप ने कोई एस्टीमेट बनाया है या बनाने का सोच रहे हैं कि हर साल हिन्दुस्तान में कितना टैक्स इवेजन् होता है।

दूसरा सवाल यह है कि कितना टैक्स एरियर्स में है बिरला और टाटा जैसी कम्पनियों के मुतालिक, इस का भी कोई हिसाब आप के पास है ? यदि है तो आप कौन सा कदम उस को रिजलाइज करने के लिये उठा रहे हैं ?

तीसरा सवाल यह है कि ब्लैक मनी जो आज बाजार में है उस को सब को डी-मोनेटाई-जेशन का तरीका धरुव्यार करके खत्म करने की बात क्या आप सोच रहे हैं ? जैसे 1 हजार रुपये के नोट का डी-मोनेटाइजेशन किया तो बहुत कुछ बह खत्म हो गया, इसी तरह से डी-मोनेटाई-

जेशन कर के ब्लैक मनी को बाजार से हटाने की बात क्या आप सोच रहे हैं या नहीं ?

चौथी बात यह कि एम० पीज० की सैलरी से पहले टैक्स कलेक्शन नहीं लिया जाता था। वह अच्छा तरीका था। उस को शायद रोक दिया गया। मैं चाहता हूँ कि उस को रेस्टोर किया जाय और नहीं तो यहां पर कोई ऐसा आफिस खोला जाय जैसे पोस्टऑफिस में रेडियो लाइसेंस के लिए होता है, उसी तरह इनकम टैक्स रिटर्न जहां फाइल हो सके एम० पीज० का, ऐसा क्या कोई विभाग या आफिस आप यहां बनाएंगे जिससे उन को ग्रासानी हो जायगी और उन का हिसाब किताब साफ रहेगा ?

SHRI E. K. NAYANAR (Palghat) : The question of tax-evasion has been raised here previously two or three times. While the Government and the Planning Commission are pointing out the lack of resources, the amount of tax-evasion is yearly increasing. (Interruption)

MR. DEPUTY-SPEAKER : Order, order.

SHRI E. K. NAYANAR : There is no official estimate on tax-evasion. But a non-official estimate, according to the PTI report of 8th January, indicates that the income on which tax has been evaded was as high as Rs. 2000 crores. Even 10 per cent tax on this income will yield Rs. 200 crores a year. The actual amount will depend on the income-slab, etc. And in a five year Plan period, Rs. 1,000 could be collected, if the tax-evasion is plugged. As an indicative figure; this amount and the tax arrears will give the Centre about Rs. 1,500 crores more for the Plan without any new taxes on sugar, tea, tobacco and sherbet, as has recently been shown in the budget.

The Government has been pretty soft in collecting taxes from the rich. The tax arrears by the middle of 1969 stood at Rs. 544 crores. The enormity of this sum will be realised when it is noted that the collection from the taxes on income and wealth

was taken as Rs. 525 crores in the budget estimate of 1969-70.

This issue came up before this House twice or thrice when Shri Morarji Desai was the Finance Minister. I remember that to one question he replied that the Government was gearing up the machinery of taxation.

MR. DEPUTY-SPEAKER : The hon. Member should not make a speech now.

SHRI E.K. NAYANAR : The income on which tax has been evaded was Rs.2,000 crores. As I said, the PTI has given the figure of Rs. 2000 crores. But I want to know whether Government have any statistics about tax evasion. If we are able to collect it, we need not have to raise the tax on sugar, tea, tobacco, etc. What new steps are Government taking to prevent tax evasion ?

SHRI RANDHIR SINGH (Rohtak) : Sir, in tax evasion, small fry alone are caught and the big ones go free. If you take into account the tax evasion at all levels, from the top to bottom, from Tatas and Birlas to the lowest village, it would amount to thousands of crores. There should be a special machinery for collection of tax arrears and there should be deterrent punishment. If Rs. 10 by way of tax is evaded, penalise him and ask him to pay Rs. 5000 or put him in jail for five years. If all the arrears are realised; 50 per cent of the *kuccha* houses of Harljans and scheduled tribes can be made into pucca houses. What are your proposals ? Is there any special machinery under contemplation to realise the huge arrears ? Will you specify a time limit of 2, 3 or even 5 years for this purpose ? The defaulters whether they are Tatas, Birlas, Mafatal or anybody, must be put in civil jail at least. Only the fear of the *danda* will put them right. If a kisan does not pay his tax, you put him in jail or you auction his property whether it is his bullock cart or implements. If this huge money of tax arrears, which is really poor man's money, is mobilised for national projects, the country will develop a great deal.

श्री कंबर लाल गुप्त (दिल्ली-सदर) :  
उपाध्यक्ष जी, मैं नहीं समझता कि इन्कम टैक्स

एक्ट में पैनैल्टी का प्रावीजन कम है या प्रोसीक्यूशन की गुंजाइश नहीं है। जो कमेटी आपने बनाई है और उसके पहले भी बहुत सारी कमेटियाँ बन चुकी हैं, उनकी रिकमेन्डेशन भी आपके पास आ चुकी हैं, लेकिन उस के बावजूद भी आप देखेंगे कि इन्कम टैक्स एरियर्स प्रपोर्शनैटली बढ़ते जा रहे हैं। जैसा रणधीरसिंह जी ने बताया इस वक्त 554 करोड़ रुपये का इन्कम टैक्स एरियर्स है। 1100 एसेसीज इस वक्त ऐसे हैं जिनकी करफ 5 लाख या उस से ज्यादा इन्कम टैक्स बाकी है और 17 असेसीज ऐसे हैं जिनकी तरफ 1 करोड़ रुपया या उस से ज्यादा बाकी है और इन असेसीज में कौन-कौन लोग हैं—बीजू पटनायक, मूंदड़ा साहब, राम नाथ वाजोरिया, धर्म तेजा साहब हैं। मैं जानना चाहता हूँ कि यह सरकार इन लोगों से वसूल करने के लिये जोर क्यों नहीं लगाती। मैं इस सरकार पर चार्ज लगाता हूँ कि पोलिटीकल प्रेशर की वजह से यह उन से रुपया वसूल नहीं करती, आफिशियल्स को भी वे लोग प्रीजिय करते हैं—दोनों की मिली-भगत की वजह से यह रुपया वसूल नहीं होता है। छोटे-छोटे लोगों को तो आप पकड़ कर जेल में डाल देते हैं, लेकिन मैं जानना चाहता हूँ कि जिनकी तरफ 1 लाख रुपये से ज्यादा का एरियर्स है, ऐसे कितने लोगों को आप ने जेल में डाला, कितनों के खिलाफ पिछले दो सालों में प्रोसीक्यूशन किया—मैं इस के आंकड़े चाहता हूँ। मेरा कहना है कि शायद ही गवर्नमेंट ने इनके खिलाफ कोई एक्शन लिया होगा, जो कमेटी आपने बनाई है, वह भी शायद इस तरफ दिमाग नहीं लगाती है।

मैंने अखबार में पढ़ा था—कलकत्ते में जिनका पार्क व्यू होटल है, जिनका स्टील स्कैंडल का केस चल रहा था, उनकी तरफ 8-10 लाख रुपये का एरियर्स है। बड़े मजे से

ved in the process have been acknowledged by the various inquiry bodies both in India and abroad. The Royal Commission in 1920 in the United Kingdom as well as the Income-tax Investigation Commission, 1947, and the Taxation Inquiry Commission, 1953-54, in India have pointed out the difficulties in making a correct estimate of its magnitude."

However, the Tyagi Committee came to the conclusion that the tax evasion could be in the range of about Rs. 50 crores to Rs. 60 crores.

**SHRI MANOHARAN :** How did he come to that? What were the norms and procedures adopted by Prof. Kaldar?

**SHRI UMANATH (Pudukkottai) :** Why could they not say it could not be Rs. 200 crores and that it was only Rs. 50 crores?

**SHRI E. K. NAYANAR :** What was the basis of their saying that?

**SHRI P. C. SETHI :** I do not have the details of the basis. I am only quoting the finding of the Tyagi Committee.

We could as well judge it from the figures that I would just now like to quote. In 1947 the Investigation Commission came to detect unaccounted money to the tune of Rs. 48 crores. Under the voluntary disclosure scheme of 1961, which was known as the Tyagi Scheme, Rs. 70 crores of unaccounted money was disclosed. In 20,901 cases, under the disclosure scheme as embodied in section 68 of the Finance Act Rs. 52.18 crores were disclosed. Under the second disclosure scheme introduced in section 24 of the Finance Act, Rs. 148 crores were disclosed by 1,14,226 assesses. This was the unaccounted money which came on as a result of voluntary disclosure under the scheme. This would give an idea.

The Income-tax Department in the normal course of assessment proceedings during the financial years 1964-65 to 1968-69 detected concealed income of Rs. 161.67 crores and imposed penalties of Rs. 39.94 crores. This is not voluntary disclosure, although it is a hazard to guess, one could

guess that evasion takes place in the range of Rs. 70 or Rs. 80 crores per year and all possible efforts are being made to detect this unaccounted money.

But I would like to say that the position has considerable changed from whatever it was in the year 1947. The hon. Member, Chaudhuri Randhir Singh, said that the tax collected was not coming properly. I would like to quote the total corporate and income-tax collection. In 1930-61 it was Rs. 278.43 crores; in the year 1967-68 it came up to Rs. 635.95 crores; in the year 1968-69 it came to Rs. 673.23 crores and for the current year we have estimated the income from income-tax and corporate tax at Rs. 720 crores.

**SHRI UMANATH :** There has been expansion of the corporate sector also.

**SHRI P. C. SETHI :** Yes.

**SHRI UMANATH :** How does it relate to that?

**SHRI E. K. NAYANAR :** You should also take into account the expansion also.

**SHRI P. C. SETHI :** I will quote the figure of number of assessee also. In the year 1959-60 the total number of assessee that were there on our books was 10,45,988. In the year 1969-70 the total number of assessee that are there on our books is 28,40,970. It is true that the number of assessee, both with regard to personal income-tax and corporate tax, has increased.

I do not claim to say that there is tax evasion whatsoever. The very fact that we have been detecting to the tune of Rs. 60 to 70 crores per year, clearly shows that the tax evasion is there. But to correctly assess the tax evasion is, certainly, a hazardous task, I would not guess the correct amount. Therefore, I would only say that the tax evasion is certainly there but all possible efforts are being made and we are trying to see that wherever loopholes are there, they are plugged. At the same time, the penalties are also enhanced. The hon. Members, Shri Randhir Singh, Shri Mayavan and Shri Kanwar Lal Gupta also said that, as far as

[श्री कंबर लाल गुप्ता]

होटल चला रहे हैं, ठाठ से रह रहे हैं, लेकिन वसूली का कोई प्रयत्न हो रहा है। मैंने पूछा था कि 10 लाख रुपये से ऊपर आपने कितने केसेज में राइट-आफ किया। आप ने जिनका राइट-आफ किया, उन में रासरतन गुप्ता थे, आगां खां थे। उपाध्यक्ष महोदय, यह इवेजन किस तरह से हो रहा है, लोग अपने ऐसेट्स को अपने बीबी बच्चों में ट्रांसफर कर देते हैं, इस तक सरकार ने आज तक अपने दिमाग को एप्लाइ नहीं किया कि इन को कैसे रोका जायं, कैसे इनसे वसूल किया जाय, छोटे-छोटे ऐसेसीज को पकड़ लेते हैं। इस वक्त 1117 लोग एक तरफ हैं और बाकी सारे दूसरी तरफ हैं। 50 परसेन्ट एरियर इन 1117 ऐसेसीज की तरफ है। मैं मंत्री महोदय से पूछना चाहता हूँ कि इन बड़े बड़े ऐसेसीज में से, जिनकी तरफ 5 लाख या उस से ज्यादा रुपया बाकी है, कितनों के खिलाफ आपने प्रोसीक्यूशन किया है, कितने लोगों को जेल में डाला है और जो लोगली ऐसेट्स को ट्रांसफर कर देते हैं उनको पकड़ने के लिये आपने क्या व्यवस्था की है। जिन लोगों की तरफ 5 लाख रुपये या उस से ज्यादा के एरियर्स हैं क्या सरकार उनका नाम, पता और कितना एरियर हैं, उन के खिलाफ क्या कार्यवाही आपने की है, उस की लिस्ट इसी सेशन के अन्दर सकुलिट करेंगे।

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI P. C. SETHI) : Sir, the present discussion is on account of the answer that I gave to part (c) of question No. 14 dated 23.2.70 which reads:

"whether government have any indicators on the basis of which the extent of tax evasion and existence of black money can be roughly estimated;"

I have said that until government have fuller information regarding taxation avoidance it is difficult to arrive at the figure. Although the main question was raised in regard to tax evasion, now arrears has also

been brought in which, perhaps, was not the original intention of the hon. Member—**Anyhow, I shall try to deal with both the points.**

As far as tax evasion is concerned, the Finance Minister stated in the House in 1965:

"I am not in a position even to hazard a guess as to what will be the extent of unaccounted money because I think it is in various forms, not only in cash but in commodities and in other things as well."

It is true that both tax evasion and tax avoidance can be clubbed together. It is presumed that the amount which Professor Kaldor took into account included the figure of tax evasion as well as tax avoidance,

17.55 hrs.

Whatever avoidance is there, although it is morally not fit and proper, is a part of the legal parlance of which Shri Kanwar Lal Gupta is expert.

SHRI MANOHARAN (Madras North) : Is he an expert for evidence ?

SHRI P. C. SETHI : For legal avoidance.

Therefore legal avoidance takes place, we can think of mending the laws suitably. From time to time we have been taking in to account all these things and one of the amendments of the tax laws is before the Select Committee for consideration.

As far as tax evasion is concerned, although Prof. Kaldor gave a figure of about Rs. 200 crores a year, this was never accepted by Government because it was further examined once in 1961 by Shri G. S. Sahota and later on by a committee under the chairmanship of Shri Tyagi. This committee finally observed as under :

"By the very nature of things it is difficult to ascertain accurately the extent of tax evasion. In no country has it been possible to do so. The difficulties invol-

[Shri P. C. Sethi]

penalties are concerned, they are already there on the statute book...

18 hrs.

SHRI E. K. NAYANAR : They should be made more deterrent.

SHRI P. C. SETHI : The income-tax law provides for imposition of deterrent penalties for tax evasion. Up to 31.3.68, the minimum penalty was 20 per cent and the maximum penalty was 150 per cent of the tax leviable on the concealed income.

SHRI RANDHIR SINGH: No fine/ or penalty in terms of money; you put them in jail.

SHRI P. C. SETHI : But after 31.8.68, this has been changed. Now, from 1-4-68, the penalty imposed has been made deterrent in so far as that the minimum penalty is 100 per cent and the maximum is 100 per cent. The conceded income. Therefore, the penalty has been considerably enhanced-

Then, Section 277 of the Income-Tax further provides for the prosecution of a person who makes a statement in his return which is found to be false and, apart from the imposition of the financial, rigorous imprisonment which may extend to two years is prescribed. It may be a matter of difference of opinion or even for consideration whether the penalty of two years, rigorous imprisonment is less or whether it should be enhanced. I am not going to say anything on this particular point.

SHRI KANWAR LAL GUPTA : The point is : Why are these big people not prosecuted and put in jail, even though the provision is there ?

SHRI SEZHIYAN (Kumbakonam) : Have you got figures as to how many persons have been prosecuted and put in jail ?

SHRI RANDHIR SINGH : You are not complying with the provisions which are already there in the Penalty Section.

SHRI E. K. NAYANAR : How many big guns have been put in jails, not the ordinary people ?

SHRI RANDHIR SINGH : How many crocodiles you have put in jail ?

SHRI P. C. SETHI: Shri Randhir Singh in Hindi proverb :

“बड़ी मछली निकल जाती है, छोटी को तंग किया जाता है।”

There is a famous dictum in the income-tax vocabulary, and that is, small fish pass the net because they are small and big fish pass through the net because of their weight they break it and get away. This sometimes happens. (*Interruptions*)

श्री भोलू प्रसाद (बासगांव) : हाथी को चीनी ऊठाने के लिए कहा जाय तो वह नहीं उठा सकता है।

SHRI P. C. SETHI : Now, as far as the question of exemption limit is concerned, the hon. Members would appreciate that out of a total of 59 crores, the total number of assessees in our country is only 28 lakhs. Therefore, there is every reason for widening the net and taking as many people as possible inside the net who can pay the taxes. I would also like to admit that it is not only the bigger people who are evading the taxes but there are certain people who can come in the net but they are not coming in the net. At the same time, taking into consideration the difficulties of the low-income group people, the Prime Minister has already announced the exemption limit being raised from Rs. 4000 to Rs. 5000.

SHRI MAYAVAN : That will have to be raised to Rs. 5000 as suggested by the Boothalingam Committee.

SHRI KANWAR LAL GUPTA ; We are interested as to whether the limit has been raised or what extent. Our particular question was, what action has been taken against these 1117 people who are to pay more than Rs. 5 lakhs. Has anybody been prosecuted or not ? If not, why ? Are you going to change the law ? They transfer the property in the names of others. What are you going to do about that,

SHRI P. C. SETHI: Hon. Gupta has again raised this point but I have to reply to the

entire debate and the other points the hon. Members have raised. I will certainly come to the point he has raised when I come to the question of collection of arrears.

Coming now to the question of tax arrears, I would certainly admit that about Rs. 550 crores of effective arrears are there. But some of them are already in the courts or in appeals. Therefore, the collection has been stayed. Mr. Kanwar Lal Gupta cited the example of Mr Biju Patnaik. The demand is there but the deemed has been stayed on account of an order of the Calcuta High Court. Whenever such cases are there, either pending before the Appellate Commissioner or before a Tribunal or before a Court, the court has stayed the proceedings. To that extent the Department is unable to collect the arrears. So, legally speaking, the arrears are not there because the court has stayed the proceedings.

**SARI KANWAR LAL GUPTA** ; In all cases ?

**SHRI P. C. SETHI** ; As you have cited one case, I am citing other cases. But it does not mean that we are not taking steps for the recovery of these arrears.

I would like to briefly point out that we have taken administrative measures for the collection of arrears. It is from this point of view that the functional distribution scheme has been introduced and as far as I think, this has been working all right. Then, the responsibility of appropriate action in cases where arrears have been outstanding has been fixed on particular officers as under:

Inspecting Asst Commissioner	...	cases of arrears below Rs. 1 lakh.
Commissioner of Income Tax	...	cases of arrears between Rs. 1 lakh and Rs. 5 lakhs
D. I. R.	...	cases of arrears between Rs. 5 lakhs and Rs. 25 lakhs.
Board	...	All cases where the arrears are over Rs. 26 lakhs.

Apart from these administrative measures we have also taken certain legal measures. For example, the production of tax clearance certificate under Sec. 230 of Income Tax Act from persons going abroad is insisted. Clearance certificate under Sec. 239 A is required before a document for the sale of property in excess of Rs. 50,000 other than agricultural land can be registered. For example, the hon Member quoted cases of transfer of property. Here he has to obtain a clearance certificate from the Income Tax Department. Levy of penalty under Sec. 221 of the Income Tax Act upto 100% of the tax for the defaulting tax-payer is made.

Apart from the legal measures, executive measures have also been introduced. Income tax verification certificate and income tax clearance certificate is insisted from persons applying for Import licence and quota certificates. Grant of rewards for informers in respect of information or of other assistance in recovery of taxes where the attempts of the Department for recovery have been unsuccessful has been instituted.

So, all these measures, both legal, administrative and executive, have been taken. As far as the collection of these arrears is concerned, we are trying to see that these arrears are collected.

As regards write off, it is a very hazardous task. Instructions have been issued that where the collection has become almost impossible, the Department should take a bold decision to write it off so that the Parliament and the country may know the correct position of the arrears and this amount may not hang over our books. Wherever write-off is necessary, they should proceed to do so. Hon Member has also asked as to in how many cases prosecution has been launched and convictions have been given. Now the prosecution has been launched in 69 cases.

**SHRI JAGANNATH RAO JOSHI (BHOPAL)** : 69 out of 1110 ? You will prosecute a small man—that I know.



SHRI P. C SETHI : I would not say that it is out of 1116. I am giving yearwise figures. From 1962 onwards till now 1969 prosecutions have been launched out of 14 people have been convicted. And there are still a few cases pending in the court. Their number is 43. The number of cases pending filing of complaints is 28. Therefore, it is not as if the convictions are not taking place or prosecution is not taking place or prosecution is not taking place and the Department is not proceeding against all these where the tax is due.

As far as the figures which I have quoted about the prosecutions are concerned, they are figures with regard to prosecutions launched on account of tax-evasion. In respect of cases where the amounts are outstanding, we have issued instructions to the Department to see that the amounts are recovered as early as possible. All possible measures which are provided on the statute-book will be taken against those wherever the taxes are due. I would only urge upon

hon Members that it was only in view of the desire and the demand expressed by them in this House and in the other House that a committee of very high-standing persons has been appointed to go into this problem thoroughly. We are taking measures to see that this tax evasion is brought to the minimum possible level and that is why this Committee is asked to go into the entire aspect and I am quite sure all those hon. Members who have any suggestions to make or any comments to give or any possible line to be taken, would give their valuable suggestions to this Committee so that this Committee will be able to go into all these details and arrive at conclusions. Thank you.

18.12 hrs.

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*The Lok Sabha then adjourned till Eleven of the Clock on Tuesday, March 3, 1970/ Phalgun a 12, 1891 (Saka).*