

[Shri Dasappa]

teenth Report of the Estimates Committee (Third Lok Sabha);

- (v) Statement showing the replies to the recommendations noted in Chapter IV of the Twenty-Seventh Report of the Estimates Committee (Third Lok Sabha).

MINUTES

I beg to lay on the Table a copy of the Minutes of Evidence given before the Sub-Committee on Public Undertakings and minutes of the sittings of the Estimates Committee relating to Thirty-fifth Report on the Ministry of Steel and Heavy Industries—Heavy Electrical (India) Limited, Bhopal.

12.41 hrs.

PRESIDENT'S ASSENT TO BILL

Secretary: Sir, I lay on the Table the Appropriation (No. 2) Bill, 1963 passed by the Houses of Parliament during the current Session and assented to by the President since a report was last made to the House on the 22nd April, 1963.

12.41½ hrs.

COMMITTEE ON PUBLIC ACCOUNTS

ELEVENTH REPORT

Shri Tyagi (Dehra Dun): I beg to present the Eleventh Report of the Public Accounts Committee on—

- (1) Para 57 of Audit Report (Defence Services), 1960.
- (2) Action taken on the outstanding recommendations of the Committee relating to the Defence Services Accounts.

12.41½ hrs.

STATEMENT BY THE MINISTER OF LAW—contd.

Shri A. K. Sen: Mr. Speaker, Sir, in the unavoidable absence of my col-

league the Minister of Commerce and Industry, who is indisposed, I rise to make a statement on the report of Shri C. K. Daphtary, Attorney-General and Shri A. V. Viswanatha Sastri, a retired Judge of the Madras High Court on certain aspects of the Report of the Commission of Enquiry appointed by the Government some time ago to go into the affairs of several companies in the Dalmia Jain group.

Shri S. M. Banerjee (Kanpur): May I rise on a point of order? Actually, I want to know one thing.....

Mr. Speaker: Point of order?

Shri S. M. Banerjee: My point of order is this.....

Mr. Speaker: On this statement?

Shri S. M. Banerjee: Yes.

Mr. Speaker: He cannot read the statement?

Shri S. M. Banerjee: Before he reads, I want to know.....

Mr. Speaker: Let him read it. If something arises.....

Shri S. M. Banerjee: I want to know whether it is the report or the observation of the Government.

Mr. Speaker: Whatever it is, he will come to know when he reads.

Shri S. M. Banerjee: Then, the mischief will be done. We will be deprived of the report.

Mr. Speaker: In the middle of the statement, I cannot allow.

Shri A. K. Sen: The House will remember that after a study of the report, the Government referred it to these two eminent lawyers to consider the report and to advise the Government as to the steps that could be taken in pursuance of the findings of the Commission. Their final report was received by the Government on the 25th April, 1963. The Government have now examined their report and

are considering suitable action on the suggestions and recommendations contained in it.

The report of Sarvashri Daphtary and Sastri consists of two parts. Part I deals with the various irregularities and malpractices which were commented upon by the Vivian Bose Commission and what further appropriate legal action could be taken by the Government in respect of them. The committee has recommended that further investigation into some of these transactions should be undertaken by the Government before any further legal action in respect of them could be taken. The House will appreciate that it will not be desirable in the public interest to place this part of the report before the House, as it contains an analysis of the evidence in respect of these transactions and its disclosure might prejudice any further proceedings in a court of law which the Government might decide to initiate.

Part II of the report deals with amendment and administration of the Companies Act and is being laid on the Table of the House. [Placed in Library, See No. LT-1231|63].

It may be mentioned in this connection that on the basis of the recommendations and suggestions contained in the Vivian Bose Report, the Department of Company Law Administration has already formulated tentative proposals for the amendment of the Companies Act. The recommendations now made by Sarvashri Daphtary and Sastri will further be considered by the department and a Bill to amend the Companies Act will be brought before the House in due course.

Therefore, I beg to lay the Second Part of the Report on the Table of the House.

Shri S. M. Banerjee: When we wanted a discussion in this House, it was said by the hon. Minister for Parliamentary Affairs and other Ministers that this Bose Commission

Report has been referred to the Attorney-General and an eminent jurist Shri Sastri and that was one of the reasons why it was delayed. My submission is only this. In the absence of the full report, not only Part II, but Part I also,—this report is likely to be discussed in this House—in the absence of the report of the Attorney-General, it will be difficult for us to consider and give our judgment on this. My submission is only this. Government is considering that report and as has appeared in the newspaper and as also expressed by the Law Minister, they are initiating some steps. Shri Daphtary has suggested, as just now informed by the Minister, that legally it cannot be proceeded upon unless some more investigations are done. My information is that about other four concerns also, one Inspector has been appointed. We tabled a question in this House and we wanted to know what the thing is. But, the question has been admitted as an unstarred question. I am told that Shri Chopra has also been appointed at the instance of Shanti Prasad Jain. The entire.....

Mr. Speaker: He should now come to the question.

Shri S. M. Banerjee: I only want that the entire report should be laid. Nothing should remain a secret. It affects the security of the country.

Mr. Speaker: That is his suggestion that the entire report should be laid on the Table of the House.

Shri S. M. Banerjee: Yes.

Mr. Speaker: May I understand now the remarks that he made that if I allowed the Minister to make the statement, the mischief would have been done? what mischief has been done now?

Shri S. M. Banerjee: It has not been laid.

Mr. Speaker: The hon. Member should see. Just in the middle, when I have called him and he is making the statement, the Member gets up

[Mr. Speaker]

and says, point of order. Then, I tell him that he is now in the midst of the statement. He says, if he is allowed to make the statement, the mischief would have been done. Can he rectify that? I am prepared to rectify the mischief that has been done.

Shri S. M. Banerjee: You can rectify by asking him to lay the entire report.

Mr. Speaker: How can I ask him? It is for the Government. When we discuss, Members can lay stress on that.

Shri S. M. Banerjee: I am really sorry for the remark. I feel that the entire report is not there. I was told yesterday that this House cannot work as a *post Mortem* House.

Mr. Speaker: That is his suggestion.

Shri S. M. Banerjee: Do I take it that the report will not be laid?

Mr. Speaker: He has said that the other portion the Government is not laying.

Shri S. M. Banerjee: May I seek your protection? What should we discuss?

Mr. Speaker: It is not for me in this case to direct. The Government has certain privileges in this respect too, if they think that it is still to be investigated.

Shri Frank Anthony (Nominated-Anglo-Indians): I had said that. I am embarrassed that I had appeared in my professional capacity. Whether a man is a greatest un-hung criminal, if a matter is under investigation, elementary fairplay requires that nothing should be done to prejudice his guilt. That is the simple thing.

Shri S. M. Banerjee: If the report is not before the House, discussion becomes unnecessary until proper investigation is done.

Mr. Speaker: Mr. Banerjee would realise that it is the established practice and laid down in the rules that if something is *sub judice*, then, we do not discuss it here. That is clear. So far as that part of the question is concerned, it is for the Government. If they are not laying down, hon. Members can discuss all these things when the discussion takes place.

Shri Tridib Kumar Chaudhuri (Barhampur): The point is a small point. If the Chair holds that the whole matter is *sub judice* . . .

Mr. Speaker: I have not held it.

Shri S. M. Banerjee: Is it the contention of the Law Minister that the matter is *sub judice*?

Mr. Speaker: We will see. Hon. Members when they discuss this report, they can raise, this point also.

Shri Morarka (Jhunjhunu): The hon. Law Minister just now said that the Government is contemplating further action in accordance with the recommendations of the Attorney-General. This part of the Attorney-General's report discusses the evidence in detail. May I know, by insisting on placing the report on the Table of the House, whom Shri Banerjee wants to help? That is precisely the point. Government is contemplating further action. The Government does not consider it proper to disclose that evidence before the public just now. Apart from the question of privilege of Government, why should he insist that all that evidence should be disclosed before the public just now?

Mr. Speaker: That is known only to him. I cannot read his mind. How can I judge what is in his mind?

Dr. L. M. Singhvi (Jodhpur): My submission would be this. If this is so, then it would be only right for you to permit a preliminary discussion on the matter now, and the final discussion can take place, in accordance with what Shri Frank Anthony has

said just now, after the issues have been well defined.

12:51 hrs.

**BENGAL FINANCE (SALES TAX)
(DELHI AMENDMENT) BILL**

The Deputy Minister in the Ministry of Finance (Shrimati Tarkeshwari Sinha): In behalf of Shri Morarji Desai, I beg to move:

"That the Bill further to amend the Bengal Finance (Sales Tax) Act, 1941, as in force in the Union Territory of Delhi, be taken into consideration."

At a meeting of the Chief Ministers of States held in January, 1963, it was more or less agreed that the tax on certain luxury goods mentioned in Schedule I of the Act which are now taxed in almost all the States including Delhi, at a uniform rate of 7 per cent, should be raised to 10 per cent. Most of the State Governments have already taken steps to implement this decision, while others are expected to do so shortly. The amendment proposed in sub-clause (i) of clause 2 of the Bill seeks to implement the said decision in the Union Territory of Delhi.

It was also found the general rate of sales tax in Delhi is comparatively lower than that obtaining in the neighbouring or adjoining States. It may not be possible to bring about absolute parity in sales tax rates between Delhi and the neighbouring States, in view of the trade peculiarities of Delhi which has no hinterland of its own, and has developed into a big distribution centre. It is, however, desirable that the existing disparity should be reduced as far as possible in order to safeguard the revenue and trade interests of the adjoining States and also enhance the revenue of the Union Territory of Delhi. The matter has been carefully examined in the light of the observations I have made earlier, and after taking into account

the existing rates of sales tax in the neighbouring States and the consequences of Delhi having lower rates of sales tax, it is proposed to increase the general rate of sales tax in Delhi from 4 per cent to 5 per cent.

Sub-clause (ii) of clause 2 of the Bill seeks to give effect to this proposal. The proposed change will considerably reduce the existing disparity between Delhi and the adjoining States in the matter of sales tax rates. The above changes, as I said, would also help in getting the much-needed additional revenue to the extent of Rs. 1.15 crores in a full year. In 1963-64, however, because the additional revenue will accrue only for two quarters of the year, the revenue actually earned would be about Rs. 57.5 lakhs.

Having regard to the present need for additional resources and the desirability of effecting as much uniformity as possible in the rates of sales tax in Delhi and the adjoining States, this proposal has been brought forward before the House. I feel that the House would agree to the changes in the rates of tax proposed, because they are quite nominal, and I trust that the House will accept the amendments proposed in the Bill. With these words, I move.

Mr. Speaker: Motion moved:

"That the Bill further to amend the Bengal Finance (Sales Tax) Act, 1941, as in force in the Union Territory of Delhi, be taken into consideration".

Shri Prabhat Kar (Hooghly): So far as this Bill is concerned, it relates to sales tax, but as everybody knows, today, the term 'sales tax' is a misnomer. It is really a tax on the consumer, in the sense that the tax is being paid by the consumers. Whether it is multipoint sales tax or single-point sales tax, or double-point sales tax and so on, all the time, the tax that is imposed is being paid by the consumers.