

[Shri Yashpal Singh]

कोई ऐनराज नहीं होना चाहिए। चूँकि यह उन्हीं के हित में है इसलिए इस को उन्हें ऐक्सप्ट कर लेना चाहिए।

**Mr. Deputy-Speaker:** The amend-stand part of the Bill”.

**Shri T. T. Krishnamachari:** I have already stated that the pattern of the Reserve Bank of India Act and the State Bank of India Act does not contemplate a measure like this. In both cases, the capital has been subscribed for by Government. But in this particular institution, the capital is not subscribed by Government at all. But, as I said, Parliament can always call for information and can get it.

**Mr. Deputy-Speaker:** Is the hon. Member pressing his amendment?

**Shri Yashpal Singh:** Yes.

**Mr. Deputy-Speaker:** I shall now put the amendment to vote.

*Amendment No. 7 was put and negatived.*

**Mr. Deputy-Speaker:** I shall now put clauses 42 to 44, the First Schedule and the Second Schedule together to vote. There are no amendments to these clauses and schedules.

The question is:

“That clauses 42 to 44, the First Schedule and the Second Schedule stand part of the Bill”.

*The motion was adopted.*

*Clauses 42 to 44, the First Schedule and the Second Schedule were added to the Bill.*

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

**Shri T. T. Krishnamachari:** I beg to move:

“That the Bill, as amended, be passed”.

**Mr. Deputy-Speaker:** The question is:

“That the Bill, as amended, be passed”.

*The motion was adopted.*

14.51 hrs.

#### CENTRAL BOARDS OF REVENUE BILL

**The Minister of Finance (Shri T. T. Krishnamachari):** I beg to move:\*

“That the Bill to provide for the constitution of separate Boards of Revenue for Direct Taxes and for Excise and Customs and to amend certain enactments for the purpose of conferring powers and imposing duties on the said Boards, be taken into consideration”.

We often say to the House that a measure which we have brought before it is innocuous. Sometimes it is not wholly true. But in this case, it is a completely innocuous Bill. At present, there is one Central Board of Revenue dealing with direct taxes and indirect taxes, that is, income-tax, customs and excise. The Bill seeks to divide the Board into two and confer the powers that have been conferred on the single Board on two Boards.

Clause 3 of the Bill proposes to set up separate Boards as I said just now. Clause 4 empowers the Central Government to make rules for regulating the transaction of business by each Board. As is usual, the rules made under this clause shall be laid before each House of Parliament. Clauses 5 and 6 are really consequential amendments in certain enactments where the words used are ‘Central Board of Revenue constituted under the Central Board of Revenue Act’. Clause 6 provides for the transfer of certain proceedings pending at the time of the enforcement of the Act before the Central

\*Moved with the recommendation of the President.

Board of Revenue to either of the two proposed Boards which may be concerned therewith. If there are any legal proceedings to which the Central Board of Revenue is at present a party, the clause further provides that the Central Board of Direct Taxes or the Central Board of Excise and Customs, as the case may be, shall be substituted as a party in such pending proceedings.

This is not an arbitrary decision that has been taken to divide the existing Board into two Boards, even though the very fact of division of an administrative Board is not of a serious consequence. Hon. Members will realise that the income of the Central Government which the Central Board of Revenue tackled, the total tax revenue in 1930-31, was about Rs. 72 crores. It increased to about Rs. 404 crores in 1950-51 and to Rs. 1,001 crores in 1961-62 and now will approximate somewhere about Rs. 1,460 crores. The division would practically be roughly one-third for the direct taxes and two-thirds for indirect taxes. This itself reveals the magnitude of the task the Board has to undertake. The staff it has under its control is now about 57,000. But I am armed by the recommendations of two bodies that had been constituted, one to go into the direct taxes administration, presided over by my esteemed friend, Shri Tyagi, and the other to go into the indirect taxes administration presided over by a former Auditor-General. The Tyagi Committee did take up for consideration whether the CBR could effectively administer this tax structure as it then was, and it recommended in 1959 that the Board should be split up, but that in the meantime the Board might operate as two wings under a common Chairman. The Indirect Taxes Inquiry Committee which came three years later had found that the continuation of the Board as a single entity even with two wings was of no use and there should be two Boards.

At the present moment—in the last three months—the Board has been

functioning as two wings, but merely because of statutory requirements, we have a common Chairman who has got nothing to do with either of the two sections. The anomaly cannot continue long and that is why I am troubling the House to pass this Bill which will enable us to set right an administrative anomaly.

One fact I would mention. The Boards are supposed to have not more than five members. At the present moment, one has 3 and the other 2. Maybe they will have to have more members. Maybe we might provide some kind of co-ordination between the two Boards by making the Chairman of one Board an *ex-fficio* Member of the other. These are administrative matters. Until such time as we have all the five members on each Board, we do not think it is necessary for us to come before Parliament to raise the number of members of the Boards.

The expenditure that would be incurred under this head is infinitesimal in comparison with the magnitude of the tasks that the Boards have to undertake. I therefore hope that the House would approve of the measure. I move.

14.57 hrs.

[MR. SPEAKER in the Chair]

Mr. Speaker: Motion moved:

“That the Bill to provide for the constitution of separate Boards of Revenue for Direct Taxes and for Excise and Customs and to amend certain enactments for the purpose of conferring powers and imposing duties on the said Boards, be taken into consideration”.

Shri Vasudevan Nair (Ambalapuruzha): The hon. Minister claims that he wants to strengthen the tax administration machinery in our country. In the normal course, nobody should disagree with that desire. I have no objection, if he really can assure us

[Shri Vasudevan Nair]

that steps like this will streamline the tax administration machinery, the taxes will be really collected, they will be properly assessed, arrears will be mopped up and tax avoidance and tax evasion prevented.

The Minister himself has referred to certain inquiries made into the whole matter. He referred particularly to the Direct Taxes Administration Committee presided over by our esteemed friend, Shri Tyagi. In the Bill itself, it is mentioned that they are accepting the recommendation of that particular Committee for the bifurcation of the Central Board of Revenue which is administering the whole tax machinery at present. But I think this is only one of the several proposals and suggestions made by that Committee and perhaps by some other committees which went into this matter. If the Government are prepared to accept all the substantial recommendations—they have accepted many of them—they should also really implement them with all earnestness. Then perhaps they will be able to clear up the arrears, and prevent tax avoidance and tax evasion.

15 hrs.

We all know that this administration has not succeeded. I would go to the extent of saying that they have failed in preventing tax evasion, tax avoidance, in mopping up tax arrears. Every year we are told by the Finance Minister in his Budget speech that a large amount remains as arrears. The Tyagi Committee which went into this problem in some detail have given us the figures for the period 1954-55 to 1958-59. Every year the income-tax arrears were to the tune of Rs. 200 to Rs. 300 crores. In 1954-55 it was Rs. 205 crores; in 1958-59 it was Rs. 271 crores.

Of course, Government may argue that this is not effective arrears, that a part of it has to be written off, that a part accrues from the records per-

taining to the period of the war. Even so, the effective arrear is a staggering figure, being somewhere between Rs. 150 and Rs. 200 crores. I would like to know what the Central Board of Revenue was doing all these years, what effective steps they were taking to really mop up these arrears. What is the meaning of telling Parliament every year that Rs. 150 to Rs. 300 crores in income-tax alone remains as arrears, and then calling upon the people to give more by way of taxes? It is common knowledge that our people today have reached the saturation point. Especially in the case of indirect taxation, you have put so much strain on them, you are fleecing them like anything, while hundreds of crores of rupees are left as arrears.

**Mr. Speaker:** The hon. Member might accuse the Government, not me.

**Shri Vasudevan Nair:** I am sorry. Through you, I am accusing the Government.

So, this is a very serious problem, for the solution of which Government has to take energetic, effective steps. I have no illusions that by merely bifurcating the present Central Board of Revenue they can achieve it.

They are incurring new expenditure. When a new department is created, the expenditure always goes up. The annual recurring expenditure will be Rs. 2 lakhs, and perhaps, as the Minister has said, we may not grudge it if the creation of a separate Board for Direct Taxes really helps in achieving the objectives that are before us. But I am not optimistic in that. We have to be convinced by practical experience in the coming years that all the taxes are really assessed and collected, that people are not allowed to get away from taxes.

We always hear in this country a hue and cry especially from the vested interests that the incidence of direct taxation is the greatest here; but then what is the secret of the

accumulation of wealth, unprecedented accumulation of wealth, in the hands of a few in this country? For the last so many years, Government has been telling us that they are enquiring into it. The Mahalanobis Committee is there.

**Shri Bade** (Khargone): But it is not coming out with its findings.

**Shri Vasudevan Nair**: But it is a fact that in spite of this tall talk about the high incidence of direct taxation, people are accumulating wealth like anything. There is concentration of wealth in a few hands. How can it happen unless there is large-scale tax evasion in this country, unless there is a kind liberal attitude towards such people?

I do not think the Tyagi Committee was composed of any revolutionaries; they were liberal minded, moderates.

**Mr. Speaker**: Is he sure that Shri Tyagi is not a revolutionary?

**Shri Vasudevan Nair**: I think he was a revolutionary at one time. I would like him to be a revolutionary again, but I think perhaps he is sitting in an improper place to be a revolutionary. That is his difficulty.

**Shri Tyagi** (Dehra Dun): He wants me to be near him.

**Mr. Speaker**: He does not know the difficulties that I experience even when he is sitting there!

**Shri Vasudevan Nair**: This committee drew pointed attention to the fact that in the case of people who kept taxes as arrears, proper action had not been taken. They say:

"In our opinion, the provisions of section 41 are not being put to sufficient use. This conclusion gains further strength when the arrears appearing under Item 9 are also taken into consideration.

They show that even though tax had become due, no action for recovery had been taken by the department,.....

—the department about the Minister was just now speaking—

"...for effecting collection, and the assessee appear to have been granted free respite in the matter."

(*Interruption*).

**Mr. Speaker**: If the hon. Member has to take any exception, he can stand up and state what he wants.

**Shri Bade**: My point was that another Parliament is going on there.

**Mr. Speaker**: That consultation becomes necessary.

**Shri Vasudevan Nair**: Similarly, in the case of tax-evaders and anti-social elements who do not co-operate with society and Government, the committee says that the business community, as far as moneys that accrue to them are concerned, are very particular to get them, but in discharging the responsibilities to the public exchequer they are lagging. Against such people Government and this department have failed to take stringent action. They have not even made use of the provisions already existing in the various Acts of Parliament.

About tax-evaders, the Tyagi Committee has said:

"We feel that unless it is brought home to the potential tax-evader that attempts at concealment will not only not pay, but also actually land him in jail, there can be no effective check against evasion."

And the Committee pertinently pointed out that in spite of large-scale tax evasion taking place in this country during the last ten years, there was no case of a person being convicted and put in jail.

**Shri Tyagi:** I do not think there has been any even after this report.

**Shri Vasudevan Nair:** The thing remains where it was.

So, the Minister has a duty to tell the House and the country what practical, concrete steps were taken by the tax administration machinery after this report, to check these anti-social elements, to mop up the large-scale arrears.

They have asked Parliament to give them more facilities, more offices, more officers, more money to spend on them. We would not grudge granting such facilities and financial assistance. I am sorry that the Minister failed to give us the picture of the work that the Central Board of Revenue has done till now. The amount involved is only Rs. 200 thousands or so, which may not be a big amount taking the whole thing into account; all the same we want to be satisfied about the functioning of this administration. There is a lot of collusion between tax-evaders and perhaps a section of the tax administration machinery. I do not want to give details but I know instances where uncorruptible junior officers wanted to do their duty but the big sharks and influential people immediately got them transferred from place to place, from Delhi to Madras and then the next month from Madras to Bombay. How can they discharge their responsibilities? There are very powerful elements who can get away with all the wrong that they do. While replying to the debate on the other Bill, the hon. Minister blamed us for not supporting certain things which are progressing according to him and he asked why the communists are going with the Swatantra and all that. Our difficulty with the hon. Minister, his party and Government is that they say from house tops that they are doing very big things and have big ideals, have socialism as their goal, but we see practically no relation between their word and deed. When it comes to deeds, they fail; they do the very opposite of what

they declare. They have gone ahead with a certain amount of direct taxation but they have miserably failed on the question of implementation; on many occasions they have colluded and helped those who want to evade the laws passed by Parliament. Unless Government streamlines the machinery and brings home to administrations that they should not budge an inch in carrying out their duties whoever it be, that they should do their duty with sincerity and earnestness even in respect of influential magnates and big shots, there is no use of expanding the machinery which already exists. You can have 20 boards instead of two but the objective cannot be achieved. Government should create an effective and thorough-going tax administration machinery.

**श्री श्रीकार लाल बेरवा (कांटा)**

अध्यक्ष महोदय, मैं इस बिल को सपोर्ट तो जरूर करना लेकिन इस को देखने में मालूम हुआ कि इस में एक बोर्ड गठित कर के २ लाख रु० का खर्च बढ़ा दिया गया। जब जब पार्लियामेंट में इस तरह का हल्ला हुआ कि पुराना रुपया वसूल क्यों नहीं किया जाता है, इनकम टैक्स वगैरह का करीब ३३ करोड़ रुपया पड़ा हुआ है। सिर्फ कानपुर में ही ३ करोड़ रु० इनकम टैक्स का पड़ा हुआ है। इस तरह की बातों को कहने वालों का मुंह बन्द करने के लिये यह बिल लाया गया है।

अगर हम यह बिल पास कर देते हैं तो क्या होगा कि एक बोर्ड गठित हो जायेगा और वह बोर्ड टैक्स वसूल करेगा। लेकिन मैं कहना चाहता हूँ कि इस बिल को लाने से ही टैक्स वसूल नहीं हो जायेगा। जैसे जैसे मर्ज बढ़ते जायें अगर हम सोचें कि डाक्टर बढ़ा दो और मर्ज कम हो जायेंगे, तो यह ठीक नहीं है। मर्ज इस तरह से खत्म नहीं होता। वह तो उम की दवा करने से ही खत्म होगा। इसलिये सब से पहले जो हमारा करेडेंडो रुपया टैक्स का पड़ा हुआ है, जो कि वसूल होने से रह गया है, उसे वसूल किया जाय। इधर तो आप गरीब जनता पर खूब टैक्स लगा देते हैं उधर

बड़ी बड़ी कम्पनियां करोड़ों रुपये डकार कर बैठ जाती हैं। सब से पहले इस और ध्यान दिया जाय।

उस के बाद इस बिल में लिखा हुआ है कि :

“... जो बोर्ड को केन्द्रीय सरकार द्वारा या किसी विधि के द्वारा या अधीन मौपे जायें।”

मैं पूछना चाहता हूँ कि यह विधि आप अभी क्यों नहीं बना लेते हैं ताकि सारे का सारा कानून ठीक से बन जाये। अगर किसी विधि को बना कर के फिर इस को बोर्ड के तहत किया जाय, या बोर्ड उस विधि के तहत चले, या उस में फिर संशोधन किया जाय तो उस संशोधन को करने के पहले फिर उस को सदन में लाना होगा और माननीय सदस्यों का समय खराब होगा। विधि के लिये मेरा यह कहना है कि उस को इमी विधेयक के अन्दर रख दिया जाता तो ज्यादा अच्छा होता।

फिर इस में यह लिखा है कि :

“जिस के अन्तर्गत राज्य सरकार का एदाधिकारी है, अधिप्रेत है।” मैंने अभी अभी देखा है कि कोटा, राजस्थान के अन्दर १२०३ बोटस गराब की पकड़ी गई, मोटर में ता० ११-११-६३ को। उस को पकड़ा गया। कस्टम्स के अधिकारी वगैरह पहुंचे और उन्होंने उसे पकड़ लिया। लेकिन केन्द्र ने राज्य सरकार के अधिकारियों को हाथ नहीं लगाने दिया। उन्होंने कहा कि यह तो केन्द्र का मामला है इस लिये जितनी भी रिपोर्ट होगी और जांच होगी, वह सब हम करेंगे। इस में कोई हस्तक्षेप नहीं कर सकता। इतने में क्या हुआ कि फर्जी करगजात बना लिये गये, और अजमेर से जा कर फर्जी परमिट ले ली गई और गहा गया कि परमिट ले कर हम ले जा रहे हैं। तो राज्य सरकार के हस्तक्षेप न करने के कारण यह सारा काम खत्म

हो जायेगा। मैं चाहता हूँ कि अगर इस में कोई इमजेंट केस आये तो इसमें राज्य सरकार की भी सहायता ले लेनी चाहिये। इस में खाली केन्द्रीय सरकार द्वारा ही हस्तक्षेप करने की बात नहीं होनी चाहिये। आज राज्य सरकारों के अन्दर इस तरह की बातें बहुत हो रही हैं। यह बात ठीक है कि सारा खर्च केन्द्र बर्दाश्त करेगा लेकिन राज्य सरकारों के पास भी कुछ न कुछ अधिकार होने चाहिये और, अगर कोई इमजेंट केस आये तो वे हस्तक्षेप कर सकें।

इसी तरह से टैक्मेशन के बारे में मैं कहना चाहता हूँ। मैं आप को बतलाऊँ कि मान लीजिये कि कोटा में इंडस्ट्री है, वहां पर सेल्स टैक्स आफिसर और इनकम टैक्स आफिसर जाते हैं लेकिन उन का डेड क्वार्टर पंजाब में होता है। इस से बड़ा काट होता है। मैं अपनी खुद की बात बतलाऊँ। मैं ठेकेदारी करता हूँ। मेरे ऊपर कई केस खड़े कर दिये गये और कहा गया कि इन का इनकम टैक्स दो। कोई किसी टाइम का बता दिया गया कोई किसी टाइम का बता दिया गया। मैंने इनकम टैक्स वालों से कहा कि मैंने यह काम नहीं किया। लेकिन अगर तुम कहते हो कि किया है तो पहले इस का दाम दिला दो फिर इनकम टैक्स ले लेना। वे कहने लगे कि पंजाब से रिपोर्ट आई है, डेड आफिसर से रिपोर्ट आई है उस के तहत हम इनकम टैक्स लेंगे। इस तरह से अन्धाधुन्ध टैक्स लगा दिया जाता है। इस की भी जांच होनी चाहिये। यह नहीं होना चाहिये कि सिर्फ घर में बैठ कर ही सारा काम कर लिया और दस्तखत कर दिया। हर एक केस को पूरी जिम्मेदारी से देख कर फिर उस पर हस्ताक्षर किया जाये।

इसी तरह सेल्स टैक्स का मामला है। जिन दूकानों के पास नमक मिर्च भी नहीं है बेचने के लिये उन के पास नोटिस आता है कि लारये टैक्स दीजिये। जयपुर में एक आदमी को खाने तक के लाले पड़ गये। वह मरने को तैयार बैठा था कि उस के पास नोटिस

[श्री आंकार बाल बेरवा]

आ गया। पंचों ने कहा कि यह मर रहा है, दो साल से इस के पास खाने को भी नहीं है। इस को किसी तरह से यहां की पब्लिक बिना रही है। वह कहते हैं कि हम क्या करें। नोटिस आई है और हम इस से टैक्स लेंगे। इस तरह की अन्वेषणों से पहले खत्म की जाय। जो बड़ी बड़ी कंपनियां हैं पहले उन से टैक्स वसूल किया जाय उस के बाद गरीब आदमियों को तंग किया जाय। इस बिल में लिखा गया है कि जो आदमी नहीं देगा उन में हम कुर्की और नीलामी से वसूल करेंगे। कुर्की और नीलामी से वसूल करें लेकिन पहले उन लोगों से वसूल किया जाय जो कि करोड़ों रुपये डकार कर बैठे हैं। चूंकि वे चन्दे बगैर देते हैं इस लिये उन के यहां कुर्की और नीलामी नहीं की जा सकती। वे लोग कांग्रेस को दस दस, बीस बीस हजार रुपये दे कर कुर्की की मियाद बढ़वा लिया करते हैं और उस दौरान में नीपापोता कर के सब कुछ कागजात तैयार कर लेते हैं। और गरीब आदमी से उमी वक्त वसूल करने को तैयार हो जाते हैं। मेरा यह सुझाव है कि पहले कंपनियों और फ़ैक्ट्रियों वालों से वसूल किया जाय जिनकी तरफ करोड़ों रुपया बकाया है।

**Shri T. T. Krishnamachari:** Sir, I would like to say that my task has been made comparatively easy. The hon. Member belonging to the Communist party who has spoken, wanted to know the effective arrears. The effective arrears as on 30th September, 1963, is Rs. 170.4 crores. It is really less than half the demand that could be collected. He also dealt with the problem of arrears: the question of inability to punish, tightening of the laws and so on. That could not be done now. I could not bring a law for tightening up the collections, for making people pay and punish them in a manner that will be salutary in this measure. It is, as I said, just an administrative measure which makes it

possible for us to divide these two different actions of the Central Board of Revenue, one having nothing much to do with the other. It may be that the hon. Member will have an opportunity later on to speak about these measures when we bring the budget before the House. If then the Government fails to do something in order to collect the money due from the people who evade, then I suppose it will be the proper time for him to make a charge and for me to explain or give the assurance about whatever may be necessary at that time.

The other hon. Member who spoke mentioned about the notices being given about the collections at inconvenient time. I think he had very largely in mind the operation of the sales-tax by the State administrations. I do not know if the income-tax authorities exhibit such an alacrity as to collect money at a very difficult time. I could not make out what he was driving at. I do not think there is anything much for me to say beyond what I have said by way of my preliminary remarks.

**Mr. Speaker:** The hon. Member's complaint was that, whereas on the one side there are many cases of tax evasion and so much amount is in arrears, on the other side, there are cases about income-tax and sales-tax where unduly the people are harassed and who are not liable to tax and even then notices are issued to them. He says he is a contractor himself and personally he got a notice to pay income-tax about some works that he had done in Punjab or some other State while he had not taken up any such work.

**Shri Krishnapal Singh (Jalesar):** There are a lot of such cases (*Inter-ruption*).

**Shri T. T. Krishnamachari:** The point is this. Sometimes there are abuses, but without power we are not able to collect. It is difficult to strike

the golden mean. If the hon. Member will let me know the instances where such a thing has been done, it could be seen to. I heard stories also where probably sometimes an assessment is kept in arrears for three years.

श्री श्री नार लाल बेरवा : मैं बतला दूंगा ।

अध्यक्ष महोदय : ऐसे केनेज को चिट्ठे से आप उनको बतला दीजिएगा ।

**Shri T. T. Krishnamachari:** Sometimes, the tax for all the three years is assessed together and they are asked to pay in a week. I am deeply conscious of all the shortcomings of the administration, and it shall be our endeavour to improve things, and basically we start improving right from the top, and sometimes later I think it could come down below. I do not also know what is the case mentioned by the hon. Member from the Communist party. If he could tell us the case, where one officer has been transferred within the course of a few months—in Bombay, Calcutta or Madras—the matter could be looked into. It may be that in one or two cases it has happened. Maybe the reasons are different. The officer who is transferred may rationalise it by saying that he has incurred the displeasure of some assessee who has got powerful friends in Delhi! If instances are given to us we could examine them.

**Shri Bade:** There is one difficulty.

**Mr. Speaker:** There is no time now.

**Shri Bade:** The difficulty is about clause 3 at page 2, which says that the new Boards "will exercise such powers and perform such duties as may be entrusted to the Board by the Central Government or by or under any law. Are you going to prescribe the duties after passing this Bill? Why not you prescribe them here when bifurcating the duties? That is my difficulty, because either they will

have to bring another law—"under any law" means they will have to prescribe the rules—or the rules will be placed before Parliament. The question is whether they are going to prescribe the rules for the duties of these two Boards or whether it will be only Government's concern.

**Shri T. T. Krishnamachari:** The Boards have no statutory powers but they are administrative bodies. The powers are delegated to them from time to time which do not take away the power of the person delegated, namely, the Secretary of the Department. That is what is sought to be conveyed in the clause that my hon. friend refers to.

**Mr. Speaker:** The question is:

"That the Bill to provide for the constitution of separate Boards of Revenue for Direct Taxes and for Excise and Customs and to amend certain enactments for the purpose of conferring powers and imposing duties on the said Boards, be taken into consideration."

*The motion was adopted.*

**Mr. Speaker:** We now take up the clause-by-clause consideration of the Bill. There are no amendments. The question is:

"That clauses 2 to 8 stand part of the Bill."

*The motion was adopted.*

*Clauses 2 to 8 were added to the Bill.*

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

**Shri T. T. Krishnamachari:** I beg to move:

"That the Bill be passed."

**Mr. Speaker:** The question is:

"That the Bill be passed."

*The motion was adopted.*