

Canada have offered us a special additional wheat aid of 100,000 tons for immediate shipment. During the current financial year, Canada has already provided us \$7 million Aid under the Colombo Plan with which we imported 87,000 tons of Canadian wheat in September and October last. I would like to convey on behalf of the Government of India our thanks to the Canadian Government for their timely assistance in helping us to tide over the present difficult period.

2. The continuance of the strike of the longshoremen at the U.S. Gulf ports has reduced the availability of wheat for distribution to the States in March and April. I am happy to say that the Governments of Iran, Pakistan and South Korea have expressed their readiness to divert wheat ships bound for their respective countries. This has been made possible by the goodwill of the French Prime Minister and I would like to thank the French Government for this friendly gesture. We have also made an additional purchase of 100,000 tons of wheat from France on easy payment terms. We hope to be able to tide over the difficult period with the help of these additional supplies and the supplies from Australia, Canada and the West Coast ports of the United States.

श्री प्रकाशवीर शास्त्री (बिजनौर) : अध्यक्ष महोदय, मैं एक व्यवस्था का प्रश्न उठाना चाहता हूँ। सभी मंत्री महोदय ने एक वक्तव्य दिया है तो इसके बारे में आप का यह कहना है कि जो भी आवश्यक घोषणाएँ इस सदन में होती हैं, इस प्रकार की महत्वपूर्ण घोषणाएँ इस सदन में होने से पहले और कहीं उनको प्रकट न किया जाय लेकिन सभी जो मंत्री जी ने घोषणा की है कैनाडा के गेहूँ की, आज प्रातःकाल आकाशवाणी से यह समाचार प्रसारित हुआ है। जब यह महत्वपूर्ण घोषणा यहाँ होने

वाली थी तो इससे पहले आकाशवाणी को या किसी समाचार समिति को इस प्रकार का समाचार देना कहां तक उपयुक्त है ? अगर उनको यह दे दिया गया तो इस सदन में महत्वपूर्ण घोषणा का अभिप्राय क्या है।

Shri C. Subramaniam: This announcement was made in the Canadian Parliament last night and evidently that news was broadcast.

12:25½ hrs.

APPROPRIATION BILL,* 1965

The Minister of Finance (Shri T. T. Krishnamachari): Sir, I beg to move for leave to introduce a Bill to authorise payment and appropriation of certain further sums from and out of the Consolidated Fund of India for the services of the financial year 1964-65.

Mr Speaker: The question is:

"That leave be granted to introduce a Bill to authorise payment and appropriation of certain further sums from and out of the Consolidated Fund of India for the services of the financial year 1964-65."

The motion was adopted.

Shri T. T. Krishnamachari: Sir, I introduce† the Bill.

12:26 hrs.

INCOME-TAX (AMENDMENT) BILL,
1965

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

"That the Bill further to amend the Income-Tax Act, 1961 and to

*Published in Gazette of India Extraordinary, Part II, section 2, dated 3-3-65.

†Introduced with the recommendation of the President.

[Shri T. T. Krishnamachari]

validate certain searches under that Act, be taken into consideration."

Sir, this is a comparatively short Bill which is primarily intended to replace the Income-tax (Amendment) Ordinance, 1965, which was promulgated by the President on the 6th of January last. The opportunity has also been taken to introduce certain other amendments which are incidental or supplemental to the matters covered by the Ordinance.

I have no doubt that the hon. Members will welcome the main purpose of the Bill. That purpose is the unearthing of unaccounted money and recovery of tax due thereon. The measures which are being adopted to achieve it are two-fold: firstly, the strengthening of the machinery to discover and seize unaccounted assets with a view to ensure speedy recovery of taxes in respect of the undisclosed income represented by such assets; and, secondly encouraging persons to come forward with voluntary disclosures of their concealed income.

As the hon. Members are aware, the Finance Act, 1964 enlarged to some extent the powers relating to search and seizure under the Income-tax Act, 1961. Those powers, however, did not include the power to seize unaccounted assets discovered during the search. In the absence of such a power, it would be possible for the persons concerned to arrange to place some of those assets beyond the reach of the Income-tax Department for purposes of recovery. We, therefore, found that for these measures to be really effective, certain additional powers were necessary.

The Income-tax authorities are being empowered to seize assets like money, bullion and jewellery which represent either wholly or partly undisclosed income or property. For this purpose, they may, in case of obstruction, break open the lock of any door, box, locker or safe. Where

it is not found practicable to seize any asset, the officer conducting the search may serve an order on the owner or the person who is in possession of such asset that he shall not deal with it in any way except with the previous permission of the officer. To ensure that such an order may be effective, punishment is provided for its contravention. It will also be useful to obtain statements, where possible, from the persons concerned on the spot during the time of search and seizure so that such persons may not invent explanations as a result of afterthought.

Formerly, only the Commissioner could authorise an Inspecting Assistant Commissioner or an Income-tax Officer to carry out search and seizure. The Power conferred on the Commissioner is being extended to the Director of Inspection and further, the authorisation may be in favour of a Deputy Director of Inspection or an Assistant Director of Inspection in addition to the Inspecting Assistant Commissioner or the Income-tax Officer. This provision is being made so that time may not be unnecessarily lost in contacting the Commissioner when the Directorate gets some reliable information relating to books of account or assets not disclosed to the Income-tax Department.

I would like to make one thing clear. The authorisation by the Director of Inspection or the Commissioner will not be lightly given; it will be given only when he has reason to believe that the information which has come into his possession is of a reliable nature. It would, of course, be impossible to ensure beforehand that the information available is hundred per cent correct. Every effort will, however, be made to see that innocent people are not harassed.

The Income-tax Officer will make an enquiry in order to arrive at a reasonable estimate of the undisclosed income represented by the seized assets. In the course of this enquiry, he will give a reasonable opportunity

to the person concerned for being heard. The enquiry will be carried out as expeditiously as possible and will be completed within 90 days of the seizure. Within this period the Income-tax Officer will pass an order estimating, to the best of his judgment, the undisclosed income and calculating the amount of tax on the same. This will be purely an *ad hoc* estimate, and will not prejudice the regular assessment which will be later completed on the basis of such further material which the Income-tax Officer may be able to gather or the assessee may produce. The Income-tax Officer will also specify the amount that will be required to satisfy any existing liability under the direct taxes enactments in respect of which the assessee is in default or is deemed to be in default. Only those assets which are, in the opinion of the Income-tax Officer, necessary for the satisfaction of the liability in respect of the undisclosed income as well as such existing liabilities will be retained and the remaining assets will be forthwith returned to the person from whose custody they were seized.

The order made by the Income-tax Officer in this connection will be a fair one based on the materials available. It is being provided that the Income-tax Officer shall pass the order only with the previous approval of the Commissioner. A person who feels aggrieved by such an order can also make an application for appropriate relief to an authority to be notified by the Central Government in this behalf.

Certain searches already made by the Income-tax Department have been contested in courts of law on technical grounds that there were no pending proceedings when the searches were made or that the assistance of persons other than authorised officers was taken for the purpose of the search. It is proposed to validate the searches already made. It is further being clarified that for the purpose of search and seizure, proceedings will include not only pending proceedings but also proceedings which have already been

completed or proceedings which may be commenced after the date of the search. The officers conducting the search are being empowered to requisition the services of police officers as well as officers of the Central Government.

The assets retained by the income-tax officer will be applied for the discharge of the existing liabilities under the Direct Taxes Acts in respect of which the assessee is in default or is deemed to be in default. The remaining assets will be utilised for the recovery of the tax determined on completion of the regular income-tax assessments for all the years to which the undisclosed income relates, provided, in respect of such tax also the assessee is in default or is deemed to be in default. For the purpose of recovery of these liabilities, the retained assets will be deemed to be under distraint and the income-tax officer can sell such of them as may be found necessary. Whatever assets remain after all such liabilities have been discharged will be returned forthwith to the person from whose custody they were seized.

While every effort will be made to retain only those assets whose value will correspond as closely as possible to the tax liabilities for the satisfaction of which they are being retained, there may nevertheless be some cases where the value of the retained assets may exceed these liabilities. In certain circumstances it would be just and proper to compensate the assessee by way of interest on the excess amount so retained by Government. With regard to assets like bullion or jewellery, which are not sold by the income-tax officer, there can hardly be any case for compensation because the seizure of such assets cannot be said to have deprived the person concerned of any monetary benefit he might have otherwise obtained from the same. It is only when money has been seized and some of the other seized assets have been sold that the question of payment of interest should arise. If the aggregate of the money

[Shri T. T. Krishnamachari]

retained and proceeds of assets sold exceeds the total of the existing liabilities and the liability determined on the relevant regular assessment, the Central Government shall pay interest at 5 per cent per annum on such excess.

Where some assets are to be sold for satisfying the existing liabilities, the sale will necessarily take some time and the sale proceeds will not thus become available to Government from the date of retention of such assets. The instalments of advance payment of income-tax also do not bear any interest for an average period of about six months. Taking into consideration the various factors involved, it is being provided that the interest shall run from the end of six months from the date of the order of the income-tax officer as a result of which the assets are retained by him to the date of the regular assessment or reassessment in respect of the undisclosed income.

The drive for discovering undisclosed income is likely to induce some persons to see reason and to come forward with voluntary disclosures. The main difficulty faced by such persons is the possibility of heavy penalties being imposed. I propose to give some concessions in this respect. The commissioner may reduce or waive the amount of minimum penalty imposable on a person who has made a voluntary disclosure of his concealed income. In addition, such a person will also not be liable to prosecution in respect of the relevant assessment. Where, however, the minimum penalty imposed in respect of all the assessment years or that could be imposed in respect of all the assessment years involved exceeds Rs. 50,000, it can be reduced or waived by the commissioner only with the previous approval of the Board. Before these concessions could be availed of, three conditions have to be satisfied: firstly, that a full and true disclosure of the concealed income is made before it is detected by the income-tax officer, secondly that the assessee has co-ope-

rated in any enquiry relating to the assessment of such income, and lastly that the assessee has either paid or has made satisfactory arrangements for the payment of tax or interest payable as a result of the disclosure. I have given notice of a minor amendment to empower the commissioner to reduce or waive the minimum penalty imposable for failure to file voluntary return of income.

I would like to say in regard to the searches made, on which I have given some information on a question, that the total searches made was about 500 so far and about 1000 premises were concerned in these including lockers. So far, the realisations by way of tangible assets have been of the order of slightly more than Rs. 5 crores including cash, bullion and other investments. But an enormous number of documents have been seized which will lead to further disclosures. Besides as a result of these searches, hundi loans which are expected to be bogus of the order of nearly Rs. 50 crores have been unearthed, and in many cases, the parties have co-operated in giving the names of the persons who are concerned in these bogus loans.

Shri Narendra Singh Mahida (Anand): Many houses have been raided, but I know of a case in Calcutta where a firm which had closed down its business about five years back, had been raided and the raid was due to a mistaken identity of same name. If I am permitted to give the name, I can mention it.

Shri T. T. Krishnamachari: I know of only one name which was reported in the papers to be a mistake; I am not aware of the instance, and I would like the hon. Member to give me the instance.

That is the present position of the activities in this regard.

I would also like to assure hon. Members who have any doubts in this matter that I have issued detailed instructions in regard to dealing with jewellery and also in regard to dealing with members of the other sex, that officers should be extremely

careful in this matter, and wherever it is necessary for them to go into a house where there are women, they should take a woman officer if possible. So far as I have heard, I am happy to say that the behaviour of these people, that is, the officers of the department who have gone in, by and large, has been exemplary.

I am confident that the provisions of this Bill will receive support from hon. Members. Hon. Members are also aware that since this Bill was drafted and placed before the House, I have announced certain concessions in this regard in my budget statement. Of course, I would not claim that this Bill provides the fiscal remedy for countering the evils of all tax evasion. Human nature being what it is, the contest between the tax-gatherer and the tax-dodger has to go on, and it may continue, and it does continue in most countries.

The Bill does, however, in my humble view, represent an earnest attempt to gear up the machinery of tax enforcement. Sir, I move.

Mr. Speaker: Motion moved:

"That the Bill further to amend the Income-tax Act, 1961, and to validate certain searches under that Act, be taken into consideration."

Two hours have been allotted for this Bill.

Shri N. Dandekar (Gonda): I would like to say at once that I am wholly in favour of this Bill, and I am supporting it for three reasons.

Since 1957, there has been such an abnormal resort to concealment of transactions and of incomes and of wealth from the tax authorities that this problem has now assumed menacing proportions. And I think quite rightly, that the Finance Minister has taken notice of the situation and since last year, has been taking steps and the powers necessary to support those steps, by means of certain amendments which he has embodied in this Bill.

The fight against this menace of unaccounted incomes and unaccounted wealth is a matter of interest to all tax-payers, both direct tax-payers as well as indirect tax-payers, and it is also of very considerable interest, direct interest to the population generally, who as consumers, have to bear the burden of sharply rising prices and sharply rising taxation which eventually ends by way of rising prices. And if one has to fight this menace, I am entirely in agreement that it is impossible to do so unless the Department is armed with adequate powers of the kind that are embodied in this Bill.

Having said that and having made my position quite clear that I am in support of this measure in a whole-hearted way, I would like to make three general observations. In the first place, I am quite clear in my mind that mere symptomatic remedies of this kind, however drastic, are not going to cure the disease. The disease which is responsible for these symptoms in terms of unaccounted incomes and unaccounted wealth is deep-seated, and has been growing steadily over the past seven or eight years; it is not something that has arisen suddenly during the year 1964 and assumed the proportion which it has suddenly in the months of January and February of this year. And it is, I suggest, necessary to be quite clear about the causes of the disease and not rest content with symptomatic treatment of the kind envisaged in this Bill.

I suggest that the first basic cause of this disease has been over the last few years extravagant planning leading to extravagant expenditure, both by the Central Government and the State Governments, particularly since the commencement of the Second Five Year Plan. On the other hand, this has resulted in unrestrained resort to deficit financing of all kinds and to extravagant taxation.

[Shri N. Dandekar]

When you add up these two factors, in particular the large single factor of extravagant taxation that started since 1957, in terms, for instance, of integrated taxation, of which the aggregate burden is something staggering because it goes beyond the total income of a large number of people affected, when you have regard to the fact that a single operation of tax dodging, for instance, concealing one's income successfully also evades the other taxes like wealth tax, expenditure tax and gift tax, I will show you that the aggregate result of this type of taxation at the level at which it prevails is one of the strongest incentives to the growth of this particular disease. Unless we are quite clear that this extraordinarily increased burden of direct and indirect taxation which since 1957 has assumed proportions of the kind that it becomes a direct incentive to accumulation of unearned income or rather undisclosed income and undisclosed wealth—until we are clear about that, I for one do not believe that measures of this kind, however drastic and however necessary, will be a remedy for the disease that I have just described.

Now, if the state of taxation and if the state of deficit financing continues in the magnitude in which we have had it in recent years, I have no doubt about this: catch a hundred or a thousand people, but there will be newcomers. The flow of an increasing number of people into this field will continue to be strong. They will continue to evade price control, they will continue to evade taxation, both direct and indirect, they will continue to speculate in stocks and shares, commodities and bullion. Whether you like it or not, whatever the consequences, they will continue to speculate, they will continue to hide their wealth, they will continue to hide their income because there are direct incentives for doing so by reason of the circumstances I have just indicated.

I submit one thing the Finance Minister might well consider as a matter of long-term policy, is to carefully examine the causes of this, carefully examine what can be done by way of long-term remedy. For the short-term menace, this Bill is obviously a necessity. But it is of no use merely dealing with the short-term problem. What is necessary is to deal with the basic causes. They are, as I have suggested, inflation on the one hand and high taxation—savage taxation—on the other, both in the field of direct and indirect taxes.

It is, for instance, an extraordinary thing that in the last two or three years, the magnitude of the evasion of indirect taxation has become very considerable. I remember some years ago—not many years ago—there was hardly any question of any large-scale evasion of indirect taxes. But today, the extent of evasion of indirect taxes, as a direct consequence of the level at which indirect taxes now stand, is so alarming that it is another source of accretion to undisclosed incomes and undisclosed wealth.

The second general comment I would like to make is a procedural one. I am really unhappy that on a matter of this kind, the Finance Minister should have thought it necessary to introduce an ordinance in between two sessions of parliament followed by a Bill. I suggest resort to ordinances in matters of this kind is utterly objectionable. The last session ended on 24 December; the present session began on 17 February, and in between, we are to believe that an emergency arose, between 24 December and 6 January, which should have necessitated the promulgation of an ordinance. I suggest no such sudden emergency arose. What has been happening is that the process

has been going on. Since the amendment of the Income-tax Act and the Finance Act of 1964, searches are going on, seizures are going on. Everybody knows what is going on, the Finance Minister and his Ministry more than anybody else, and there was no particular emergency that arose in the month of January on the 6th of that month—necessitating an ordinance.

The justification in terms of which this ordinance was promulgated is this—I quote from the Finance Minister's statement on the ordinance laid on the Table:

"In the context of the severe strain imposed on the economy by unaccounted money, unearthing of such money was of extreme urgency and called for immediate action".

Actually, of course, the unearthing of unaccounted money and unaccounted income by searches has been going on throughout last year, and there was no question of immediate action or immediate urgency.

"As however, Parliament was not expected to be in session till the third week of February 1965, there was no alternative but to amend the income-tax Act, 1961 suitably by an ordinance and accordingly, the Income-tax (Amendment) Ordinance promulgated by the President on the 6th January 1965".

I suggest this is an argument that is untenable, should not have been resorted to because the situation is one well known, has been developing, and it is not anything of a particularly emergent character that suddenly popped up in the early week of January necessitating the promulgation of this ordinance.

Finally, one more general point, and I shall have done. I have said

this several times in this House during the short period I have been here, namely: let us have as drastic legislation as may be necessary against lawless elements or anti-social elements. But for heaven's sake, let that legislation not be lawless legislation. It should be drastic but not lawless. In a civilised country, even the most anti-social elements are entitled, if we are to retain our own respect for our Constitution, if we are to retain a sense of honour and trust towards our Constitution, to legal remedies. I suggest that the deprivation of jurisprudence, deprivation of at least minimum procedural requirements of civilised life, ought not to be allowed. I will make only one exception to that. The only exception where procedural deprivation of the rights, liberties and privileges inherent in one being a citizen of this country, would be countenanced would be where people wish to take advantage of those liberties and privileges to overthrow the very constitution under which they seek protection, and in particular when they seek to overthrow it by violence or by aid, direct or indirect, from an enemy country. Then only, such persons should not be entitled to the normal privileges of the rule and procedure of law.

I suggest we ought to keep our balance on this subject. I know how difficult it is. I know how difficult is the lot of the executive officers in tackling a problem of this kind, or the problem of corruption or that of food adulteration. I mention these because these were pieces of legislation that came before this House during the last session. But the whole range of legislation that I have had the opportunity of looking into during the short time I have been here—the Anti-Corruption Bill, the Essential Commodities (Amendment) Bill, the Prevention of Food Adulteration (Amendment) Bill, the Gold Control Bill, the Companies (Second amendment) Bill—the whole range of them contain provisions negating some of the basic

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and essential principles of legal procedure and of civilised jurisprudence. I suggest that whatever the provocation, it ill behoves a civilised, democratic country—I emphasize the word “civilised”, because I know that in a number of other countries which are either not civilised or not democratic, there are complete abandonments of jurisprudence and normally recognised principles of jurisprudence—to succumb to that temptation.

The only reason why I have tabled a few amendments is not that I have the least objection to this measure, but I believe that some of the excesses in the Bill, some of the indefensible, lawless provisions of the law, ought to be deleted. I am certain that the Finance Minister will have a look at the amendments I have put in and I hope, I am not sure I hope justly, but I have the hope that the Finance Minister will find it possible to accept some of them.

With these observations I would like to repeat that this measure has my wholehearted support.

Shrimati Renu Chakravartty (Barackpore): I would, first of all, like to congratulate the Finance Minister on having brought this piece of legislation not a day too soon.

As a matter of fact, much of the wealth that has been unhoarded has been in my city. For a long time we on this side of the House have been pointing out how some of the biggest and richest people in our city have been evading the law. I remember very clearly that I put a question several years ago—it must have been two years ago—to the Finance Minister with regard to these hundis and the transactions that have been going on. It was estimated at that time, even according to my information, that these illegal hundi transactions ran into not Rs. 50 crores but a

thousand crores. But I was given a very cavalier answer by the then Deputy Minister that this was not correct at all, that a few crores had been unearthed here and there, and that the matter was under investigation. I am happy that at least now the point that I made—shall I use the same word?—of the “savage” making of profit, illegal profit, by these illegal hundi transactions, that very fact has been established. The fact that it is a substantial amount of money, unaccounted money, has also been established by the unearthing of Rs. 50 crores. I can assure the Finance Minister that if he goes ahead with it without any fear of various pressures that are being brought upon him, and will be brought upon him, he will certainly come anywhere near ten times the amount which he has already unearthed, if not more.

How these things are interlinked with some of the biggest financial interests and banks has been brought to our notice very recently. The Managing Director of the Dena Bank, for example, is reported to be in league with illegal hundi transactions. I would like all the powers that are being given to the Finance Minister to be used to unearth these things.

They are very complicated things. It is not a simple question of inflation only. I think there is oversimplification in the speech of my hon. friend Shri Dandeker where he says that the real, basic, root cause is inflation and savage taxation. There are many countries in the world with quite a high degree of affluence who also have anti-monopoly, anti-trust laws, who also have taxation which is almost as high as ours, and yet we do not find that there is this tremendous attempt to evade taxation that has been going on in our country for the last so many years.

The question of having an ordinance has not found support from this part of the House normally, but in this particular matter, if our Finance Minister has been able to bring to book even a few cases with the help of this ordinance—he has not told us as to how many cases he has brought to book after the ordinance by the use of this ordinance—I am sure this House will give him that authority, although we again caution that ordinances should not be normally used.

This very House gave legal sanction to an ordinance which was passed with regard to another matter, namely the booking of blackmarketeers, but the States have hardly used it. It has been used in our State, but beyond that I do not think any other State has used it.

Shri Nath Pal (Rajapur): Does it mean, madam, that blackmarketeers flourish only in your State?

Shrimati Renu Chakravartty: I believe that in our State the police and the customs authorities have been far more alert, and they should be far more alert because we are the centre of what is known as "Burra Bazaar" and Clive Street, and I am sure that in other cities too, in the city of my hon. friend, there must be many such, but yet we have not seen much being done except opening up the lockers of film actors and actresses.

I do not know how far this measure is going to help in the identification of hoarded wealth in the more intricate forms. For example, in the matter of under-invoicing and over-invoicing we are losing the biggest amount of money. There is an amount of Rs. 10 crores due on this score in jute transactions by Messrs. Bird & Co., one of the biggest companies in jute and other things, but I am told that this matter is now under adjudication. We do not know when this is going to be completed. Bird & Co.'s adjudication for the export of iron ore in the name

of Orissa Minerals Limited is also outstanding. Bird & Co., took an injunction to delay the case in the High Court. This delay, we are told, enabled some of the Englishmen who were directors like Mr. Pilkington, to escape. They have retired and gone away, they are no longer responsible. Therefore, we lose every year hundreds of thousands on this.

Shri Surendranath Dwivedy (Kendrapara): The injunction has just been withdrawn.

Shrimati Renu Chakravartty: Yes, but it has been delayed so long so that Mr. Pilkington and other Englishmen could get away.

These are matters in which I do not know how far this measure is going to help. If there are lawless elements, I do not say we should have lawless laws but certainly stringent laws should be brought in. Jurisprudence is always trotted out to us in this connection, but on the question of treason alone we are told persons need not be proved to be traitors. They may be put behind bars. When it comes to these traitorous people, these amassers of illegal wealth sucking not only the blood of the country but the defence potential of the nation, the excuse is that these are lawless laws.

What has happened to Messrs. McLeod & Co., which has evaded taxes, taken away from the exchequer large amounts of money which was due to the nation? We find there are so many other cases. Coming again to the city of Calcutta, even the flour mills have made unaccounted money of Rs. 4 crores—just flour mills.

An hon. Member: Rs. 5 crores.

Shrimati Renu Chakravartty: I think it is Rs. 5 crores. I was erring on the lesser side. This was brought to light just by a sudden raid upon them. The most fantastic exposures were made. They had built rooms within rooms. The customs officials

[Shrimati Renu Chakravartty]

were able to get hold of a room behind a big glass mirror, and all sorts of such adventurous things came out in the papers. Every day this is happening.

Therefore, I would urge that this corruption, this evasion, which is the result of the growing monopolistic trends in our country, should be put down. Those people with big money which wields enormous power not only upon society but upon the administration, upon the Government, and which often helps political parties, especially the party in power, have to be brought to book. I am glad that such a measure is being brought on our statute-book, but we would like very much to know from the Finance Minister how far these more intricate ways of evasion are going to be brought to book, and whether these long and tortuous methods of delay which really hold up the final getting of that money to the exchequer will be shortened and a mere efficient method of getting the evaded taxes will come about.

13 hrs.

Lastly, this House has been very agitated on the question of the findings about the ex-Chief Minister, Mr. Patnaik and Mr. Biren Mitra. Large amounts of money have also been made in their case. We would like these matters to be looked into. My hon. friend Mr. Kamath with his voluminous book will be able to make further disclosures. We have been really worried how it is that these large amounts of money could be made by these very highly placed persons in Government without being brought to book... (An hon. Member: They do not pay income-tax). How much income-tax should be paid by them? Not only that. We are told that these two particular persons—I am sure there are others—have been unable to make any personal gains. But the companies which they had been running so long had just been technically transferred to the names of their wives. Until the wife and husband are

divorced, I do not know how a woman, who has earned that money did not pass on a part of her gains to her husband. I am unable to understand how such a sophistry can be trotted out to us in Parliament.

Once again I express the hope that this piece of legislation will be able to bring in much larger amounts to the public exchequer. This huge amount of black money is today associated with big money and big power which is almost a parallel government; I hope that this power will be incapacitated and our poorer sections of people will be able to be saved from the crippling, burdens of taxation which have been heaped upon them for so long.

Shri Sachindra Chaudhuri (Ghatal): Sir, I have not much to say as Mr. Dandekar has in his speech practically covered much of what I wanted to say. I give wholehearted support to this measure. This evil of tax evasion has been in this country for a long time. The methods proposed to cure this evil are drastic. The drastic disease, an evil disease needs a drastic remedy and that remedy is proposed in this Act. It is hardly necessary for me to go into the question as to what was the reason for this disease and whether symptomatic treatment could have effected a cure of this disease or not for the simple reason that that matter will better be discussed and will come to be discussed when the question of financial measures and the Finance Bill are discussed. It is common knowledge that tax evasion is practised. Equally, the powers that have been given to the taxing authorities earlier seemed to have been short of those that were necessary to check this evil. The power of search is very salutary and should be very helpful and I am not in favour of curtailing it even by one inch unless it is absolutely necessary. This measure has come in after the evil has been rampant for a number of years. It is not as if it is being introduced in haste to cure something which has just

happened. The evil has been going on from year to year. In those circumstances, my contention is that it is just and proper that this measure should be enacted. I also say that while normally I disagree with ordinances, having regard to the evil which was growing and having regard to the financial stringency in the country, it was, in my view, necessary to have this ordinance enacted. The sooner the evil is treated, the better it is. What harm would have come, if it had not been done, between the 6th of January and the 6th of March, is a question which could be debated for any length of time, as also the question how much money has been removed, whether money has been removed, whether it could have been removed or whether people could have made certain preparations for not being caught and so on, if they had foreknowledge of these provisions. These are matters which could be debated. But we have also to recognise that the evil has to be remedied as quickly as possible.

There is only one thing which troubles me and that is that large powers are being given to income-tax officers; in that, I include the inspectors, commissioners and so on. These powers are certainly meant to be used. All these gentlemen, however esteemable they may be, are human, being human, they are sometimes likely to exceed in their enthusiasm the powers that they are given and forget the purpose for which the power has been given. I am not suggesting that there should be an elaborate set of rules framed for the exercise of these powers. But there should be clear administrative directives given to these officers so that they may err, if at all, on the side of moderation rather than on the side of excesses. In one's experience, one comes across, on the one hand, cases of excess of enthusiasm and on the other hand, inertia. There are cases with which I am familiar where income-tax assessments had been delayed for years and there are cases which for still in the courts after 15, 16 or 17

years and have not yet been determined. On the other hand, there are cases where taxes had been paid and in spite of that fresh demands are made and threats are put forward: if you do not pay these demands, you are going to be penalised. So, I say that proper guidance should be given. One goes to the income-tax department and one finds that some records are lost; the clerk has not come with the records therefore, one has to go away to come on some other date. These are the sort of ordinary evils from which we suffer. Previously, we used to suffer in this country from cholera, malaria and so on. Now we suffer from dilatory or careless tax authorities. We get used to them, to many kinds of evils, the suffering of the individual continues. When you are going to entrust very large powers to a body of administrators, without any judicial experience, my submission is that they should be in some way controlled. I am not suggesting that there should be another court or tribunal or anything like that but there should be clear directives to control the exercise of these large powers.

A great deal has been said about black marketing and making by tax evasion illegal money and so on, I associate myself fully with the recognition and condemnation of these evils.

An hon. Member: You associate yourself with these evils!

Shri Sachindra Chaudhuri: I mean to say that I associate myself with the sentiments expressed on these evils: my honourable friends know it very well. These evils should be put down with a firm hand but a firm hand need not be a mallet hand; it can be a gloved hand. I do not say that it is necessary now to go into the question as to what is the cause of tax evasion. The specific purpose of this piece of legislation is to try to get hold of whatever accumulation there has been of black money or the tax evaded money and to devise ways and means so that there may be

[Shri Sachindra Chaudhuri]

brought to the use of the people of India. With these observations, I give my wholehearted support to this measure. I do request the Finance Minister to take into consideration what I have said, namely, these arbitrary powers given to these gentlemen may in some form be administratively controlled so that they are exercised for the common good and do not result in common oppression of even uncommon men. There are criminals in this country entitled to have a fair trial and why should not some people who may or may not have evaded tax have that some consideration shown to them. After all, the powers of search and seizure are very drastic powers indeed and these powers are to be exercised upon information that might be given by a person who is either a disgruntled servant or a person who is a false friend or who is really a person who considers it is his duty to go and give his suspicious as information. So far as the third person is concerned, it is hoped the Government will not act on what he says. As for the others, the concerned officers ought to make some enquiries, and there also, administrative direction might be given as to what checks are to be put on these people who would be common informers, who would be making it their business either to justify or to vindicate their old enuities or for the purpose of getting some—I do not want to use the expression—blackmailing profit, and give some information which may or may not be true and which may cause a great deal of harassment to the ordinary citizen.

I do implore the Finance Minister to take this matter into consideration to see if he cannot give some administrative directions or make some administrative rules which are communicated to the persons authorised to make searches or seizures and make them a little more considerate than they otherwise might be.

Mr. Speaker: Shri Bhagwat Jha Azad—Shri A. P. Sharma,—Shri

Tulsidas Jadhav,—Shrimati Yashoda Reddy—Shri Muthiah—Absent.

Shri D. C. Sharma (Gurdaspur): I have sent my name, Sir.

Mr. Speaker: This is the list given to me by the Minister of Parliamentary Affairs. Names have been sent.

Shri Nath Pai (Rajapur): With due regard to courtesy to the Chair, I may point out that the half a dozen or so names read out by you were all from the ruling party and all of them were absent.

Mr. Speaker: I am sorry this list is for the other business. Shri Basappa.

Shri Nath Pai: The point was that all of them are from the ruling party; Shri Kamath has been rising, but you have been good enough to call other Members.

Mr. Speaker: Two from the Opposition have been called; and then two from the Congress party have been called. Then I shall come to the Opposition.

Shri Nath Pai: All the four or five were absent.

Mr. Speaker: That was my mistake. That list is put down for the railway budget. Now, Shri Basappa.

Shri Basappa (Tiptur): Mr. Speaker, Sir, I have been listening to the hon. Members from different sections of the House and they generally welcome the Bill sponsored by the Finance Minister. While listening to them, I felt that all are expressing more or less the same opinion as the hon. Minister in the matter of handling the unaccounted money. This drastic evil requires a drastic remedy and therefore we feel that the Finance Minister is right in bringing this Bill. But what I heard from Shri Dandekar was that we are indulging in an extravagant planning

and that may be the basis for all these evils. I do not agree with him. This country is a vast country and a certain amount of planning is necessary and we have all agreed to a planning of this nature and this size. To say that it is extravagant and that there is extravagance in planning and also that we are having a lawless provision in this Bill is something which I cannot approve of.

I congratulate the Finance Minister on his courage, his boldness and on the responsibility which he has shown in bringing a Bill of this kind. The points made here to the effect that hundreds of crores of money remain as unaccounted money and that something has to be done, are correct, and so the Finance Minister deserves all congratulations on bringing this Bill. The unsociable elements in this country are growing in large numbers and something must be done to check these unsociable elements.

Shri Hari Vishnu Kamath (Hoshangabad): Anti-social elements.

Shri Basappa: I stand corrected. I meant only anti-social elements. The anti-social elements are coming in the way of our big plans and they are also coming in the way of honest tax-payers and in the way of democratic socialism which we want to establish in this country. The prices are going high. All this is the result of unaccounted money, and therefore, the Finance Minister is right, if not too late, in bringing this Bill before the House.

I welcome this Bill because he has employed two methods as he himself has said. One is that he is gearing up all the machinery to take up this big task, and at the same time he is allowing some incentives for voluntary disclosures. So, these methods have to be approved. He has also taken the precaution in the Bill to see that undue harassment is not caused. It is not possible for a big country to employ only the Commissioners and Directors of Inspection or Investigation to take up this work.

So, some subordinate officers have also to be entrusted with this work, to act quickly. If we do not act quickly, the danger is all the more greater. Therefore, he is right in authorising in this Bill some others also to take up this work.

Again, sufficient care is taken to see that only when they have got reliable information as to the unaccounted money they will begin to operate. These are some of the precautions he has taken, and it becomes very necessary to request the services of the police and other officers because it is not a small matter, dealing with this jewellery and all kinds of things that are in possession of these assesses. Therefore, the essential things have been taken care of. The Finance Minister has also said that an enquiry is also made; that a rough estimate is made first, which will not prejudice the regular assessment. Applications can also be filed before the Board or the notified authority and the people concerned can get whatever relief is necessary. The Finance Minister has been just in these matters. Some interest is also allowed for those people during the time when the money is held by the income-tax officer, from the time when the rough assessment is made until another regular assessment. Some concessions have also been given for voluntary disclosures. This is also very necessary. The Finance Minister has taken all precautions in this Bill to see that the measures are effective.

Some people have really cautioned him that this is a very extraordinary measure and that he has to be very careful because it may offset or dislocate the normal life of some people, but at the same time, a realistic assessment of the whole thing has to be made. It is very difficult under the circumstances, and some harassment is bound to be there. So, the Finance Minister has assured us that detailed instructions will be given to the officers, and on that we can feel satisfied. If some safeguards have to be given for these people who really come forward with full disclosures, more can be given and the punishment

[Shri Basappa]

also is not very heavy. Such punishments are necessary in dealing with such circumstances. But a time-limit may be given for these officers to decide these things. If once the tax is collected; the assessment will not happen at all; there is that danger. Therefore, the hon. Finance Minister who is listening to me, I suppose, will see that when the tax is already collected, the danger of the assessment receding to the background will not happen and that the things are done very quickly, which will give satisfaction to one and all really establish a democratic society where everyone feels happy.

Shri Hari Vishnu Kamath: Mr. Speaker, Sir, it is indeed heartening that in the sixteenth year of our Republic, the Finance Minister has brought forward this Bill, which seeks to unearth unaccounted money and invest the officers concerned with powers suitable and necessary for that particular job. I congratulate him on the recent raids conducted in various cities and on various firms. But I would suggest that irrespective of the person whether they are movie actors or actresses or business firms or Ministers or ex-Chief Ministers or ex-Ministers—the law should ensure that Justice is done.

The House will recollect that in the last session, a question was raised by an hon. colleague on this side of the House about the statement attributed to one of the ex-Chief Ministers of Orissa, Shri Biju Patnaik, and published in one of the local daily newspapers to the effect that some years ago, when that statement was reported to have been made, he said: "10 years ago I was a pauper. Now I am worth Rs. 10 crores. I am sorry I have not got more". That was published in a local daily which has got a very large circulation. The question was asked here whether income-tax has been said on this huge amount reported to have been made by Shri Biju Patnaik. If I remember aright, the Finance Minister in answer said that the income-tax authorities would see to that. I

do not know whether the income-tax authorities have raided his house on his business premises to ascertain whether the statement made by him was correct and if so, what steps have been taken by the income-tax authorities in that connection. I would expect an answer to this from the Finance Minister when he replies.

There was a comic interlude subsequently, last year I believe, when Shri Biren Mitra, the then Chief Minister of Orissa tried to make a dramatic offer. It was indeed a comic offer—the one rupee antics as I called it then. He invited offers from parties and persons to buy up his assets and liabilities for one rupee. The papers reported that thousands or hundreds of money orders were sent to him of one rupee each. I do not know whether he has rendered an account of how many Rupees he got this way, and how much income-tax would be recoverable from that also.

This stupendous document—the CBI report on Orissa affair is really, as my colleague said, a resume or summary of the original 400 page document prepared by the CBI on Orissa affairs. This Summary was specially made by the CBI itself for the consideration of the Cabinet Sub-committee. Here there are astounding disclosures. I wish I had more time so that I could read at least 10 or 12 pages from it.

Mr. Speaker: I was also thinking of that. He should remember the time-limit.

Shri Hari Vishnu Kamath: Can you kindly extend the time-limit for this purpose?

Mr. Speaker: He would have many other opportunities also.

Shri Surendranath Dwivedy: He can be allowed to lay it on the Table.

Shri Hari Vishnu Kamath: I am anxious to save the time of the House.

Shri S. M. Banerjee (Kanpur): If it is not laid on the Table, the only alternative left to us will be that each one of us would read some portion—10 or 12 pages—of it so that nothing may be left.

Mr. Speaker: I am not concerned with the method they adopt. But he should adhere to the time-limit.

Shri Nath Pai: I am suggesting a time-saving measure. Once it is laid on the Table . . .

Mr. Speaker: I cannot compel the Government. My ruling is very clear on that.

Shri Hari Vishnu Kamath: In passing, may I refer to the insinuation made in this House earlier by an hon. member of the Opposition that the opposition members have offered to disclose the CBI report and asked for permission for laying it on the Table at the behest of some faction or group in the Congress Party. I am sorry to say that that member's main contribution to the proceedings of the House has been an irrational and perverse fanaticism on the language issue. I do not wish to take any further notice of what he has said beyond stating that I repudiate this insinuation, and I venture to assert that whatever I have done and am doing is in the supreme national interest, at the command of my conscience and according to the lights which God has vouchsafed to me.

Here are astounding disclosures in the CBI report. I am referring to page 20 of the report on allegation No. 2.

It says, "the relevant official record itself is not available which made Orissa Agents the beneficiary of certain transaction." Who are Orissa Agents? Here is very illuminating paragraph on the composition of Orissa Agents:

"Orissa Agents, a sole proprietary concern of Mrs Eswaramma Mitra, wife of Shri Biren Mitra, who was Deputy Chief Minister in

Shri Patnaik's Ministry from 19-9-1961 and became Chief Minister from 2nd October, 1963, were the authorised dealers in Orissa for the products of Kalinga Tubes and Kalinga Industries Limited and after the issue of the above circular—

that notorious circular which prevented other competitors from stepping into the field—I am racing against time, Sir.

Shri Surendranath Dwivedy: It may be laid on the Table, Sir.

Mr. Speaker: Let him proceed; I will consider.

Shri Hari Vishnu Kamath: I was quoting from the CBI report:

" . . . also made an arrangement with M/s Jenson & Nicholson of Calcutta, under which they became representatives of the Calcutta firm for making supplies of paints to Orissa and for securing payments"

Shri Rama Chandra Mallick (Jajpur): On a point of order, Sir, Shri Patnaik and Shri Mitra have already filed defamation suits which are pending before the Calcutta High Court and in Cuttack. I want your ruling whether it will be proper to discuss these things here when those cases are pending.

Mr. Speaker: That was a suit for defamation, not in regard to the CBI. He is referring to the CBI report.

Shri Rama Chandra Mallick: Defamation suits and also suits concerning Orissa affairs have been filed and they are pending.

Mr. Speaker: It does not apply to this report.

Shri Hari Vishnu Kamath: Kindly listen to the further damaging disclosures, Sir:

"Kalinga Tubes and Kalinga Industries were the only manufacturers of GI pipes and tubular structures in Orissa State. Shri B. Patnaik, prior to assumption of office, was the Managing Director of Kalinga Tubes Limited and his family have substantial interest in this concern. He was also Chairman, Board of Directors, Kalinga Industries. On assumption of office as Chief Minister, his wife, Mrs Gyan Patnaik succeeded him as Chairman, Kalinga Industries Limited and also became a Director of Kalinga Tubes Limited. Shri B. Patnaik and his family have substantial financial interest in Kalinga Industries also."

Shri Surendranath Dwivedy: Still, no personal gain!

Shri Hari Vishnu Kamath: Still, in the Cabinet Sub-committee report it is said that they have derived no pecuniary benefit. This shows how unrelated to the CBI's findings are the decisions of the Cabinet Sub-committee.

Then it goes on to say:

"The tubular structure, factory which was established in 1959 as part of Kalinga Industries Limited was registered as a small scale industry with the Director of Industries, Orissa in April 1961. After the issue of the circular of 1711-1961 the purchases made by the State Government Departments from Kalinga Tubes through the Orissa Agents....."

—through the sole proprietor Eswaramma Mitra, wife of Shri Biren Mitra—: ".....increased manifold and either no competitive quotations or tenders were invited or quotations other than those of 'Orissa Agents' were rejected on inadequate grounds. Similarly, the value of purchases of paints of Jenson & Nicholson by the State Government, through 'Orissa Agents' registered substantial increase."

Now, it goes on to another two or three pages and if you will give me time, Sir, I will read that.

Mr. Speaker: I have given 12 minutes to other hon. Members. He may have 15 minutes. I will give him that concession.

Shri Hari Vishnu Kamath: It is a 100-page report.

Mr. Speaker: That report cannot be the subject of discussion now. He can use it again. There are many other opportunities.

Shri Alvares (Panjim): You can be sure, Sir, that it will be completed before the session is over.

Shri Surendranath Dwivedy: If it can be placed on the Table, Sir, it can be made use of by other hon. Members who are not in possession of this document as such.

Shri Sinhasan Singh (Gorakhpur): Sir, the hon. Member is quoting from a document. He is quoting one part of it. If the whole document is laid on the Table we may be able to quote, probably, the other part of it.

Mr. Speaker: There is a demand from a Congress Member as well as an Opposition Member. I will allow that to be placed on the Table.

Shri Hari Vishnu Kamath: Then I will not take any more time of the House. In one place, with regard to certain transactions in G.I. pipes and other things carried out by the Orissa Agents, it says: "Relevant official record is not available". I do not know whether it has been destroyed or made to vanish from the scene. That means no tax has been paid on the profits the Orissa Agents had reaped from this rich harvest.

Sir, I will not read any further portions because all hon. Members, I am glad, including the Congress Members will now have equal opportunity to study this in the national interest.

Shri Rama Chandra Mallick: Not all Members. Do not say "all".

Shri Hari Vishnu Kamath: You may not read it. If they want to read they

will have an opportunity to read it (Interruption).

Mr. Speaker: Order, order.

Shri Hari Vishnu Kamath: Sir, I shall now place it on the Table. By your leave, Sir, I lay the documents on the Table of the House.* [Placed in the Library. See Nos. LT-3898/65 and LT-3899/65].

Shri S. M. Banerjee: It should be circulated to Members (Interruption).

Shri Hari Vishnu Kamath: Sir, I will briefly close. The document, Sir, is the report submitted by the CBI to the Cabinet Sub-Committee for their consideration as well as the Cabinet Sub-Committee's decisions on the report submitted by the CBI to them. For both I have given the necessary certificates and I also gave notice to the Home Minister this morning.

Before I close, Sir, may I once again welcome the measure before the House; but express the hope also that the measure will be enforced against all, against these ex-ministers too, against everybody, whether in high authority or low, whether a high official or low, whether ministers or otherwise, enforced impartially in this great land. The Minister should see that unaccounted money is not allowed to proliferate and ramify and as recommended by the Santhanam Committee the persons concerned in these nefarious transactions which have been unearthed by the CBI should be prosecuted in a court of law as recommended on page 103 of the Santhanam Committee's recommendations, failing which a commission of enquiry under the Commission of Enquiry Act, 1952 must be appointed to go into the whole matter fully.

Shri S. M. Banerjee: Sir, Shri Kamath should be given some sort of protection because people are firing. He has placed the document on the Table. I request that he may be given some protection so that we may not read in the newspaper tomorrow that Shri Kamath has been shot dead.

Mr. Speaker: Why should any hon. Member suggest that?

Shri Bhagwat Jha Azad (Bhagalpur): He suggests somebody to do it.

Mr. Speaker: Why should the hon. Member suggest such a thing?

Shri S. M. Banerjee: Why not? After the brutal murder of Pratap Singh Kairon where is the political security in the country?

Mr. Speaker: Order, order.

Shri Bhagwat Jha Azad: If something happens he will be held responsible.

Mr. Speaker: Order, order.

Shri D. C. Sharma: Mr. Speaker, Sir, I welcome this Bill most wholeheartedly and I support Shri Kamath, with whom I very often differ, in this, that so far as the investigations for unaccounted money are concerned all the citizens of India will be placed on the same level and there will be no distinction between a minister and somebody else. For this purpose, I feel that cinema stars, contractors, transporters, owners of sugar factories, owners of rice mills and other types of persons who have been holding money all these days will be brought to book. I think the progress that the hon. Minister has made in these few months is creditable, but I would request him to gear up his machinery in such a way that the progress becomes accelerated and that more persons are brought into the net of this Bill than has been done so far.

13.36 hrs.

[MR. DEPUTY-SPEAKER in the Chair]

I am told that only Rs. 5 crores have been collected so far. That makes me unhappy. There are thousands of crores of rupees lying unearthed in lock-ups and in safe deposits and also in other places where money can be concealed. I hope that the hon. Minister will use all his ingenuity, all his resources and all his insight in human nature in order to unearth the money that has been collected in the most heinous ways.

*The Member handed over the two documents at the Table. The

[Shri D. C. Sharma]

While I was listening to an hon. Member from that side I got a glimpse of the paradise which he wants to build, a paradise in which there will be no high taxation—I do not know what his conception of high taxation is—and there will be no deficit financing. I do not know where that country will be where there is no deficit financing. He was speaking of a paradise where there will be no inflation. I do not think. I know of any country where there is no inflation. He was speaking of a country where will be no ordinances—perhaps, when there are no ordinances there will be no Acts, no civil courts and no criminal courts—and where jurisprudence will be worked in the most gentlemanly manner. I do not think jurisprudence was meant for gentlemen. But if a man wants jurisprudence to work in the most gentlemanly manner I think he is dreaming of some paradise which may come into being after some of us have attained nirvana because it cannot be there as long as human nature is what it is.

Another hon. Member said that we should deal with these persons with gloved hands. There are dukes, marquises and princes. They are the benefactors of humanity. They are in the vanguard of social welfare and therefore, he said, we should go up to them, the Finance Minister should go up to them and shake hands with them after having put on gloves. I think it is the happening of this kind of thing which necessitates such legislation. There are some persons who do not understand the enormity of the crime involved in this kind of thing, the magnitude of the sin involved in this kind of thing and the extent of social injustice involved in this kind of thing. Therefore, they talk of having measures which will prove infructuous.

I do not look upon this measure only as a fiscal measure, though it is that in some way. I look upon this measure as a measure of social welfare,

I look upon this measure as a measure which is going to lay the foundation of social justice in this country. Social justice has become the laughing stock on account of these persons flaunting the illgotten wealth. They go and attend dhrama sammelans, they preside over college days and other functions.

Shri Himatsingka (Godda): Ministers also attend such functions.

Shri D. C. Sharma: You are the persons who take them there. What can I do?

I was submitting very respectfully that these should not be dealt with in a gentlemanly or kid-glove manner, to which some reference was made, but they should be dealt with a mailed fist so that you can put the fear of God in them. Unless that is done, I think the measure will prove infructuous. If you give a good account of yourself and if you pursue this wholeheartedly and expeditiously, I can assure you that this will do much more good to my country than the much-flaunted, over-publicised and extremely ineffective *Sadachar Samiti*. It will tell people how to get money morally, how to get money in a way which is not contrary to the tastes of social conscience.

I was submitting very respectfully that the powers which have been given to the income-tax officers are not exorbitant and I think every power that has been given to them has been made subject to some kind of provision which in a way goes against even the justified use of that power. Therefore, we should have no fear that we have saddled these income-tax officers with powers which are excessive. I wish they had been given more powers so that blackmoney could be brought out from the bowels of the earth and from the insides of the lockers and other places.

Then, for the trial of these offenders we should have administrative tribunals which can dispose of these cases as quickly as possible. While referring to this point, an hon. Member was saying just now that there are cases which have been pending for the last 15 or 20 years. How are we to overcome this difficulty. I would plead with the hon. Minister that he should bring forward some Bill which will do away with this kind of delay.

With these remarks, I welcome this Bill. I think this Bill has not erred on the side of excess in any sense of the word. This Bill has been within the canons of jurisprudence and social justice and I think this is going to do a lot of good to our countrymen, morally, socially and financially.

श्री मधु लिमये (मुंघेर) : उपाध्यक्ष महोदय यह जो विधेयक सदन के सामने है उस को ले कर कई सदस्यों ने वित्त मंत्री का अभिनन्दन किया है। इस विधेयक के जो नतीजे निकलेंगे वह अगर अच्छे निकले तो मैं भी उनका अभिनन्दन करूंगा लेकिन जब इसके थोड़े बहुत अच्छे नतीजे निकल आयेंगे जिनसे कि बिना हिसाब-किताब वाला पैसा खत्म हो सके और बाहर आ जाये और जो टैक्स के बारे में व्यापक पैमाने पर चोरी चल रही है वह चोरी भी बन्द हो जाये तभी जा कर इस अभिनन्दन का समय आयेगा।

आज इस विधेयक के अन्दर सरकार ने अपने हाथ में नये अधिकार लिये हैं। आज के जो कानून हैं उनके अन्दर काफी अधिकार सरकार के पास हैं। अधिकारों की कमी नहीं है। कभी इस बात की है कि सरकार के पास दृढ़ सकल्प शक्ति नहीं है। अगर यह शक्ति हो तो मैं दावे के साथ कहता हूँ कि मोजूदा कानूनों के अन्दर भी सरकार बहुत बड़ा काम कर सकती है। अगर यह महसूस होता है कि अधिकारों की कमी है तो मेरा ख्याल है कि यह सदन खुशी से ज्यादा अधिकार सरकार को देगा। आज हर मामले में चोरी

चल रही है, चाहे विदेशी मुद्रा का मामला हो, तस्कर व्यापार का मामला हो, आयात के बारे में जो परवाने दिये जाते हैं उनके बारे में हो, जो प्रत्यक्ष कर हैं उनके बारे में हों, इसी तरह से जो आबकारी कर वगैरह होते हैं चाहे उन का मामला हो, चुंगी वगैरह के मामले में, बड़े पैमाने पर आज करों की चोरी हो रही है। कुछ लोगों ने अन्दाज किया, एक ब्रिटिश अर्थशास्त्री कुछ साल पहले आया था उसने यह भी कहा था, कि हर साल 200 या 300 करोड़ की चोरी आय कर वगैरह में हो रही है। अब उसके बाद घाठ साल हो गये और सीधा हिसाब है कि करों की यह चोरी दो ढाई हजार करोड़ तक पहुँच जाती है। देश में भी कुछ लोगों का अन्दाज है कि कम से कम ढाई तीन हजार करोड़ रुपया बिना हिसाब किताब वाला इस वक्त आर्थिक व्यवहार में लगा हुआ है और उसका इस्तेमाल हो रहा है। अब उस को निकालने के लिये सरकार क्या कर रही है इसकी जरा हम लोगों को जांच करनी चाहिये।

अभी वित्त मंत्री ने बतलाया कि 500 लोगों के ऊपर छापे मारे गये। लेकिन पैसा कितना निकला। इसी से पता चलता है कि इस वक्त जो काम चल रहा है वह ठीक ढंग से नहीं चल रहा है। कुछ महीने पहले बम्बई में कुछ सिनेमा कलाकारों के घर में छापे मारे गये। माला सिन्हा के घर में करीब करीब 20 लाख रुपया मिला, और यह जो काम किया गया था वह जो एन्फोर्समेंट डाइरेक्टोरेट है उसकी ओर से किया गया था। बाद में इस काम को जो आय कर विभाग है उसके हाथ में दिया गया। अब ध्यान कर विभाग का यह फर्क था कि इस मामले की पूरी ओर गहराई में जा कर जांच करें क्योंकि आखिरकार माला सिन्हा कोई मालिक नहीं है पूंजीपति नहीं है। वह सिनेमा तारिका है। जब कैमरे के सामने खड़ी होगी तभी उसके पास पैसा आयेगा। इसलिये जो बिना हिसाब

[श्री मन्मथ लिमारे]

किताब का पैसा है उसकी एक श्रृंखला है और उस श्रृंखला को बाहर निकालने का काम प्राय कर विभाग को करना चाहिये था । जो कि नहीं हुआ । मुझे जो जानकारी मिली है वह यह है कि बम्बई सर्किल का जो पहले असिस्टेंट कमिश्नर था उस को ट्रांसफर किया गया । उसकी जगह पर एक नया भ्रादमी प्राया । उन्होंने जब जांच की शुरू की तो ऊपर से यह हुकम निकला कि इसके बारे में जरा सब्र किया जाये । धीरे धीरे चला जाये । उस पर बात रुक गयी प्रागे बढ़ने से । जो भ्रादमी इस जांच के काम को कर रहा था उसको ट्रांसफर किया गया और उसकी जगह पर जो नया भ्रादमी प्राया उसने मुझे ऐसी जानकारी मिली है, इस मामले को बिल्कुल गड़बड़ कर दिया । नहीं तो यह जो श्रृंखला है अगर इसकी ठीक तरह जांच की जाती तो यह जो फिल्म उद्योग है उसी में से 15 या 20 करोड़ रुपया मिल जाना चाहिये था और मिल जाता ।

इसी तरह से बम्बई में दिसम्बर महीने में और उसके बाद जो छापे मारे गए उसके बारे में मुझे बम्बई में यह जानकारी मिली कि विलिंगडन क्लब और क्रिकेट क्लब प्राफ इंडिया में इसके बारे में तीन चार दिन पहले से ही बहस चल रही थी और नामों का पता भी सदस्यों को चल गया था, और नतीजा यह हुआ कि जब छापे मारने का काम हुआ तो उस में उपादा कुछ नहीं मिला ।

इसी तरह से आज दूसरे उदाहरण भी हमारे सामने हैं कि जिनको ले कर मन में यह भ्रन्देशा पैदा होता है कि वित्त मंत्रालय में उच्च पदों पर ऐसे कोई लोग हैं जिनकी बजह से आज इस काम को अच्छे ढंग से नहीं चलाया जा रहा है ।

कुछ दिन पहले बलरुते में भी छापे मारने का काम हुआ । मैं जानना चाहता हूँ कि जिन लोगों के घरों पर

छापे मारे गए थे, उनमें से किन व्यक्तियों ने कांग्रेस पार्टी को दुर्गापुर अधिवेशन के लिए चन्दा दिया है, और ऐसे जो व्यक्ति हैं कि जिन्होंने कांग्रेस पार्टी को चन्दा दिया, उनके बारे में कुछ ऐसा हुआ कि जिससे ठीक तरह जांच नहीं हो पायी । मुझ को जानकारी मिली है कि उन लोगों से 18 लाख रुपया चन्दा ए.त्र किया गया ।

इसी तरह से एक और जानकारी मुझे इस बात की मिली है कि जो जे० के० ग्रुप सिघानिया का है उसके ऊपर भी प्रायकर विभाग के एक अफसर ने एक केस चलाया था । उसमें उस अफसर ने उनकी भ्रामदनी का बहुत पैसा निकाला था, और इस काम के लिए उस वक्त जो वहाँ का असिस्टेंट कमिश्नर था उसने भी उस अफसर का समर्थन किया था और सहायता दी थी । लेकिन न जाने क्या हुआ कि ऊपर से हुकम प्रा गया और उस असिस्टेंट कमिश्नर को किसी दूसरी जगह के लिए ट्रांसफर किया गया और इसलिए सिघानिया ग्रुप का यह मामला ज्यादा प्रागे नहीं चल सका ।

एक उच्च पदस्थ अधिकारी जो कुछ साल पहले मद्रास में इनकम टैक्स कमिश्नर था, हो सकता है कि उसने मद्रास की एक कम्पनी पर अहसान किया हो जिससे एक उच्च पदस्थ मंत्री का सम्बंध रहा है । इस कम्पनी का एक मामला प्राया है जिसमें मुझे पता चला है कि एक मुत्त नी ने इनकम-टैक्स अफसर के सामने एक हलफनामा दिया है कि उसके पास इस कम्पनी की एक कोरी हुई भी पड़ी है । इस कम्पनी का सम्बंध एक उच्च पदस्थ मंत्री के साथ रहा है ।

तो इन सारे मामलों के बारे में मुझे ऐसा लगता है कि इस वक्त चेयरमैन, बोर्ड प्राफ डाइरेक्ट टैक्सेज जो हैं उनके बारे में काफी शिकायतें हैं, और जब तक उस व्यक्ति

को इस बड़े काम से ट्रांस्फर नहीं किया जाता है, तब तक यह जो चोरी निकालने का काम है, यह जो बिना हिसाब किताब का पैसा निकालने का काम है वह ठीक ढंग से नहीं हो पाएगा ।

साथ साथ मैं वित्त मंत्री का ध्यान इस तरफ दिलाना चाहता हूँ कि प्राज जो एन्फोर्समेंट डाइरेक्टोरेट विदेशी मुद्रा के बारे में जांच कर रहा है और आयकर विभाग भी जांच कर रहा है, इन दोनों के अन्दर में प्राज क्या फर्क है और दोनों में से कौन अच्छे ढंग से काम कर रहा है उसके बारे में वे सारी जांच करें और खोज करें । आयकर विभाग के पास अफसरों की बड़ी संख्या है और एनफोर्समेंट डाइरेक्टोरेट के पास अफसरों की संख्या कम है । फिर भी दोनों के काम में क्यों फर्क पड़ता है ।

मेरा विचार है कि जब तक उच्च पदस्थ लोगों में यह दृष्टि शक्ति, यह संकल्प शक्ति नहीं होगी कि इस काम को पूरा करना है, तब तक, मुझे अन्देश है कि हम सरकार के हाथ में जो ज्यादा अधिकार नए नए कानून बना कर दे रहे हैं उनका सही इस्तेमाल होगा या नहीं, क्योंकि जब तक नौकरशाही अष्ट वातावरण में काम करेगी और अष्ट रहेगी तब तक यह जो काला बाजार का काम है या जो यह टैक्सों की चोरी का मामला है, उसके बारे में कोई सही नतीजा नहीं निकलेगा, बल्कि नौकरशाही और अष्ट हो जाएगी ऐसा मुझ डर लगता है । इसके बारे में वित्त मंत्री खोज करें ।

श्री अॉकार लाल बेरवा (कोटा) : उपाध्यक्ष महोदय, जहां तक इस बिल से लाभ होने की बात है इसका तो बाद में पता चलेगा । लेकिन अभी तक तो यही देखने में आया है कि जैसे जैसे इलाज करते गए जैसे जैसे मुर्ज बढ़ता चला गया और बढ़ता ही जा रहा है ।

अभी एक बहुत अच्छा उदाहरण हमारे सामने गृह मंत्री द्वारा आया है । करोड़ों रुपया खर्च करने पर भी प्राज अष्टाचार दिन डूना और रात चौगुना होता जा रहा है । उन्होंने सदाचार समिति का नाम लिया । मैं कहना चाहूंगा कि वह सदाचार समिति तो समाचार समिति बन कर रह गयी और उसका नतीजा यह है कि जो चपरासी पहले दो रुपए लेते थे वे चार रुपए लेने लगे हैं और कहते हैं कि नन्दा जी कहते हैं कि सदाचार ही लो । इस तरह अष्टाचार बढ़ता चला जा रहा है ।

तो मेरा कहने का मतलब यह है कि अधिकार ज्यादा देने में तो कोई हर्ज नहीं है क्योंकि ऐसा करने से अधिकारी को अपना काम चलाने के लिए किसी दूसरे व्यक्ति के पास नहीं जाना होगा । लेकिन इन अधिकारों का उपयोग ठीक हो तब कुछ लाभ हो सकता है । अभी हमारे माननीय मित्र लिये साहब ने बताया कि बम्बई में जो छापे मारे गये उनमें करोड़ों का धन छोड़ दिया गया । उनका कहना है कि शायद यहां भी अष्टाचार हुआ है । और मैं तो यहां तक कहने को तैयार हूँ कि अगर मंत्रियों की अर उनके रिश्तेदारों की जांच की जाए तो एक पंचवर्षीय योजना चल सकती है इस सिलसिले में मंत्रियों और उन के भाई भतीजों के अष्टाचार का पता लगाना जरूरी है लेकिन इसकी जांच करते नहीं । प्राज जितना भी जांच का काम हो रहा है ठीक से नहीं होता । ऐसी दशा में ज्यादा अधिकार देने से क्या लाभ हो सकता है ।

सब से पहले मैं यह कहना चाहूंगा कि कांग्रेस को 97 लाख का चन्दा मिला है ।

Shri P. R. Patel (Patan): Sir, on a point of order.

Shri Onkar Lal Berwa: No point of order.

Shri P. R. Patel: Is he discussing the Bill?

श्री श्रींकार लाल बेरबा : हमारे वित्त मंत्री साहब ने बतलाया है कि 97 लाख रुपया कांग्रेस पार्टी को मिला और 15 लाख रुपया स्वतंत्र पार्टी को मिला ।

एक माननीय सदस्य : आप को भी तो मिला ।

श्री श्रींकार लाल बेरबा : हम को तीन हजार मिला वह भी हम ने वापस कर दिया । काम चन्दे से नहीं चलता काम तो कार्यकर्ताओं से चलता है ।

तो जिन फनों ने 97 लाख चन्दा दिया है आप समझ सकते हैं कि उतने रुपये से कितना धन्दा हो सकता है । इसी प्रकार ये अपने भ्रष्टाचार को छिपाती हैं । अगर इनकी जांच की जाये अगर इनके नोकरों की जो विदेशों में हैं जांच की जाए तो बहुत कुछ पता चल सकता है ।

अन्त में मैं यह भी निवेदन करना चाहूंगा कि दबाए हुए धन का निष्पक्ष जांच हो और जिन अफसरों को इस प्रकार दबाए हुए धन को निकालने का अधिकार दिया जाता है उनकी भी हर 6 महीने में जांच होनी चाहिए और जो ऐसा नहीं होगा तो क्या होगा

Shri K. N. Tiwary (Bagaha): On a point of order. Is he speaking on the Bill or delivering a public lecture bringing in so many things instead of taking the Bill clause by clause and discussing it?

Mr. Deputy-Speaker: There is no point of order.

श्री गुरुम चन्द कडवाय (देवास) :
 यह कहने में आपको शर्म नहीं आती ।

14 h:s.

श्री क० ना० तिवारी : शर्म क्यों आवे ? यह कोई पब्लिक लैक्चर नहीं है ।

श्री श्रींकार लाल बेरबा : मुझे समझ में नहीं आता कि तिवारी जी को क्यों अक्षर रहा है ? अगर मैं शलत कहता हूँ तो उसकी जांच करवाई जाये । शर्म इसलिए आती है कि 97 लाख रुपया चन्दा शासन पक्ष ने बड़ी बड़ी फनों से लिया हुआ है । इस छिपी हुई भ्रामदनी और काले धन का पता लगवाया जाये और उसके लिए आप मशीनरी को गंवर भ्रप करें । जहां आप अपने सरकारी कर्मचारियों द्वारा इस छिपी हुई भ्रामदनी को बाहर निकालने के लिए व्यवस्था कर रहे हैं और बड़ी बड़ी फनों का इस बारे में जांच पड़ताल करने वाले हैं वहां यह भी आवश्यक हो जाता है कि इस काम के लिए जो अधिकारी नियुक्त किये जाते हैं उन को 6 महीने के अन्दर जांच हो जानी चाहिए वरना वही होगा जो कि गोल्ल कंट्रोल आर्डर के वक्त देखने को मिला । दरअसल गोल्ल कंट्रोल आर्डर रात को रेडियो पर आउट हुआ और सबेरा होते होते जौहरियों की दुकानों से सोना गायब हो गया । स्वर्णकार अलबत्ता मारे गये, कहीं वही बात इस बारे में भी न हो जाय कि बेचारे जो पैट्टी शोप-कीपर्स नोन तेल बेचने वाले, एक, एक दो, दो पैसे का सौदा बेचने वाले इस कानून के पास हो जाने पर अधिकारियों द्वारा परेशान किये जाये और वे अपना पिंड छुड़ाने के लिए उन अधिकारियों को पैसा दें । इस का ख़ास तौर पर ध्यान रक्खा जाये कि इस कानून का असर केवल उन छोटे छोटे व्यक्तियों पर ही न पड़े और बड़े बड़े व्यापारी व उद्योगपति चूँकि शासक दल को चन्दे की मोटी रकमें देते हैं इसलिए उनको पड़ा न जाये और वे इसकी बद में घाने से बचे रहें ।

उन बेचारे छोटे दुकानदारों के पास तो इनको चन्दा देने के लिए पैसा है नहीं इसलिए अधिकारियों द्वारा केवल उन्हीं को हैरिस और विक्टिमाइज्ड किये जाने की भारी आशंका है । वैसे इस काले धन और छिपे हुए धन को

खोज निकालने के वास्ते जो यह बिल लाया गया है और उस में जो अधिकार सरकार अपने सम्बद्ध कर्मचारियों के वास्ते मांग रही है उन अधिकारों को उन्हें प्रदान करने में मुझे कोई एतराज नहीं है लेकिन इन अधिकारों का अफसरों द्वारा दुरुपयोग नहीं होना चाहिए बल्कि इन अधिकारों का सदुपयोग होना चाहिए ।

मैं चाहूंगा कि जहां बड़े बड़े उद्योगपतियों और फर्मों की जांच करवाई जाये वहां मिनिस्ट्रों की भी कराई जाये और मिनिस्ट्रों की ही खाली नहीं वरन् उनके भाई भतीजों आदि के बारे में भी अधिकारी लोग जांच करें क्योंकि उन्होंने वह नाजायज रुपया अपने पास न रख कर इधर उधर रखवा दिया है ताकि वे कानून की पकड़ में न आ सकें। जब से यह कानून लागू हुआ है जब से यह छापे पड़े हैं तब से वे और भी सतर्क हो गये हैं और उन्होंने वह पैसा बो फुट नीचे गाड़ कर रख दिया है। देश के अन्दर तीन चार टुकड़ों के अन्दर छापे माने चाहिए थे लेकिन उन्होंने इस को पहले छापट कर दिया और बाद में छापे मारे और नत जा यह निकला कि शिजोरिया बिल्कुल साफ मिलों केवल कहीं एक आध जगह लाकरी में सरकार को थोड़ा बहुत पैसा मिला। यह खेद का विषय है कि पांच सौ जगह छापे मारे गये और रुपया केवल पांच करोड़ ही मिला। पांच सौ जगहों में केवल पांच करोड़ रुपया बरामद हो सका। अगर ठीक से काम किया गया होता और अधिकारियों द्वारा पूरी ईमानदारी बर्ती गई होती और शासक दल ने चन्दे का खयाल न किया होता तो एक ही बड़ी जगह से पांच करोड़ रुपया मिल सकता था। वित्त मंत्री महोदय को चाहिए कि वे यह चन्दे का घेघा छोड़ कर सख्ती के साथ इस बारे में जांच करवायें, छापे डलवायें तो उन्हें इससे कहीं अधिक धन मिल सकेगा। अन्त में मैं और अधिक न कहते हुए यही विवेदन करूंगा कि इस कानून का सदुपयोग होना चाहिए, दुरुपयोग नहीं

होना चाहिए और जो भी जांच हो वह ईमानदारी के साथ होनी चाहिए ।

Mr. Deputy-Speaker: Shri Khadilkar.

श्री हुकम चम्ब कछबाय : उपाध्यक्ष महोदय, हाउस में जबकि इतने महत्व की बहस चल रही है कोरम नहीं है। कार्यवाही प्रागे चलने में पहले कोरम होना चाहिए। रोज बरोज कोरम के कारण घंटियां बजानी पड़ें इस से तो अच्छा यह होगा कि एक घंटे की छुट्टी दे दी जाय करे।

Mr. Deputy-Speaker: The bell is being rung...now there is quorum. Shri Khadilkar.

Shri Khadilkar (Khed): Mr. Deputy Speaker, Sir, I join other hon. Members in congratulating the Finance Minister in bringing forward this measure in order, at least partially, to put a check to evasion or avoidance of tax and unearthy unaccounted money. I am in full agreement with the hon. Member, Mr. Dandekar, when he said that this is a symptomatic thing that the Finance Minister is doing. As a member of the Santhanam Committee, when we were moving from place to place, whatever information the commerce and other representatives, in confidence or otherwise, placed before us led me to the conclusion that it has now become a business habit in this country. I asked a gentleman, who has a few power-looms in Bombay, as to how he was carrying on. He said, "I cannot carry on with my looms unless I pay some 'on' money, that is, whatever is accounted for an unaccounted thing." In Bombay and other places, because of the shortage of raw material, there is literally a scramble for getting raw materials at whatever the price-unaccounted money comes in here. This is the experience of the business world in Bombay and other places. Take, for instance, Calcutta. The hon. lady Member, Shrimati Renu Chakravartty,

gave some instances. In Calcutta, we were told very authoritatively that about Rs. 100 crores go outside the purview of income-tax only in the business of mining and coal transport. I do not know how far it is true. The information was given by a responsible person.

So, today the position has reached where in society there is not that little moral turpitude felt about it. It has been taken for granted. People take pride in this money-making in whatever way possible. Once the Finance Minister disclosed—I remember correctly; I think I am right—that in sales tax hardly 40 per cent is collected. Am I right, Sir? I think so. If this is the position in this country, we must seriously apply our mind to this disease and its ramifications in our society. I was surprised to read a letter in Bombay of a foreign lady resident of this place who had opted for Indian citizenship complaining, if she goes to a bazaar, invariably she will be cheated. This is successful cheating. And the fellow feels he has done something because he has practised it. So, adulteration, cheating, avoidance of taxes, in whatever way possible, has become a habit and in a society in transformation like ours this is a peculiar position. We cannot just sit quite with folded hands saying, "No. The evil is rampant and we cannot deal with it."

I welcome this measure and I say, this is a beginning to have some machinery at the disposal of the Government which will create some fear in the minds of those who are hoarding wealth.

I do not agree with my hon. friend from Swatantra Party that it is due to high taxation or inflation—it might be partially due to that—because whatever Palkiwala thesis might have propounded, that thesis is so superficial because while comparing the taxation level, it must be compared to the per

capita income whereas he has compared the taxation level of U.S.A. or Britain or other countries where the per capita income level, which is the highest, is not taken into consideration. So, to blame the Government that taxation is very high—I know there are some....

Shri Thirumala Rao (Kakinada): Has not the Finance Minister himself conceded that our taxation is also as high as that obtaining in Britain and America?

Shri Khadilkar: I am not saying that this is wrong entirely.

Shri Kapur Singh (Ludhiana): The Finance Minister may have conceded but Mr. Khadilkar wouldn't.

Shri Khadilkar: Mr. Palkiwala, as a spokesman of the private sector, or big business, has propounded the thesis and advertised it saying, "Oh. Taxation is very high." and we are taken as gullibles. What I say is that the comparison must be with the per capita income and you must consider whether the burden put is very uneven or otherwise. What the Finance Minister conceded was that there is scope for marginal relief and he has tried to rationalise the system.

As regards inflation, in a developing economy, inflation in a small dose is a tonic. If the blood transfusion is given to the patient and if the body can absorb it, it is all good. So, this inflation, if it is well-controlled, can act as a tonic and the hon. friend who is a great economist knows it very well.

Shri Kapur Singh: Is he speaking on homoeopathy or economics?

Shri Khadilkar: I was saying these things because he had said that this is due to high taxation. No. In the post-war years, and particularly when in India the consumers goods are in

short supply and they are making huge profits, consumer goods industry has become a profit-making monopoly. They are getting huge profits. In such an economy, I think, he is right—he has pointed the finger only—and I say that if we want to cleanse the society and set in motion new forces of some social discipline and moral rectitude in our society which has gone completely, this measure alone will not bring it about. I would plead with the Finance Minister that this is not enough. He has taken one step only. Let him watch the results.

I would like to say one more word. As it has become the habit of the trade and industry because of the shortage of many things, would it not be possible to do something more? I have not received a convincing reply so far on one query. Will this measure be enough? I am afraid it is not enough. Will the concession he has offered fetch the money? I am doubtful it will unearth the money. Would demonetisation help us? Other countries have tried that. I have not given full thoughts to it. I feel that as a drastic remedy to mop up and bring out all the hidden wealth lying undisclosed this could be done. I do not know. But I would request the Finance Minister to consider this suggestion. I would like to know his mind—whether he is going to stop here or he is going to take other steps if other steps are called for. Otherwise this society after freedom will go down. Though ultimately we will take pride in saying that we are a free Republic and we have achieved this and that, the morale stature of this society and the general conduct of the people who take pride in cheating the Government, cheating the customers and cheating everyone, will be very low. This State of affairs should be cleansed and cleansed with a heavy hand. People are prepared to say: Pay the price of corruption for the sake of constitutional liberty as the great historian Gibbon observed. I do not accept that description of constitutional liberty. I

say this is possible with your powers and with the popular and moral support you are likely to get.

Shri T. T. Krishnamachari: Mr. Deputy Speaker, one thing I must say. I feel happy that practically every hon. member that spoke on the Bill supported it. I heard my hon. friend from the Swatantra Party who supported it with some reservation. He has also asked some questions, for instance, why was an Ordinance necessary? It was necessary for the reason that the raids had enabled us to take out some cash and that position must be regularised. We must protect both the person from whom the cash is taken and also the interests of the exchequer. The officers who had not been fully empowered by law, by the Finance Act of 1964 as it stood, have also to be protected. In the case of voluntary disclosures, as I said, some people were inclined to do so and they should be protected from penalty, which means disclosure of the name of the person who co-operated with the Government in this matter. Two things were urgent. One was the possession of cash in regard to this and to see that the action taken by the officers will not be jeopardised and also the paving of the way for people to come and co-operate with the Government in this matter. That relates to, as I have said in my budget statement, making it possible for people to come back to the path of civic responsibility. That is the justification for this measure. Of course it is true that Parliament was in session till the 24th of December and Parliament re-assembled on the 17th of February. But the interval in between certainly is not negligible. These factors were taken into consideration before the Ordinance was passed.

The hon. member also made certain comments in regard to the provisions of the Bill and proposed certain amendments. I hope he will get an opportunity to speak on those amendments to which I shall reply.

The support given by the hon. member from the Communist Party is cer-

tainly valuable. She referred to certain individual cases. These are not pertinent to this particular measure. It is not really an income-tax matter and therefore I shall not refer to that.

An hon. member opposite who is no longer here made some charges. The mildest word I can find in the English language to use in that connection is that the charges were wild. The hon. member has apparently large circle of acquaintances. I hope they are not friends who give him all kinds of information which happens to be not reliable. He said that in the case of a film actress whose house was raided, some officer who did conduct the raid was transferred and some other officer put in and that officer had disclosed that there were instructions from high quarters that the party had to be treated leniently. I am afraid that my hon. friend—I do not know—indulges in reading fairy tales. At any rate it is something like a fairy tale because in this particular case the film actress's assessment was made on a total income of Rs. 7,18,300 for 1964-65 and the money recovered was appropriated for that purpose. I do not think anybody in the Government is interested in sort of doing anything beyond that. If Government had instructed officers to be polite, to be considerate, I can say that this is a general instruction that I give. I always insist on an officer being polite even if the case is bad. Therefore, it is completely baseless as are the other wild charges he made against a very responsible officer. I will not refer to his name which he has done. It is not the practice of the House. In fact, I cannot, according to the canons of this House and procedures, refer to any officer by name and praise him or condemn him. In this particular case, he has referred to the name of the officer who is one of the best officers of Government and who, more than any individual, has done a lot and put in considerable amount of effort in this scheme of unearthing hidden money and in setting the law in motion, for that

purpose. I am very sorry and I am grieved to hear a responsible member of this House throwing charges right and left—not to mention names of people who are not concerned here, but also to level charges against officers who in all conscience are doing their very best to implement the policies that this House has approved of. I will say no more about it.

Another hon. member who is also not here now said that the Congress Party has received about Rs. 98 lakhs from firms and therefore these firms who have given the money should be searched. I suppose he will probably do it when he comes into power. I may state that when the Congress Party receives money it is disclosed. Many Parties receive money which is not disclosed. Otherwise how could they fight elections . . .

श्री हुकम चन्द कछवाय : कौन सा दल या? टैक्स से बचने के लिए कांग्रेस को धन दिया जाता है।

Shri T. T. Krishnamachari: . . . with a lot of jeeps? Enormous money is flowing in. Of course, I suppose they have their friends. Their friends have got the money and that money perhaps escapes the arm of the law of the Income-tax Department. If they get money, let them get it by cheques and let it be put into the books. This is the rule which is followed in the most civilised countries. Subscriptions given to political parties should be disclosed and I think that is the best thing. I am not afraid to put on the floor of the House the contributions received by the various political parties.

And that is right. It is right that these moneys are in the books of the firms, and the firms are enabled to pay that money and they could pay it by cheques and not cash which is

easy to get, and here I think that the parties which have been spending a lot of money undoubtedly in their elections must be getting some money somewhere because they are not parties who have a large number of people on their rolls.

Dr. M. S. Aney (Nagpur): Rs. 96 lakhs have been received by the Congress Party by way of subscriptions. May I know whether the Congress Party has been called upon to pay income-tax on that amount?

Shri T. T. Krishnamachari: Subscriptions of this nature are not subject to income-tax. They are not given to any one group or at any one place they may be to various Congress committees. But we collect it from the various books. Therefore, I think that while it is not relevant to the particular measure before the House, I am afraid that these charges that are being made by Members, undoubtedly, of course, eloquent and vociferous, have no real meaning or real application to the facts of the case.

My hon. friend Shri Khadilkar had asked me certain questions. May I humbly tell him that these questions are somewhat premature for this reason that the efforts that we undertake may yield good result? In fact, I may say that we have a Penal Code which is there and which is not amended very often, but if you ask me whether the Penal Code has been successful, I would say that I think that to some extent it has been successful, and it is a deterrent, and if the Code were not there, perhaps, the crimes would increase. My hope is that the various measures that we have taken should lead to and should produce results.

Of course, some hon. Member had asked "What about this particular person or what about that particular person?" It may be that that person is a person who has got concealed

income or it may be that he has not. And one does not know unless one gets information. In fact, we do not undertake this kind of searches unless precise information is available. I cannot merely go and search somebody's house, because an hon. Member of the House says it. Of course, an hon. Member of the House is a very responsible person, but sometimes when he gives information of this nature, he may not be quite responsible or knowledgeable because we all depend upon friends giving information and this kind of thing is going on. Sometimes we find a very rich man, but we do not know if he is a rich man really. Sometimes it happens that a man who has not got much wealth probably goes about spending a little money that he has, and he is considered to be a rich man. So, in these things, the ostensible facts are not always reliable, and we have to get information.

Therefore, I would tell my hon. friend Shri Khadilkar that I believe that over a period of time, we are bound to succeed. In fact, I do not know whether the offer that had been made by Government would be accepted. If it is not accepted, then the law is there, and it will certainly operate. I would not say that tomorrow or over a period of six months there will be no blackmarket; it may be that it will take two to three years before we take a stride in solving the problem and the problem will go on. And even if we probably clear this thing, there will be more people coming in.

Somebody mentioned about people becoming rich men and people becoming paupers. I am not a very rich man at any time, but I was comparatively affluent but that was time past.

श्री हुकम चन्द कच्छबाय : प्राप भी बडे अमीर है। आपके भी तो बहुत बडे बडे कारखाने चलते है।

Shri T. T. Krishnamachari: And then we have seen changes. A man who is well-to-do today becomes somewhat less well-to-do tomorrow, and a man who is perhaps not very well-to-do today may become well-to-do tomorrow. I have seen in the course of these forty-five years in life that small people have become very big, and big people have come down; even in the period when I was in business, I used to see this cycle going on of very well-to-do firms disappearing and new people coming up. This kind of thing goes on. It may be that some person might boast and say that 'I was a pauper and I made money,' and he is probably proud of his achievement, because making money is certainly an achievement, and becoming a pauper is certainly not an achievement. Therefore we cannot go upon these facts. So far as the Income-tax Department is concerned, it is bound by the four corners of the law. Otherwise, the objections that have been raised by my hon. friend Shri N. Dandekar might become even more valid than what they are today.

I would certainly like to tell the House that these powers have been given to the officers, and I shall not hesitate but I shall continue to mention every time that caution is necessary in respect of the use of these powers. It may be that five or ten people may escape, but I do not think that any single innocent man should suffer. Therefore, while we should go on, and while the arm of the law will grind, and it will grind slowly but it grinds all the same, we should be very careful that we do not offend or punish or get an innocent man to book merely because somebody says or some person says something about somebody because that is not always based on facts.

I greatly appreciate the general support given to this measure and I shall add to the assurance that Gov-

ernment would make endeavours to see that these measures are used carefully and with wisdom.

श्री हुकम चन्द कछवाय : मंत्रियों का जांच के बारे में भी क्या कोई आदेश देने वाले हैं या नहीं ?

श्री श्रीकार लाल बरेवा : कितने प्रादनियों को सजा हुई है, यह भी तो बता दें जिए।

Shri Himatsingka: The hon. Minister has stated that the tangible assets recovered amount to Rs. 5 crores apart from the *hundis*. How many of the cases have been assessed so far?

Shri T. T. Krishnamachari: Most of them are in the process. Excepting in the case of a few, I am not able to give that information. But I can also tell the hon. Member that apart from the tangible assets and the *hundis*, quite a lot of account-books has come into our possession and these are likely to lead to further proceedings.

Mr. Deputy-Speaker: The question is:

"That the Bill further to amend the Income-tax Act, 1961 and to validate certain searches under that Act, be taken into consideration."

The motion was adopted.

Clause 2—(Substitution of new sections for section 132).

Mr. Deputy-Speaker: We shall now take up clause 2.

Shri T. T. Krishnamachari: I have a simple amendment to this clause.

I beg to move:

Page 6, line 33.—for "five per cent" substitute—"six per cent." (11)

Shri N. Dandekar: I beg to move:

- (i) Page 1, line 21,—
- (i) omit "or might be"; and
- (ii) omit "or would not". (1)
- (ii) Page 3,—after line 9, insert—

"Provided that if the person concerned in the proceedings aforesaid is other than the person whose statement is so recorded, a copy of the statement shall be furnished to him and he shall be entitled in the course of those proceedings to cross-examine the person who made the statement."

(2).

- (iii) Page 3, line 15, after "seizure" insert—

"or within such extended time thereafter not exceeding in all a further period of sixty days as he may in his discretion allow on the application of the said person". (3)

- (iv) Page 3, lines 19 and 20, omit "in a summary manner". (4).

- (v) Page 5, lines 6 to 9,—

for "such authority, as may be notified in this behalf by the Central Government in the Official Gazette (hereinafter in this section referred to as the notified authority)",

Substitute "the Income-tax Appellate Tribunal". (5).

- (vi) Page 5, line 13,— for "notified authority" substitute "Income-tax Appellate Tribunal". (6).

- (vii) Page 5, line 36, add at the end "up to and including the financial year in which the assets were seized". (7).

Mr. Deputy-Speaker: All these amendments are now before the House.

Shri N. Dandekar: My first amendment is quite a simple one namely that at page 1 in line 21, I am suggesting the deletion of the words 'or might be' and 'or would not'. My reason is very simple.

The relevant portion of the section reads thus:

"Where the Director of Inspection or the Commissioner, in consequence of information in his possession, has reason to believe that . . .

(b) any person to whom a summons or notice as aforesaid has been or might be issued will not or would not . . .".

It does not make sense to me that any person to whom a summons or notice as aforesaid might be issued would not produce or cause to be produced any books of account etc. How can such information be in the possession of anybody unless there is latitude here for the officer concerned merely to dream? I suggest in consonance with the commencement of that subsection 'in consequence of information in his possession, has reason to believe' the words 'any person to whom summons or notice has been or might be issued will not or would not produce or cause to be produced,' seem to me to be quite understandable except that it completely destroys the very import or limitation of the phrase 'in consequence of information in his possession, has reason to believe'. I hope that the Finance Minister will see my point and accept the omission of the words 'or might be' and 'or would not'.

In my second amendment, I am suggesting the insertion of a proviso at page 3 after line 9. This again is quite a simple one. Sub-section (4) of the new section authorises the authorised officer to take a statement from the person concerned, a statement on oath from the person concerned during such examination and that statement may be used in evidence in any proceedings under the Income-tax Act.

That is quite right and proper that before people change their minds and start offering all kinds of excuses and explanations, immediately upon a certain seizure a statement on oath should be taken, and such statement should

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be capable of being used in evidence in any proceedings under the Income-tax Act. All I am suggesting is to add the words: 'Provided that if the person concerned in the proceedings aforesaid is other than the person whose statement is so recorded, a copy of the statement shall be furnished to him and he shall be entitled in the course of those proceedings to cross-examine the person who made the statement.'

I will give a very simple instance of this. Suppose certain premises are raided and a person X in possession of those premises makes a statement that that money, or whatever it is that is found there, belongs not to him but to Y. Certainly that statement can be used in any proceedings against Mr. Y. All that I am suggesting is that Y should be entitled to a copy of that statement and to the cross-examination of Mr. X during the course of these proceedings.

That, again, I hope is a straightforward suggestion and would be acceptable.

My third amendment is at line 15 on page 3, namely that the officer concerned, after making such enquiry as may be prescribed, "shall, within ninety days of the seizure, make an order with the previous approval of the Commissioner" about estimating and so on. While I agree that ninety days so as to have a fairly quick disposal of the case is all right, I think an inflexible limitation of that kind without the power to the officer concerned to give a certain amount of reasonable extension of time, becomes unjudicial. I have therefore suggested the insertion, after the word 'seizure', of the words "or within such extended time thereafter not exceeding in all a further period of sixty days as he may in his discretion allow on the application of the said per-

son". In other words, I do not confer any right upon the assessee to demand an extension of time; but I suggest some discretion should be vested in the officer concerned to allow a short extension of time not exceeding two months.

My next amendment is at page 3, lines 19 and 20. I attach considerable importance to this and I will therefore read again what the purport of the present section is. The section provides that the officer concerned, after making an enquiry, may "make an order, with the previous approval of the Commissioner,—estimating the undisclosed income (including the income from the undisclosed property) in a summary manner to the best of his judgment on the basis of such materials as are available with him." I submit that the words "in a summary manner" really contradict the rest of the section. I believe the proper thing would be, if the officer is to make the assessment to the best of his judgment on the basis of such materials as are available with him—in other words, not that he should be required to wander all over the place to collect some more information to support his judgment, but to make an assessment to the best of his judgment on the basis of the material available with him—in that case, "in a summary manner" is either meaningless, or rather, as I think, contradicts the rest of that particular provision. I am therefore submitting that the words "in a summary manner" should be deleted.

Then I turn to the next amendment at page 5, and it is concerned with the question of who shall be the authority to whom the person objecting to the order made may appeal. The sub-section as at present reads as follows:

"If any person object for any reason to an order made under sub-section 5 he may within such

and such time make an application to such authority, as may be notified in this behalf by the Central Government in the Official Gazette (hereinafter in this section referred to as the notified authority) etc”.

This too is rather unlike the rest of the proceedings in this Bill or in the rest of the Act. And I have suggested that instead of an *ad hoc* authority, as may be notified in this behalf by the Central Government, the appeal should lie to the Appellate Tribunal. Leaving the provision that it is in the nature of a natural provision where the order of the Appellate Tribunal in such matters shall be final—that is one of the later provisions that exists—but I do believe that the appeal should not be just to such authority as may be notified in this behalf by the Central Government, but to the Appellate Tribunal which has now by this time established a long and experienced record of dealing with Income-tax matters in all their complexity, weighing evidence and coming to appropriate conclusions. I suggest the Appellate Tribunal ought to be the authority to which the applications may be made.

My next amendment is a consequential one at page 5, line 13, where I have suggested, as a consequence of the earlier amendment, that in place of the words “notified authority” the words “the Income-tax Appellate Tribunal” should be substituted.

The next amendment, No. 7 is to the very important Explanation 2 that appears at the end of page 5. This is one of the main provisions in the Bill. In its essence I support it, with the amendment which I shall presently refer to. The Explanation is:

“In this section, the word ‘proceeding’ means any proceeding in respect of any year, whether under the Indian Income-tax Act, 1922 or this Act, which may be pending on the date on which a search is authorised under this

section or which may have been completed on or before such date and includes also all proceedings under this Act which may be commenced after such date in respect of any year.”

I am sure the Finance Minister does not mean “after such date in respect of any year” to mean (for instance, not the assessment up to now but, maybe, assessment of the year 1970 or 1971 or any later year. Therefore, my amendment is to the effect that “in respect of any year” should mean up to and including the financial year in which the assets were seized. In other words, later reopening of past assessments or, as a result of this, new reopenings of past assessment should be within the ambit of this; but any such reopening should be in this sense that the assessments relating to the following years in which the assets were seized cannot obviously be the assessments that can be dealt with. Because, one can reduce this to a *reductio ad absurdum* and say that if a seizure were made in some place today, it could be used for the assessment of the year 1970 or 1971 or any such thing. And I do not think that “proceedings commenced after such date in respect of any year” was intended to cover things of that kind.

Finally I have an amendment No. 8.

Mr. Deputy-Speaker: That is not to this clause.

Shri T. T. Krishnamachari: Sir, I am very grateful to the hon. Member for having gone into these matters so meticulously.

In regard to his amendment No. 1, I would like to point out that the provisions of section 132 (1) (b) are now sought to be amended, and the words sought to be omitted by his amendment, were already in the statute even prior to the promulgation of the Ordinance. And the Bill has not made any change in the provisions of this

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clause which has already been approved by Parliament and which is there in the Finance Act, 1964.

The effect of the amendment would be that the authorisation for search could be granted only when a summons or notice for production of accounts or documents has been actually issued. When the Director of Inspection or the Commissioner gets reliable information about the existence of books of account or documents relating to undisclosed income, and summons or notice is issued to produce the same the assessee is not likely to produce them and can manage to place them beyond the reach of the Income-tax authorities. It is to prevent such a contingency that the words which are sought to be omitted have been incorporated in the clause originally.

In regard to his second amendment, under this sub-section "the authorised officer may, during the course of the search or seizure, examine on oath any person who is found to be in possession or control of any books of account, documents etc." The proposed amendment seeks to add there:

"Provided that if the person concerned in the proceedings aforesaid is other than the person whose statement is so recorded, a copy of the statement shall be furnished to him and he shall be entitled in the course of those proceedings to cross-examine the person who made the statement".

It is not a question of enquiry. As I mentioned in my original speech, the statement is taken from the person so as to prevent his subsequently fabricating some other explanation. But it is not what you call a judicial proceeding where somebody else might say: My servant is letting me down. He is giving information about me. Let me cross-examine him. That is not the purpose of the statement at all. The statement is, so far as that

particular person is concerned, to know why he is in possession of these documents or money or whatever it is. These provisions do not take away the normal recourse to law that the person has when the assessment is made.

Shri N. Dandekar: The orders are final; they are not appealable.

Shri T. T. Krishnamachari: When an assessment is made, we are not taking away the question of appeal. The hon. Member is far more well-versed in income-tax law than I am.

So far as the third amendment is concerned, I have thought over this matter. So far as the question of retention of assets seized or money seized is concerned, there must be an end to it, in 90 days. What he says is, we shall help the department. I am sure the department is likely to accept the position. We don't want to do it. As my hon. friend knows this is not regular Income-tax proceedings. That is where the summary manner comes in. It was said that the language is somewhat unfelicitous. I agree. Summary proceedings in court is one thing. If you want to do it quickly on the basis of the facts and the material obviously that should be within 90 days. My hon. friend is not helping the parties who are affected. We should get the matter over quickly and if it is possible to get it done in 30 days I should be happy.

Sir, regarding No. 5 and No. 6 of the amendments, here nobody is taking away ultimate recourse to the various authorities who will sit in judgment. In this particular case why ban them? This clause provides that the Income-tax officer will estimate the undisclosed income to the best of his judgment and that it has to be made within 90 days by the Income-tax officer.

Sub-section (11) of Section 132 as inserted by clause 2, provide: a right to the person who object; to an order made under sub-section (5) to make an application to the authority as may be notified in this behalf by the Central Government. The two amendments seek to substitute Income-tax appellate tribunal for such authority. The income-tax appellate tribunal is not given any kind of administrative authority at all. I do not agree to superimpose another authority into the administrative field.

Finally, amendment No. 7. I am very sorry, I do not think it really improves the position. Under explanation 2 to sub-section 132 it is clarified that the word proceedings includes proceedings not only pending on the day the search is authorised but such proceedings completed on or before the date and includes future proceedings also. That is as on the relevant day which is covered by this particular clause. It is not something which is future income or something like that. It is not taken into account. The amendment restricts the scope of future proceedings to the financial year in which the assets were seized. Everybody does not follow the same financial year. If he does not follow the financial year, such income is to be taken in a later year. As the hon. Member knows, each business has its own year. In fact when I was doing business I had my own year, 1st November to 31st October. That was the time I started my books and the Income-tax people accepted that. If we put a bar on such things as the one suggested by the hon. Member we will put a bar on the liberties for these people to have their own particular year and that would come in the way of the effective operation of this particular clause. I have great respect to my hon. friend and I am very thankful to him, but I am sorry I am unable to accept this amendment.

Mr. Deputy-Speaker: Do you want all these amendments to be put?

Shri N. Dandekar: Yes.

Mr. Deputy-Speaker: I will put amendments Nos. 1, 2, 3, 4, 5, 6 and 7 to the vote of the House.

Amendments Nos. 1 to 7 were put and negatived.

Mr. Deputy-Speaker: There is a Government amendment—amendment No. 11. The question is:

Page 6, line 33,—

for "five per cent" substitute
"six per cent." (11)

The motion was adopted.

Mr. Deputy-Speaker: The question is:

"That clause 2, as amended, started part of the Bill.

The motion was adopted.

Clause 2, as amended, was added to the Bill.

clause 3— (Amendment of section 271)

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

(i) Page 7,—

for lines 7 to 11, substitute—

"(4A) Notwithstanding anything contained in clause (i) or clause (iii) of sub-section (1) the Commissioner may, in his discretion—

(i) reduce or waive the amount of minimum penalty imposable on a person under clause (i) of sub-section (1) for failure, without reasonable cause, to furnish the return of total income which such person was required to furnish under sub-section (1) of section 139, or

(ii) reduce or waive the amount of minimum penalty imposable on a person under clause (iii) of sub-section (1),

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if he is satisfied that such person—

- (a) in the case referred to in clause (i) of this sub-section has, prior to the issue of notice to him under sub-section (2) of section 139, voluntarily and in good faith, made full disclosure of his income; and in the case referred to in clause (ii) of this sub-section has, prior to the detection by the Income-tax Officer, " (9)

(ii) Page 7, line 24,—

for "clause (iii) "substitute—

"clause (i) or, as the case may be, clause (iii)". (10).

Clause 3 inserts a new sub-section 4A in section 271 which empowers the Commissioner, in his discretion, to reduce or waive the amount of minimum penalty imposable under section 271 (1) (iii) in the case of a person who has voluntarily and in good faith made full and true disclosure of his concealed income. Similar concession has not been given in respect of minimum penalty imposed under Section 271(1) (i) for failure to file return of income voluntarily. The minimum penalty for such failure is 2 per cent of the tax for every month, subject to a maximum of fifty per cent. There may be cases where persons may make voluntary disclosures. If it is found to be acceptable he would be liable to pay penalty for failure to file the return voluntarily in time, even though the minimum penalty imposable for concealment of income may have been reduced or waived. It is to obviate this particular circumstance that this amendment is being proposed.

Mr. Deputy-Speaker: The question is:

(i) Page 7,—

for lines 7 to 11, substitute—

"(4A) Notwithstanding anything contained in clause (i) or

clause (iii) of sub-section (1) the Commissioner may, in his discretion—

- (i) reduce or waive the amount of minimum penalty imposable on a person under clause (1) of sub-section (1) for failure without reasonable cause, to furnish the return of total income which such person was required to furnish under sub-section (1) of section 139, or
- (ii) reduce or waive the amount of minimum penalty imposable on a person under clause (iii) of sub-section (1),

if he is satisfied that such person—

- (a) in the case referred to in clause (i) of this sub-section has, prior to the issue of notice to him under sub-section (2) of section 139, voluntarily and in good faith made full disclosure of his income; and in the case referred to in clause (ii) of this sub-section has, prior to the detection by the Income-tax Officer, " (9).

(ii) Page 7, line 24,—

for "clause (iii) " substitute—

"clause (i) or, as the case may be, clause (iii)" (10).

The motion was adopted.

Mr. Deputy-Speaker: 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.

Clauses 4 and 5 were added to the Bill.

Mr. Deputy-Speaker: We take up clause 6. Is the amendment not moved?

Shri N. Dandekar: Not moved.

Mr. Deputy-Speaker: The question is:

"That clause 6 stand part of the Bill."

The motion was adopted.

Clause 6 was added to the Bill.

Clause 7 was added to the Bill.

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

Shri T. T. Krishnamachari: Sir, 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.

14.50 hrs.

RAILWAY BUDGET—GENERAL DISCUSSION

Mr. Deputy-Speaker: The House will now proceed with general discussion of the Railway Budget for 1965-66.

Shri Himmatsinhji (Kutch): Mr. Deputy-Speaker, confusion and complacency have been the order of the day as far as this Government is concerned, and I do not think I can make an exception of the Railway Ministry either.

In their report recently published, the Indian Railways claim that it is for the first time since 1939-40 that the capacity of rail transport in 1963-64 was in excess of consumer demand. It is true that in both passenger traffic and freight traffic, there was a substantial increase in capacity during the last year in comparison with the previous years, but this contention of increased capacity as such on the railways is far from the truth. In addition to this, the attitude of the Plan-

ning Commission and assumption based on the plea that the coming Five Year Plan will start with a comparatively comfortable situation in respect of transport, as reported in the *Economic Times* of 16-2-65 are quite baseless.

The present transportation capacity of the country is definitely short of demands which are ever-increasing. Even if the railways reach their first full target of 245 million tonnes as envisaged in the Third Five Year Plan, the prospect of not meeting the large amount of the remaining traffic offering estimated at between 52 and 100 million tonnes, remains as a very real threat. In this way, we are in an unhappy predicament of there being a considerable gap between available transport capacity and demand for it. Hence any claim of superfluity in the haulage capacity of the main means of transport in the country sounds utterly ridiculous.

The repeated criticism and complaint of inadequacies and bottlenecks is hardly a story of the past. Complaints of shortages in allotments of wagons have been made from time to time in all corners of the country.

The railways claim that there is enough capacity in the important sectors such as coal, but if we ever compare realities with the claims made, the actual position is to the contrary. For instance, coal loading in Bihar and West Bengal is suffering a very acute shortage of transport....

Shri A. P. Sharma (Buxar): which period?

Shri Himmatsinhji: I am talking of just now. He will please hear what I have to say.

There is a shortage of 600 wagons on a daily average. This is the demand. It is reported that merely $\frac{1}{3}$ ths of the wagons allotted are being supplied (*Financial Express* dated 17-2-1965). Stocks at pitheads have accumulated as inevitable result of the shortages of haulage. In some collieries of West Bengal, the situation has gone from