

[English]

(vii) Need to provide financial assistance to Bihar for construction of a road bridge on Kamla river at Jhanjharpur

DR. G.S. RAJHANS (Jhanjharpur) : North Bihar's Mithila region is ravaged by floods year after year after year caused by the rivers originating from Nepal. One of these turbulent rivers is KAMLA. Coming from Nepal it creates havoc in the Madhubani and Darbhanga districts of Bihar. It has divided Jhanjharpur, an important subdivision in the Mithila region, into two. Not only that, Jhanjharpur town itself has been separated into two parts. Incidentally, it is the main route to Nepal. A road bridge on Kamla at Jhanjharpur has been the longstanding demand of the people of Mithila. The growth of the entire region is thwarted for want of this bridge.

There is, however, an old and depleted railway bridge on Kamla, at Jhanjharpur. The former Union Railway Minister, late Shri L.N. Mishra, on realising the untold miseries of the people of Mithila region, temporarily made arrangements for broadening this railway bridge by 2/3 feet so that pedestrians can move on this bridge. It was a purely temporary arrangement. It was decided at that time that not only the railway bridge would be strengthened but an altogether new road bridge would be constructed at Kamla at Jhanjharpur so that the economic development of Mithila region is not thwarted. Besides, people going to Nepal are not inconvenienced.

It is understood that Bihar Government has sent the proposal to the Centre nearly two years ago and has sent several reminders thereafter. It is, therefore, requested that besides strengthening the rail bridge on Kamla at Jhanjharpur, the Centre should give substantial financial aid to the Government of Bihar so that this project is executed at an early date.

14.37 hrs.

ESTATE DUTY (AMENDMENT)
BILL 1986—*Contd.*

[English]

MR. DEPUTY SPEAKER : We shall now take up Item No. 10 on the Agenda—Further consideration of the Bill further to amend the Estate Duty Act, 1953,

MR. Mool Chand Daga may continue his speech.

(Interruptions)

[Translation]

SHRI MOOL CHAND DAGA (Pali) : Mr. Speaker, Sir, presently a question has emerged that the same Congress Government had passed a Bill in 1953. There is Article 39 in the Constitution. This Bill is being brought against the provision of Article 39. It has been stated in Article 39.

[English]

39 (a) "that the operation of the economic system does not result in the concentration of wealth and means of production to the common detriment".

[Translation]

The Estate Duty Act was passed in 1953 on the basis of this Article 39. The Act, after the adoption, became a topic of discussion in London and European countries. I am saying this because sometimes our Government commits mistakes. We have to bridge the gap between the rich and the poor. We are not thinking on this aspect. There are States in our country where drinking water is not available. You have not been able to provide relief to those States because you have either no financial resources or these are inadequate. Now you have brought this Estate Duty Bill. Gadwhi Sahib has brought this Bill just to fulfil his duty but we cannot swallow it so easily.

[Shri Mool Chand Daga]

We and our party have decided that taxes should be levied on the rich people who live a luxurious life so that they are brought a little down and the poor are brought a little up to remove inequality between the rich and the poor. But they say that the poor will remain poor and the rich will go on becoming richer. They want to prove that—

English

The poor has become poorer and the rich has become richer—

[*Translation*]

—and this Bill is being brought by Shri Gadhai who is an efficient, honest and dedicated Finance Minister. This has been forced on him and he is unable to swallow this bitter dose.

What is Estate Duty? If you read the debate of the time when the Government had decided to impose this Duty, you will come to that—

English

—the Estate Duty Bill of 1953 was conceived as an instrument of preventing further concentration of wealth in the hands of rich and for re-adjusting inequalities in the distribution of wealth.

[*Translation*]

In 1953 this law was enacted but after the enactment, the Government thought income from it is less than the expenditure. There are several Departments where expenditure is less and income is more. How all this black marketing and black money has come into existence? This is all because of the weakness of the Income Tax Department because it cannot collect the money and it is said that the law is not proper. The black money and its economy functioning in the country are corrupting the country—

[*English*]

It is done with the connivance of dishonest officers and dishonest businessmen.

[*Translation*]

These officers are dishonest, they encourage the generation of black money. It is all because of the mistakes of the Income Tax Officers. And the Government say that the revenue from it is less, i.e., it is only Rs. 24 or Rs. 21 crores and that the report of the Public Accounts Committee has come and so it wants to abolish it.

We had enacted a law about land reforms. We had said that the land should be distributed. The land should be given to the tillers but they started saying that we will give the land to those who sit in the Parliament, and others who toil will be exploited by us. Presently the land is with those who are absentee landlords, who enjoy life make a lot of money. Those who till the land are without land, whereas those who do no till are the real owners of land.

Mr. Deputy Speaker, Sir, you are a big supporter of the poor and this Bill is being passed when you are in the than. You should not let this happen. You should ask the Minister as to what sort of Bill this is? When the Government has enacted the land reform Bill, there should be land reforms, ceiling should be put on land. Till date no work has been done on it. The Government formulated scheme after scheme and said that let the land be distributed but it has not been done. The land was distributed among their sons, brother and was allotted in the names of their dogs, donkeys and horses. Now they are saying that the Estate Duty should be abolished. A small portion of money should be taken from those who have accumulated huge amount black money. Shri Rawat says that the law should be like this. He is repeating the Government's crews. Let him do so but he should first think and then speak. I would like to tell Shri Gadhai that if this inequality continues in the country and the gap between the poor and the rich is not filled then time will come when the people like money-lenders and others who are harming the country will meet an undesirable fate.

We want that law should be enacted under which inequality is eradicated. Instead you have brought a law to abolish the Estate Duty. The former Ruler have thousands of bighas of land on which there will not be levied any Estate Duty. Why? They have land and have earned black money and they want to leave these for their sons to enjoy. Mahatama Gandhi had said that one should not leave property for one's children. This money is the root cause of dishonesty. The pleasure one gets from money is not the true pleasure. This law is basically wrong. You earn Rs. 24 crores from it. Where does that money go? That goes to all the States. Today Rajasthan is reeling under the grip of famine but money is not made available there as it is always said that we lack financial resources. If we are forced to fight a war with Pakistan, we will be requiring huge sums of money. What is this Government doing? European countries, it is called Death Duty. You say that this should be abolished on land. This law is being passed but I would repeatedly submit that there does not seem to be any intention of providing benefit. What do the Government employees do? You have started five-day week. So, for two days they enjoy. All the public undertakings are incurring loss. Kindly withdraw this Bill. To my mind it is not a good Bill.

[English]

I request shri B.K. Gadhvi to withdraw this Bill. He say that "I would not pilot it."

SHRI THAMPAN THOMAS (Mavelikara): This Bill is very simple one in its nature but I feel that this is an opportunity for introspection as to how your economic policies effect this country. You have given a laissez faire theory to this country and today the news which his come in the newspapers is that Rs. 1,03,122 crores is there in the foreign bank and Industrial Bank. How has this happened? These things are happing because of your laissez faire theory. My friend Shri Mool Chand Daga was telling that this Estate Duty Bill, when it was originally introduce in the Parliament, it was intended to see that some basic principle of socialism is built up in this country. To bring the money down from the people

who have got money and to distribute it to the people who have not anything was its aim. But, instead of that, once you experimented the Bill and you found that it is not possible to collect the money and that you will have to spend more money to collect it. Therefore, you abolished the law. There is a saying that once in a circus stand a person will jump through a ring but ultimately the circus man will decide to remove the ring and jump. Your Government is doing that. Without ring, you are jumping. You are befooling all the public in this manner.

Once you bring a law, with a declaration saying that "we are moving into socialism" and you want to cut down the concentration of wealth in certain hands and finally you see that more money will have to be spent on that. You will abolish that. This is very ridiculous and this shows the quality of your economic policies.

Therefore, I have a concrete suggestion to make. I have no hesitation that Estate Duty is to be abolished because it has no scientific basis. Your experiment was that. When you wanted to collect, you have to spend more. People were giving all false document.

Only few people who die all of a sudden due to heart attack might not have made their wills parting with their wealth. Otherwise, they might have already put their property in others' hands before their life time.

Your policy to collect money, your machinery, might have been shown as failure. But there is a basic principle where by you want to reduce the concentration of wealth. For that purpose, my question is: will out bring forth a law by which you fix the ceiling on agricultural land? This is one of the things where we are looking at. By having a ceiling, the extent of the land owned by a person, agricultural land or the property which he has got, then naturally if there is a ceiling beyond that level, he cannot go. Also you implement it properly. So, the land reforms Act in various States in various sectors with the involvement of Central Government, must be a policy of the Government. You are abolishing this Estate Duty and extending it

[Shri Thampan Thomas]

to Tripura and Punjab. They have also accepted it. In other States, you already done it. There is no other way. It has to be implemented in other States also. But make it positive to have a Land Reforms Act in this country wherein you fix the area of the land which can be owned by a person on the one hand. Secondly, you should have a law by which you control the accumulation of wealth or control over the money. People have made it in their hands by unaccounted expenditure. So, if you have a law, Finance Bill or any enactment by which you can control expenditure of a persons, if there is a serious check on expenditure, then, Sir, the money which is being misused can come to the national wealth and it can be utilised. In this line, if you are thinking after abolishing the Estate Duty in this manner and if you can have a scientific approach to the problem, then that will be a good thing for the nation. I am also to say that Urban Ceiling should be there. Now, there are people who are having one flat in a particular city and another person owning 15 or 20 acres. Unless there is a ceiling on urban property and also land ceiling is there, that will be of no use. If it is possible, my suggestion is that there should be a restriction on consolidation of the wealth. It was the primary intention of this Act, which was brought in 1953 when you abolished it. In that line this Government will have to think. You will have to save the people of this country from the menace of blackmoney, accumulation of wealth and within one year a short period of your formulation of financial policy, it has come true that blackmoney is generated in any manner. If you declare amnesty for the blackmoney holders, how much money could you get? I would like to know about this. You gave amnesty to the people who accumulated blackmoney. Today's news is alarming. Once again Rs. 1322 crores is available in Swiss Bank with people of Indian Origin. It is that you are going to follow both the Mexican and Belgium countries which have become bankrupt in the International Loan System. If that is the case, we are very much afraid of you financial policy. Unless you bring forth stringent rules and laws in this manner, we fear something may happen in this country. It may not be able to control,

[Translation]

SHRI RAM SINGH YADAV (Alwar) :
Mr. Deputy Speaker, Sir, I support the Estate Duty Amendment Bill, 1986. It is true that Estate Duty Bill, 1985 which was passed by the House on 16 Mach, 1985 and on which the Hon. President had given consent on 2 September, 1985 needs to be reconsidered. I am of the view that the provisions of the Estate Duty Bill, 1953 which were repealed through the Estate Duty Bill, 1985, i.e., the provision, made not to enforce the provisions of this Act requires to be reconsidered by this House. The main reason for this is that it is not important as to how much money comes to Indian exchequer—the Finance Ministry has considered this aspect only—what is important is that among several ways and means that exist to check the black money, the Esste Duty is one. It used to be compulsory for people paying Income Tax or the Wealth Tax to submit the Estate Duty return also which was scrutinised by the Income Tax Officer, Estate Duty Officer or any other connected machinery. The benefit of this system will be that when a millionaire dies, the details of his property, income and wealth will be available in one or the other shape. So far you have no such Government machinery, which is needed badly so that you are able to check the increasing black money which is running a parallel economy in the country and is posing a challenge to the genuinely earned money. It is only because of the spread of the black money that the country is facing several malaises like unemployment, price-rise and bribery. The main reason for the commission system among the contractors and engineers is the black money and to check it there is no effective instrument with the Government or the Parliament except the Estate Duty. Therefore, you should give a serious thought for reimposing the Estate Duty. Ours is a developing country and we have to depend on the International Monetary Fund, the World Bank or some other financial agencies for undertaking developmental projects. In such a country we should give thought to re-enforce such laws.

In the Budget Session, while expressing my views on different issues and the Financial Bill, I had requested the Finance

Minister to think seriously about re-enactment of the Estate Duty Act and now because he is going in for re-structuring all the taxation laws, I would once again request him to do so. Our Finance Minister is an efficient, experienced and able Minister and wants to bring out black money earnestly so that the evil of black money is checked in the country. I want that my point of view may be presented to him that he should think seriously about re-imposing the Estate Duty and necessary provision should be made in this respect. Unless he does this, he cannot eradicate this malaise of black money. All the evils which have spread in the society due to black money can be done away with only in that situation. In addition it has been stated here that thousands of crores of rupes have been deposited by the resident Indians in the Swiss Bank whereas we were hoping, and the hon. Finance Minister has also said last year, that we will be able to reduce the deposits of the people of the Indian origin in the foreign banks. It is a matter of regret that instead of these deposits coming down, they have increased. This increase shows that even today lot of money is being sent to foreign banks from the country. You have failed to put a restraint on this practice. Keeping in view the present position, I would request that you should give a serious thought about re-enacting such laws. The provision you are making at present concerns only agricultural land and through the amendment, you had brought in 1985, the Estate Duty was abolished on agricultural land in the whole of the country. Only three States, namely, Tripura, Nagaland and Punjab were left on which this did not apply. This should apply on these States also. But this does not affect agricultural land because as is known to all it is included in the revenue records. It can neither be reduced nor increased and the Estate Duty affects it in no way, but authentic records are not available of the hidden wealth with the individuals in the country, in the shape of jewellery, residential accommodation, commercial complexes and other kinds of property. Therefore, you must think seriously about enacting proper laws for getting the required information. The agricultural land-ceiling laws have been enforced but so far as urban properties are concerned, there are no such provisions by which we could know as to how much

property an income tax or a wealth tax paying citizen owns in this country. Has the Government ever verified any case of this nature, and if so, how many cases and where? If it has not been done so already, then it is very essential to do it now.

I hope that in the restructured taxation laws which you will present in the House, you will pay attention to all these aspects and frame a law by which black money could be controlled.

With these words, supporting the measure, I would like to say in the end that this Bill will be very necessary because it has already been enforced in the entire country, except in three States. Therefore, I would thank you for enforcing the same in those three States also with retrospective effect.

SHRI K. S. RAO (Machilipatnam) : Mr. Deputy Speaker Sir : I rise to support this particularly because the abolition of the Estate Duty is already done and it is only extending this to areas of Punjab and Tripura. I think it is in line with the desire and efforts of the Finance Minister to simplify the procedures and reduce the expenditure on the collection of taxes.

In this context, I wish to bring to the notice of the Finance Minister Shri Gadhi that as there is already enough number of methods of taxing people like Company Tax, Income Tax, Wealth Tax, Gift Tax etc., I don't think there is any need for the Estate Duty.

Possibly these estates were there for more than five to six decades when there was no system of paying taxes. In case they were to be exempted from the Estate Duty, the purpose will be defeated because these estates were passing on couple of crores and above. If they were to be exempted, the purpose of our levying tax will also go away. The passing on the Estate to a dependant should be distinguished from passing on the Estate to a person who is distantly related or to a distant heir,

[Shri K.S. Rao]

Once again, if the system is to create incentive and initiative to earn and save, the abolition of the Estate Duty works well. When it comes to the question of leaving those Estates which have been there for more than five-six decades or prior to our independence, then the very effect of bringing this Act in 1953 would be lost. So, as other Hon. Members were also commenting, I want the Minister to check up whether any other Act can be brought in to avoid such specific cases where the bigger estates are not levied. It is true that the intention of the Government is to reduce the disparity between man and man; but at the same time the tax structure should not be such as to kill the initiative to earn. A man earns not only to accumulate wealth, but also to satisfy his ego. So, repeatedly I have been telling that I wish the Government should bring in ceiling on the urban properties also when they have brought in ceiling on rural properties, in which case there is a meaning in removal of the Estate Duty. So long as urban property is left like that the purpose of this is lost. So, I request the Hon. Minister to bring a ceiling on the urban properties also at the earliest which will be in tune with the pronouncements to reduce the difference in wealth between man and man.

The Minister was telling that the expenditure on collecting the Estate Duty is more compared to other collections. That is true possibly because the Estates have gone down. The estates have gone down in rural areas but certainly not in urban areas. So, a different definition of estate duty is to be thought of. Today properties are there running into crores of rupees in the shape of factories, buildings, shares and several other aspects which are not coming under the purview of the ceiling. So I request the Minister to think over these matters and bring some kind of legislation at the earliest to check those tendencies also by which we can substantiate the reasons why we abolished the estate duty.

THE MINISTER OF STATE IN THE DEPARTMENT OF EXPENDITURE IN THE MINISTRY OF FINANCE (SHRI B. K. GADHVI): Mr. Deputy Speaker, Sir, on a very very tiny Bill eleven members

have participated and while supporting the Bill most of Members have addressed themselves to the larger issues of putting a ceiling over the properties. Mr. Yadav also tried to suggest that there should be a re-introduction of the estate duty. We can all very well appreciate Mr. Daga's enthusiasm for social justice and equitable distribution of wealth. But those are not the issues relevant for the purpose of enactment of this law because estate duty on agricultural as well as on non-agricultural properties had been abolished in the past but estate duty could not be abolished on agricultural land in three States, namely, Punjab, Tripura and Nagaland. By passing this Act we will be abolishing the estate duty in the entire country except Nagaland. So far as Nagaland is concerned their Assembly has not so far passed the resolution. They have to authorise under Article 252 the Central Government either to impose or abolish the estate duty on agricultural land. The moment we got their recommendation we will act accordingly.

So far as resource mobilisation of this duty is concerned it was very very meagre and it created lot of difficulties and cumbersome procedures. Therefore, estate duty was sought to be abolished and so declared also long back in the budget speech of the Finance Minister.

Now the hon. Members have stated that collection charges are more than the actual collections. That is not the case. What we stated is that if you compare the collection charges for income-tax and other tax the collection charges for estate duty are comparatively higher. So far as the corporation tax is concerned the collection charges for 1983-84 were 0.42 per cent. In regard to income-tax other than corporation tax it was 4.3 per cent. In 1984-85 it was 0.45 per cent. for corporation tax and 4.2 per cent so far as income tax other than corporation tax is concerned. As regards wealth tax collection charges were 6.9 per cent for the year 1983-84 it was 6.7 per cent. So far as estate duty is concerned it was 6.95 per cent in 1983-84 and 8.37 per cent in 1984-85. So as compared to the collection charges for other tax the estate duty collection charges were higher but it cannot be said that they were more than what our collections were.

Sir, this Bill pertains only to agricultural properties and there our realisation was very very meagre. So far as Tripura is concerned on agricultural land there was in last several years no estate duty collection at all. So far as Punjab is concerned in 1982-83 it was Rs. 201 lakhs. In 1983-84 it was Rs. 13 lakhs. In 1984-85 it was Rs. 3 lakhs and in 1985-86 it was only Rs. 5 lakhs. It was very negligible and this pertains to only two States.

One of the points raised by hon. Members which are strictly relevant to this Bill—Shri Vyas raised that point—is that we must impose incometax on agricultural produce. With due respect to his legal acumen, I would say that so far as the agriculture is concerned, it is a State subject and it is for the State Government to think whether to impose any incometax or not; it is not for the Centre.

As regards ceiling on urban land, we have got Urban Land Ceiling Act and also Agricultural Land Ceiling Act throughout the country.

[*Translation*]

SHRI GIRDHARI LAL VYAS : I have said so because big 'rajahs' and other such people are earning income from their agricultural land in illegal manner. Therefore, tax should be imposed on them also. You can give your suggestion in this regard, to the State Governments.

[*English*]

SHRI B. K. GADHVI : The State Government can take action. But, so far as agricultural and is concerned, there are different ceilings, different quantum in various States and it is for the States to consider what they should do.

So far as benami transactions are concerned, it would be very difficult to trace them out, even though efforts are on today to curb the black money.

One hon. Member from the opposition expressed his apprehension about the Indian economy. I would like to assure him and

this august House that the Indian economy is totally on a sound footing and there is no apprehension that we will be going on the footsteps of Mexico and other countries that he mentioned. We are clearly steering through despite all the difficulties put forth. The Indian economy has been appreciated not only by our own people, but also people abroad as also financial institutions of the international forum. Therefore, there should not be any misgivings.

So far as black money is concerned, our revenue collections have made a historic record; our collections have been quite heavy and we are still going ahead with that. We are unearthing all the black money. Some schemes like the Amnesty scheme are also in operation. Basically, incometax law is not the law for retribution, but this is a law for reform and, therefore, if a person is given a chance to improve and declare his wealth or income, he would be brought into the tax net. An opportunity is afforded to him for this purpose. I would like to reiterate that the black money is being locked upon by the Government with serious concern and all required action is being taken to unearth that. The collection of revenue has also gone up in order to meet the developmental expenditure in this country.

SHRI GIRDHARI LAL VYAS : There is an article in the Times of India today about the Indian currency in the Swiss banks. What have you got to say about that?

SHRI B. K. GADHVI : Government is not merely supposed to go by the newspaper reports. There are plenty of such reports. I have not verified that and, therefore, cannot comment. Many a time we find that the newspaper reports may or may not be true, but immediately, there is no need of over-reaction on that. Government is keeping a watch, so that there is no drain of money from this country and the people are not able to conceal their wealth abroad. We are keeping a check at all points. But by one report appearing in the newspaper, you should not expect that the Government of India should be so over-reactive and panicky and you need not also be panicky about it. Our economy is well handled and it is on a sound footing.

[Shri B.K. Gadhvi]

As I told initially, the hon. Members have raised larger issues which are not relevant immediately to the present Bill; they would be of more relevance when the budget proposals are there. At the moment, the Bill only wants to extend its operations to two States, namely Punjab and Tripura.

Mr Amal Dutta made a point and asked why this estate duty on agricultural land was being abolished. I would say that the West Bengal Government never imposed or consented to impose estate duty on agricultural land. This is the performance of that Government. They did not impose estate duty on agricultural land in West Bengal along with two or three States. Therefore, it does not lie in his mouth to say that we are abolishing the estate duty in order to help the zamindaras, because this is not the case.

With these words, I submit that the Bill be taken into consideration.

MR. DEPUTY-SPEAKER : The question is :

"That the Bill further to amend the Estate Duty Act, 1953, be taken into consideration."

The motion was adopted.

MR. DEPUTY-SPEAKER : We will now take up clause by clause consideration of the Bill.

MR. DEPUTY-SPEAKER : Clause 2. The question is :

"That Clause 2 stand part of the Bill".

The motion was adopted

Clause 2 was added to the Bill.

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

MR. DEPUTY-SPEAKER : The Minister may now move that the Bill be passed.

MR. B.K. GADHVI : I beg to move :

"That the Bill be passed."

MR. DEPUTY-SPEAKER : The question is :

"That the Bill be passed."

The motion was adopted

15.16 hrs.

RAILWAYS BILL, 1986

[English]

MR. DEPUTY-SPEAKER : We will now take up Item No. 11 of the agenda.

THE MINISTER OF STATE OF THE MINISTRY OF RAILWAYS (SHRI MADHAVRAO SCINDIA) : I beg to move:

"That the Bill to consolidate and amend the law relating to Railways, be referred to a Joint Committee of the Houses consisting of 45 members, 30 from this House, namely :—

1. Shri Basudeb Acharia
2. Shri Aatur Rahman
3. Shri Banwari Lal Bairwa
4. Dr. Krupasindhu Bhoi
5. Shri Narayan Choubey
6. Shri V. Kishore Chandra S. Deo
7. Shri Tarun Kanti Ghosh
8. Shri Janak Raj Gupta
9. Shri Harpal Singh
10. Shri Haren Bhumij
11. Shri Jaideep Singh
12. Shri Jujhar Singh
13. Shri Gurudas Kamat
14. Shri P. Kolandaivelu
15. Shri P.R. Kumaramangalam
16. Prof. P.J. Kurien
17. Shri Mahendra Singh