

15.00 hrs.

HOTEL RECEIPTS TAX BILL

THE MINISTER OF FINANCE
(SHRI R. VENKATARAMAN) : I beg
to move :

"That the Bill to impose a special tax on gross receipts of certain hotels, be taken into consideration."

Dr. SUBRAMANIAM SWAMY
(Bony North East) : How can we proceed when there is no quorum in the House ?

MR. CHAIRMAN : Let the quorum bell be rung... Now, there is quorum in the House. The hon. Minister may continue.

SHRI R. VENKATARAMAN : Sir, the Hotel-Receipts Tax Bill, 1980 was introduced in this House on 12th August, 1980. The Bill has thus been before the Hon'ble Members for over three months and I have no doubt that they would have examined its provisions in detail. However, with the indulgence of the House, I shall avail of this opportunity to explain the main provisions of the Bill.

This short and simple Bill has the objective of imposing a tax on gross receipts of hotels wherein charges for residential accommodation for any room are 75 rupees or more per day per individual. The tax will be levied at the rate of 15 per cent. on all charges received by the hotel in connection with the provision of residential accommodation, food, drink and other services during the accounting year. A rebate of 5 per cent. will, however, be allowed in respect of charges received in foreign exchange. Receipts in foreign exchange from foreign tourists will thus be charged to tax at the concessional rate of 10 per cent. In the case of foreign tourists travelling in groups, payments of hotels are sometimes made by Indian travel agents who had earlier received payments in foreign currency from their principals. In order to provide for such contingencies the Central Board of Direct Taxes is being empowered to prescribe by rules the cases and circumstances in which payments made in Indian currency after its conversion from foreign exchange will be regarded as payments made in foreign exchange.

The tax will be levied with respect to receipts accruing to the hotels after the expiry of one month from the end of the month in which the Bill receives the assent of the President.

Taxes paid by way of sales-tax, entertainment tax or taxes on luxuries will be allowed as deduction in computing the tax base. Further, the tax paid under the proposed levy will be allowed as deduction in computing the taxable income for the purposes of the Income-tax Act. All the provisions relating to collection and recovery of income-tax will apply, with necessary modifications in relation to the hotel-receipts tax. The tax will be administered by the Central Board of Direct Taxes through the Income-tax Department.

Provision has been made in the Bill to enable the hoteliers who pay the proposed tax to pass on the same to their clients who enjoy the hotel facilities.

The proceeds of the tax will be distributed between the Centre and the States in the same manner as income-tax paid by corporate and non-corporate taxpayers.

Sir, this is a short and a simple Bill and I trust that it will receive the unanimous support of the House.

Sir, I move.

MR. CHAIRMAN : Motion moved :

"That the Bill to impose a special tax on gross receipts of certain hotels, be taken into consideration."

Some members have given notice of their intention to move certain amendments.

SHRI MOOL CHAND DAGA
(Pa'i) : I beg to move :

"That the Bill to impose a special tax on gross receipts of certain hotels, be referred to a Select Committee consisting of 7 members, namely :—

- (1) Shri Virdhi Chander Jain
- (2) Shri K. Lakkappa
- (3) Shri Bapusaheb Parulekar
- (4) Shri Chandra Shekhar Singh
- (5) Shri R. S. Sparrow
- (6) Shri R. Venkataraman ; and
- (7) Shri Mool Chand Daga

[Shri Moul Chand Daga]

with instructions to report by the 15th December, 1980". (5)

SHRI R. L. P. V RMA (Kodarma) :
I beg to move :

"That the Bill be circulated for the purpose of eliciting opinion thereon by the 15th January, 1981." (7)

SHRI T. S. SHAMANNA (Bangalore South) : I beg to move :

"That the Bill to impose a special tax on gross receipts of certain hotels be referred to a Select Committee consisting of 7 members, namely :—

- (1) Shri Jyotirmoy Bosu
- (2) Shri Y. B. Chavan
- (3) Prof. Madhu Dandavate
- (4) Smt. Pramila Dandavate
- (5) Shri Atal Behari Vajpayee
- (6) Shri R. Venkataraman; and
- (7) Shri Chandrajit Yadav

with instructions to report by the 31st December, 1980". (21)

SHRI BAPUSAHEB PARULEKAR :
(Ratnagiri) : I beg to move :

"That the Bill be circulated for the purpose of eliciting opinion thereon by the 31st March, 1981." (13)

SHRI SATYASADHAN CHAKRABORTY (Calcutta South) : Mr. Chairman, Sir, I support the Bill but with certain reservations and with certain comments to offer.

(Interruptions)

Now, Sir, I feel that in India this hotel business has become a very profitable one and you will find that after independence particularly many luxurious hotels have come up, where not only persons who have their honest incomes go but these have also become the places where the ill-gotten money is spent and that is why I think that our Finance Minister has correctly attempted to bring this in his finance earning net.

Now, we are not against the spread of hotels, but ours being a developing country where people live in misery it is most surprising to find that such luxury hotels are coming up. And, as I have said, in our country it will be seen that when more investment is necessary, when more capital formation is necessary for the development of our economy, there has been conspicuous spending and our Finance Minister knows

better than I do that it was Prof. Kaldor who came to India at the invitation of the Government of India who suggested that an economy which requires development should shun all conspicuous spending. That is why he also suggested a tax on expenditure. Reckless expenditure should be curtailed. Rather it is a social crime to spend recklessly in a country where more than 60% of people are below the poverty line. That is why all sorts of reckless expenditure should be curtailed and Government should take determined steps to see that our scarce resources are not misused by the social parasites who do not contribute to production, but unfortunately due to the property relations that exist today, they have a licence to spend, but not the duty to earn. That is why we find in our society, because of the wrong property relations, people who do not possess hands enjoy, but people who use their hands starve. This is the crux of the whole problem. Because of this property relation, because of the unearned income, because of the ill-gotten money, we find conspicuous consumption. There should be financial discipline. I venture to say that if the Government takes stringent measures to stop all this conspicuous consumption and expenditure, if Government really intends to levy taxes on such consumption and also collect the money intended to be raised by taxes, there will be little need to impose taxes on the poor people. I would draw the attention of the Finance Minister to the fact that if he gears up the tax machinery and if there is real tax collection, it will not be necessary to impose more taxes on the poor people. But what do you do? You levy direct taxes sometimes 50, 60 or 70% on the rich people. But they evade the taxes. The method of your raising taxes is faulty. In most cases due to litigation and due to evasion of taxes, you do not get the money you are to get from the rich people. But you do not also intend to do it. You just show to the countrymen that we are taxing the rich people, but in practice they do not pay. Sometimes you publish it in the newspapers—big industrial houses do not pay their taxes and you do not take any action. You are very very liberal to them. But the common people cannot avoid the indirect taxes. That is why the poor people are compelled to pay. But the rich people evade the taxes levied on them. That is

why you levy more taxes on the people saying that there is budgetary gap. I would draw the attention of the Finance Minister to this aspect.

It is not sufficient to levy taxes; what is more important is to see that they are effective in the matter of realisation. You should gear up your machinery. We are all for stringent measures against tax evasion. Unfortunately, in this case also you have given power to the Income-tax Department to assess the tax. What will happen is that the assessee will grease the palms of the officers and evade the tax. There is ample scope for this and so the actual receipt from this tax will be far less than what you expect. That is why I say there is scope for improvement. It should be made fool-proof.

Corruption is a part of the capitalist society and it is very difficult to remove it in such a system. It is the system which you have built here, the system you have been nourishing, the system which you are trying to strengthen. It is a part of the profit-making business, the mainstay of our Indian capitalist society. Given this corruption, it is very doubtful whether you will be able to raise the sum which you are envisaging by this tax.

By this measure you are imposing a uniform tax of 15 per cent. Why should it not be progressive? There are 5-Star Hotels which are charging Rs. 300 to 400 per room per day.

AN HON. MEMBER : Rs. 600/-

SHRI SATYASADHAN CHAKRABORTY : May be Rs. 600. You know better. I have never been in a 5-Star hotel. Whenever I go to any place, I live in a DHARAMSALA, where the people for whom I am fighting come and stay.

MR. CHAIRMAN Have you any faith in religion, in DHAMRA?

SHRI SATYASADHAN CHAKRABORTY : No, I have more faith in the accommodations that they provide. (Interruptions) Why should there not be a progressive type of taxation? Why should not the hotels which are catering to the needs of the multi-millionaires pay more? My view is that why should be charged at a higher rate. While I congratulate the Minister on this venture, I would urge upon him to levy more taxes on these hotels, the income of which is very high.

While supporting the Bill, I would again say that the system of taxation should be fool-proof so that you can realise the amount which you have anticipated. Otherwise, what will happen is that next

year you will come before the House and say that since there has been very little income from this source, it should be scrapped, in the same way as the tax imposed on big landholders was scrapped on the ground that the revenue was very little.

SHRI A.T. PATIL (Kolaba) : Sir, I rise to support this Bill, which proposes to levy a tax on hotels. The health of the economy was discussed recently and it was revealed at that time by the hon. Finance Minister that it was not expected that the health would go so wrong, because the events which were expected to happen did not happen. Naturally, one has to find out new sources of raising revenue. I congratulate the Finance Minister for finding out a way to mobilise new resources so that the deficit in the budget may be reduced to some extent.

Now, I will not go into the details of it, but I shall invite the attention of the hon. Minister to two things. The first is the economic system which we have adopted in which distribution of wealth is extremely unequal with the result that some sections of the Society are full of wealth, whereas the rest of the sections are being starved. Therefore, it is absolutely necessary that this fortunate section which is permitted under the legal system of our country to accumulate wealth should be made to pay a share of their gains to which they are not morally entitled for the good of the society, for the welfare of the society. Therefore, I should say, apart from the legality, there is a moral basis to the levy of this particular special tax on those who are or who will be spending much more than an ordinary man on their daily living.

Secondly, my anxiety is that although this Bill is to be converted into an Act and is sought to be enforced, the enforcing machinery or the implementing machinery is the income-tax department. I need not say much about income-tax department, but one thing I shall certainly say is about the implementation of it and the possible ways of evasion of this tax. First, there shall be a heavy evasion of this particular tax by way of non-issuance of receipts and therefore, under clause 6 read with sub-clause (5) of clause 2 where the chargeable receipts have been defined, should be properly scrutinised because those chargeable receipts may not see the light of the day at all in the sense that there may not be receipts. That is one thing. There may be another way of evasion of this particular tax. That is by undervaluation of the articles shown in the receipts, or I shall put it the other way. The receipts will be paid or given for an amount which is far below the actual amount that may be received by the hotelier. This will result in not only the evasion of tax, but it will also result in the creation of a large amount of black money,

[Shri A. T. Patil]

unaccounted money, the money which is not liable to be taxed. I find there is no provision in the Bill, I do not know if there is any other provision, but as far as I have seen, I do not think that there is any provision to counter this sort of tax evasion.

The second thing which I would like to bring to the notice of the hon. Minister is that the net of taxation should be widened. Under the Bill it is limited to hotels which charge Rs. 75 per day in respect of residential accommodation. I will suggest that if the net is widened, I think we will be able to get some better revenue, additional revenue, to a large extent. When I move that amendment, I shall speak about it.

Secondly, as the net should be wider and the implementation should be tighter. On that also I have an amendment, and shall speak on it in due course.

The Government of India is entitled to levy this tax under the Constitution. Yet one does not know what will happen if the matter goes to the court. For instance, in the case of Northern India Caterers (India) Ltd., vs. Lt. Governor of Delhi, in respect of sales tax, the Supreme Court has held that supply of food or drinks to casual visitors in a restaurant does not partake of the character of sale of goods and as such sales tax is not leviable on them. The result is that perhaps the Central and State Governments will have to repay the amounts, unless a validating Act is passed under article 258 read with Entry No. 97 of the Union List. Such a situation should not be allowed to recur in respect of this Bill. I request the Finance Minister to look into it.

*SHRI C. PALANIAPPAN (Salem) : Mr. Chairman, Sir, I rise to express my views on the Hotel-Receipts Tax Bill which has been moved by our hon. Finance Minister to augment the resources of the Government. While extending my support to this bill, I would like to refer to my reservations about the provisions of this Bill, which may run counter to the expectation of our Finance Minister.

Through this Bill the Government proposes to levy 15% tax on the hotel tariff which above Rs. 75/- per day per single room. At the very outset this will lead to further increase in the tariff. The rent of Rs. 100/- per room will become Rs. 115/- . Consequently it will affect the number of foreign tourists coming to our country, because ultimately this burden of new tax will be passed on to them. Here, we have to bear in mind that 5-star hotels are all run by the Indian Tourist

Development Corporation. The Private sector is running only a few five-star hotels in our country. There is every possibility that the Indian Tourist Development Corporation would incur heavy losses because of decline in the occupancy rate. It is common knowledge that India attracts only 1% of world tourist traffic. This is primarily due to the paucity of accommodation at moderate charges. This Bill will further reduce it.

I would reiterate that Indian Tourist Development Corporation, running a large number of 5-star hotels in the country, will have to bear the brunt of this duty. The number of foreign tourists will get dwindled and the foreign exchange earnings will shrink. This will also have deleterious effect on inland tourism, about which I will talk later. The private sector will never come up in future with any 5-star hotel proposition. The hon. Finance Minister received bouquets from all sections of our society for reducing many taxes in his 1980-81 Central Budget. I am afraid that he will receive opposition if he presents such bills. My contention is that instead of increasing the central revenues this legislative proposal will lead to a reduction in gross receipts because of its adverse impact on tourist traffic both internal and external.

You will find from the financial memorandum that an expenditure of Rs. 8 lakhs has been estimated for collecting this tax. I wonder why such a large sum is necessary. The incomes from the Hotels are being taxed by the Income tax Department and this new levy can also be collected by the same officials. There is no need for a separate set of officials incurring an expenditure of Rs. 8 lakhs. I would suggest that this levy of 15% should be restricted only to 4 and 5-star hotels, if the hon. Finance Minister is keen to mop up additional resources.

The number of tourists in 1979 was 7,65,000 and the estimated receipts Rs. 8345 crores. The Ministry of Tourism has formulated a framework which envisages 3.5 million tourists by 1990 yielding Rs. 5,000 crores in foreign exchange receipts. The investment proposed is Rs. 5,500 crores for providing the necessary infrastructure of 50,000 additional hotel rooms. I doubt very much whether this framework would become a reality in the light of additional tax of 15% on room rent above Rs. 75/- . The argument advanced for this new levy is that it will curb lavish expenditure on accommodation in luxury hotels. Who is running these luxury hotels? Are they not being run by a Government of India undertaking? We have 316 approved hotels in the country. In all these 316 approved

hotels the rent is more than Rs. 75/- a day. So all these hotels would be affected by this levy.

I would refer to the provision of about Rs. 9.9 crores under the head Tourism, which is finding 10th place in the major head Transport and Communication. The Finance Minister realises the importance of tourism and that is why this provision has been made. In fact, tourism should be made a cheaper mode of entertainment for the common people. In Yeracand and Kottumalai in Salem District rest houses and restaurants should be constructed for the common people. The charges should be within their reach. The Hogenekal Waterfalls in Dharmapuri District is a tourist spot, which should be developed with the creation of necessary infrastructure like accommodation at moderate rates, with eating houses suitable for common people. Adequate number of guides should be trained to explain to the tourists the historical importance of the places, along with the origin, traditions of people etc. The railway fare and bus fare should be at subsidised rates for both inland and foreign tourists. Ajanta, Ellora and Aurangabad in Maharashtra, Bodhi Gaya, Rajgir and Nalanda in Bihar, Sarnath, Banaras and Ayodhya in Uttar Pradesh, Tiruchirappalli, Madurai, Rameswaram, Tiruchendur, Kanyakumari, Conjeevaram, Chidambaram and Taramangalam in Tamil Nadu are places of great tourist potential, if proper amenities are available in these places, India will be able to attract more than 10% of world tourist traffic. I demand that the hon. Minister of Finance should bear this also in mind.

There is income tax exemption upto Rs. 200 for the Executives in Delli, Calcutta and Bombay, beyond which he pays income tax. This 15% tax will amount to double taxation of the same expenditure, which is obviously wrong in principle. Secondly, several State Governments like Maharashtra, Gujarat, U.P. and West Bengal are already levying a luxury tax. It would be contrary to our constitutional provisions to levy another 15% tax on the so called luxury spending.

Before I conclude, I would say a few words in general. The hon. Finance Minister is fully aware of these things. All the human activities cannot be explained in terms easily understandable to all. To become one with God and to have final emancipation for the ultimate merger with the great Universal Self may be called the ideal of a few. An ebullient and entertaining life may

be the ideal of a few others. Arignar Anna dreamt of peaceful life free of strife and struggle. When Britain was besieged during the second World War, J.B. Priestly was dreaming about the world of beauty, intelligence and wisdom. Even the vagrant seamen who roam about in the world of fantasy and fun realise the value of family life. Only through tourism the people of the world can come to enjoy the beautiful things of life on earth. Like the honey-bee taking honey without despoiling the flower, the hon. Finance Minister should collect taxes without destroying any industry.

With these few words I conclude my speech.

श्री मूलचन्द डागा (पाली) : माननीय सभापति जी, मैंने इस बिल को सेलेक्ट कमेटी को सुपुर्द करने की मांग की है। इसके कुछ आधार हैं। हिन्दुस्तान एक विकासशील देश है। मैं समझता हूँ कि जब 1982 में यहां एशिया के सारे खेल होने जा रहे हैं उस समय तक यहां पर करीबन 5 हजार कमरे नए होटल्स के रूप में और बन जायेंगे। मुझे मालूम है, मैंने कई बार पढ़ा है कि हिन्दुस्तान में केन्द्रीय सरकार का जो टूरिज्म डिपार्टमेंट है, उसने इसके खिलाफ आवाज उठाई है, उन्होंने कहा है कि हिन्दुस्तान में जो पर्यटक बाहर से आते हैं, वे इतने महंगे होटलों में . . .

SHRI SATYASADHAN CHAKRABORTY : Sir, there is no quorum in the House.

MR. CHAIRMAN : Let the quorum bell be rung. . . . Now there is quorum. Shri Daga to continue his speech.

श्री मूलचन्द डागा : सभापति जी, वित्त मंत्री जी ने अपनी बजट स्पीच में कहा था : —

“With a view to checking lavish expenditure incurred on accommodation and entertainment in luxury hotels, I have proposed to

[श्री मूलचन्द डागा]

introduce a Bill in the current session to levy a new tax of 15% on gross receipts of the hotels in which the minimum tariff for a single room is Rs. 75/- per day. The new levy is supposed to be made effective from 1st September, 1980".

उन्होंने कहा था कि यह कानून 1 सितम्बर, 1980 से लागू हो जाएगा। आज इस बिल पर डिस्कशन नवम्बर में हो रहा है और हम नहीं कह सकते कि यह कानून कब लागू होगा। क्या पर्यटक विभाग ने यह नहीं कहा है कि विकासशील देशों के टूरिस्ट्स इस देश में आना चाहते हैं, लेकिन यहां पर होटलों के किराये पहले ही एक हजार रुपये है। इस बिल के द्वारा होटल की चार्जबल रिसीट पर 15 परसेंट टक्स लगाया जा रहा है। इसमें खाने, चाय और ड्रिंक का पैसा होगा और कपड़े की धुलाई का पैसा भी होगा। वित्त मंत्री स्वयं सोच सकते हैं कि इस तरह टूरिस्ट्स पर कितना बोझ पड़ेगा। बताया जाता है कि 1979 में हिन्दुस्तान में केवल 7,75 हजार पर्यटक बाहर से आये और उनमें छोटे-छोटे देशों के पर्यटकों की संख्या ज्यादा बढ़ रही है। टूरिज्म डिपार्टमेंट ने कहा है कि टैक्सों में वृद्धि का टूरिज्म इंडस्ट्री पर प्रतिकूल प्रभाव पड़ रहा है। अगर सरकार टूरिज्म को बढ़ावा देना चाहती है, तो उसे इन बातों पर विचार करना होगा।

इस बिल में "होटल" की यह परिभाषा दी गई है :—

'Hotel' includes a building or a part of building where residential accommodation is by way of visitors provided for a monetary consideration.

सरकारी मशीनरी जिस तरह से बिलों को ड्राफ्ट करती है, उससे इनकम टैक्स के बकीलों का काम बढ़ना स्वाभाविक है।

घसल में बकीलों को ड्राफ्टिंग करने बाकी को धन्यवाद देना चाहिये, क्योंकि उनकी ड्राफ्टिंग से उन्हें बहुत लाभ होता है। मैं आज यह कहना चाहता हूँ कि भारत के शासन में चाहे वह कहीं भी हो। हर जगह रोम रोम में करप्शन व्याप्त है, कोई इससे इनकार नहीं कर सकता और यह हिन्दुस्तान के लिए अभिशाप है। आप जो बिल लाए हैं उसमें होटल की जो परिभाषा है उसको मैं इस प्रकार लेता हूँ कि मेरा एक मकान है और उस मकान में पांच या छः हिस्सों में ए, बी, सी, डी, ई, करके टुकड़े टुकड़े में किराये पर देना हूँ। हर एक से 75 रुपए लेना हूँ तो क्या वह आपके ऐक्ट की परिभाषा में आएगा या नहीं? आप इसको फिर पढ़ कर देख लीजिए। मेरा यह बिजनेस है कि मैंने अपना मकान बड़ा बनाया और उसमें पांच छ. टुकड़े करके छः लोगों को किराये पर रख दिया। उनसे कह दिया कि 75 रुपए दे देना। अगर यह आपकी परिभाषा में आता है तो इसका मतलब यह है कि होटल क्या होगा कि जो मकान इस प्रकार किराए पर दिया गया हो जिसमें एक हिस्से में रहने वाला 75 रुपए किराये का देना हो, उस पर यह लागू होगा। फिर आप कहते हैं कि :

"room charges" means the charges for a unit of residential accommodation in a hotel and includes the charges for—

- (a) furniture, air-conditioner, refrigerator, radio, music, telephone, television, and
- (b) such other services as are normally included by a hotel in room rent,

but does not include charges for food, drink and any services other than those referred to in sub-clauses (a) and (b);*

आगे की क्लॉस में बड़ी अच्छी बात है कि अगर मैं होटल में रह रहा हूँ और मुझे

कंड कर्नहिएं, वह मैंने दूसरे दुकान वाले से मंगा लिया, उसको कह दिया कि तुम लाकर दिया करो, तो इनकम टैक्स आफिसर कहेंगा वह भी इसमें आ गया। आप देखें इसमें लिखा है :

“Where, under an arrangement made between a person carrying on the business of a hotel to which this Act applies and any other person having close connection with him, any food, drink or other services is or are provided on the premises of such hotel by the second-mentioned person and the Income-tax Officer is of opinion that such arrangement has been made with a view to avoiding or reducing the liability under this Act by the first-mentioned person, then.”

मैंने अपना मकान किराये पर ले रखा है, मुझे बाहर के होटल से रोटी मिलती है, अब वह कहते हैं कि तुम्हारी इस के साथ साजिश है। सरदार दाढ़ी वाला जो होटल चलाता है वह भी फंस गया और बिना दाढ़ी वाला भी फंस गया आप इनकम टैक्स एक्ट को इतना लम्बा करना चाहते हैं। अभी मैंने अखबारों में पढ़ा कि 300 या 400 करोड़ रुपये आप ने राइट आफ किये हैं। आप ने इनकम टैक्स की रिकवरी हो नहीं रही है। अगर मुझे कहीं मौका मिले तो पहले मैं इनकम टैक्स आफिसर्स, कस्टम आफिसर्स और एक्साइज आफिसर्स की जांच करूँ कि इन के पास कितना काला धन है। अगर आप के सारे के सारे इनकम टैक्स आफिसर ईमानदार हों तो यह हालत न हो। वित्त मंत्री जी अपनी बात कहने में बड़े माहिर हैं, वह इस प्रकार समझा सकते हैं कि हम चुप हो जायेंगे। लेकिन हम पब्लिक को रेप्रेजेंट करते हैं और आप भी करते हैं, हम वह बात कहना चाहते हैं जो जनता के दिमाग में है और हम देखते हैं। हम उन को छिपाना नहीं चाहते हैं। आप के इनकम टैक्स आफिसर्स हैं, इनकम टैक्स एक्सपर्ट्स हैं, जो सुप्रीम क्वेट

में प्रैक्टिस करते हैं, 3500 रुपये रोज लेते हैं और यह ब्लैक मनी वह पहले ले लेते हैं जिस की कोई रसीद नहीं होती है। वकील वकालतनामे से अलग पैसा लेते हैं। डाक्टर हैं, वकील हैं जो बहुत पैसा कमाते हैं। आप धन संचय करना चाहते हैं। मैं तो कहूँगा पांच योजनायें बन गईं, अब 33 साल के बाद स्कीमें बनाने में हिन्दुस्तान दुनिया में सबसे माहिर हो गया है। आप कहते हैं कि गरीब की हालत सुधार देंगे और धनवान को नीचे ले आयेंगे लेकिन धनवाद कहता है मैं बढ़ता जा रहा हूँ। मैं पूछता हूँ यह कोई तरीका है, बिल में आपने क्या परिभाषा रखी है? पेज 2 पर एक क्लोज है उसको आप देखें :

‘A composite charge is payable in respect of residential accommodation, food, drink and other services.’

God alone knows what these ‘other services’ are. I really do not see what these ‘other services’ are. It is not mentioned. Then it states:—

“Where it appears to the ITO that the charges for residential accommodation, food, drink or other services are so arranged that the room charges are understood and the other charges are over-stated, the ITO shall..... determine the room charges on such reasonable basis as he may deem fit.”

एक होटल वाला मेरा मकान किराये पर चाहता है, 40 रुपये का मकान है, मेरे पास में किसी की दुकान है जहाँ वह बड़ा अच्छा खाना बनाकर दे देते हैं, होटल में खाना बनता नहीं है, अब इसकी जांच कौन करेगा, वह कौन अफसर होगा जो कहेगा कि आपने गलत बिल दे दिया? इसके लिये इनकम टैक्स अफसर बैठा है जिसकी कहीं हुई बात सही मानी जायेगी। मैं कहता हूँ आप कुछ तो गाइड लाइन्स उसको दे सकते हैं। आपने पहले लिखा है—एज प्रेसक्राइड बाई रूल्स लेकिन नीचे उसकी कोई ज़रूरत नहीं समझी गई।

[श्री मूलचन्द डागा]

एक बात जरूर है कि वित्त मंत्री जी अपनी बात से हटेंगे नहीं।

हमारे यहां जो ऐक्ट बनाये जाते हैं वह जिस तरीके से बनाये जाते हैं और जिस तरह की उनकी लैंग्वेज होती है वह ऐसी होती है जिसको एक साधारण आमदमी समझ नहीं सकता है। इस ऐक्ट को पढ़ने और समझने के लिये इनकम टैक्स एक्सपर्ट चाहिये, फारेन एक्सचेंज एक्सपर्ट चाहिये और कम से कम चार ऐक्ट पढ़ने के बाद आप इसको समझ सकेंगे। आखिर यह सारे कानून बनते किस लिये हैं? मैं समझता हूँ यह कानून मकड़ी का जाल है जिसमें गरीब फंसा जाता है और बेईमान छूट जाता है।

इसके पेज 7 पर कहा गया है :

The Income-tax Officer may, in cases falling under clause (b)

“at any time within 4 years of the assessment year serve on the assessee a notice containing all or any of the requirements.....”

हिन्दुस्तान के अन्दर कानून बनाने की खूबियाँ हैं। यहां पर लां मिनिस्टर बड़े अच्छे हैं। 1980 में 35 के कानून चल रहे हैं। एक दो अमेंडमेंट लाकर कानून रख देते हैं।

सभापति जी, घण्टी बज चुकी है। मैं जानता हूँ घण्टी तो बजेगी और बज रही है। मैं कानून बनाने से पहले भी कई बार कह चुका हूँ कि पहले इसको कमेटी में भेज दिया जाये और लां मिनिस्टर को चाहिये कि वह डिसकस कर लें Then he should bring forward a Bill before Parliament. लेकिन यह कानून माखील है। एक दिन में 35 क्लोजेज को पढ़ने लेंगे और श्री बनातवाला जी भाषण देगे J will have to withdraw the amendment

मैं कहूंगा कि मैं विदज्ञ करता हूँ और फिर यह बिल पास हो जायेगा, जिस कानून को पढ़ने में समय लगता हो, जिस कानून को साधारण आमदमी नहीं समझ सकता है। इस लिये मैं कहना चाहता हूँ कि इस प्रकार के कानून नहीं होने चाहिये। इनकम टैक्स ऐक्ट को वित्त मंत्री जी ने सितम्बर में लागू नहीं किया, टूरिज्म डिपार्टमेंट वाले आबजैक्शन कर रहे हैं। विकासशील देश हैं, इसको मेजर इन्डस्ट्री वाला देश बनाना है। 75 रु० का सवाल मेरा सवाल नहीं है, लेकिन आपने जो अर्रिंग्स पर, समग्र आमदनी—समग्र आमदनी भगवान जानता है, इतनी बड़ी आमदनी करदी है—एक चाय की सर्विस जो बैरा करता है, उसको भी आमदनी है। इसमें आरबिट्रेशन की पावर्स आफिसर्स को दे दी हैं। आपने जो फाइनेंशियल मैमोरेडम दिया है, उसमें आप लिखते हैं आठ लाख रुपया खर्च होगा—क्या ब्रूबी से फाइनेंशियल मैमोरेडम बनाते हैं। आप लिख लीजिये आज लाख रुपया नहीं 18 लाख रु० खर्च होगा। आप कहते हैं :

The orders, directions, instructions given by the Board will be acarried out. What are those orders, what are those directions, whether they have statutory backing or not ?

What are those executive orders.

वे आर्डर्स और डायरेक्शन्स सदन की मेज पर रखें नहीं जा सकते हैं और कहते हैं कि

मैंने इस बिल को देखा है, मैं इनकम टैक्स का एक्सपार्ट तो नहीं हूँ, लेकिन मैं वित्त मंत्री से कहना चाहता हूँ कि इस बिल में कुछ बातें और देखें और इस बिल को सिलैक्ट कमेटी में जाने दें। इसको प्रतिष्ठा का प्रश्न न बनायें

इसलिये मैंने आपसे यह प्रार्थना की है कि आप इसको सिलैक्ट कमेटी में भेज दें ।

DR. VASANT KUMAR PANDIT (Rajgarh) : Sir, we had not expected that the Finance Minister, very well known for his pragmatism and rationale thinking, would come forward with a pernicious Bill like this. It is totally an anti-tourism Bill. This will not give proper dues to the tourism industry. Therefore, I call this Bill as an anti-tourism Bill which is a negative bill, negative to the cause of tourism. My learned friend, Shri M.C. Daga, has said it in a lighter vein. But what all he said is that we do not know what can happen. He has given a few examples. I would like to place before this House the figures given by their own department.

They have also envisaged some plan for tourism. That will also not materialise. The Bill is ill-conceived, very badly and loosely drafted. This will leave lot of loopholes and will open new fields of corruption. Possibly the Finance Minister has not gone to many of the tourist centres where only accommodation is provided and where the canteen arrangements are given to someone else. The definition of hotel can be contravened because the hotel is a premises. They have not mentioned that in the same plot, catering arrangement can be made by someone else, where there is no residential accommodation at all. This provision made in this Bill can be easily contravened by the advice of a well-learned advocate, sales-tax expert, incometax expert and this will lead to continuous litigation where the face of the Government will be lost. One example was cited by Shri A.T. Patil with regard to sales tax. That will certainly happen here.

16 hrs.

Then, the Bill contravenes the basic principle of 'no double' taxation. The hon. Minister will tell us that he has allowed for refund. I am not holding any brief for anybody. If the money was to come from the richman's pocket, I will be the last person to grudge. But the bills of five-star hotels do not come from individuals' pockets, they will be sent to the company's accountant and he will take care of them. In many hotels, there is a provision that if you have a lot of money and do not want to keep it with you in the room, you can deposit it at the hotel counter. For example, there is a foreign tourist and he has deposited ten thousand dollars at the counter. The hotel will only issue memos, not bills for luxury and expenses. After seeing the memos, the payment can be made by the

tourist easily and those memos could be torn of. He could give them a receipt that he has got back the full amount of ten thousand dollars.

The bill, as it is, is not going to be effective at all. It will go against tourism; it is going to be infructuous because many loopholes are there. The Incometax Act itself is a very badly drafted and outdated Act. On the same principle, this bill has been drafted. The Finance Minister said that it is a small bill but only consisting of thirty-six clauses. So many definitions have been given as of gross receipts, hope, etc. I would suggest that if you could refer it to a Select Committee, they could think of some way whereby occupancy would be taxed. That would have been easier for collection for the Government, that would have yielded some results. Occupancy could not be hidden and, therefore, I would say that the Government should have some rethinking on this Bill. Even in spite of our opposition, if the treasury benches want to pass this Bill, I would have no objection.

The hotel industry is not treated as an industry by the Government as yet but the hotel building construction activity would be stopped by this. Already they are suffering from rising prices; they cannot afford. The land prices have soared high; only two applications have come before the Government for five-star hotels.

What is the need? The Plan drafted by the Tourism Department lays down a new tourism policy which envisages 3.5 million tourists by 1990 yielding R. 5,000 crores in foreign exchange receipts and an investment of Rs. 5,500 crores to provide the necessary infrastructure including 50,000 additional hotel. Let us think how this can be possible now. You see the current growth rate of arrivals is only 3.4% Why? The growth rate of 15% per annum in arrivals and 27% in receipts is what they want. And therefore I will request the Government that they should have second thoughts on this Bill. There should be no haste with this legislation simply because you have made a commitment in the Budget speech. They have not consulted their Tourism department on this. People talk about five star hotels and luxurious expenditure. These are ITDC Hotels Your Tourism Corporation hotels. How many are run by private sector? I repeat, Sir I have not been holding any brief on behalf of hoteliers. But I am definitely keenly interested in tourism. This is the take-off stage for tourism. This Bill is such a wrong time that tourism will not flourish in this country. Tourism does not mean only Bombay, Delhi, Madras and Calcutta. In the whole of Madhya Pradesh, there is not one five star hotel, not

[Dr. Vasant Kumar Pandit]

even in Bhopal. How can a foreign tourist make a trip to Sanchi or Mandu? How can the foreign tourists tour places?

In Madhya Pradesh Tourism programmes are selected as package programmes by foreign agents for foreign countries. Their whole calculations will go wrong. Asian games are coming. Let us give an opportunity for thousands of people to come and see tourist centres and tourist sights in the country. You see how they go abroad and enjoy in Tokyo. This experiment of hotel tax is not the first experiment. Experiment of this kind was done but not by taxing services, etc. I am not taking the Bill lightly. I am giving examples. The business executive coming from foreign country wants a stenographers' service. Will it be taxed? There it is not taxed. But gross receipts will show that; it will also show the cost of photostat copies of documents in the hotels; he does not know where to go for that. Telephone bills, trunk calls to foreign countries, will all go with the bill, gross receipts. This is not what a foreign tourist expects. Normally, he is habituated to it. And, therefore, Sir, this is anti-Tourism Bill, I know that you have made commitment in the Budget speech. But it should be sent for public opinion or discussed thoroughly in the Joint Select Committee. You are already late by three or four months and another two months will not make any difference or big change.

Sir, this experiment was done in a few countries like Fiji Islands and Zambia which impose such a heavy tax on hotel bills and the effect on tourism was so disastrous that they are obliged to withdraw it, within two years. This is the picture of the effect your Bill is going to have on the tourism and hotel industry.

Sir, the bills paid by tycoons will definitely go from the investor's pocket and his dividend will be reduced. He is not to pay from his own pocket. If you can tax his pocket in some other way, I would have been very happy.

I have mentioned about double taxation and have given an example why this Bill will lead to a lot of litigation. I am quoting from a booklet on "Impact of Budget on Tourism and Hotels." On page 8, it says, "Once the Income Tax Rules exemption on the daily expenses incurred by a travelling Executive on accommodation and transport is permissible upto Rs. 150/- a day with 33 per cent extra in three cities, Delhi, Calcutta and Bombay." What about other States? According to the Income Tax Act, it will have to be treated as an expenditure

whether he pays the tax or not. The poor investor's dividend will be cut. These multinationals, big companies are not bothered what profit they show as long as their entire establishment goes the same way as has been going on for the last so many years.

Similarly, the State Governments including Maharashtra, U.P. and Gujarat have levied luxury tax. That will cut down the development of tourism. Because of refund, there will be no litigation that is what he is going to say in his reply. However, if the entire collection of this tax would have been kept in a Tourism Development Fund, then I would have appreciated that the Finance Minister has really solved the problem and then the tourism development fund could have been distributed to develop many tourist spots in this country to the desired extent, to attract foreign tourists. If this goes to the States, there is no binding on them that they should spend it on tourism development. There are many other priorities in every State where money is required; it may be for irrigation dam, it may be for electricity board; or it may be for power station. So, tourism is the lost child or the step-child, both at the level of the State Governments as well as at the level of the Central Government.

Therefore, apart from the constitutional objection and the litigation, this will create another blockade, a big wall between the development of tourism and the hotel business. The ITDC has sent their memorandum, and so has the Federation of Hotels and Restaurant. They have given their own reasons. I would like the Finance Minister in his reply to state categorically the answers to these problems which have been raised so that we can be assured that this Bill which is supposed to collect a huge amount will really achieve that purpose. It was one thing that he was pleased to say in his budget speech that he was going to tax conspicuous or luxurious expenditure this idea was sold at that time, and that idea was meant for public sale.

Now, we are seized of this Bill. But considering the way in which it has been drafted, I am really afraid however that the objective of the Bill will not be served. This will be another ground for corruption, another field for litigation, and ultimately the receipts will be more or less nil, because it can definitely be evaded in various fashions, while bona fide tourist centres which are only giving residential accommodation and not food, and who do not cater to any other service which is given on a contract basis in the same building or in some other building, may suffer.

Therefore, Sir, I request the Hon. Minister for Finance that he should agree to send this Bill to a Joint Select Committee. Let us sit down and deliberate and examine whether a way can be found out. We can deliberate on and come before the House with a water-tight Bill which will fulfil his objective. Merely flowing of words will not bring about anything. I beseege that the Finance Minister, if he succeeds in tapping this source for augmenting his revenues and set apart the entire amount for the development of tourism, then I will be satisfied that it will not be anti-tourism.

Other points I will make during my amendments, Sir.

श्री जयपाल सिंह कश्यप (आंवला) : माननीय सभापति महोदय, होटल व्यवस्था भारत के लिये एक ऐसी व्यवस्था है जो भारतीय संस्कृति और भारतीय सभ्यताके बराबर प्रतिकूल रही है। भारत की व्यवस्था जिस ढंग से की जा रही है और जो हालात इस देश के हैं उसके अनुसार ये होटल इस बात के प्रतीक हो गये हैं कि यह बढ़ते हुए पूंजीवाद का युग है।

जिन होटलों में गरीब को जाने का, भोजन करने का अधिकार नहीं है, वह व्यवस्था भारत की सभ्यता, यहां की संस्कृति और रहन सहन के तरीके के कितने विरोध में है, कैसा विरोधाभास है, इस पर हमें गौर करना होगा।

मुझे याद आता है, अक्टूबर 1973 में यही के, दिल्ली के कुछ लोग जो माननीय लोग थे, लेकिन साधारण कपड़ों में गये थे, उनको अशोक होटल में चाय तक देने से इन्कार किया गया था, उनको निकाल दिया गया। उन पर आज भी मुकदमा चलाया जा रहा है। वे लोग थे श्री सांवलदास गुप्ता, स्वामी अग्निवेश जो कि हरियाणा में मंत्री भी रहे हैं और श्री सुदर्शन राही। ये लोग पैसों दे रहे थे, इसके बावजूद इन्हे अंदर नहीं

जाने दिया गया और आज भी मुकदमा चल रहा है। मैं सरकार से कहूंगा कि कम से कम इन चीजों को देखें। ऐसे जो मुकदमें चल रहे हैं उनको भी वापस लिया जाना चाहिये। होटल व्यवस्था पर अधिक से अधिक टैक्स लगाये जायें ताकि इस देश के जो तरीके हैं उन पर होटल व्यवस्था हो, पूंजीवादी व्यवस्था हावी न होने पाये।

सभापति महोदय, हमें विदेशी पर्यटकों को आकर्षित करना है, उनकी जेबें नहीं काटनी है। भारतीय ढंग का सस्ता खाना, रहन सहन के अच्छे तरीके जो भारतीय परम्पराओं के मुताबिक हैं, ऐसी व्यवस्था हमको करनी चाहिये और इस प्रकार साधन जुटाने चाहिये जिससे विदेशी-लोग आकर यह देखें कि भारतीय संस्कृति, भारतीय तहजीब और यहां के रहन सहन का तरीका क्या है। केवल पश्चिमी देशों का अंधाधुंध अनुकरण करके और उनके पीछे भाग कर के हम यह सोचें कि इस देश की प्रगति होगी या देश के खजाने में कुछ पैसा टैक्स के रूप में आ जायेगा, मैं समझता हूं कि इससे देश का कोई भला नहीं होगा, बल्कि पूंजी बड़े बड़े होटलों में लग जाती है और सारे का सारा पैसा पूंजीपतियों के हाथ में चला जाता है। गरीबों का हित नहीं होता, फायदा नहीं होता।

सभापति महोदय, कहां गरीब और कहां बड़े बड़े फाइव स्टार होटल्स। एक दिन में कितना खर्च होता है। मैं आरोप तो नहीं लगाता लेकिन इन होटलों में एक बहुत बड़ी सीमा तक बहुत से होटलों में व्याभिचार और भ्रष्टाचार पनप रहा है जो इस देश की संस्कृति के प्रतिकूल जा रहा है। यहां की सभ्यता के प्रतिकूल जा रहा है। अगर हम इस देश की प्रगति करना चाहते हैं तो जो गरीब लोग हैं वे धूम सकें, कम खर्च में रह सकें उनके निवास-

[श्री जयपाल सिंह वश्य]

स्थान की अच्छी व्यवस्था हो सके, इस और सरकार को ध्यान देना चाहिये और जो इन होटलों से सरकार को आमदनी होती है उससे हर जगह, धार्मिक स्थानों पर और ऐसी जगहों पर जहाँ पर लोग घूमने जाते हैं, ठहर जाते हैं वहाँ पर सस्ते किस्म के होटल कायम किये जायें। बड़े बड़े होटलों का निर्माण इस देश के हित में नहीं है। मुझे इसके अतिरिक्त और कोई विशेष बात नहीं कहनी है। होटलों का यह जो उद्देश्य बनाया गया है कि पैसा कमाओं, जो लोग आते हैं, उनकी ज्यादा से ज्यादा जेब काटो और इस देश की पूंजीवादी व्यवस्था को मजबूत करो, इस उद्देश्य को खत्म कर के हमें इस देश के निर्धन लोगों के लिये, और साथ ही बाहर से आने वाले लोगों के लिये रहने की सस्ती व्यवस्था करने का प्रयत्न करना चाहिये।

SHRI XAVIER ARAKAL (Ernakulam): Sir usually when the Finance Minister comes to with a Bill, he displays his acuteness and cleverness. But in this case, I am sorry to say after going through the statement of objects and reasons, that I miss his acuteness and cleverness. Of course, the canon of ability, as far as payment of tax is concerned, compels that taxation should be there. But the question actually arises as to how far we can do it and how much we will get. The canons of collection and all those things are there and I do not think it is necessary for me to explain them. because when our Finance Minister explains everything, it will be like a lecture in the colleges. Going through the statement of objects and reasons, I am sorry to say that many of the things which ought to have been disclosed are missing as to how much we expect, how many hotels are there, what will be the income, etc.

Of course, I know the Finance Minister is after money. He must get financial resources for the treasury. This compelled me to look into some of the questions and answers. According to Question 740, 1321 searches were conducted and the money collected was Rs. 4.54 crores. In the house of one gentleman alone, which was searched, as per question 726, they found Rs. 4,17,210 in cash and jewellery worth Rs. 12 lakhs. When I tried to find out how our depart-

ment is collecting the money due to the Government I found that in 1976-77 the number of cases of concealed income was 6986 and we collected Rs. 12.57 crores. In 1977-78 the number of cases was 8613 and the amount collected was Rs. 13.06 crores. If I go into the income tax arrears, it is staggering. I find that nearly 50% of tax evasion is done by the traders, especially in excise and other taxes. I am stating all these things just to reveal that the methods of collection are not properly mobilised by our taxation department.

he we refer to the statement of Objects and Reasons, nothing is clear. The Finance Minister as a clever thoracic surgeon, should have given all these facts in the statement of Objects and Reasons. If you see clause 3, absolute power has been given to income-tax officers. Clause 3(2) reads:

“Where a composite charge is payable in respect of residential accommodation and food, the room charges included therein shall be determined in the prescribed manner.”

When are we going to prescribe the manner? I have to make a submission that here after whenever the Government bring forward a bill, they should bring forward the rules along with it. I note that the Finance Minister is raising his hand. He may say that it is not practical; he will give a convincing reply, I am sure.

SHRI R. VENKATARAMAN : We should bring the rules before the Bill :

SHRI XAVIER ARAKAL : We do not expect such answers from the hon. Finance Minister. We have great respect for him. I was referring to delegated legislation.

SHRI R. VENKATARAMAN : I did not expect Shri Arakal to say that.

SHRI XAVIER ARAKAL : I have gone through the Bill meticulously and have cited two cases for the consideration of the hon. Minister on how the department should function. If you refer to sub-clause (3), wide powers have been given to the Income-tax Officer. Is it really necessary? If it is necessary according to his convictions I stand by him. But my feeling is that they are not necessary.

Then take clause 5. You are “saying on or after the 1st day of April 1981.” It is indefinite, whereas in the budget speech he had referred to 1980. I am sure, the Finance Minister will give a reply on this point.

“provided that where such chargeable receipts include any charges received in foreign exchange, then, the tax payable by the assessee shall be reduced by an amount equal to five percent...”

Why should there be this obsession with foreign exchange? By this method we are giving room for all sorts of corrupt practices and we are teaching the tax payers how to avoid taxes. Why can we not have a uniform rate? Of course, I realise the need for developmental activities in connection with tourism. I also realise that as compared to Europe and some other places, our costs are cheaper.

If you see clause 7 (1) (ii) it reads :

“any amount payable by way of sales tax, entertainment tax or tax on luxuries in respect of any charges included in the chargeable receipts of the previous year;”

Where do we stand? I do not know where the Chairman has understood this, but I do not know what is included and what is not included. If something is not included, let us know it. My professor has taught me that when I draft a Bill or a document, it must be simple so that the ordinary people can understand it. Of course, if I get a brief in a court of law, I will argue it in a different way. Why can't it be simple. Again, take clause 11. The position is the same. Sometimes I wonder whether we can ever have control over the bureaucracy. Of course, it is inherent in our system have power, but what is the limitation of that power? Of course, there are committees to go into it. If we are vigilant enough as far as these matters are concerned, many of these litigations can be avoided. That is why I said a suggestion that if we could get the rules along with it, Members will be compelled to go into them at the time of discussion. As you know, it is rather difficult to refer to the rules and regulations made subsequent to the passing of this Bill by Members of Parliament. We also have the limitations. Therefore, I suggested that I have great respect and admiration for our Finance Minister—this is a practical proposition. For the benefit of common man I put that suggestion. Otherwise, this Act is a necessity. As Prof. Chakraborty put it is high time we had a law for curtailing the unnecessary expenses incurred by the affluent society. They have a responsibility to the society where people are starving, where people do not have the bare necessities and amenities. Towards that end, if this Act provides a draught of help, it will be a great thing and a great achievement.

I once again support this Bill and congratulate the hon. Finance Minister.

SHRI T. R. SHAMANNA (Bangalore South): Respected Chairman, Sir, at the outset I am sure none of us can afford to object to this levy. But I have to question the philosophy behind encouraging such posh hotels to come up large numbers in all the cities. Sir, how can a Government which is committed to the welfare of the society allow persons who cannot get bread and water for days together to starve and how can they allow some people to squander money in the hotels? It is a land where Gandhiji taught the people simple and truthful living and how can you allow such looting taking place here?

Next, we find that the rental charge in those hotels ranges from Rs. 200 to Rs. 650 per day. If what is paid one day as rental here is given to a poor man, he can build a decent hut and live there peacefully for 10 to 15 years. When such is the case, I cannot understand as to how the Government is permitting such large hotels to come up year after year in large numbers.

Sir, with regard to these things, taking into consideration that a room in such hotels is occupied for about 20 days in a month, the rent collected per month will be Rs. 5000 to Rs. 10,000 for one room. If they can collect Rs. 10,000, are you justified in allowing such hotels to come up? Sir, a person whose income is limited and who has got honest earnings can never afford to rent the rooms in these hotels. I am afraid the rooms are taken up by directors and chairmen of corporations and government officers who get more money than their salary through other means.

There are two categories to which we have to provide. It is necessary that we provide decent accommodation to those who come from other countries. It is necessary to develop their goodwill to our country and we should provide them decent accommodation so that during their stay in this country they feel comfortable and happy. Secondly, there is the question of earning valuable foreign exchange. I do not want to object to hotels being built and managed by Government to cater to the needs of foreigners who come here, but those within the country who can find decent, economic and convenient places elsewhere.

I am proud of the Karnataka Bhavan in Delhi. They charge a visitor Rs. 50 a day. The meals cost Rs. 5.50 in the morning and Rs. 7 at night. I am quite sure the accommodation that is provided there and the homely food are in no way inferior to that of the hotels where

[Shri T. R. Shamanna]

persons with decent incomes can stay. Why do you require more than a comfortable room and good food? Is there any sense in allowing these people to charge Rs. 500 and Rs. 600 a day? A friend of mine who came to Delhi and stayed in a hotel for a week found that the bill came to more than one and a half times his salary. I request the Finance Minister to put some restrictions on the TA and DA of government officers and issue instructions to government companies and corporations that there should be a limit on their daily and travelling allowances, so that they do not squander the money of these undertakings by footing large bills.

I do not stay in any of these hotels, but from what I have heard, they are centres of smugglers, and I am told they are high class prostitute dens. Even respectable family ladies are lured to them. What is the morality behind the cabaret dances conducted in these places, and what will be its effect on our young boys and girls? I do not want this cabaret dance to take place in these posh hotels. It is in these hotels that transactions for getting permits take place through agents and those connected with the ministries. These things may not be within the purview of this Bill, but the se hotels are not used for good and honourable purposes.

It is high time that the Government thought of nationalising these hotels. I can assure that if Government were to run the lodging section with efficient management, they will not only earn double the income that they are getting now, but they will even be able to give some concession in rates to the people coming there. If the Government can, let them have a restaurant side and the meal side can be given to a contractor. As far as accommodation side is concerned, I am quite sure Government can easily manage. They can earn double the income that they are getting from the Sales Tax and other taxes. They can earn huge profits.

In Bangalore 35 hotels have come. The number that would have come in Bombay and Delhi can very well be imagined. They are amassing wealth. Government must give proper attention to this—when they are interested in nationalising so many things, why not this too so that they can give comfort to the travellers and can earn more?

Tax of 15% on the gross earnings of the hotel, nobody can afford to pay, even the Minister. If they visit for two days, the whole month's salary will

have to be paid. These expenses are shifted on to the Corporations and companies. I once again request the hon. Minister to see that some bar is laid on the Company Officers and Directors. Just as you have a limit for an IAS, some limit may be laid down in their case too. I am not objecting to the tax of 15%. It may be 15% or may be made 30%, but I am sorry that the tax burden will not touch that man. It will be paid by the business magnates or smugglers or shifted on to the Companies or Corporations which he represents. The best remedy will be to see that Government can run these. In this way earning can be made by the Government and at the same time economy can be effected to the tourists particularly. Even the foreigners cannot afford this sum now. To attend Yoga Classes thousands of foreigners have come now. Many of them are staying in small hotels. Some are roaming in the streets because they cannot afford to pay the charges of posh hotels. Foreigners with limited means cannot afford to pay large sums. The whole thing should be regularised to see how they can be given accommodation at lesser cost and it brings revenue to the Government.

I am expressing more of my sentiments. An attempt should be made to study these things and then take a decision in the matter.

These hotels are new to the Indian culture. Earlier there used to be dharamshalas. Passengers could live without any payment. Nominal charges were there for food. That philosophy may not hold good these days. But why should we allow this looting of Rs. 600 to Rs. 1,000 per day? Neither the Government benefits nor the travellers or the tourists. Why should you enrich persons who can amass wealth by easy means, by exploiting the customers as well as the Government? That is my feeling.

I am quite sure that you have got some faith in the Gandhian philosophy.. Gandhiji taught us to live a simple life. Compare the simple life with the life of these hotels! What is there? You have got fine decoration, marble chips and all that. You have got a neatly-arranged cot, a beautiful rug and one or two fans. For these things, if you have to pay Rs. 650 a day, that is around Rs. 18,000 a month, that is rather very much annoying. Who can bear such huge expenses? Let the people who are corrupt pay whatever they want. But I do not want so much public money to be spent by Government servants or by employees of public sector corporations and the like. They should not be allowed to squander away money like this.

I agree that Government revenue must be increased. But, at the same time, some morality should be maintained. That is why I mentioned how Gandhiji taught us simplicity and truth. I want the hon. Finance Minister to put an iron hand on these hotels and see that these hotels do not exploit the people and pocket all the profits.

He has very cleverly stated that the expenditure is going to be Rs. 8 lakhs. I am afraid, it is going to be more. Then, he has carefully avoided to tell us the revenue that he will have from the hotels. If he had given a financial statement, it would have been better. Anyhow, he has at least got a rough idea of what will be the revenue.

I warn him that there is going to be a large scope for evasion of this tax. They can evade the tax by showing 15 days occupancy as against 20 days occupancy. The Government should see that proper registers are maintained and that they do not escape the tax. Let the tax collected from the customers not go to the pockets of the hoteliers but let it go to the coffers of the Government.

There is room also for indulging in corrupt practices here. I am sure, while framing the rules, the hon. Minister of Finance will take particular care to see that these corrupt practices are not allowed to be indulged in.

Now, the Bill has been brought before us. With their bull-dozer majority, they will pass the Bill and it will become an Act. I only want to appeal to him to appoint a committee to see how best these things are regulated, how best the revenue of the Government can be increased and how best, at lesser cost, greater convenience can be given to the customers. Thank you.

SHRI BAPUSAHEB PARULEKAR (Ratnagiri) : Mr. Chairman, Sir, I support the Bill. But before doing that, I wish to congratulate my esteemed colleague, Shri Mool Chand Daga, a member of the ruling party, who has very forthrightly placed his views in regard to the Bill, though in a lighter vein. I would request the hon. Minister to seriously consider the views expressed by him. I do not endorse all the views expressed by him.

The last submission which he made was with reference to the rules. It was supported by my another colleague, Shri Arakkal also. I respectfully submit that though I found from their speeches that they had meticulously gone through the Bill, they have missed probably clause 34 about the rule-making power. Unless

the Bill is passed, this particular board will not get the powers to make rules. We should not feel worried about this because in view of sub-section (4) and, in view of the Subordinate Legislation Committee's recommendation, the rules come before us and we will have an ample opportunity to discuss about the rules.

Apart from this, the other submissions made by Shri Daga are most welcome. With reference to his submission that this would keep the gates of corruption wide open to the Income-tax and other officers in the Income-tax Department I entirely agree with that. If we see the various provisions in this particular bill, especially, of clause 3 and sub-clause (2) of clause 3 and clause 6, you will find that the entire discretion is given without any guidelines as to how that discretion has to be exercised.

I feel that this particular discretion would be misused. I am very well aware that the only persons who would be happy are the officers from the Income-tax Department because they are waiting to reap this particular fruit, which is given in this particular bill. Apprehensions were felt that if the implementation of the provisions is given in the hands of the Income-tax Officers, then the purpose of this Bill will not be served and it will not also be possible to get the revenue. For example in the month of July, the news had been published in the *Hindustan Times* which mentioned that the income-tax arrears to the tune of Rs. 300 crores had been written off from those who were in arrears for less than a lakh for more than one year. The reason given by the Income-tax Officers was that the registered notices were served on the addresses that were wrong and hence they could not be served. This is a glaring example of how the income-tax officers work. We are going to give this discretion to the very officers of the department to recover this particular money. I therefore submit that unless and until we give some directions in the very Bill as to how this discretion should be exercised, it is not possible. To achieve the particular objective of the bill, namely, the recovery of this levy. I will not go into the details. I only endorse the submissions made by Shri Daga and my other esteemed colleague Shri Vijay Kumar Pandit.

Sub-clause 3 of Clause 4 mentions that the chargeable receipts of the previous year will be at the rate of 15% of the receipts. So, the charge would be on the receipts on the basis of the previous year. But, surprisingly, I find that this is the only Bill where there is no mention as to when this is to come into force. I do not know why this exception has been made in this particular Bill. In the

[Shri Bapusaheb Parulekar]

other Bills we find the date has been mentioned that this will be from a particular date. Here it is from the date when the President signs the Bill. I do not know why this particular bill is silent on this particular point. I do not know whether this discretion has to be given to the officers in this connection. I would like to make my point. Here about the definition of the room charges, a reference was made by Mr. Daga that these charges would not include food, drink and other services. We are the disciples of Gandhiji day in and day out we take the name of Gandhiji. I am aware that when I take the name of Gandhiji, some of my friends shout at me. When the Opposition takes the name of Gandhiji, they say that the Devil is quoting the scriptures. They feel that it is the monopoly of the ruling party to take the name of Gandhiji; I request my learned friends that if they are really the disciples of Mahatma Gandhi, let them tell their Finance Minister not to omit this from the taxation. For those who can afford to spend thousands of rupees in Posh Hotel and finish up the bottles of Royal liquor costing Rs. 950/- no taxation is there. Why? Why don't you tax this? *(Interruptions)* I shall speak to you about that afterwards in the Lobby. These are charges for food, drinks and other service charges. Sir, we people lead a simple living. A reference was also made by Mr. Shamanna. In India in the posh hotel cabaret dances are doing on. They are legalised. If you move round Connaught Place, you find a board 'pay Rs. 15/-. Com'm'. No charges are made. Does this benefit our culture? I am not aware of the hotels in Calcutta. As far as the country as a whole is concerned, we are charging for telephones and other things. Why are we not charging for the things in posh hotel? Sir, if we take into consideration Clause 5 again it is mentioned that the person who would be serving food would also be deemed to be a person carrying on the business of a hotel. This is an anomaly. The clauses should be considered thread-bare and the matter should be circulated for public opinion.

16.56 hrs.

[MR. DEPUTY SPEAKER *in the Chair*]

I do not know what is the total revenue that is expected out of this particular kind of Bill but I would respectfully submit that out of this total revenue some amount should be given to the States and this amount which is coming by way of hotel tax should be utilised for the purposes of constructing 'dharamshalas', Youth hostels and Janata hotels. Our boys come to the Capital from far off places and they do not get any place to stay. They stay at the railway station, etc.

Then, Sir, I would like to invite the attention of the hon'ble Finance Minister to the fact that there are many hotels in the country who ask the customer at the time of leaving the counter whether he wants to have the receipt or not. Now, how are you going to see that this kind of tax evasion is checked. This can be checked only if you make a penal provision with regard to that. Sir, I also have a fear that some of the hotel owners may recover the tax even when the lodging charges are less than Rs. 75/-. So, I suggest that every clause of the Bill should be discussed thread-bare and it can only be done if the Bill is referred to a Select Committee or the Bill is circulated for eliciting public opinion.

With these suggestions I submit that the amendment tabled by me may kindly be accepted.

SHRI K. A. RAJAN (Trichur): Mr. Chairman, Sir, I stand to support this Bill. Of course, it would have been still better if the tax percentage could have been raised. Why I am supporting this Bill is because it is a bill in the right direction. In one way it curbs the reckless expenditure and the ordinary people are not going to be affected by this tax burden. After all, who are the persons who stay in 4-star and 5-star hotels? It is those who belong to the elite, those who belong to the high-class who stay in such 4-star and 5-star hotels. So, this argument is not correct. I am sorry to say that this is a bogus argument. Sir, the balance-sheet of the ITDC shows that these 4-star and 5-star hotels have earned less foreign exchange than other types of accommodation for the foreign tourists. This is the position and I have got the figures in the balance-sheet here. So, that argument is not correct.

17 hrs.

So far as the big luxurious hotels are concerned, as it is well-known, these are all in the hands of the big industrialists. They have got collaboration with foreign multinationals. Government statistics show that they envisage up to 1983, the setting up of 77 hotels in the private sector and 9 plus 2, that is, 11 hotels in the public sector. 9 will be under ITDC and 2 will be under the Hotel Corporation of India.

Sir, so far as loan terms are concerned these loans are advanced to these private hotels. Loans to the hotel industry in the private sector are generally granted to limited companies and cooperative societies, incorporated and registered in India, after the project is approved by the Department of Tourism. Normally the contribution of 20% of the cost of the project is expected from the promoters, which is relaxed up to 15 per cent if the project is promoted by a new entrepreneur. The assistance to new hotel project carries an effective rate of interest of 10%

[Shri P. Namgyal]

money. I do not know what is the present position now, but a few months back there was a directive from the Reserve Bank that no one other than those who have been given permission to deal in foreign exchange can accept foreign money and travellers' cheques etc. In places like Ladakh many foreign tourists come and they would prefer to pay in foreign money. We have mostly got paying guest system in that area, but they are not allowed to accept money in foreign exchange in the absence of permission from the Reserve Bank. I feel that the Finance Minister should do something in this regard. Because of non-availability of this facility with smaller hoteliers, the tourists have to suffer. The banks usually open at 10.00 a.m. and close at 4.00 p.m. the tourist usually moves out early in the morning and returns late in the evening and he cannot make use of the bank for exchange purpose. In view of this, the tourists are facing lot of problems in remote areas. The Government, should, therefore, consider and extend this facility to small hoteliers also. With these few words, I support the Bill.

श्री रीतलाल प्रसाद वर्मा (कोडरमा) :

उपाध्यक्ष महोदय, यह होटल ग्रामदनी विधेयक वस्तुतः एक बहुत महत्वपूर्ण विधेयक है क्योंकि प्रति वर्ष 30-40 लाख के लगभग विदेशी भारत में पर्यटन के लिए आते हैं। साथ ही साथ देश के भी पूंजी वर्ग के बहुत सारे लोग आराम करने के लिए इन होटलों में जाते हैं। इसके द्वारा राष्ट्र की आय में काफी बढ़ोतरी हो सकती है लेकिन जिस तरह से इस विधेयक को दुरुह बनाया गया है, इस के सेक्शनस में जिस तरह के उपबन्ध किए गए हैं उनके चलते इसमें बहुत चोर दरवाजे बना दिए गए हैं जिनके द्वारा, मैं समझता हूं, सारे आय के स्रोत बह जायेंगे और आयकर अधिकारियों के लिए यह एक दूसरा स्वर्ग बन जायेगा। उनके लिए भ्रष्टाचार का यह एक और स्रोत बन रहा है।

जैसा मैंने इस को अध्ययन किया है, अगर सही अर्थ में देखा जाए, तो जैसा और बहुत से लोगों ने कहा कि यह भारतीय संस्कृति के अनुसार नहीं है। कई सदस्यों ने अपने कई तरह के विचार यहां पर रखे हैं और अगर सही अर्थ में देखा जाए तो इन तीन, चार या पांच स्टार होटलों में स्टार काले

व्यक्ति ही जाते हैं जिनका ध्येय ईट, ब्रिक ऐंड बी मेरी का सिद्धांत रहता है। इन होटलों में वे लोम सुरा, सुन्दरी और बोम्ब वस्तुओं का उपभोग करने के लिए आते हैं। वहां पर उनके ड्रिक (पेय) की एक एक बोतल 6 सौ, 12 सौ तक की होती है। अगर उसको आप टैक्स में नहीं जोड़ते हैं तो यह टैक्स इवेक्शन नहीं तो और क्या है। इसी प्रकार इसमें और भी बहुत से अन्य प्रावधान हैं जिसमें स्पष्ट रूप से नहीं कहा गया है। इस तरह से बहुत से चोर दरवाजे दिखाई देते हैं। यदि 14 से 37 तक की धाराओं को देखा जाए, तो इन सब में केवल आयकर पदाधिकारियों

MR. DEPUTY-SPEAKER : How do you know the approximate price, Rs. 600 or Rs. 700, you say ?

श्री रीतलाल प्रसाद वर्मा : इस तरह से सारा टाइम चला जाएगा। यदि आप 14 से 37 तक की धाराओं को देखेंगे तो इन सब में केवल आयकर लोगों के लिए प्रावधान किया गया है कि अपील होगी, दरखास्त देंगे एसा करेंगे तो वैसा हो जाएगा, तो इस तरह से केवल खर्चा ही खर्चा है, इससे कोई लाभ सरकार को नहीं होगा। आप देख ही रहे हैं, ये जो श्री स्टार होटल और ओबराय होटल जो करोड़ों रुपए लगा कर बने हैं, ये केवल इन्डस्ट्री के रूप में चलाए जा रहे हैं। इसमें कोई कल्चर की बात नहीं है, यह वैस्टर्न कल्चर है। एह कल्चर नहीं, हल्चर चलाया जा रहा है होटलों में। इसमें सरकार की संस्कृति की कोई बात नहीं है। आज हम देखते हैं कि सारे होटलों में बहुत सी जगहों पर यह छूट है, कंब्रे होते हैं, डांस होते हैं और न जाने क्या क्या होता है। इसको 75 रु० से घटाकर 50 रु० रखना चाहिए। 50 रु० रखने से राष्ट्र की आय बढ़ेगी और इसके द्वारा एक बात यह होगी कि जो बड़े-बड़े पूंजीपति लोग हैं, व छोटे-छोटे होटल बनाने शुरू करेंगे। जिन शहरों में और जिन पर्यटन केन्द्रों

में होटल नहीं है, वहां पर 40-40 कमरों के होटल बनायेंगे, तो इससे बहुत ज्यादा उद्योग बढ़ेगा। इसलिए इस पर इस दृष्टिकोण से विचार करना चाहिए।

सेक्शन-35 में जो लोकहित का प्रावधान किया गया है, लोकहित में तमाम होटलों को कर से मुक्त कर दिया जा सकता है, अगर ऐसी व्यवस्था होगी तो सारे अधिकारी मौज मारेंगे और लाखों रुपए के लाभ के किसी भी होटल को लोकहित में छोड़ देंगे। इस में और भी बहुत सी गलतियां हैं, जिनके सम्बंध में मैंने संशोधन दिए हैं और इसको जनमत जानने के लिए प्रचारित किया जाना चाहिए।

SHRI G.M. BANATWALLA (Ponnani): Mr. Deputy Speaker, Sir, the Bill seeks to make tax on the gross receipts of a certain category of hotels. There can be no difference of opinion as regards taxation on the receipts from luxurious rooms of posh hotels, but in the form in which the Bill has come, I am sorry I am not in a position to support it.

Sir, a healthy attitude must be taken towards the hotel industry also. The hotel industry also plays an important role in our economy and that cannot be neglected.

Mr. Deputy Speaker, Sir, the investment in hotel and restaurant industry has continued to rise during all those years. Specially during the last four years, the over-all increase in the hotel and restaurant sectors has been to the extent of 10.42%. This gives us an average growth rate of 19.7%, Sir.

I must draw the attention of the Government and of this House through you, Sir, to certain beneficial aspects of the hotel industry in our economy. We cannot, for example, overlook the generation of employment by this hotel industry. An investment of Rs. 1 lakh in the hotel and restaurant sector guarantees employment for 8 persons in a hotel and 36 persons in a restaurant. The average investment and employment ratio is 1:92. It should be realised that the average growth rate of employment ranges between 10.4 per cent and 8 per cent per annum. Therefore, in the form in which the Bill has come before the House, and looking at the incidence of taxation, I submit that it will do a great injustice and will have an adverse effect on our economy.

We are following contradictory policies. On the one hand we find that the hotel and restaurant industry is expected to yield or generate employment opportunities for 2.4 lakh people by the end of 1985—we expect that there would be about 104 lakh jobs in the organised and unorganised sector on the other hand, we come forward with rigorous taxation. I am afraid we may not be able to realise our expectation. My another submission is that the taxation would affect adversely the tourist traffic and the importance of tourist traffic in our economy also cannot be neglected.

Let us look at the per capita expenditure on foreign tourists in India. In 1968-69 it was Rs. 1368 ; by 1972-73, it rose by 1722. Now, I believe it is Rs. 4419. This 15 per cent tax envisaged in the Bill, I submit, is also not a healthy sign for the ambitious tourism promotion plan that we have. On the one hand, we have a very ambitious tourism promotion plan which attracts an inflow of 3.4 million tourists into our country, which is our ambition and we have planned for that also ; on the other hand, we come forward with this rigorous taxation. According to one estimate, this would lead to 25 per cent to 30 per cent fall in the tourist traffic, if I am not wrong. Even the Ministry of Tourism was not very happy with this particular per centage of taxation.

MR. DEPUTY-SPEAKER : How did you come to know about it ?

SHRI G.M. BANATWALLA : It is an open secret. But then all this has been brushed aside and we find that the policies are riddled with contradictions. As the situation stands today, I, on my part, expected that appropriate incentives and support measures will be given to the hotel industry which are non-existent. Yes, you may go ahead and tax the rooms there in the case of luxurious hotels. But here what is the provision, Sir, some things are not what they seem. We are told that the Bill applies to cases where the room charges are Rs. 75 or more per day. But then Sir, let us not be carried away by the impression that the tax is only on room charges. If, the tax is merely on room charges, go ahead and tax the room charges, if such luxurious rooms are provided. But here the tax is on the gross receipts, the receipts from food and other things are also included. My humble submission is that the tax ought to have been restricted and limited only to receipts as levied by room charges where the room charges are more than that amount. But then the scope here is very wide.

[Shri G. M. Banatwalla]

A second point that arises here, Mr. Deputy Speaker, is that if a hotel provides some rooms at the rate of Rs. 75 or more, and some other rooms which are cheaper, then even those hotels will have to pay tax on the gross receipts from whichever rooms they get the receipts. Therefore those staying in rooms where less than Rs. 75 is paid, even they become liable to charges, if they are in a hotel where these several types of room facilities are offered.

Sir, there are various other provisions in the Bill and they should also be taken care of. There are various amendments also that are coming up. I appeal to the Government to be reasonable, reasonable in the scope of the tax, restricting it to room charges. There are also several other taxes, on food and other things and drinks that are being served. This is all double and triple taxation that goes on. We should also realise that we do not have a taxation policy that defeats the policies of the various other Ministries and have an adverse effect on our economy. Thank you, Sir.

SHRI R. VENKATARAMAN : Mr Deputy Speaker, Sir, I did not bargain for such an elaborate debate on what I considered to be a very short and simple Bill.

AN HON. MEMBER : You have learnt it.

SHRI R. VENKATARAMAN : One learns and learns. Actually, so far as the Principle of the Bill is concerned, it had been accepted, when the Budget was passed by this House. I mentioned in the Budget that I proposed to bring forward a tax on hotels charging over a particular amount and that this will yield also a particular revenue in the year for which I have taken credit. The House debated this and therefore to state that the principle of the Bill has now got to be widely circulated throughout the country for its examination and all that, would appear to be beside the mark because it has already been approved by a full-dress debate on Budget in which this was one of the items included. Only those Bills, on which public opinion is sought to be elicited because of the suddenness with which they are brought or the nature of the thing was not before the people, you will generally send for circulation. But where a matter has been debated and accepted in principle to say that it should again be sent for circulation to the public is not an acceptable proposition.

The second point raised was, it should go to a Select Committee. They pointed out that there were some discrepancies. There are no discrepancies. I am only sorry that they have not read the Bill

very closely. In any event this Bill was published 3 months ago and it was before the public. If they had any representations to make, they would have certainly made them. Certain representations were in fact made. Government has had the opportunity of looking into all these various representations. Therefore, to say it should go again to a Select Committee is purposeless.

Coming to the merits of the Bill, I am happy to say that most of the members of the House have supported the principle of the Bill, I wanted to levy a tax conspicuous consumption in this country. This I mentioned, would be done through the Hotel Receipts Tax Bill. On the issue that conspicuous consumption should be taxed, there can be no two opinions. In fact, it has been the demand of all progressive elements in this country that the conspicuous consumption which is being resorted to by people should be more heavily taxed than it is being done today. Therefore, I am not prepared to accept any criticism that this Bill does in any way offend the principles for which this party stands or the majority of the people in the country stand. Some people have now resorted to the argument advanced generally by interests who are affected by it that it will affect (a) tourism industry in this country, (b) the hotel industry in this country and (c) the employment in this country. I will answer all these points.

So far as tourism is concerned, I have not known any country in which tourism has been affected because the hotel rates are high. On the contrary, throughout the world, this hotel tax is being levied on all of us who go abroad, stay in hotels and pay this 15 % tax. This has not affected the tourist traffic in any country. People who come as tourists come for enjoyment. They are prepared to pay high rents for rooms and they are prepared to pay the tax thereon. To say that on account of 15 % tax on room rent receipts/tourism will be affected means, we are exaggerating a small thing. In my opinion the number of occupancy of hotels by tourists is a small proportion in relation to the number of occupancy by the affluent rich. Therefore, they want to show a tourism as a sort of excuse for escaping the payment of a tax, which is legitimately due from people who are living in luxury at the cost of others.

SHRI SOMNATH CHATTERJEE (Jadavpur) : The hon. member said there was objection from the Tourism Ministry.

SHRI R. VENKATARAMAN : I will come to that. I am really surprised

that a senior member like Mr Banatwalla should have said this. When we included this item in the budget and I mentioned it in the budget speech, it had been approved by the Cabinet. No budget can be presented without Cabinet approval and the Cabinet includes, I suppose, the Minister for tourism also. Before any Bill is presented to the House, it has to be approved by the Cabinet and the Minister of Tourism is a member of the Cabinet. Therefore, for Members of Parliament to say that the tourism Minister of objected and all that is to betray ignorance of the way in which the Cabinet system of Government functions. The position is that it has been approved by the Cabinet, which means that every member of the Cabinet has accepted this proposal.

The second argument is that it will affect the hotel industry. I do not see why it should affect the hotel industry, because it is passed on to the consumer. It is the consumer who is going to pay this 15 per cent and the hotel is only a collecting agent. Therefore, to say that the hotel industry will be affected is also not a legitimate argument.

The third argument is that it will affect employment, because the hotel industry gives a lot of employment. It is a very strange argument. If this argument that an industry which provides employment should not be taxed is stretched further, then I should not tax any of the multi-nationals, MRTP Companies or industrial establishments, because they are all providing much more employment. Is that an argument ?

The point really is you are taxing only the person who has the capacity to pay. In order to judge whether the tax should be levied or not, the simple test is whether the person on whom the impact of the tax falls has the capacity to pay it. This tax is on persons who are occupying rooms in a hotel by paying Rs. 75 or more per day. They have the capacity to pay it. Therefore, this is a valid tax. All considerations are not relevant.

Coming to the clauses, first of all, some of the Members objected to the rule making power. I am glad Shri Parulekar pointed it out. Clause 34 provides that the rules shall be framed by the authority, which shall be placed before the House and the House has got the authority to change it within one month. If so changed, the amended rules shall come into force otherwise, the rules as originally framed will come into force. So, there is no drawback or defect in this legislation on account of this provision with regard to rules.

Another point made by Shri Parulekar is that we have not mentioned when the

Act will come into force. As he knows very well, under the General Clauses Act it shall come into force as soon as it receives the assent of the President. It is only when you provide for a future date, or a different date, that you have to mention it in the Act. If it is not so specifically provided it means that the Act will come into force on the date on which it receives the assent of the President.

His third point was that a lot of discretion is vested in the Income tax officer in respect of assessment. I suppose it is inherent in every tax legislation that the discretion will be vested in the taxing officer. In respect of sales tax, the discretion is vested in the Commercial Tax officer, in respect of excise duty on the Excise Collector and in respect of income tax on the Income tax officer. If there are any mistakes or miscarriages, there is provision for appeal and all that to the judiciary. Nothing more has been done here.

Certain very jocular remarks were made by Shri Daga. If I indulge in the same spirit he will be offended, and it is not my habit to offend anybody.

SHRI BAPUSAHEB PARULEKAR : He is not present here: so, nobody will be offended.

SHRI R. VENKATARAMAN: As people who have lived in hotels we know what "other charges" mean. It is the laundry charges, shoe shine, valet charges and so on. If he has some other charges in his mind I am not responsible for his suspicion,

So, on the whole I thank the House for the good spirit with which they received this Bill and I request the House to accept the motion.

SHRI SATYASADHAN CHAKRABORTY : Regarding my suggestion for making the tax progressive what would you have to say ?

SHRI R. VENKATARAMAN : It is very difficult to make every taxation as progressive taxation, but there is an inbuilt progression in this tax because if the room is for Rs. 200/ it will carry 15 percent of that. If the room is only for Rs. 75/- it will be 15 per cent of that. Therefore there is an inbuilt progression in it. Thank you very much.

MR. DEPUTY SPEAKER : Now I shall put amendment No. 5 moved by Shri Mool Chand Daga to the vote of the House.

Amendment No. 5 was put and negatived,

MR. DEPUTY-SPEAKER : Now I shall put amendment No. 7 moved by Shri R.L.P. Verma to the vote of the House.

Amendment No. 7 was put and negatived.

SHRI BAPUSAHEB PARULEKAR : Sir, I seek leave of the House to withdraw my amendment No. 13.

Amendment No. 13 was by leave, withdrawn.

SHRI T.R. SHAMANNA : Sir, I seek leave of the House to withdraw my amendment No. 21.

Amendment No. 21 was, by leave, withdrawn.

MR. DEPUTY-SPEAKER : I shall now put the motion for consideration to the vote of the House.

The question is :

“That the Bill to impose a special tax on gross receipts of certain hotels, be taken into consideration.”

The motion was adopted.

MR. DEPUTY-SPEAKER : I shall now take up clause-by-clause consideration of the Bill.

There is no amendment to 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 3—(Application of the Act)

SHRI G.M. BANATWALLA : Sir, I beg to move :

Page 2, line 26,—

for “seventy-five rupees”
substitute “one hundred rupees”(1)

SHRI R. VENKATARAMAN : Instead of that, I have my amendment No. 6.

I beg to move :

Page 2, line 26—

for “not less than seventy-five rupees”
substitute “seventy-five rupees or more”
(6)

MR. DEPUTY-SPEAKER : I shall now put amendment No. 1 to the vote of the House.

Amendment No. 1 was put and negatived.

MR. DEPUTY-SPEAKER : The question is :

Page 2, line 26,—

for “not less than seventy-five rupees”
substitute “seventy-five rupees or more”
(6)

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.

MR. DEPUTY-SPEAKER : The question is :

“That Clause 4 stand part of the Bill.”

The motion was adopted.

Clause 4 was added to the Bill.

Clause 5—(Charge of Tax)

SHRI G.M. BANATWALLA (Ponnani) : I beg to move :

Page 3, line 26—

for “fifteen per cent.” substitute
“ten per cent.” (2)

DR. VASANT KUMAR PANDIT (Rajgarh) : I beg to move :

Page 3, line 26—

for “fifteen per cent.” substitute
“Seven and a half per cent.” (9)

Page 3,—

omit lines 27 to 31 (10)

SHRI G. M. BANATWALLA : The purpose of my amendment is to reduce the incidence of taxation from 15 to 10 per cent. I am sorry I do not agree with the hon. Finance Minister. He is always correct with his figures, but we must have a second look at this.

If we look at the ratio of foreigners to Indian guests in posh hotels—because that was the question that was taken up a little earlier—it is 73 to 27. The ratio may be less in the case of the other hotels where Indians may dominate. All these posh hotels are always almost full. The

question arises of the capacity of the guests to pay, but then it has been pointed out that as a result of 15 per cent taxation, our tourist traffic would be hit and would be reduced by 25 to 30 per cent according to an estimate. Therefore, I once again appeal to the hon. Finance Minister to reconsider it.

It is very easy to say that everybody was present in the Cabinet and agreed, but then we know there are mental reservations, that certain objections are raised, but in the final analysis people may submit to the eloquent advocacy of the Finance Minister. That may be a different thing, but then the fact is that there would be an adverse effect. Let us not shut our eyes to it.

DR. VASANT KUMAR PANDIT (Rajgarh) : We were given to understand by the Finance Minister that such a tax is levied in foreign countries. That is not a fact. The fact is that the tax is on the room charges not on all types of charges, the gross receipts, and that too is only 3 to 5 per cent in foreign countries. Let him point out to me any country where it is 15 per cent of the gross receipts. I think it may affect tourism.

Secondly, two and three star hotels also attract foreign tourists coming on package tourist programmes. There may be an adverse effect on them ultimately leading to consumer resistance. Therefore, I appeal to the Government to review the whole thing.

SHRI R. VENKATARAMAN : My answer to the points raised by Shri Banatwalla is that foreign tourists have the capacity to pay. Therefore, there is no harm in taxing them.

If you take the hotel occupation of rooms for which charges are Rs. 75/- or more which is taxed, I assert that the number of Indian occupation is higher than the number of foreign occupation. If you take only some special hotels, I do not want to mention the names, it may be in those particular hotels there may be some higher foreign occupation. But so far as the general hotels, Five Star, Four Star and Three Star hotels taken together are concerned Indian occupation is very much higher. I know how much these Managers are spending on hotel occupation.

SHRI G. M. BANATWALLA : He has misled the House. I do not misled the House.

MR. DEPUTY-SPEAKER : I put Amendment No. 2 to Clause 5 moved by Shri G.M. Banatwalla to the vote of the House.

Amendment No. 2 was put and negatived.

MR. DEPUTY-SPEAKER : I now put Amendment Nos. 9 and 10 to Clause 5 moved by Dr. Vasant Kumar Pandit to the vote of the House.

Amendments Nos. 9 and 10 were put and negatived

MR. DEPUTY-SPEAKER : The question is :

“That Clause 5 stand part of the Bill.”

The motion was adopted

Clause 5 was added to the Bill.

Clause 6 (*Scope of chargeable receipts*)

MR. DEPUTY-SPEAKER : There is an amendment to Clause 6 by Shri G. M. Banatwalla. Are you moving ?

SHRI G. M. BANATWALLA : No, I am not moving.

DR. VASANT KUMAR PANDIT : I beg to move :

Page 4, lines 16 to 21,—

for “in connection with the provision of residential accommodation, food, drink and other services or any of them (including such charges from persons not provided with such accommodation) in the course of carrying on the business of a hotel to which this Act applies and shall also include every amount collected by the assessee by the way of tax under this Act, sales tax, entertainment tax and tax on luxuries”.

substitute “on account of room charges”. (11)

I had brought it to the notice of the hon. Finance Minister a hypothetical case—Indian business Executive coming and staying in a hotel of Rs. 75/- and more and his counterpart in Delhi hosting a dinner with drinks and even in the restaurant. They can evade this tax on receipts. Gross receipts will go to the Delhi Office as expenses. What is the answer ? How will you plug that loop-hole ?

SHRI R. VENKATARAMAN : If Government Officers stay in a posh hotel, let them pay. It is my answer.

MR. DEPUTY-SPEAKER : Now I put Amendment No. 11 to Clause 6 moved by Dr. Vasant Kumar Pandit to the vote of the House.

Amendment No. 11 was put and negatived

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.

MR. DEPUTY-SPEAKER : There is no amendment to Clauses 7 to 12.

The question is :

“That Clauses 7 to 12 stand part of the Bill”.

The motion was adopted.

Clauses 7 to 12 were added to the Bill.

MR. DEPUTY-SPEAKER : Clause 13. There is an amendment in the name of Shri Mool Chand Daga. He is not here.

The question is :

“That Clauses 13 to 37 stand part of the Bill.”

The motion was adopted

Clauses 13 to 37 were added to the Bill.

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

SHRI R. VENKATARAMAN : I beg to move :

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

MR. DEPUTY-SPEAKER : Motion moved :

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

SHRI SOMNATH CHATTERJEE (Jadavpur) : Mr. Deputy-Speaker, Sir, I want to make only one suggestion. We have welcomed this Bill. As a matter of fact, we would not have objected to even a higher incidence of tax on the persons who can bear it.

I would like to make one suggestion to the hon. Finance Minister for his kind consideration. I believe, he will agree that so far as hotel or hostel accommodation is concerned, it is very inadequate in this country for the ordinary tourist, for the indigenous tourist. Please think of them also. Those who can bear

the burden, let them pay. You put higher charges on them. We do not mind. After all, the hoteliers will not pay and they will pass it on to the customers. I would recommend to the hon. Finance Minister one thing, whether a fund could be built up with this tax, like so many welfare funds—it will not be a welfare fund but it will be similar to that—so that specially in areas where there is a great dearth of ordinary hotel or hostel accommodation, the same could be provided. There are many tourist spots in this country where people cannot go because there is lack of accommodation..

AN. HON. MEMBER : Andamans also.

SHRI SOMNATH CHATTERJEE : Yes, Andamans is very much part of us. What I am suggesting is, youth hostels and working women's hostels. When they go, they have no place to stay. Let us not depend upon a section of the business community who want to wash away their sins by building *dharamshalas* and temples. That is their mental make-up. By building *dharamshalas* they think that they will somehow wash away some part of their sins in acquiring black money and all that. Let us not depend upon those people.

The Government can play a big role in this sector. I am sure, a considerable amount will be levied. If it is to be utilised for the purpose of the Consolidated Fund of India, they can have it. But they can utilise it more profitably. It will have an impact on the people therefore, my very earnest request to the hon. Minister is, kindly consider whether a fund can be built up with this tax and whether they can built up cheap, clean and reasonably-priced hotels or hostels or accommodations, dormitories, whatever they may be called. They may call them as Janta hotels. If they do not like the word “Janta”, they may call them “Venkataramar hotels” or “Indira hotels” or “A.P. Sharma hotels”, whatever it is I do not mind. The only thing is, let it be for the benefit of the people.

I find, three Ministers are nodding their heads in acceptance or in appreciation and, I hope, the nodding will somehow get translated into some action.

SHRI R. VENKATARAMAN : Mr. Deputy-Speaker, Sir, the point which the hon. Member has made is well taken care of. Actually a provision has been

made in the Sixth Plan for youth hostels, for working women's hostels and for people's hostels.

18.00 hrs.

Now, exactly what the allocation is going to be, I am unable to give that now. But, actually, provision has been made and probably, we will, discuss it when the plan document comes. Two point will be borne in mind and proper allocations will be there.

MR. DEPUTY-SPEAKER : The question is :

"That the Bill, as amended, be passed".

The motion was adopted.

18.01 hrs.

STATUTORY RESOLUTION RE
DISAPPROVAL OF MONOPOLIES
AND RESTRICTIVE TRADE PRACTICES
(AMENDMENT) ORDINANCE,
1980

MR. DEPUTY-SPEAKER : Now, Statutory Resolution, Shri Chitta Basu.

SHRI RAMAVATAR SHASTRI
(Patna) : Now it is 6 O'clock.

MR. DEPUTY-SPEAKER : Let him move the Statutory Resolution.

SHRI CHITTA BASU (Barasat) : I beg to move :

"This House disapproves of the Monopolies and Restrictive Trade

Practices (Amendment) Ordinance, 1980 (Ordinance No. 14 of 1980) promulgated by the President on the 13th October, 1980".

MR. DEPUTY-SPEAKER : Now, we can extend the time.

SEVERAL HON. MEMBERS : No, no.

MR. DEPUTY-SPEAKER : Two hours were allotted actually for the previous Bill. We have taken three hours for that. Why not for this Bill also ?

SHRI G.M. BANATWALLA (Ponani) : You were anxious that he should move his Resolution. He has done it. Now let him complete his speech.

SHRI CHITTA BASU : The time is over.

MR. DEPUTY-SPEAKER : Is it the pleasure of the House to adjourn now ?

SEVERAL HON. MEMBERS : Yes, Sir.

MR. DEPUTY-SPEAKER : Now, the House stands adjourned to reassemble at 11 A.M. tomorrow.

The Lok Sabha adjourned till Eleven of the Clock on Friday, November 28, 1980/Agrahayana 7, 1902 (Saka)