

[Shri Hanumanthaiya]

17.00 hrs.

In fact, the figures show that accidents have been decreasing for the last few years. It is not that the number of accidents is going up. It is not that my advocacy is on the one side or the other but it will be seen from the table that the number of accidents came down steadily from 1,293 during 1964-65 to 840 during 1970-71.

SHRI JYOTIRMOY BOSU : Here is the report of the Commissioner of Railway Safety which says talking about the use of WAM-1 engines at page 20 :-

“That above clearly brought out the inherent shortcomings of the WAM-1 locomotive and this aspect was again brought to the notice of the Railway Board in February 1967 for due consideration. Nevertheless, the Railway Board in exercise of their over-riding powers, authorised the Railway Administrations to operate these locomotives at the maximum speed of 100 Km. P. h.”

MR. CHAIRMAN : We are only concerned with the two statements, one made by the Deputy Minister of Railways on the 7th July, 1971 regarding the train accident between Hotar and Magrahat stations on the Eastern Railway on the 6th July, 1971, and the other by the Minister of Railways on the 2nd August, 1971, regarding collision between suburban Trains Nos. K-62 Down and P. 398 Down at Ultadanga Road Station of the Eastern Railway on the 31st July, 1971. I do not know how the other points raised by Members and the reply given by him are relevant.

SHRI DINEN BHATTACHARYYA (Serampore) : We are hundred per cent in agreement with you. He is saying everything except about the accident.

¹ **SHRI HANUMANTHAIYA :** My hon. friend, Shri Jyotirmoy Bosu, who takes

pride in going to the Library, is very particular about finding out old books and old statistics. All that he wants is some figures in order to blame somebody. He has not yet cultivated an objective attitude of assessing things, blaming where blame is due and appreciating where appreciation is due. He has yet to reach that stage.

The current statistics show that the number of accidents have come down during these 5 years from 1293 to 840. I am not justifying that there must be 830 accidents because that is a lesser figure. Far from it. I will certainly do my very best with the incentive you have given me by way of criticising and making suggestions to see that the accidents are minimised as much as possible.

17.06 hrs.

HALF-AN-HOUR DISCUSSION RE: TAX EVASION BY BIRLAS AND OTHERS IN 1969-70

SHRI C. K. CHANDRAPPAN (Telli-cherry) : Mr. Chairman, Sir, the tax evasion done by Birlas is a part of the greater question of tax evasion, tax avoidance and also tax arrears occurring in our country in a bigger way. It is a matter of nearly Rs. 1 crore being evaded or kept in arrears by the big business houses and other people. So, if I speak a little beyond the scope of Birlas affairs, I hope, I will be excused.

Then, 5 years after devaluation, the country has come to know about the fact that Birla empire was pre-warned about impending devaluation and it is also alleged that the influence of the monopoly houses is not merely small. They could influence Ministers, they could influence top officials of the banks and they could

get all the information. The country, by this warning given to Birlas a few days before devaluation, lost an amount of Rs. 75 lakhs in foreign exchange. This is the latest story about the big scandal in which the Birla house is associated with.

I would like to mention another story of tax-evasion which is also associated with the house of Birlas. The Birlas filed their accounts to the Government in respect of the Hindustan Engineering and Construction Company, for 1961-62 and 1962-63, showing a profit of Rs. 1.62 lakhs, a small profit, and afterwards the Government was informed that the real profit earned by the Birla Company, I mean, the Hindustan Engineering and Construction Company, was not Rs. 1.62 lakhs but it was Rs. 72 lakhs. The Government invested it and found out that it was really Rs. 72 lakhs. On Rs. 72 lakhs, the Government immediately demanded Rs. 36 lakhs as tax. Without any questioning of the fact, in the beginning, they said that the profit was only Rs. 1.62 lakhs. But when it was unearthed that Rs. 72 lakhs was the profit, they gave Rs. 36 lakhs. Again, the Income-Tax Department charged a penalty of Rs. 6 lakhs. Now they have gone to the court to challenge whether Rs. 6 lakhs penalty should be given.

The fact that I would like to bring to the attention of the hon. Minister and also the House is that in the beginning, the house of Birlas had said that the profit was only Rs. 1.62 lakhs in respect of a company from which they could amass an enormous profit of Rs. 72 lakhs. And when it was found, the story is still more tragic. This is all good about what happened. Government has got Rs. 36 lakhs. They unearthed the whole thing and this is all the good part of it. After that, certain things have happened. Mr.

Johnson, who was the officer responsible and who took an interest in finding out and unearthing this scandal, was immediately promoted and transferred. Promotion was not given with the good intention of promoting the officer but the Birla lobby is so much entrenched in the Ministry that they wanted to get this man out of the whole thing so that their black business would go uninterrupted. Is this not a fact that this happened in our country? That is another story. I don't know whether this is the way we are dealing with the officers who are really interested in unearthing black money. Nobody would do that.

Then, there is another aspect of the story. The Government was furnished with information of tax evasion by a certain individual. The Minister knows him so well. . . (Interruptions) I hope the Minister will tell the name. The information was given to responsible quarters and the man was block-listed. To day he is a black-listed person. . .

AN HON. MEMBER : Mr. Morarji Bhai ?

MR. CHAIRMAN : No name please.

SHRI C. K. CHANDRAPPAN : But, whatever be the case, the Government have not even till this day made the services of that man useful because he is a person, a very resourceful man who can give more information; but Government did not that. I would like to know what the Minister will say about all these things.

Another thing about the Birlas concern. In the Andhra Assembly recently there was a discussion about the Allwyn Metal Works run by the Government. But, some years ago, this company was running at that time also on a profitable basis—I do not know the reason which prompted the Government to hand over

[Shri C. K. Chandrappan] : ... the management of the company to the Birlas.

SHRI JYOTIRMOY BOSU (Diamond Harbour) : Contributions.

SHRI C. K. CHANDRAPPAN : May be. Any way, it was handed over to the Birlas and the Birlas were running the industry getting good profits out of it all those years and then in 1966-67 there was a talk that the Government might take over that industry. Till that time the company showed increasing profits every year. When talk began that the Government was going to take over the company, immediately in 1966-67, the company started showing a loss in its accounts, and losses to the tune of Rs. 56 lakhs and Rs. 39 lakhs respectively were shown, and when the question was raised on the floor of the Andhra Assembly, Mr. Brahmananda Reddy told the House that he suspected manipulation of accounts and he said an inquiry would be instituted. I would like to know what happened about that case, whether the inquiry has been instituted and whether it is found that the Birlas have been cheating the Government. I do not know what has happened afterwards. The interesting thing again is that after the company was taken over by the Government of Andhra Pradesh in 1969-70, it showed profits. So, the company before that thought that it would be taken over by the State. So they showed losses, but after it was taken over by the Government, it has again shown profits. In the meantime, Birlas wanted to dissuade the Government, to demoralise the Government, by showing a manipulated account of losses and showing to the people, 'If you are spending public money, you are rather sinking the public money'. These are the tactic of the Birla House.

It is not done by the Birlas alone; it is done by all the 75 Monopoly Houses; it is done by others too. It is not the 'monopoly' of the Monopoly Houses alone. Other Business Houses are also doing it in a much bigger way. There is another information which I am going to give from another document. I trust my friend, hon. Minister, will excuse me if I say that the information given by the Ministry may not always be correct. In this case also, it is all shrouded in mystery. About the Monopoly House of Mundhra, a question was asked in the Rajya Sabha. The then Minister of Finance (Shri P. C. Sethi) told the House that they had a tax-arrears of Rs. 2.2 crores, quite a big amount. This amount of Rs. 2.2 crores was what was announced on 25th of March, 1969. The fact was something else.

MR. CHAIRMAN : The discussion is on Birlas only.

SHRI C. K. CHANDRAPPAN : This is something which is done not by Birlas alone. When this figure of Rs. 2.2 crores was mentioned, what was the position actually? I am not quoting from unpublished or unofficial sources; I am quoting from authentic Government sources. The Commissioner of Income-tax West Bengal Mr. K. E. Johnson, published certain figures. According to those figures this is Rs. 2.80 crores. The Minister said Rs. 2.2 crores. Here it is stated that it is Rs. 2.80 crores, that is, under the first category, tax arrears for dues exceeding 9 months, but not exceeding one year. The second category is for a period of one year and 3 months and above. The third category is for 2 years and above. They have got another 12 sister concerns also; Mundhra is their sister concern. They had another arrear of Rs. 2.5 crores. So, 100% more were the arrears.

While the Minister said that it is Rs. 2.2 crores, it is actually something like Rs. 5 crores. The question before the country is this. What are the Government going to do about it? Are they going to remain helpless?

I am sure, Mr. Ganesh will give a fine reply. He will say, he shares the concern of the hon. Member, he shared the concern of the House. The hon. Finance Minister himself said the other day in the House that there is a parallel black-money empire which is operating in this country. I am quoting Mr. Chavan himself. That is why he cannot control prices; that is why he has to tax the common people to get more money.

The Income-tax arrears and tax evasion as estimated officially together come to more than Rs. 1500 crores. Is it not something very shocking? Is this not a very big amount? Mere promises are not going to do anything good. If Government has a mind to do certain things, they should do things with certain determination. That is the present position. The question is: How can this be done?

There are certain other figures also about tax arrears which I would now like to mention.

A sample study was made by the Auditor General as on 1970, March 31. It stood at Rs. 6830 million. After one year has passed, as on 31st March, 1971, it stood at Rs. 9600 million. So, something must be done about it. There have been various committees, the Wanchoo Committee and other Experts committees which went into it. Is this Government going to demonetise the currency?

MR. CHAIRMAN: How is this connected? You are going to another subject.

SHRI C. K. CHANDRAPPAN: It is very much related and connected with demonetisation. Otherwise, the black money will not come out. If demonetisation would be done, then it would be a step forward and something can be done. I am sure, the hon. Minister himself will agree that the present legislations regarding this are quite insufficient, because whenever tax evasion is found out or tax arrears are found out, immediately they take the issue to the court. So, I would like to know whether these legislations are going to be amended drastically so that we can punish very stringently and very severely the tax-evaders and tax-dodgers.

I would also like to know whether Government are going to take measures to stop over-invoicing and under-invoicing and also under-valuation of property when it is sold. These are the ways by which tax is evaded, black money is created and black money is made into good money.

I would like to know that Government would like to do in regard to these things and particularly in relation to the Birlas. I have mentioned three cases. Government promised last year, Shri P. C. Sethi said in this House, that investigations were going on. What is the stage at which that investigation is today? Are Government going to set up some other machinery so that the Birlas can be brought to book? This is what I would like to ask, and I hope the hon. Minister would give us a satisfactory answer.

श्री कमल मिश्र मधुकर (केसरिया) :
सभापति महोदय, मुझे प्रश्न तो पूछने ही हैं,
लेकिन उस के साथ दो तीन बातें भी कहना
चाहता हूँ। इस देश का समाजवाद बढ़ा

[श्री कमल मिश्र मधुकर]

विचित्र है कि जहाँ पर अगर विड़ला टैक्स इवेजन करते हैं तो उनको सजायें नहीं दी जाती, लेकिन अगर मध्यम वर्ग के दूसरे लोग टैक्स इवेजन करते हैं तो उनको और दूसरे आम लोगों को सजायें दी जाती हैं। इस बात को हमारे मंत्रियों ने, प्रधान मंत्री ने इस सदन के अन्दर और अखबारों ने सम्पादकीय में कबूल किया है कि इस देश में टैक्स इवेजन भारी पैमाने पर होता है। अर्थ-शास्त्रियों ने भी इस बात को बतलाया है कि हालांकि सरकार का ध्यान इस ओर आकृष्ट किया गया है फिर भी कुछ काम नहीं हो पाया है।

इसलिये मैं सरकार से जानना चाहता हूँ कि जिन बड़े अधिकारियों की पूंजीपतियों और बिरला ब्रदर्स के ऊपर टैक्स का मूल्यांकन करने और उस को वसूल करने की जिम्मेदारी डाली गई है, क्या उन अधिकारियों की वेतन-वृद्धि, उन की तरक्की और एफिशिएन्सी को उनके कार्यों के साथ सरकार जोड़ने जा रही है ?

क्या विड़ला बन्धु और दूसरे बड़े पूंजीपतियों आदि के सम्बन्ध में टैक्स इवेजन रोकने के लिये जिन आदमियों को नियुक्त किया गया है उन का मोनोपोली बिजिनेस हाउसेज के साथ सम्बन्ध है और क्या वह किसी न किसी रूप में उन से पैपाते हैं ?

क्या सरकार यह भी बतला सकती है कि यह बात ठीक है या नहीं कि कुछ ऐसे छोटे अधिकारी भी हैं जो चाहते हैं कि टैक्स इवेजन न हो किन्तु सरकार के ऊपर और बड़े अधिकारियों के ऊपर विड़ला बन्धुओं का प्रभाव होने से छोटे अधिकारियों

रियों को सजायें मिलती हैं। जबकि टैक्स इवेजन में मदद करने वाले बड़े अधिकारियों को प्रमोशन मिलता है ?

क्या यह बात सही है कि टैक्स इवेजन के जो अजीब-अजीब तरीके हैं उनके सम्बन्ध में अगर कभी सरकार कानून की शरण में जाती है तो बहुत बार ऐसा होता है कि वह उन को पकड़ नहीं पाती है ? क्या कभी सरकार ने सोचा है कि कानून को कंसा रूप दिया जाये जिससे वह लोग कानूनी दाँव पेच से निकल न सकें और किस तरह का प्रशासनिक परिवर्तन किया जाये जिस से वह लोग बच न सकें ?

क्या यह सही नहीं है कि बड़े बड़े पूंजीपतियों ने आपको तथा आप जैसी दूसरी पार्टियों को चुनाव में चन्दे दिये हैं जिस की वजह से टैक्स इवेशन के मामलों में कार्रवाई करने की आप में हिम्मत नहीं होती है और आप कानूनी तथा दूसरे प्रकार की कार्रवाई नहीं कर पाते हैं ? क्या यह भी एक वजह नहीं है कि टैक्स इवेजन होता है ?

सरकार ने क्या कोई ऐसा फेज्ड प्रोग्राम बनाया है और कोई सीमा समय की वांछी है जिस में आप समझते हैं कि आप टैक्स इवेजन को रोक सकेंगे ?

इसके वास्ते काम्प्रहैसिव प्रोग्राम जरूरी है। कानूनी और प्रशासनिक कार्रवाईयों के साथ-साथ आपको नीतियाँ भी ऐसी बनानी होंगी जिन में टैक्स इवेजन न हो सके। जहाँ बिड़ला जैसे होंगे और उनके साथ-साथ आम जनता की गरीबी होगी, वहाँ समाजवाद नहीं आ सकता है। ये दोनों साथ साथ नहीं चल सकते हैं। समाज-

(H.A.H.)

वादी मुल्कों में कहीं ऐसा नहीं होता है। क्या आप ऐसी व्यवस्था करने जा रहे हैं जिसमें न बिड़ला जैसे लोग, रहें और न ही टैक्स इवेजन हो ?

SHRI S. M. BANERJEE (Kanpur) : Whenever we want to do something good, we start with Ganesh. I start with a question to Shri Ganesh and hope he will give correct answer. This is not just a question about Mr. Birla, but we know tax evasion is increasing day by day. Whenever some action is about to be taken, the party concerned goes to a court of law and the case drags on for years. What measures of a concrete nature do Government contemplate to amend the income tax law so that the arrears of tax claimed is paid in advance so that revenue does not suffer and the party can go to a court of law? I do not mind their going to court, but let the money be realised first. Is there any such measure likely to be brought forward by Government?

SHRI JYOTIRMOY BOSU : It is not all that simple. I have heard here. Some years ago there was a book brought out by name *Mysteries of the Birla House* which contains all such information about the Birlas. The outcome of that was that an Asstt. Commissioner of Sales Tax in Bengal was punished and ultimately dismissed by the then Congress Chief Minister. We also know that a former Minister, now Governor used to be a Birla man and used to pass on all Cabinet decisions to the Birlas immediately they were taken. There is a ghost inside your house. So you cannot really do much. Almost all the big business houses indulge in one shady transaction or another . . .

SHRI P. VENKATASUBBAIAH (Nandyal) : On a point of order. He is casting aspersion on a person who is not here.

(H.A.H.)

SHRI JYOTIRMOY BOSU : I have not mentioned any name.

MR. CHAIRMAN : He has not named anybody.

SHRI JYOTIRMOY BOSU : Specially when you are in the Chair, I am careful about this.

We have been shouting about the evil of under-invoicing and over-invoicing. The drainage involved in Rs. 400-500 crores of valuable foreign exchange, which also means evasion of taxes because profit is not accrued in this country; therefore, you cannot touch them.

Shri Ganesh has to go to the root of the problem. Creation of black money and evasion of tax are made possible in two major ways by these industrialists : inflated cost of production and deflated sales revenue. Has Government any programme to have a proper full-fledged cost audit to arrest this evil at the root if not, the reason therefor ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI K. R. GANESH) : Mr. Chairman, Sir, you will agree with me that this discussion which refers to a reply to a starred question of the hon. Member has now gone into a much wider field, firstly the entire working of the Birla House and other monopoly houses and also of the general question of tax evasion and tax arrears and various other matters.

Questions of tax evasion and tax arrears and under-invoicing and over-invoicing and various other matters connected with it have been discussed in this House during the time of the general budget and also in the discussion of the Finance Bill and they were answered by us in a number

(H.A.H.)

[Shri K. R. Ganesh]

of questions in the House. We have given the fact about the whole thing. So I do not wish to go into the entire thing. *(Interruption)* These questions have been asked and there is no question, of escaping from these, and replies to these things have been given. The hon. Members know that the Government has introduced a number of legislative, administrative and fiscal measures to arrest the trend that is there, to arrest this menace and to control it as far as possible.

The hon. Member has raised various matters. I wish to clarify one point. On this particular question relating to Birla House arising from the discussion in 1967-68 as a result of certain material which an hon. Member of the Rajya Sabha, Shri Chandra Shekhar, placed before the House. I wish to dispel the impression] of the hon. Member that in relation to this nothing has been done and that the taxation department has been slack in this respect, I wish to dispel impression.

As the House knows, as a result of certain facts which the hon. Member Shri Chandra Shekhar brought, Rs. 28 lakhs were added in relation to the taxation of Birlas, and arising from these facts, another Rs. 6 lakhs were added. Over and above that, the department itself, after investigation and after further scrutiny of the account of the Birla concerns, added Rs. 6 crores. So, the total itself came to about Rs. 6,92,44,000 odd. The position after further additions made subsequent to December, 1969 relating to this case is another Rs. 7 crores. The total additions made up to date is Rs. 14,31,42,254.

It may be pointed out that after December, 1969, additions have been made in 60 different Birla cases as a result of scrutiny and examination of accounts as

(H.A.H.)

a result of investigation into allegations. Thorough investigations, as a result of allegations, were undertaken and the position about the reopened assessments is as under. The number of income-tax assessments reopened for, arising out of Shri Chandra Shekhar's allegation, up to December, 1969, is 65. As on 31-7-1971, —65. Otherwise, up to December 10; as on 31-10,-57, which means 47 more cases were opened by the department. The number of assessment completed so far is 55 in the first category and 51 in second category. Therefore, it will be seen that out of about 120 or so, nearly 106 assessments have already been completed.

In the course of the year itself nearly 47 assessments have been made. There are further facts which I should like to give to convey the interest taken by the officers of the Department. In relation to income-tax, the demand raised was Rs. 28 crores, the collection already made is Rs. 25 crores and the balance is Rs. 3 crores. In relation to the Super Profits Tax and Surtax, the demand raised was Rs. 95 lakhs, the collection already made is Rs. 50 lakhs and the balance is Rs. 44 lakhs. In relation to Wealth Tax and Gift Tax, the demand raised was Rs. 33 Lakhs, the collection already made is Rs. 31 lakhs and the balance is Rs. 2 lakhs. In relation to penalty, the demand raised was Rs. 1,46,000, the collection already made is Rs. 25,000 and the balance is Rs. 1,21,000. So, out of a demand raised of Rs. 30.21 crores, the collection already made is Rs. 26.10 crores and the balance is Rs. 4 crores. This balance is either disputed or is pending in courts. So, there is no question of being soft towards the Birla House or any other monopoly house.

The hon. member has raised the question of a member of the Board, Mr. Johnson. Nothing prevents the Ministry

and the Board from sending Mr. Johnson again to assess if necessary. The fact is that we are satisfied that the senior officers, senior Commissioners, a number of whom have been appointed for these particular cases, are expeditiously doing the job. This is a very large job and it is dealing with the taxation of a huge empire. The taxation law being what it is, the procedure being what it is, it means that after all the incometax assessments have to be completed in accordance with the law which involves collection of evidence, scrutiny of accounts books, putting the evidence before the assessee, affording him an opportunity to produce evidence in rebuttal of the evidence produced by the Department etc. Only after following all this procedure can the assessment be finalised and the demand made.

Hon. members say that this should be simplified. I agree that it should be simplified. While I was Deputy Minister, I attended a Select Committee meeting on the Central Excise Amendment Bill. The question came up whether in regard to Central Excise another tier, the Tribunal,

should be there. Some of us felt that it should not be there, but most political parties, including our party and the party to which the hon. member belongs, pressed that the Tribunal should be there. So, there is now the Assistant Commissioner, the Tribunal, then the High Court, then the Supreme Court and then article 226. What more can the poor Income-tax Officer or the poor Income-tax Commissioner, who has to face the finest legal luminaries that the monopoly houses can employ, do?

This is the real problem. Unless a climate is created in this country that tax evasion is a crime as heinous as any other social crime and unless the courts also realise this and punish them not as first offenders, these difficulties will continue to remain.

17.38 hrs.

The Lok Sabha then adjourned till Eleven of the Clock on Tuesday, August 10, 1971|Sravana 19, 1893 (Saka).
